

City of Fridley, Minnesota

Comprehensive Annual Financial Report

For the year ended December 31, 2017



BUILDING COMMUNITY 

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CITY OF FRIDLEY, MINNESOTA

Comprehensive Annual Financial Report

December 31, 2017



**Prepared by:
Finance Department**

**Shelly Peterson
Finance Director**



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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I. INTRODUCTORY SECTION



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May 3, 2018

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

The Comprehensive Annual Financial Report of the City of Fridley, Minnesota, for the fiscal year ended December 31, 2017, 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. We believe that the data, as presented, is accurate in all material aspects, that it 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, and that 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 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 of Fridley's MD&A can be found immediately following the report of the independent auditors.

All City funds, departments, commissions and other organizations for which the City of Fridley is financially accountable are presented within the Comprehensive Annual Financial Report. The City provides a full range of services to its citizens. These services include, but are not limited to, police and fire protection; water and sanitary sewer utilities; the construction and maintenance of streets and infrastructure; recreational facilities; and general administrative services. The Housing and Redevelopment Authority (HRA) is included in the reporting entity as a component unit of the City, because the governing board is appointed by the City Council, and because of the City's relationship of financial benefit or burden with the authority.

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, and the City Charter.

CITY OF FRIDLEY, MINNESOTA

PROFILE OF THE CITY

The City of Fridley is a first ring suburban community with an estimated 2017 population of 27,476. The City is located 10 minutes north of downtown Minneapolis and 25 minutes northwest of downtown St. Paul. Incorporated in July of 1949, Fridley covers 10 square miles of area and is now home to some of the most important industries in the Midwest, nation, and the world. An industrial spine around the rail corridor has served the City well and has provided the city with nearly as many jobs as the number of citizens who reside in the community. Fridley is home to the largest number of employees in Anoka County.

LOCAL ECONOMY

The local economy is showing signs of steady improvement over the past year. New construction and renovation continues to gain traction as activity has steadily increased over the past few years, unemployment numbers have improved, and property values appear to have bottomed out and have rebounded with increases over the past several years.

The City of Fridley had a very strong development year in 2017. A total of \$104M dollars of new value was added through 2017 development. Though half of that value was for civic or otherwise non-taxed property, the new construction contributed to a very new and vibrant complexion for the City.

Many long horizon planning/development projects are being completed at this time. These projects include the City's Civic Campus which is made up of city hall, police, fire and public works facilities and Curtis 1000 which includes a 250,000 square foot facility. Our HRA development includes Northern Stacks development which completed its 6th building with plans to develop its 7th and final building to total 1.7M square feet of redevelopment for the BAE site. Phase 3 of the Cielo building is scheduled for 2018 with the planned addition of 65 new apartments.

The estimated market value for all properties in Fridley increased 12% from January 1, 2017 to January 1, 2018. This increase in valuation is consistent with other municipalities in the Minneapolis-St. Paul metropolitan area.

LONG-TERM FINANCIAL PLANNING

We are a mature City and as such, we are continually met with financial and redevelopment challenges. It is highly important to protect the property values of our aging housing stock for our homeowners in addition to maintaining the tax base of the City. Our property maintenance code enforcement helps to improve the quality of both residents and businesses of the City. The City is working on a 2040 financial management plan that emphasizes low tax rates, infrastructure investment and a good standing within our financial community.

CITY OF FRIDLEY, MINNESOTA

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

The City is working closely with state government, federal government and neighboring communities to improve the area's state and county transportation network, which includes upgraded highways and local roads. Funding for these transportation improvements come largely from state, county and federal sources with additional funding from assessments to citizens properties.

Each year the City develops a five year capital investment program to forecast capital improvement needs and ten year projections in the Utility Funds. Work continues on this planning tool.

MAJOR INITIATIVES

For the Year

2017 continued with its fast pace of City initiated projects along with partnering with developers to bring substantial redevelopment projects to fruition. Current projects include:

1. The Street Program continued the on-going efforts of reconstructing city streets along with select utilities in the project area. The 2017 Street Program included various street sections in Parkview and North Park neighborhoods. A pedestrian bridge and trail was built over the 694 freeway providing a safe route for bikers and walkers to cross a high traffic area. This project was partially funded through federal grants. The street fund had \$2.8M of added infrastructure improvements in 2017.
2. In 2017 work really ramped up for phase II of the Springbrook Nature Center project which included the completion of an outdoor play area, landscaping and an amphitheater. This is a great gathering place for families and all who appreciate nature.
3. The City entered its seventh year of a ten year campaign to replace the City's approximately 7,500 manual read water meters with automatic meter reading (AMR) water meters. Over 3,000 meters were replaced in 2017. Public Works staff is undertaking the change-out in house, which saves on contractual costs. The City is using bond proceeds to accelerate the project and has completed a majority of residential AMR installations. The focus will be on multi-unit residential, commercial and industrial meters in 2018.
4. Another large undertaking in 2017 was the completion of a utility rate study for water and sanitary sewer. The City hired Ehlers Inc. to complete this study which looked at

CITY OF FRIDLEY, MINNESOTA

the City's current operational trends and long-range infrastructure needs. The overall trend has been a minimal growth in the customer base, while at the same time a decrease in average water usage. The recommendation to modify the rate structure and fees was adopted by the Council and became effective in 2018.

5. The HRA continued work on a number of redevelopment projects in 2017. Phase 2 of the Cielo apartment redevelopment project was completed in 2017. The apartments are filling quickly with renters. This project will eventually contain 254 apartment units in 3 separate buildings. A new TIF district #23 was also created and named Locke Point Park. This is a private development to occur adjacent to the new Civic Campus. Phase III of Northern Stacks began last fall and was completed this spring.
6. The City issued \$49.1M in general obligation capital improvement plan bonds in early 2017 to fund a new civic campus. This campus includes City Hall, Police, Fire and Public Works all on one campus. Construction is in full swing and is scheduled for completion late 2018. The cost to date for this project is approximately \$20 million.

For the Future

As Fridley becomes a fully developed community with a stable population, the ability to maintain, improve, or expand the types of services provided to our residents continues to evolve and present new challenges. The 2018 budget reflects the changes necessitated by the City's maturity, current and future fiscal restraints, as it attempts to respond to market pressure and citizen-driven requests through certain innovative but fiscally sound public service policies. The City had a charter levy limitation which restricts the increase of the operational levy by the percent change in the Consumer Price Index. That restriction has been modified effective for 2018 to allow for the amount of taxes levied against real and personal property within the City for general City purposes to not exceed, five percent more than the prior year tax levy. Moreover, if necessary, the tax levy may be increased up to an additional three percent with an affirmative vote of at least four members of the Council

The 2018 General Fund budget does not include any major new initiatives or services. The City has taken a strategic approach to the planning and acquisition of equipment. Issuing debt in the form of capital equipment certificates has been eliminated from the current Capital Investment Plan (CIP) but we continue to re-evaluate replacement of equipment where extending the useful life could be achieved through renovation or reuse.

In early 2018 a reorganization occurred with a new department being created called Community Services and Employee Resources. This department combines Human Resources and Recreation together as one. This restructuring allowed for the elimination of one director position. That position elimination along with the elimination of a part-time appraiser allowed for the addition of three full-time staff in the areas of Information Technology Human Resources and Communications.

CITY OF FRIDLEY, MINNESOTA

2018 appears to be off to a strong start with new construction valued at \$13,890,316, compared to \$5,576,613 this same time last year. Noteworthy developments for 2018 include 25 Patio Homes which will be built adjacent to the Civic Campus, the Target Store will undergo a \$5M Renovation. Brenk Brothers will build a 38,000 square foot addition. Public Storage plans to add a three story complex to its site on HWY 694 and Ashley Furniture is adding a 50,000 square foot expansion to their site at HWY 694 and East River Road. Development and redevelopment is strong in Fridley and there are a number of other projects currently being reviewed.

RELEVANT FINANCIAL POLICIES

In developing and improving the City's accounting system, 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 and the evaluation of costs and benefits requires estimates and judgments by management.

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

Budgets for the General, Special Revenue and Capital Improvement Capital Projects Funds are adopted on an annual basis. Budgetary control is maintained in compliance with the City Charter requirements. The 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 automatically expended.

Budget adjustments between City divisions 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 constant review process.

Expenditures are not approved until it has been determined that 1) the expenditure is necessary, 2) adequate funds have been appropriated, and 3) funds are available. As required by the City Charter, budgetary control is maintained within each department at the department level. 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

CITY OF FRIDLEY, MINNESOTA

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 and Enterprise Funds. In 2017, all the funds addressed by this policy, with the exception of the Sewer and Liquor Enterprise Funds, met the fund balance guidelines. The Utility Enterprise Funds have implemented multi-year plans to ensure long-term sustainability. The Sewer Enterprise Funds is expected to meet minimum fund balance requirements within the next couple years. The Liquor Fund has recently gone through an extensive revitalization to improve long-term viability and revenues continue to grow the goal is to meet the minimum fund balance requirements but likely will take a few years to get there.

The purpose of the investment policy is to develop an overall program for cash investments, designed and managed with a high degree of professionalism, worthy of the public trust; to establish that elected and appointed officials and employees are custodians of a portfolio which shall be subject to public review; to establish cash investment objectives, delegation of authority, standards of prudence, internal controls, authorized investments, selection process for investments, and broker representations.

The investment policy outlines the investing philosophy and practices of the City of Fridley and the Fridley Housing and Redevelopment Authority, and has been developed to serve as a reference point for the management of City assets. It is the policy of the City to invest public funds in a manner which will provide for safety, liquidity, and yield in that order of importance. Investments will conform to all federal, state and local regulations governing the investment of public funds.

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 State Auditor's Office of the State of Minnesota. The accounting firm of Redpath and Company was engaged by the City to render an opinion on the City's financial statements. 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fridley for its comprehensive annual financial report for the fiscal year ended December 31, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of

CITY OF FRIDLEY, MINNESOTA

Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of all members of the Finance Department, with special recognition to Korrie Johnson, Carol Meyer, Greg Tirevold and to our auditors Redpath and Company for their professional guidance. I would also like to express appreciation to the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Walter T. Wysopal
City Manager



Shelly Peterson
Finance Director



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Fridley
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



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CITY OF FRIDLEY, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
December 31, 2017

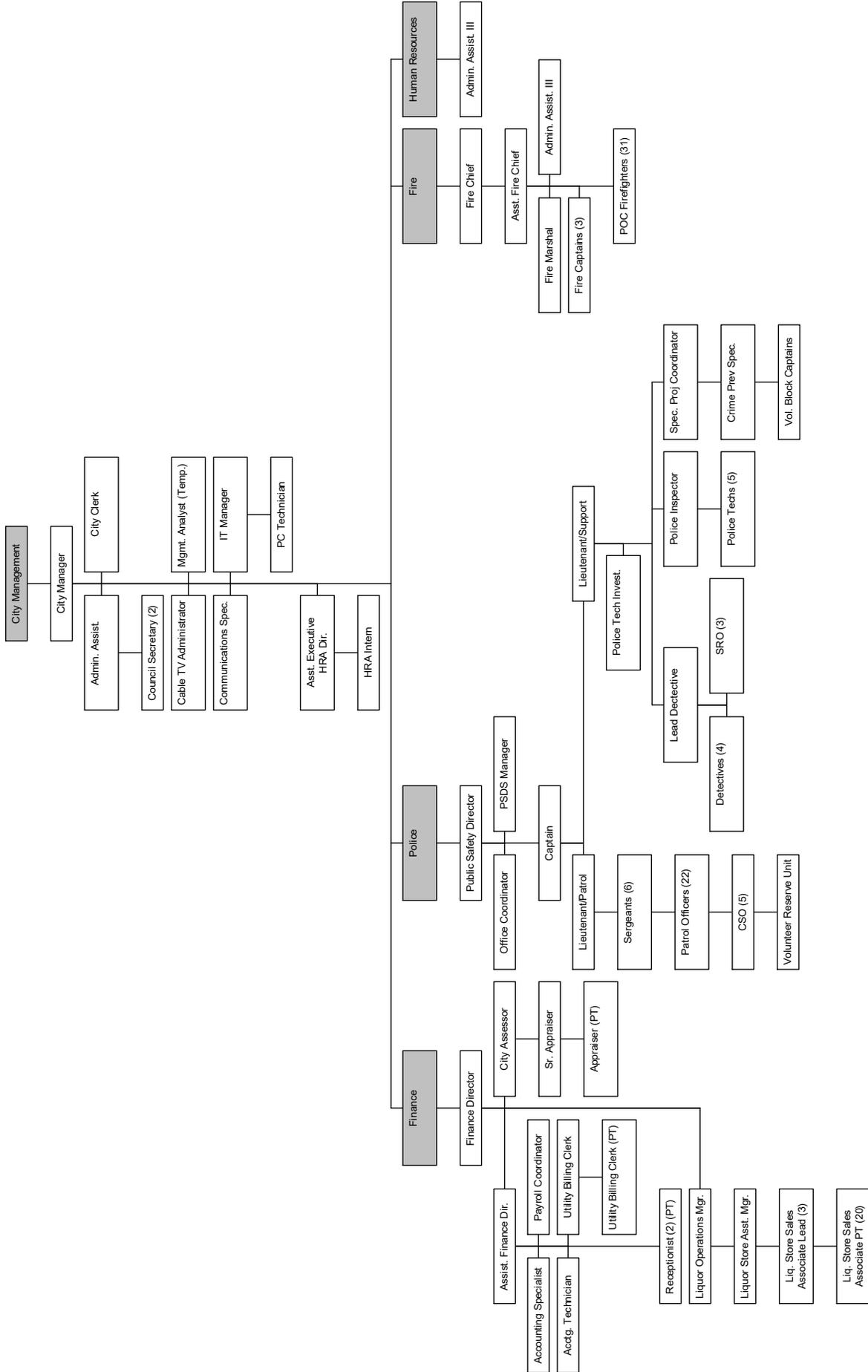
ELECTED OFFICIALS

		<u>Term of Office Expires December</u>
Mayor	Scott J.Lund	2020
Councilmember At Large	Robert L. Barnette	2020
Councilmember, Ward I	James T. Saefke	2018
Councilmember, Ward II	Dolores M. Varichak	2018
Councilmember, Ward III	Ann R. Bolcom	2018

APPOINTED OFFICIALS

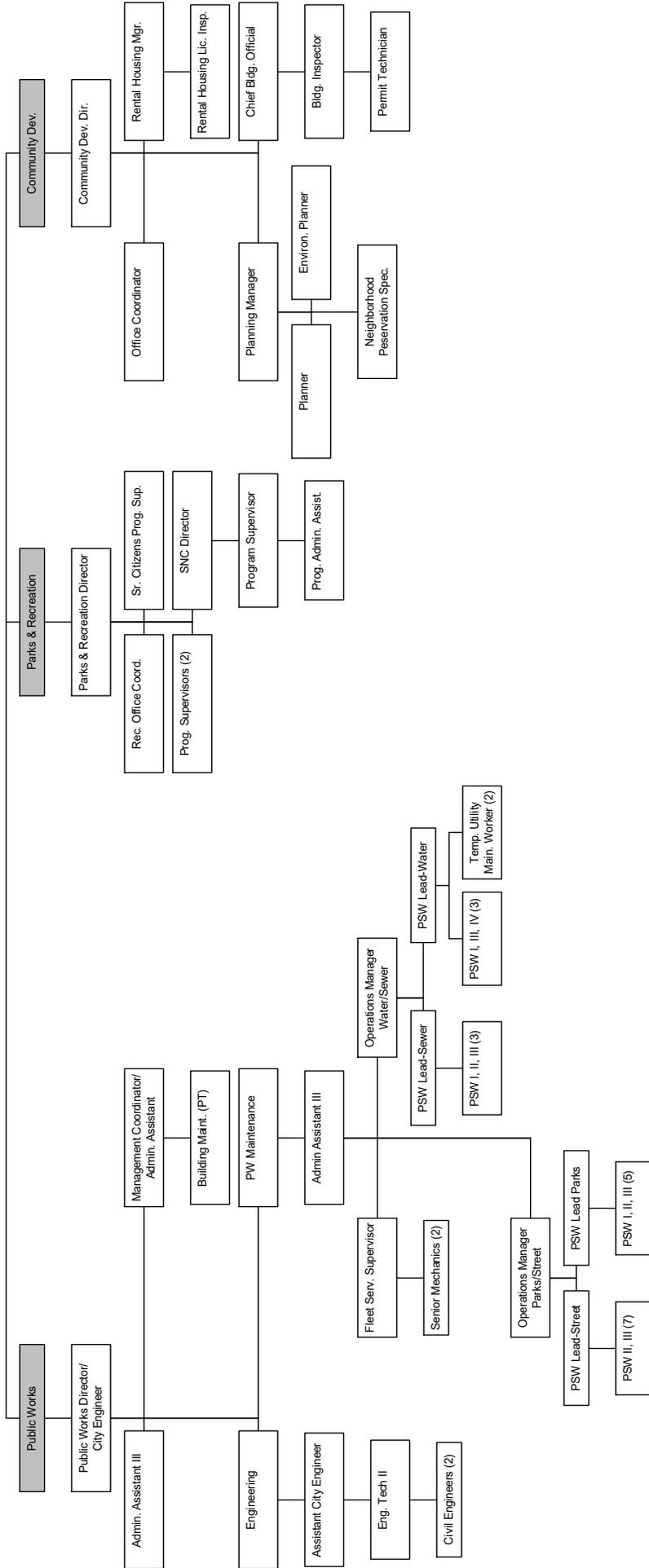
City Manager		Wally Wysopal
City Attorney		Darcy M. Erickson
Prosecuting Attorney		Carl J. Newquist
City Clerk		Debra A. Skogen
Department Heads:		
Finance Director/Treasurer		Shelly Peterson
Director of Public Safety and Civil Defense		Brian Weierke
Fire Chief		John D. Berg
Director of Public Works		James P. Kosluchar
Director of Parks and Recreation		Jack G. Kirk
Director of Community Development		Scott J. Hickok
Director of Human Resources		Deborah K. Dahl

2017 City of Fridley Organizational Chart



Community Development, Public Works and Parks & Recreation Departments are on the next page.

2017 City of Fridley Organizational Chart





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II. FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2017, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the City of Fridley, Minnesota's 2016 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated May 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, schedule of funding progress – retiree health plan, the schedules of pension contributions, and the schedules of proportionate share of pension liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other 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 introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2018, on our consideration of the City of Fridley, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Fridley, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fridley, Minnesota's internal control over financial reporting and compliance.



REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

May 3, 2018



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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fridley, we offer readers of the City of Fridley's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 9 of this report.

Financial Highlights

The assets of the City of Fridley exceeded its liabilities at the close of the most recent fiscal year by \$67,610,967 (net position). Of this amount, \$19,967,123 (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.

Net position of the government-wide financial statements was positively impacted in the current year by \$481,970 due to investment earnings. This is more fully described on page 28.

During 2017, the City's total net position increased by \$4,816,720.

As of the close of the current fiscal year, the City of Fridley's governmental funds reported combined ending fund balances of \$55,573,961. Of this total amount, \$34,836,321, or 62% is restricted through legal restrictions or third-party agreements.

At the end of the current fiscal year the general fund balance of \$9,593,086 included \$55,777 in non-spendable, \$14,466 in restricted, and \$9,522,843 in unassigned fund balance.

The City's total debt increased by \$44,800,000 during the current fiscal year. Total debt outstanding at December 31, 2017 is \$58,555,000.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Fridley's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Management's Discussion and Analysis

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Fridley's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City of Fridley's assets and liabilities, with the difference between the two 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 of Fridley 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 of Fridley that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fridley include general government, public safety, public works, community development, and recreation and naturalist. The business-type activities of the City of Fridley include liquor, water, sewer and storm water.

The government-wide financial statements can be found on pages 37 through 39 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 of Fridley, 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 of Fridley 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

Management's Discussion and Analysis

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 governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Fridley maintains four individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and street improvement capital projects fund, all of which are considered to be major funds.

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

The City of Fridley adopts an annual appropriated budget for its General Fund, the Cable TV, Solid Waste Abatement, Springbrook Nature Center, and Police Activity special revenue funds.

A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 40 through 43 of this report.

Proprietary funds. The City of Fridley 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 of Fridley uses enterprise funds to account for its liquor, water, sewer, and storm water operations. The City of Fridley uses internal service funds to account for its employee benefits and self-insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, storm water and liquor operations, all of which are considered to be major funds of the City of Fridley. 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.

Management's Discussion and Analysis

The basic proprietary fund financial statements can be found on pages 46 through 51 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 of Fridley's own program. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 52 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53 through 94 of this report.

Other information. The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 107 through 134 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fridley, assets exceeded liabilities by \$67,610,967 at the close of the most recent fiscal year.

A significant portion of the City of Fridley's net position (\$44,904,269 or sixty-six percent) 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 of Fridley uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Fridley's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis

City of Fridley's Net Position

	Governmental Activities		Business-Type		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$64,610,616	\$31,007,912	\$14,027,008	\$15,959,324	\$78,637,624	\$46,967,236
Capital assets	49,549,428	27,042,586	20,834,326	19,825,532	70,383,754	46,868,118
Total assets	<u>\$114,160,044</u>	<u>\$58,050,498</u>	<u>\$34,861,334</u>	<u>\$35,784,856</u>	<u>\$149,021,378</u>	<u>\$93,835,354</u>
Total deferred outflows of resources	8,719,000	15,318,307	-	-	8,719,000	15,318,307
Long-term liabilities outstanding	\$62,772,922	\$29,327,109	\$7,373,027	\$10,896,725	\$70,145,949	\$40,223,834
Other liabilities	7,178,476	1,882,597	2,512,816	1,407,407	9,691,292	3,290,004
Total liabilities	<u>\$69,951,398</u>	<u>\$31,209,706</u>	<u>\$9,885,843</u>	<u>\$12,304,132</u>	<u>\$79,837,241</u>	<u>\$43,513,838</u>
Total deferred inflows of resources	10,292,170	2,845,576	-	-	10,292,170	2,845,576
Net position:						
Net investment in capital assets	\$31,006,344	\$23,932,586	\$13,897,925	\$13,913,434	\$44,904,269	\$37,846,020
Restricted	2,739,575	2,204,983	-	-	2,739,575	2,204,983
Unrestricted	8,889,557	13,175,954	11,077,566	9,567,290	19,967,123	22,743,244
Total net position	<u>\$42,635,476</u>	<u>\$39,313,523</u>	<u>\$24,975,491</u>	<u>\$23,480,724</u>	<u>\$67,610,967</u>	<u>\$62,794,247</u>

The City adopted accounting guidance, 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 \$12,831,982 at December 31, 2017 due to the assumption changes and investment earnings projections from the Public Employees Retirement Association's (PERA) own actuarial study. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$8,719,000
Deferred inflows of resources	(10,292,170)
Noncurrent liabilities	(11,258,812)
Total	<u>(\$12,831,982)</u>

A portion of the of the City of Fridley's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19,967,123 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 of Fridley 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.

Management's Discussion and Analysis

Governmental Activities

Governmental activities increased the City of Fridley's net position by \$3,321,953. Capital grants and contributions decreased by \$963,052 due to a large parks capital grant that was essentially complete in 2016. Non-restricted grants decreased \$1,106,068 and property taxes increased \$1,661,838 with the levy of a 2017 tax-supported bond issuance. 2017 expenditures reflect the increased interest on long-term debt related to that new debt issuance. Public Safety expenditures decreased by \$1,184,052 primarily due to the pension expense. For 2016, GASB 68 related public safety expense was \$2,934,169 in comparison to \$1,223,833 in 2017. This large decrease correlates with the large decrease in the Net Pension Liability as a result of assumption changes made by PERA.

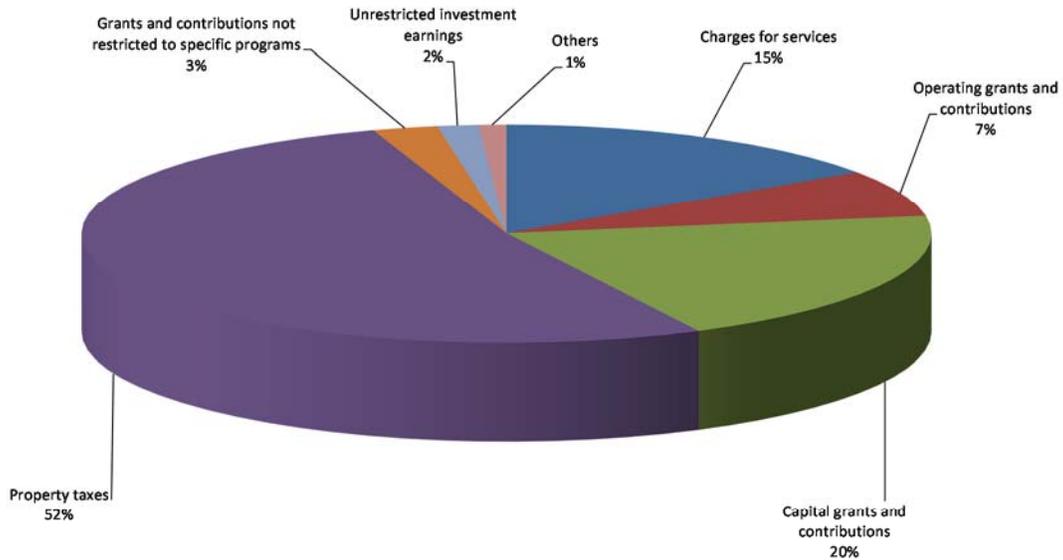
City of Fridley's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$4,101,573	\$4,248,195	\$16,025,640	\$15,393,228	\$20,127,213	\$19,641,423
Operating grants and contributions	1,847,380	1,077,559	61,476	67,551	1,908,856	1,145,110
Capital grants and contributions	5,333,480	6,296,532	713,655	186,791	6,047,135	6,483,323
General revenues:						
Property taxes	13,884,775	12,222,937	-	-	13,884,775	12,222,937
Grants and contributions not restricted to specific programs	657,546	1,763,614	-	-	657,546	1,763,614
Unrestricted investment earnings	413,165	254,379	68,805	95,713	481,970	350,092
Gain (loss) on sale of property	-	11,005	16,000	-	16,000	11,005
Other	280,085	354,572	15,896	1,858	295,981	356,430
Total revenues	<u>26,518,004</u>	<u>26,228,793</u>	<u>16,901,472</u>	<u>15,745,141</u>	<u>43,419,476</u>	<u>41,973,934</u>
Expenses:						
General government	4,298,149	4,398,370	-	-	4,298,149	4,398,370
Public safety	9,129,111	10,313,163	-	-	9,129,111	10,313,163
Public works	5,112,090	4,975,340	-	-	5,112,090	4,975,340
Community development	981,433	1,126,835	-	-	981,433	1,126,835
Recreation and naturalist	1,720,811	1,440,232	-	-	1,720,811	1,440,232
Interest on long-term debt	2,292,957	97,684	-	-	2,292,957	97,684
Liquor	-	-	5,110,714	5,043,703	5,110,714	5,043,703
Water	-	-	3,531,649	3,076,493	3,531,649	3,076,493
Sewer	-	-	5,340,062	5,068,146	5,340,062	5,068,146
Storm water	-	-	1,085,780	1,030,467	1,085,780	1,030,467
Total expenses	<u>23,534,551</u>	<u>22,351,624</u>	<u>15,068,205</u>	<u>14,218,809</u>	<u>38,602,756</u>	<u>36,570,433</u>
Increase (decrease) in net position before transfers	2,983,453	3,877,169	1,833,267	1,526,332	4,816,720	5,403,501
Transfers	338,500	338,500	(338,500)	(338,500)	-	-
Increase in net position	3,321,953	4,215,669	1,494,767	1,187,832	4,816,720	5,403,501
Net position - January 1	39,313,523	35,097,854	23,480,724	22,292,892	62,794,247	57,390,746
Net position - December 31	<u>\$42,635,476</u>	<u>\$39,313,523</u>	<u>\$24,975,491</u>	<u>\$23,480,724</u>	<u>\$67,610,967</u>	<u>\$62,794,247</u>

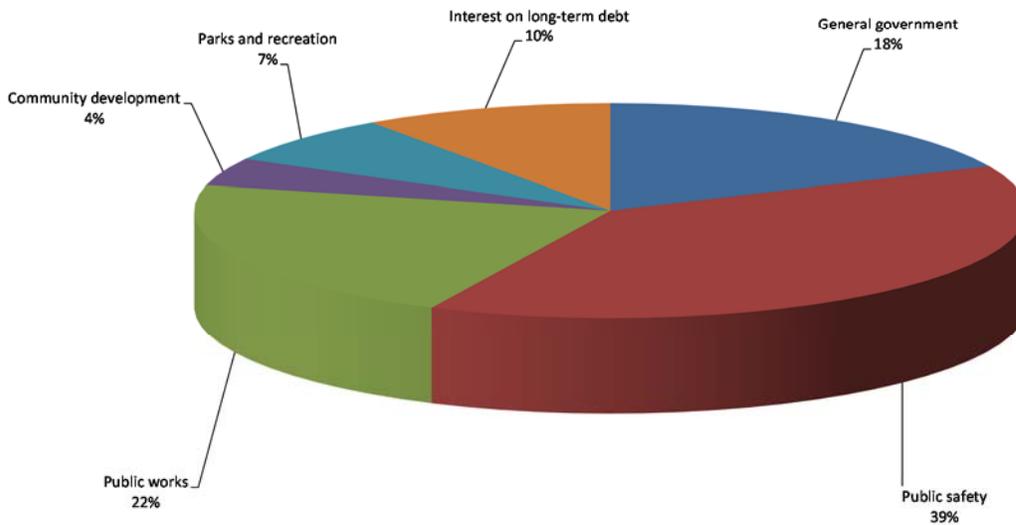
Management's Discussion and Analysis

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

Governmental Activities - Revenues



Governmental Activities - Expenses



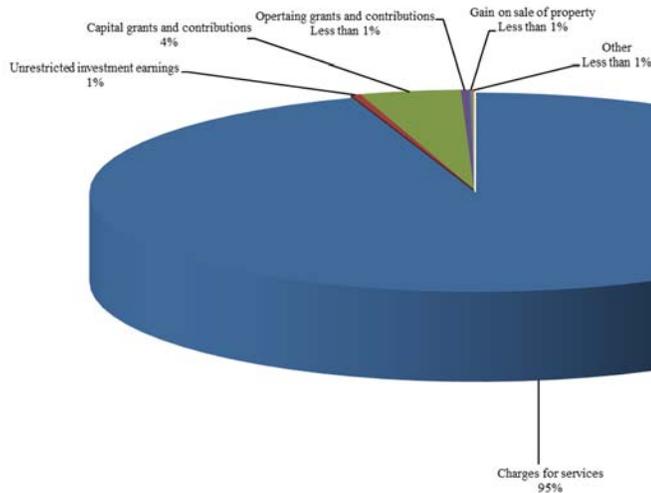
Management's Discussion and Analysis

Business-Type Activities

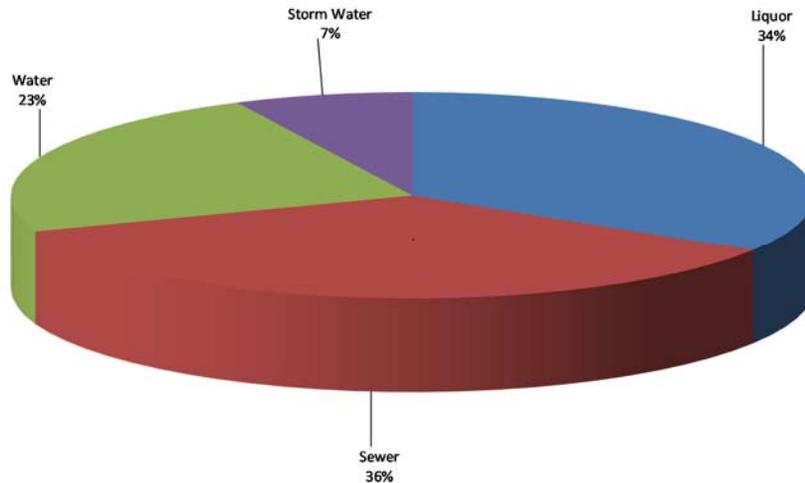
Business-type activities increased net position by \$1,494,767. This increase is primarily due to an increase in storm water grants.

Business-Type of Activities – Program Revenues vs Operating Expenses

Business-Type Activities - Revenues



Business-Type Activities - Expenses



Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Governmental funds. The focus of the City of Fridley'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 of Fridley'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 of Fridley's governmental funds reported combined ending fund balances of \$55,573,961.

The General Fund's fund balance increased by \$421,650 in 2017. This was much better than the increase of \$0 anticipated with the 2017 revised budget. Public safety was under budget by \$141,221 due to vacancies in staffing. A contingency for emergencies was budgeted in the amount of \$120,000 for which no expenditures were incurred during 2017. Public works was under budget by \$102,427 primarily due to a reduction in supplies and contractual services.

The Debt Service Fund increased by \$381,878 in 2017. The excess of revenues over expenditures was not enough to cover the monthly operating transfers.

The Street Improvements Fund has an assigned fund balance of \$1,667,018 and is identified as a major fund. The fund balance decreased by \$1,129,783 in 2017 with the use of reserves to support the funding of a pedestrian bridge.

The Building Improvements Fund has a restricted fund balance of \$32,248,155 and is identified as a major fund. The fund balance increased \$31,575,320 with the proceeds from capital bonding received in 2017 for a new civic campus.

Non-major special revenue funds increased by \$69,272 in 2017. This was primarily due to an increase in franchise fees and reimbursements for franchise costs incurred.

Non-major capital project funds increased by \$85,282 in 2017. This was primarily due to proceeds from the sale of capital assets of \$69,784 and the delay of projects scheduled in the park capital fund.

Proprietary funds. The City of Fridley's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are liquor \$587,140, water \$4,092,586, sewer \$3,683,511 and storm water \$2,897,997. The liquor, water, sewer and storm water funds had an increase in net position of \$93,345, \$21,138, \$345,766 and \$1,090,552, respectively.

Management's Discussion and Analysis

Budgetary Highlights

General Fund

The original revenue and expenditure budgets were amended (\$82,900) primarily to account for salaries and supplies coming in slightly under budget.

Operating expenditures in total were less than the final budgetary estimates by \$516,971. The City management department was under budget by \$47,846 primarily due to a reduction in legal expenses and professional services in the human resources division. Public safety was under budget by \$141,221 due to vacancies and staffing. Public works was under budget by \$91,927 primarily due to a reduction in supplies and fuel costs. Community Development was under budget by \$76,326 due to staffing vacancies during the year. A contingency for emergencies was budgeted in the amount of \$120,000 for which no expenditures were incurred during 2017.

Total revenues were less than the final budgetary estimates by \$95,321. Intergovernmental revenues were over budget by \$93,485 due to an increase in both state and federal grants along with receiving more police state aid than projected. Current and delinquent property taxes were under budget by \$84,101 and \$103,052 respectively due to tax petitions resulting in reduced current and prior year taxes for several commercial properties. The anticipated insurance reimbursement for 2017 was only half of what had been anticipated resulting in a budget shortage of \$44,359.

Capital Asset and Debt Administration

Capital assets. The City of Fridley's, investment in capital assets for its governmental and business type activities as of December 31, 2017, amounts to \$70,383,754 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Land	\$2,814,016	\$5,380,199	\$306,477	\$306,477	\$3,120,493	\$5,686,676
Buildings and structures	6,165,729	6,096,414	1,525,550	1,854,145	7,691,279	7,950,559
Improvements other than buildings	1,673,375	528,482	5,663,575	-	7,336,950	528,482
Machinery and equipment	3,275,578	3,148,785	823,160	1,299,198	4,098,738	4,447,983
Infrastructure	11,275,938	11,223,631	11,490,779	16,459,575	22,766,717	27,683,206
Construction in progress	1,837,950	23,171,917	15,991	914,931	1,853,941	24,086,848
Total Capital Assets	\$27,042,586	\$49,549,428	\$19,493,592	\$20,834,326	\$46,868,118	\$70,383,754

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

Long-term debt. At the end of the current fiscal year, the City of Fridley had total bonded debt outstanding of \$58,555,000, an increase of \$44,800,000 from 2016. \$49,585,000 of this is for general obligation improvement debt which is supported by special assessments and a property tax levy, an additional \$925,000 is for general obligation equipment certificate debt which financed the City's capital equipment purchases, and \$8,045,000 is general obligation utility revenue bonds which is financed utility improvements.

In addition, there is long-term debt in the amount of \$1,023,134 for compensated absences.

Additional information on the City of Fridley's long-term debt can be found in Note 6.

City of Fridley's Outstanding Debt

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

	Governmental Activities		Business-Type Activities		Totals	
	2016	2017	2016	2017	2016	2017
General Obligation Improvement Bonds	\$1,980,000	\$49,585,000	\$ -	\$ -	\$1,980,000	\$49,585,000
General Obligation Revenue Bonds	-	-	10,645,000	8,045,000	10,645,000	8,045,000
General Obligation Equipment Certificates	1,130,000	925,000	-	-	1,130,000	925,000
Compensated Absences	1,028,656	1,023,134	-	-	1,028,656	1,023,134
Bond issuance premium/discount	-	1,526,785	166,935	155,461	166,935	1,682,246
Total	\$4,138,656	\$53,059,919	\$10,811,935	\$8,200,461	\$14,950,591	\$61,260,380

The City of Fridley has an Aa2 rating, which was downgraded by Moody's Investors Service in January of 2017.

Management's Discussion and Analysis

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 of Fridley is \$72,490,155. Only \$50,055,000 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 of Fridley'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, 6431 University Avenue NE, Fridley, Minnesota 55432.

BASIC FINANCIAL STATEMENTS



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CITY OF FRIDLEY, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2017
With comparative totals for December 31, 2016

	Primary Government				Component Unit	
	Governmental Activities	Business-Type Activities	Total		Housing & Redevelopment Authority	
			2017	2016	2017	2016
Assets:						
Cash and investments	\$59,530,715	\$7,857,785	\$67,388,500	\$33,765,276	\$8,320,018	\$7,912,241
Restricted cash	-	1,264,060	1,264,060	-	-	-
Cash with escrow agent	-	-	-	1,717,714	-	-
Receivables:						
Accounts	161,305	3,331,942	3,493,247	3,707,284	512,019	55,263
Taxes	192,255	-	192,255	246,031	10,309	13,659
Special assessments	1,900,654	22,471	1,923,125	2,212,218	-	-
Mortgage	-	-	-	-	1,148,036	1,003,227
Interest	112,206	-	112,206	88,148	37,706	43,713
Due from component unit	1,705,301	-	1,705,301	1,613,599	-	-
Due from other governments	768,735	377,120	1,145,855	2,165,482	-	-
Internal balances	183,668	(183,668)	-	-	-	-
Prepaid items	6,174	352,859	359,033	350,341	-	530
Inventories - at cost	49,603	1,004,439	1,054,042	1,101,143	-	-
Land held for resale	-	-	-	-	1,941,876	4,509,369
Capital assets (net of accumulated depreciation):						
Land	5,380,199	306,477	5,686,676	3,120,493	2,023,511	2,023,511
Buildings and structures	6,096,414	1,854,145	7,950,559	7,691,279	-	-
Improvements other than buildings	528,482	-	528,482	7,336,950	-	-
Machinery and equipment	3,148,785	1,299,198	4,447,983	4,098,738	-	-
Infrastructure	11,223,631	16,459,575	27,683,206	22,766,717	-	-
Construction in progress	23,171,917	914,931	24,086,848	1,853,941	-	-
Total assets	114,160,044	34,861,334	149,021,378	93,835,354	13,993,475	15,561,513
Deferred outflows of resources:						
Related to pensions	8,719,000	-	8,719,000	15,318,307	-	-
Liabilities:						
Due to primary government	-	-	-	-	1,705,449	1,613,906
Accounts payable	983,318	634,804	1,618,122	1,324,209	686,862	479,872
Deposits payable	103,286	-	103,286	85,186	-	-
Contracts payable	2,694,564	9,891	2,704,455	467,991	-	-
Due to other governments	56,545	801,906	858,451	817,708	9,852	9,510
Salaries payable	356,514	39,763	396,277	409,805	-	-
Accrued interest payable	742,205	80,391	822,596	175,973	-	-
Compensated absences payable:						
Due within one year	843,577	-	843,577	822,678	-	-
Due in more than one year	179,556	-	179,556	205,978	-	-
Other post employment benefits payable:						
Due in more than one year	687,769	87,566	775,335	754,233	-	-
Unearned revenue	8,467	31,061	39,528	9,132	-	-
Bonds payable:						
Due within one year	1,390,000	915,000	2,305,000	4,330,000	-	-
Due in more than one year	50,646,785	7,285,461	57,932,246	9,591,935	-	-
Net pension liability						
Due in more than one year	11,258,812	-	11,258,812	24,519,010	-	-
Total liabilities	69,951,398	9,885,843	79,837,241	43,513,838	2,402,163	2,103,288
Deferred inflows of resources:						
Related to pensions	10,292,170	-	10,292,170	2,845,576	-	-
Net position:						
Net investment in capital assets	31,006,344	13,897,925	44,904,269	37,846,020	2,023,511	2,023,511
Restricted for:						
Debt service	2,648,889	-	2,648,889	2,092,036	-	-
Tax increment purposes	-	-	-	-	1,101,510	805,929
Police forfeitures	7,109	-	7,109	4,404	-	-
Cable television equipment	66,893	-	66,893	72,640	-	-
Donations	16,684	-	16,684	35,903	-	-
Unrestricted	8,889,557	11,077,566	19,967,123	22,743,244	8,466,291	10,628,785
Total net position	\$42,635,476	\$24,975,491	\$67,610,967	\$62,794,247	\$11,591,312	\$13,458,225

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2017
With comparative totals for the year ended December 31, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$4,298,149	\$2,021,012	\$882,117	\$2,681,550
Public safety	9,129,111	798,510	555,570	-
Public works	5,112,090	34,681	404,693	2,124,603
Community development	981,433	895,125	-	-
Parks and recreation	1,720,811	352,245	5,000	527,327
Interest on long-term debt	2,292,957	-	-	-
Total governmental activities	<u>23,534,551</u>	<u>4,101,573</u>	<u>1,847,380</u>	<u>5,333,480</u>
Business-type activities:				
Liquor	5,110,714	5,520,161	-	-
Water	3,531,649	3,486,965	-	-
Sewer	5,340,062	5,640,419	-	-
Storm water	1,085,780	1,378,095	61,476	713,655
Total business-type activities	<u>15,068,205</u>	<u>16,025,640</u>	<u>61,476</u>	<u>713,655</u>
Total primary government	<u>\$38,602,756</u>	<u>\$20,127,213</u>	<u>\$1,908,856</u>	<u>\$6,047,135</u>
Component unit:				
Housing and Redevelopment Authority	<u>\$8,416,587</u>	<u>\$282,383</u>	<u>\$2,806,679</u>	<u>\$ -</u>
Total component unit	<u>\$8,416,587</u>	<u>\$282,383</u>	<u>\$2,806,679</u>	<u>\$ -</u>

General revenues:

Property taxes
Tax increment collections
Grants and contributions not
restricted to specific programs
Unrestricted investment earnings
Net change in the fair market value of investments
Gain on sale of property
Insurance and other reimbursements
Other

Transfers

Total general revenues
and transfers

Change in net position

Net position - January 1

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position				Component Unit	
Primary Government				Housing & Redevelopment Authority	
Governmental Activities	Business-Type Activities	Total		2017	2016
		2017	2016		
\$1,286,530	\$ -	\$1,286,530	(\$2,175,468)	\$ -	\$ -
(7,775,031)	-	(7,775,031)	(9,010,650)	-	-
(2,548,113)	-	(2,548,113)	(1,759,410)	-	-
(86,308)	-	(86,308)	(18,658)	-	-
(836,239)	-	(836,239)	2,332,532	-	-
(2,292,957)	-	(2,292,957)	(97,684)	-	-
(12,252,118)	-	(12,252,118)	(10,729,338)	-	-
-	409,447	409,447	395,720	-	-
-	(44,684)	(44,684)	253,857	-	-
-	300,357	300,357	295,493	-	-
-	1,067,446	1,067,446	483,691	-	-
-	1,732,566	1,732,566	1,428,761	-	-
(12,252,118)	1,732,566	(10,519,552)	(9,300,577)	\$ -	\$ -
				(\$5,327,525)	(\$1,638,005)
				(5,327,525)	(1,638,005)
13,884,775	-	13,884,775	12,222,937	397,840	394,500
-	-	-	-	2,332,920	1,640,532
657,546	-	657,546	1,763,614	-	-
513,547	75,642	589,189	268,385	70,098	111,596
(100,382)	(6,837)	(107,219)	81,707	-	(45,772)
-	16,000	16,000	11,005	452,928	-
2,994	2,425	5,419	-	-	-
277,091	13,471	290,562	356,430	206,826	148,383
338,500	(338,500)	-	-	-	-
15,574,071	(237,799)	15,336,272	14,704,078	3,460,612	2,249,239
3,321,953	1,494,767	4,816,720	5,403,501	(1,866,913)	611,234
39,313,523	23,480,724	62,794,247	57,390,746	13,458,225	12,846,991
\$42,635,476	\$24,975,491	\$67,610,967	\$62,794,247	\$11,591,312	\$13,458,225

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

Street Improvements	Building Improvements	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
				2017	2016
\$1,095,135	\$35,502,938	\$4,625,053	\$ -	\$56,990,014	\$21,611,701
17,370	-	120,722	-	161,305	525,609
166	-	6,123	-	192,255	246,031
1,244,296	-	115,537	-	1,900,654	2,173,374
-	-	-	-	112,206	88,148
-	-	-	-	1,705,301	1,613,599
599,559	-	95,153	-	768,735	1,882,779
-	-	-	(22,660)	-	-
-	-	-	-	6,174	2,250
-	-	-	-	49,603	51,305
<u>\$2,956,526</u>	<u>\$35,502,938</u>	<u>\$4,962,588</u>	<u>(\$22,660)</u>	<u>\$61,886,247</u>	<u>\$28,194,796</u>
\$6,221	\$599,878	\$85,481	\$ -	\$981,189	\$670,803
-	-	32,936	-	103,286	85,186
39,659	2,654,905	-	-	2,694,564	398,445
380	-	157	-	56,545	180,148
-	-	22,660	(22,660)	-	-
-	-	12,776	-	255,977	261,611
-	-	8,467	-	8,467	8,467
<u>46,260</u>	<u>3,254,783</u>	<u>162,477</u>	<u>(22,660)</u>	<u>4,100,028</u>	<u>1,604,660</u>
1,243,248	-	120,319	-	2,212,258	2,419,794
-	-	-	-	55,777	51,305
-	32,248,155	69,111	-	34,836,321	1,933,446
-	-	2,658,339	-	2,658,339	2,555,650
1,667,018	-	1,961,795	-	8,510,134	10,573,287
-	-	(9,453)	-	9,513,390	9,056,654
<u>1,667,018</u>	<u>32,248,155</u>	<u>4,679,792</u>	<u>-</u>	<u>55,573,961</u>	<u>24,170,342</u>
<u>\$2,956,526</u>	<u>\$35,502,938</u>	<u>\$4,962,588</u>	<u>(\$22,660)</u>	<u>\$61,886,247</u>	<u>\$28,194,796</u>
Fund balance reported above				\$55,573,961	\$24,170,342
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.				49,549,428	27,042,586
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.				2,212,258	2,419,794
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				(53,466,759)	(3,817,566)
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.				(11,233,412)	(10,501,633)
Net position of governmental activities				<u>\$42,635,476</u>	<u>\$39,313,523</u>

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2017
With comparative totals for the year ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>
Revenues:		
Taxes	\$10,355,480	\$3,128,169
Special assessments	17,933	151,422
Licenses and permits	975,520	-
Intergovernmental revenue	1,742,085	-
Charges for services	1,981,946	-
Fines and forfeits	168,818	-
Investment income:		
Interest and dividends	65,105	39,710
Net change in the fair value of investments	(4,465)	(2,496)
Contributions and donations	-	-
Miscellaneous:		
Other	160,357	-
Total revenues	<u>15,462,779</u>	<u>3,316,805</u>
Expenditures:		
Current:		
General government	2,818,578	-
Public safety	7,799,479	-
Public works	3,024,373	-
Community development	934,074	-
Parks and recreation	917,225	-
Debt service	-	2,665,227
Capital outlay	-	-
Total expenditures	<u>15,493,729</u>	<u>2,665,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,950)</u>	<u>651,578</u>
Other financing sources (uses):		
Proceeds from sale of capital assets	-	-
Proceeds from bond issuance	-	-
Premium on bond issuance	-	-
Transfers in	452,600	622,208
Transfers out	-	(891,908)
Total other financing sources (uses)	<u>452,600</u>	<u>(269,700)</u>
Net change in fund balance	421,650	381,878
Fund balance - January 1	<u>9,171,436</u>	<u>7,004,032</u>
Fund balance - December 31	<u><u>\$9,593,086</u></u>	<u><u>\$7,385,910</u></u>

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

Street Improvements	Building Improvements	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
				2017	2016
\$5	\$ -	\$394,550	\$ -	\$13,878,204	\$12,244,211
431,178	-	21,088	-	621,621	865,722
-	-	297,233	-	1,272,753	1,442,895
1,773,492	-	712,132	-	4,227,709	7,330,338
-	-	578,885	-	2,560,831	2,592,665
-	-	99,171	-	267,989	212,635
13,346	362,872	31,932	-	512,965	186,378
(1,164)	(87,943)	(3,732)	-	(99,800)	68,001
-	-	476,027	-	476,027	491,656
(4,830)	2,500	132,005	-	290,032	396,022
<u>2,212,027</u>	<u>277,429</u>	<u>2,739,291</u>	<u>-</u>	<u>24,008,331</u>	<u>25,830,523</u>
-	12,470	1,121,977	-	3,953,025	3,924,877
-	-	201,553	-	8,001,032	7,537,051
443,729	-	-	-	3,468,102	2,824,319
-	-	-	-	934,074	942,768
-	-	500,386	-	1,417,611	1,341,444
-	711,761	-	-	3,376,988	1,345,121
<u>2,795,638</u>	<u>18,692,776</u>	<u>1,088,648</u>	<u>-</u>	<u>22,577,062</u>	<u>8,618,369</u>
<u>3,239,367</u>	<u>19,417,007</u>	<u>2,912,564</u>	<u>-</u>	<u>43,727,894</u>	<u>26,533,949</u>
<u>(1,027,340)</u>	<u>(19,139,578)</u>	<u>(173,273)</u>	<u>-</u>	<u>(19,719,563)</u>	<u>(703,426)</u>
-	-	69,784	-	69,784	43,673
-	49,130,000	-	-	49,130,000	-
-	1,584,898	-	-	1,584,898	-
-	-	286,381	(1,022,689)	338,500	138,500
<u>(102,443)</u>	<u>-</u>	<u>(28,338)</u>	<u>1,022,689</u>	<u>-</u>	<u>-</u>
<u>(102,443)</u>	<u>50,714,898</u>	<u>327,827</u>	<u>-</u>	<u>51,123,182</u>	<u>182,173</u>
(1,129,783)	31,575,320	154,554	-	31,403,619	(521,253)
<u>2,796,801</u>	<u>672,835</u>	<u>4,525,238</u>	<u>-</u>	<u>24,170,342</u>	<u>24,691,595</u>
<u>\$1,667,018</u>	<u>\$32,248,155</u>	<u>\$4,679,792</u>	<u>\$ -</u>	<u>\$55,573,961</u>	<u>\$24,170,342</u>

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



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CITY OF FRIDLEY, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2017

With comparative amounts for the year ended December 31, 2016

	2017	2016
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)	\$31,403,619	(\$521,253)
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 capital outlays exceeded depreciation in the current period.	22,506,842	5,890,743
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(207,536)	318,636
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.	(48,926,785)	1,230,000
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.	(731,779)	(2,682,882)
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.	(18,326)	(37,012)
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.	(704,082)	17,437
Change in net position of governmental activities (Exhibit A-2)	\$3,321,953	\$4,215,669

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2017

With comparative totals for Enterprise Funds for December 31, 2016

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Assets:		
Current assets:		
Cash and investments	\$365,673	\$2,949,031
Restricted cash	-	1,264,060
Cash with escrow agent	-	-
Accounts receivable	-	1,359,365
Special assessments receivable	-	5,557
Due from other governments	-	-
Prepaid items	-	-
Inventories - at cost	762,247	242,192
Total current assets	<u>1,127,920</u>	<u>5,820,205</u>
Noncurrent assets:		
Capital assets:		
Land	151,946	154,531
Buildings and structures	1,019,158	4,137,528
Improvements other than buildings	-	-
Machinery and equipment	245,955	2,850,889
Infrastructure	-	20,885,795
Construction in process	-	19,763
Total capital assets	<u>1,417,059</u>	<u>28,048,506</u>
Less: Allowance for depreciation	<u>(904,142)</u>	<u>(16,313,135)</u>
Net capital assets	<u>512,917</u>	<u>11,735,371</u>
Total noncurrent assets	<u>512,917</u>	<u>11,735,371</u>
Total assets	<u>1,640,837</u>	<u>17,555,576</u>
Deferred outflows of resources:		
Related to pensions	<u>-</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable	438,645	95,746
Accrued interest payable	-	72,292
Contracts payable	-	7,575
Due to other governments	55,661	237,726
Salaries payable	10,273	14,308
Payroll deductions payable	-	-
Compensated absences payable	-	-
Bonds payable - current	-	855,000
Unearned revenue	13,146	-
Total current liabilities	<u>517,725</u>	<u>1,282,647</u>
Noncurrent liabilities:		
Other post employment benefits	23,055	35,912
Compensated absences - noncurrent	-	-
Bonds payable - noncurrent	-	6,735,461
Net pension liability	-	-
Total noncurrent liabilities	<u>23,055</u>	<u>6,771,373</u>
Total liabilities	<u>540,780</u>	<u>8,054,020</u>
Deferred inflows of resources:		
Related to pensions	<u>-</u>	<u>-</u>
Net position:		
Net investment in capital assets	512,917	5,408,970
Unrestricted	587,140	4,092,586
Total net position	<u>\$1,100,057</u>	<u>\$9,501,556</u>

Net position reported above

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

Net position of business-type activities (Exhibit A-1)

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

Business-Type Activities - Enterprise Funds		Totals		Governmental Activities -
Sewer	Storm Water	2017	2016	Internal Service Funds
\$2,286,944	\$2,256,137	\$7,857,785	\$9,493,320	\$2,540,701
-	-	1,264,060	-	-
-	-	-	1,717,714	-
1,597,286	375,291	3,331,942	3,161,448	-
-	16,914	22,471	38,844	-
4,477	372,643	377,120	282,703	-
352,859	-	352,859	343,091	-
-	-	1,004,439	1,049,838	-
<u>4,241,566</u>	<u>3,020,985</u>	<u>14,210,676</u>	<u>16,086,958</u>	<u>2,540,701</u>
-	-	306,477	306,477	-
138,373	-	5,295,059	3,634,254	-
-	-	-	15,524,876	-
1,171,267	378,921	4,647,032	3,594,519	-
9,690,905	10,518,540	41,095,240	27,370,208	-
-	895,168	914,931	15,991	-
<u>11,000,545</u>	<u>11,792,629</u>	<u>52,258,739</u>	<u>50,446,325</u>	<u>-</u>
<u>(7,747,071)</u>	<u>(6,460,065)</u>	<u>(31,424,413)</u>	<u>(30,620,793)</u>	<u>-</u>
3,253,474	5,332,564	20,834,326	19,825,532	-
3,253,474	5,332,564	20,834,326	19,825,532	-
<u>7,495,040</u>	<u>8,353,549</u>	<u>35,045,002</u>	<u>35,912,490</u>	<u>2,540,701</u>
-	-	-	-	8,719,000
25,051	75,362	634,804	522,015	2,129
4,646	3,453	80,391	137,850	-
-	2,316	9,891	69,546	-
497,019	11,500	801,906	637,560	-
6,336	8,846	39,763	39,771	-
-	-	-	-	100,537
-	-	-	-	843,577
35,000	25,000	915,000	2,600,000	-
-	17,915	31,061	665	-
<u>568,052</u>	<u>144,392</u>	<u>2,512,816</u>	<u>4,007,407</u>	<u>946,243</u>
25,003	3,596	87,566	84,790	-
-	-	-	-	179,556
315,000	235,000	7,285,461	8,211,935	-
-	-	-	-	11,258,812
<u>340,003</u>	<u>238,596</u>	<u>7,373,027</u>	<u>8,296,725</u>	<u>11,438,368</u>
<u>908,055</u>	<u>382,988</u>	<u>9,885,843</u>	<u>12,304,132</u>	<u>12,384,611</u>
-	-	-	-	10,292,170
2,903,474	5,072,564	13,897,925	13,913,434	-
3,683,511	2,897,997	11,261,234	9,694,924	(11,417,080)
<u>\$6,586,985</u>	<u>\$7,970,561</u>	<u>\$25,159,159</u>	<u>\$23,608,358</u>	<u>(\$11,417,080)</u>
		\$25,159,159	\$23,608,358	
		(183,668)	(127,634)	
		<u>\$24,975,491</u>	<u>\$23,480,724</u>	

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For The Year Ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Sales	\$5,520,161	\$ -
Cost of sales	(4,046,642)	-
Gross profit	<u>1,473,519</u>	<u>-</u>
Operating revenues:		
Customer billings	-	3,480,716
Charges for services	-	6,249
Other revenues	-	8,871
Total operating revenues	<u>-</u>	<u>3,495,836</u>
Total gross profit and operating revenues	<u>1,473,519</u>	<u>3,495,836</u>
Operating expenses:		
Personal services	534,326	758,030
Supplies and other charges:		
Disposal charges	-	-
Other	422,021	1,817,297
Depreciation	87,626	851,532
Total operating expenses	<u>1,043,973</u>	<u>3,426,859</u>
Operating income (loss)	<u>429,546</u>	<u>68,977</u>
Nonoperating revenues (expenses):		
Intergovernmental revenue	-	-
Investment income:		
Interest and dividends	-	42,732
Net change in the fair value of investments	(231)	(3,771)
Insurance reimbursement	2,425	-
Interest expense	-	(86,800)
Gain (loss) on sale of capital assets	-	-
Bond issuance costs	-	-
Other	105	-
Total nonoperating revenues (expenses)	<u>2,299</u>	<u>(47,839)</u>
Income (loss) before transfers, capital contributions and special items	<u>431,845</u>	<u>21,138</u>
Transfers, capital contributions and special items:		
Transfers in	-	-
Transfers out	(338,500)	-
Capital contributions	-	-
Total contributions and transfers	<u>(338,500)</u>	<u>-</u>
Change in net position	93,345	21,138
Net position - January 1	<u>1,006,712</u>	<u>9,480,418</u>
Net position - December 31	<u><u>\$1,100,057</u></u>	<u><u>\$9,501,556</u></u>

Changes in net position reported above

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

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

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Sewer	Storm Water	Totals		Internal Service Funds
		2017	2016	
\$ -	\$ -	\$5,520,161	\$5,439,423	\$ -
-	-	(4,046,642)	(3,976,342)	-
-	-	1,473,519	1,463,081	-
5,640,419	1,378,095	10,499,230	9,938,517	-
-	-	6,249	50	1,390,008
-	-	8,871	15,238	-
5,640,419	1,378,095	10,514,350	9,953,805	1,390,008
5,640,419	1,378,095	11,987,869	11,416,886	1,390,008
336,779	463,207	2,092,342	1,917,008	1,947,842
4,135,302	-	4,135,302	3,957,102	-
534,756	329,090	3,103,164	2,451,624	286,317
304,055	285,133	1,528,346	1,481,702	-
5,310,892	1,077,430	10,859,154	9,807,436	2,234,159
329,527	300,665	1,128,715	1,609,450	(844,151)
-	61,476	61,476	254,342	35,659
12,493	20,417	75,642	82,007	22,155
(1,029)	(1,806)	(6,837)	13,706	(1,476)
-	-	2,425	-	-
(11,225)	(8,350)	(106,375)	(233,630)	-
16,000	-	16,000	-	-
-	-	-	(94,336)	-
-	4,495	4,600	1,858	-
16,239	76,232	46,931	23,947	56,338
345,766	376,897	1,175,646	1,633,397	(787,813)
-	-	-	-	-
-	-	(338,500)	(338,500)	-
-	713,655	713,655	-	-
-	713,655	375,155	(338,500)	-
345,766	1,090,552	1,550,801	1,294,897	(787,813)
6,241,219	6,880,009	23,608,358	22,313,461	(10,629,267)
\$6,586,985	\$7,970,561	\$25,159,159	\$23,608,358	(\$11,417,080)
		\$1,550,801	\$1,294,897	
		(56,034)	(107,065)	
		\$1,494,767	\$1,187,832	

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, 2017

With comparative totals for Enterprise Funds for the year ended December 31, 2016

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Cash flows from operating activities:		
Receipts from customers and users	\$5,532,642	\$3,454,918
Receipts from interfund services provided	-	-
Payment to suppliers	(4,465,574)	(1,805,386)
Payment to employees	(534,263)	(755,978)
Operating contribution	105	-
Net cash flows from operating activities	532,910	893,554
Cash flows from noncapital financing activities:		
Operating grants	-	-
Intergovernmental revenue	-	-
Transfers in	-	-
Transfers out	(338,500)	-
Net cash flows from noncapital financing activities	(338,500)	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(1,359,785)
Proceeds from sale of capital assets	-	-
Capital grants and contributions	-	-
Principal received on special assessments	-	-
Insurance reimbursement	2,425	-
Proceeds from sale of bonds, net of issue costs	-	-
Principal paid on revenue bonds	-	(2,545,000)
Interest and paying agent fees on revenue bonds	-	(155,043)
Net cash flows from capital and related financing activities	2,425	(4,059,828)
Cash flows from investing activities:		
Investment income	(231)	38,961
Net increase (decrease) in cash and cash equivalents	196,604	(3,127,313)
Cash and cash equivalents - January 1	169,069	7,340,404
Cash and cash equivalents - December 31	\$365,673	\$4,213,091
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$429,546	\$68,977
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	87,626	851,532
Operating contribution	105	-
Intergovernmental revenue	-	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	-	(40,918)
Decrease (increase) in prepaid items	-	-
Decrease (increase) in inventories	(99,667)	145,065
Decrease (increase) in deferred outflows of resources	-	-
Increase (decrease) in payables	102,819	(131,102)
Increase (decrease) in unearned revenue	12,481	-
Increase (decrease) in deferred inflows of resources	-	-
Total adjustments	103,364	824,577
Net cash provided by operating activities	\$532,910	\$893,554

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

Business-Type Activities - Enterprise Funds				Governmental Activities -
Sewer	Storm Water	Totals		Internal Service Funds
		2017	2016	
\$5,544,300	\$1,657,152	\$16,189,012	\$15,095,486	\$ -
-	-	-	-	1,410,235
(4,516,910)	(244,128)	(11,031,998)	(10,942,726)	(410,579)
(336,477)	(462,856)	(2,089,574)	(1,900,757)	(1,139,889)
-	-	105	405	-
<u>690,913</u>	<u>950,168</u>	<u>3,067,545</u>	<u>2,252,408</u>	<u>(140,233)</u>
-	-	-	67,551	-
-	61,476	61,476	-	-
-	-	-	-	-
-	-	(338,500)	(338,500)	-
<u>-</u>	<u>61,476</u>	<u>(277,024)</u>	<u>(270,949)</u>	<u>-</u>
(66,919)	(1,110,437)	(2,537,141)	(1,817,637)	-
16,000	-	16,000	-	-
-	341,012	341,012	-	-
-	4,495	4,495	1,453	-
-	-	2,425	-	-
-	-	-	6,072,714	-
(30,000)	(25,000)	(2,600,000)	(610,000)	-
(11,600)	(8,663)	(175,306)	(176,055)	-
<u>(92,519)</u>	<u>(798,593)</u>	<u>(4,948,515)</u>	<u>3,470,475</u>	<u>-</u>
11,464	18,611	68,805	95,713	20,679
609,858	231,662	(2,089,189)	5,547,647	(119,554)
1,677,086	2,024,475	11,211,034	5,663,387	2,660,255
<u>\$2,286,944</u>	<u>\$2,256,137</u>	<u>\$9,121,845</u>	<u>\$11,211,034</u>	<u>\$2,540,701</u>
<u>\$329,527</u>	<u>\$300,665</u>	<u>\$1,128,715</u>	<u>\$1,609,450</u>	<u>(\$844,151)</u>
304,055	285,133	1,528,346	1,481,702	-
-	-	105	405	-
-	-	-	-	35,659
(96,119)	261,142	124,105	(298,049)	20,227
(9,768)	-	(9,768)	(343,091)	5,000
-	-	45,398	(247,730)	-
-	-	-	-	6,599,307
163,218	85,313	220,248	49,414	(13,402,869)
-	17,915	30,396	307	-
-	-	-	-	7,446,594
<u>361,386</u>	<u>649,503</u>	<u>1,938,830</u>	<u>642,958</u>	<u>703,918</u>
<u>\$690,913</u>	<u>\$950,168</u>	<u>\$3,067,545</u>	<u>\$2,252,408</u>	<u>(\$140,233)</u>

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2017

With comparative amounts for December 31, 2016

	2017	2016
Assets:		
Cash and investments	\$15,629	\$7,294
Receivables:		
Accounts	7,242	3,816
Total assets	\$22,871	\$11,110
Liabilities:		
Accounts payable	\$8,163	\$7,294
Due to other governments	14,708	3,816
Total liabilities	\$22,871	\$11,110

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government reports the following major governmental funds:

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

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

The *Building Improvements Fund* is used to account for repairs and replacement of major buildings or building related 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 government reports the following major proprietary funds:

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

adoption of the annual budget resolution by the Council, it becomes the formal appropriation budget for City operations. All budget adjustments must be approved by the Council. Budgets for the General, Special Revenue and Capital Improvement Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted expenditure appropriations lapse at year end.

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

E. Legal Compliance Budgets

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

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

F. Cash and Investments

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

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

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

Restricted cash balances relate to unspent bond proceeds.

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

G. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "interfund receivables/payables." All short-term interfund receivables and payables at December 31, 2017 are planned to be eliminated in 2018. 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.

H. Property Tax Revenue Recognition

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

ability to enforce payment of property taxes by property owners. The County possesses this authority.

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

I. Special Assessment Revenue Recognition

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with State Statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. Collection of annual installments is handled by the County in the same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties.

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

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.

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

J. Inventories

Governmental Funds

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

Proprietary Funds

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

K. Prepaid Items

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

L. Capital Assets

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

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

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

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

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2017, \$86,561 of interest was capitalized in connection with construction in progress.

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

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

M. Compensated Absences

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

N. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Fund Balance Classifications

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

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

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

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

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

Q. Use of Estimates

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

R. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

government has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The City also has a type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes and special assessments.

S. Pension Plans

Cost Sharing Multiple – Employer Plans

Pensions. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this (\$53,466,759) difference are as follows:

Bonds payable	(\$50,510,000)
Premium on bonds payable	(1,526,785)
Accrued interest payable	(742,205)
Other post employment benefits payable	<u>(687,769)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$53,466,759)</u></u>

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 \$22,506,842 difference are as follows:

Net book value of capital asset disposals	(\$170,869)
Capital outlay	22,577,062
Capital outlay not capitalized	(15,092)
Capital contributions	2,688,394
Depreciation expense	<u>(2,572,653)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$22,506,842</u></u>

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 (\$207,536) difference are as follows:

Unavailable revenue - general property taxes:	
At December 31, 2016	(\$141,879)
At December 31, 2017	148,450
Unavailable revenue - special assessments:	
At December 31, 2016	(2,166,391)
At December 31, 2017	1,895,881
Unavailable revenue - interest on loan to HRA:	
At December 31, 2016	(111,524)
At December 31, 2017	<u>167,927</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$207,536)</u></u>

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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 (\$48,926,785) difference are as follows:

Principal repayments:	
G.O. improvement bonds	\$1,730,000
Bond issuance	(49,130,000)
Premium on bonds issuance	<u>(1,526,785)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>(\$48,926,785)</u></u>

U. Reclassifications

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

V. Comparative Totals

The basic financial statements, required supplementary information, combining and individual fund financial statements and schedules, and supplementary financial information include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City’s financial statements for the year ended December 31, 2016, from which the summarized information was derived.

2. Deposits and Investments

A. Deposits

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

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The 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. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

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- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any Federal agency.

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, 2017, the bank balance of the City's deposits was covered by federal depository insurance or covered by perfected collateral pledged and held in the City's name.

B. Investments

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

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As of December 31, 2017 the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Federal Farm Credit Bank	AAA	\$494,970	\$ -	\$494,970	\$ -	\$ -
Federal Home Loan Bank	AAA	2,355,463	1,859,108	496,355	-	-
Federal National Mortgage Association	AAA	13,209,569	6,524,202	6,685,367	-	-
Federal Home Loan Mortgage Corporation	AAA	3,239,200	497,445	2,741,755	-	-
Local government bonds	Aaa-A1	5,124,663	2,620,694	2,503,969	-	-
US Treasury Note	AAA	8,486,273	6,258,542	2,227,731	-	-
Brokered CDs	N/R	16,094,702	11,480,511	4,614,191	-	-
Money market	N/R	11,067,401	11,067,401	-	-	-
Total		<u>\$60,072,241</u>	<u>\$40,307,903</u>	<u>\$19,764,338</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments						\$60,072,241
Deposits						8,590,898
Petty cash						5,050
Total cash and investments						<u>\$68,668,189</u>

Following is a reconciliation to the City's cash and investment balances as of December 31, 2017:

Cash and investments - primary government:

Cash and investments (statement A-1)	\$67,388,500
Restricted cash (statement A-1)	1,264,060
Fiduciary (statement A-9)	15,629
	<u>\$68,668,189</u>

As of December 31, 2017 the HRA had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Federal Home Loan Bank	AAA	479,198	479,198	-	-	-
Federal National Mortgage Association	AAA	\$1,048,069	\$747,645	\$300,424	\$ -	\$ -
Local government bonds	Aaa - A ₁	3,338,467	538,889	2,799,578	-	-
US Treasury Note	AAA	1,934,649	868,030	1,066,619	-	-
Money market	N/R	222,786	222,786	-	-	-
Total		<u>\$7,023,169</u>	<u>\$2,856,548</u>	<u>\$4,166,621</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments						\$7,023,169
Deposits						1,296,849
Total cash and investments						<u>\$8,320,018</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. Inputs for Level 2 include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable for the asset, or inputs derived principally from or corroborated by observable market data by correlation or other means. Level 3 investments are valued using inputs that are unobservable.

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The City has the following recurring fair value measurements as of December 31, 2017:

Investment Type	12/31/2017	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Federal Farm Credit Bank	\$494,970	\$ -	\$494,970	\$ -
Federal Home Loan Bank	2,355,463	-	2,355,463	-
Federal National Mortgage Association	13,209,569	-	13,209,569	-
Federal Home Loan Mortgage Corporation	3,239,200	-	3,239,200	-
Local government bonds	5,124,663	-	5,124,663	-
US Treasury	8,486,273	-	8,486,273	-
Brokered CDs	16,094,702	-	16,094,702	-
Total/Subtotal	49,004,840	\$ -	\$49,004,840	\$ -
Investments not categorized:				
External investment pool - US Bank Fund	41,767			
External investment pool - PFM Bank Fund	11,025,634			
Total	\$60,072,241			

The HRA has the following recurring fair value measurements as of December 31, 2017:

Investment Type	12/31/2017	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Federal Home Loan Bank	\$479,198	\$ -	\$479,198	\$ -
Federal National Mortgage Association	1,048,069	-	1,048,069	-
Local government bonds	3,338,467	-	3,338,467	-
US Treasury Notes	1,934,649	-	1,934,649	-
Total/Subtotal	6,800,383	\$ -	\$6,800,383	\$ -
Investments not categorized:				
External investment pool - US Bank Fund	6,887			
External investment pool - PFM Bank Fund	215,899			
Total	\$7,023,169			

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

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C. Investment Risks

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

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

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

Concentration of credit risk (City) – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. Investments in a single issuer exceeding 5% of the City’s overall investment portfolio are in various holdings as follows:

Federal Home Loan Mortgage Corporation	5.39%
US Treasury Note	14.13%
Federal National Mortgage Association	21.99%

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

Federal Home Loan Bank	6.82%
Federal National Mortgage Association	14.92%
US Treasury Note	27.55%

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3. Receivables

Significant receivables balances not expected to be collected within one year of December 31, 2017 are as follows:

	Primary Government				Total
	Major Funds			Nonmajor Funds	
	General	Debt Service	Street Improvements		
Special assessments receivable	\$33,548	\$392,449	\$985,661	\$ -	\$1,411,658
Delinquent property taxes	97,766	29,538	-	3,718	131,022
	\$131,314	\$421,987	\$985,661	\$3,718	\$1,542,680
	HRA Component Unit				
	Major Funds				
	Revolving Loan	General Fund	Total		
Mortgage receivable	\$1,156,350	\$ -	\$1,156,350		
Allowance for uncollectible accounts	(8,314)	-	(8,314)		
Delinquent tax increment	-	4,299	4,299		
	\$1,148,036	\$4,299	\$1,152,335		

4. Unavailable Revenues

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

	Property Taxes	Special Assessments	Interest on Loan to HRA	Total
Major funds:				
General	\$118,944	\$42,310	\$ -	\$161,254
Debt Service	24,564	494,946	167,927	687,437
Street Improvements	160	1,243,090	-	1,243,250
Nonmajor	4,782	115,537	-	120,319
Total unavailable revenue	\$148,450	\$1,895,883	\$167,927	\$2,212,260

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5. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$2,814,016	\$2,681,550	(\$115,367)	\$ -	\$5,380,199
Construction in progress	1,837,950	21,372,963	(38,996)	-	23,171,917
Total capital assets, not being depreciated	<u>4,651,966</u>	<u>24,054,513</u>	<u>(154,363)</u>	<u>-</u>	<u>28,552,116</u>
Capital assets, being depreciated:					
Buildings and structures	13,569,234	52,228	(604,158)	1,148,672	14,165,976
Machinery and equipment	10,363,423	611,046	(808,572)	1,033,589	11,199,486
Improvements	7,173,908	54,686	(1,096,420)	(4,230,296)	1,901,878
Infrastructure	28,138,204	516,886	(23,511)	2,016,166	30,647,745
Total capital assets, being depreciated	<u>59,244,769</u>	<u>1,234,846</u>	<u>(2,532,661)</u>	<u>(31,869)</u>	<u>57,915,085</u>
Less accumulated depreciation for:					
Buildings and structures	7,403,505	553,501	(555,190)	667,746	8,069,562
Machinery and equipment	7,087,845	864,362	(802,039)	900,533	8,050,701
Improvements	5,500,533	70,731	(1,096,420)	(3,101,448)	1,373,396
Infrastructure	16,862,266	1,084,059	(23,511)	1,501,300	19,424,114
Total accumulated depreciation	<u>36,854,149</u>	<u>2,572,653</u>	<u>(2,477,160)</u>	<u>(31,869)</u>	<u>36,917,773</u>
Total capital assets being depreciated - net	<u>22,390,620</u>	<u>(1,337,807)</u>	<u>(55,501)</u>	<u>-</u>	<u>20,997,312</u>
Governmental activities capital assets - net	<u>\$27,042,586</u>	<u>\$22,716,706</u>	<u>(\$209,864)</u>	<u>\$ -</u>	<u>\$49,549,428</u>
Primary Government					
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$306,477	\$ -	\$ -	\$ -	\$306,477
Construction in progress	15,991	913,120	(14,180)	-	914,931
Total capital assets, not being depreciated	<u>322,468</u>	<u>913,120</u>	<u>(14,180)</u>	<u>-</u>	<u>1,221,408</u>
Capital assets, being depreciated:					
Buildings and structures	3,634,254	16,684	(103,147)	1,747,268	5,295,059
Improvements other than buildings	15,524,876	-	(271,106)	(15,253,770)	-
Machinery and equipment	3,594,519	297,166	(271,707)	1,027,054	4,647,032
Infrastructure	27,370,208	1,324,350	(110,635)	12,511,317	41,095,240
Total capital assets, being depreciated	<u>50,123,857</u>	<u>1,638,200</u>	<u>(756,595)</u>	<u>31,869</u>	<u>51,037,331</u>
Less accumulated depreciation for:					
Buildings and structures	2,108,705	255,849	(103,147)	1,179,507	3,440,914
Improvements other than buildings	9,861,303	-	(271,106)	(9,590,197)	-
Machinery and equipment	2,771,359	266,345	(271,707)	581,837	3,347,834
Infrastructure	15,879,426	1,006,152	(110,635)	7,860,722	24,635,665
Total accumulated depreciation	<u>30,620,793</u>	<u>1,528,346</u>	<u>(756,595)</u>	<u>31,869</u>	<u>31,424,413</u>
Total capital assets being depreciated - net	<u>19,503,064</u>	<u>109,854</u>	<u>-</u>	<u>-</u>	<u>19,612,918</u>
Business-type activities capital assets - net	<u>\$19,825,532</u>	<u>\$1,022,974</u>	<u>(\$14,180)</u>	<u>\$ -</u>	<u>\$20,834,326</u>
Component Unit					
Capital assets, not being depreciated:					
Land	<u>\$2,023,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,023,511</u>

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

Governmental activities:

General government	\$168,905
Public safety	591,045
Public works, including depreciation of general infrastructure assets	1,551,324
Community Development	7,092
Park and recreation	<u>254,287</u>
Total depreciation expense - governmental activities	<u><u>\$2,572,653</u></u>

Business-type activities:

Liquor	\$87,626
Water	851,532
Sewer	304,055
Storm water	<u>285,133</u>
Total increases in accumulated depreciation	<u><u>\$1,528,346</u></u>

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6. Long-Term Debt

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

As of December 31, 2017, the governmental long-term bonded debt and loans of the financial reporting entity consisted of the following:

Governmental Activities:

\$1,215,000 General Obligation Improvement Bonds, Series 2010C due in varying annual installments of \$55,000 - \$135,000 through February 1, 2021; interest at 2.00% - 3.00%.	\$455,000
\$550,000 General Obligation Equipment Certificates, Series 2010B due in varying annual installments of \$50,000 - \$70,000 through February 1, 2020; interest at 2.00% - 3.00%	200,000
\$1,280,000 General Obligation Equipment Certificates, Series 2012A due in varying annual installments of \$135,000 - \$150,000 through February 1, 2022; interest at 1.00% - 1.65%	725,000
\$49,130,000 General Obligation Improvement Bonds, Series 2017A due in varying annual installment of \$1,060,000 - \$2,925,000 through February 1, 2042; interest at 3.00% - 5.00%	49,130,000
Unamortized premium	<u>1,526,785</u>
Subtotal governmental activities	<u><u>\$52,036,785</u></u>

Business-Type Activities:

\$1,790,000 General Obligation Water Revenue Bonds of 2004 due in varying annual installments of \$50,000 - \$230,000 through February 1, 2019; interest at 2.50% - 4.00%.	\$450,000
\$2,810,000 General Obligation Utility Revenue Bonds of 2010A due in varying annual installments of \$160,000 - \$265,000 through February 1, 2026; interest at 2.50% - 3.50%	1,875,000
\$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%	5,720,000
Unamortized premium	<u>155,461</u>
Subtotal business-type activities	<u><u>8,200,461</u></u>
Total primary government	<u><u>\$60,237,246</u></u>

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

Year Ending December 31,	Primary Government					
	Governmental Activities				Business-Type Activities	
	G.O. Improvement		G.O. Equipment Certificates		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$1,185,000	\$1,747,987	\$205,000	\$13,855	\$915,000	\$180,688
2019	1,285,000	1,710,937	210,000	10,371	945,000	155,763
2020	1,325,000	1,671,787	215,000	6,570	730,000	134,838
2021	1,295,000	1,638,637	145,000	3,526	755,000	118,038
2022	1,250,000	1,594,112	150,000	1,238	770,000	100,763
2023	1,465,000	1,526,238	-	-	790,000	82,794
2024	1,535,000	1,451,238	-	-	510,000	67,044
2025	1,615,000	1,372,488	-	-	525,000	53,525
2026	1,695,000	1,289,738	-	-	535,000	39,363
2027	1,780,000	1,211,763	-	-	300,000	29,213
2028	1,850,000	1,139,163	-	-	310,000	23,113
2029	1,925,000	1,073,288	-	-	315,000	16,862
2030	1,985,000	1,014,637	-	-	320,000	10,513
2031	2,040,000	954,263	-	-	325,000	3,656
2032	2,105,000	890,771	-	-	-	-
2033	2,170,000	822,619	-	-	-	-
2034	2,240,000	750,956	-	-	-	-
2035	2,315,000	676,937	-	-	-	-
2036	2,390,000	600,481	-	-	-	-
2037	2,465,000	520,047	-	-	-	-
2038	2,550,000	433,825	-	-	-	-
2039	2,640,000	343,000	-	-	-	-
2040	2,730,000	249,025	-	-	-	-
2041	2,825,000	151,812	-	-	-	-
2042	2,925,000	51,188	-	-	-	-
Total	<u>\$49,585,000</u>	<u>\$24,886,937</u>	<u>\$925,000</u>	<u>\$35,560</u>	<u>\$8,045,000</u>	<u>\$1,016,173</u>

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Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. improvement bonds	\$1,980,000	\$49,130,000	(\$1,525,000)	\$49,585,000	\$1,185,000
G.O. equipment certificates	1,130,000	-	(205,000)	925,000	205,000
Total bonds payable	3,110,000	49,130,000	(1,730,000)	50,510,000	1,390,000
Bond issuance premium/discount	-	1,584,898	(58,113)	1,526,785	-
Compensated absences	1,028,656	889,616	(895,138)	1,023,134	843,577
Total governmental activities long-term debt	<u>\$4,138,656</u>	<u>\$51,604,514</u>	<u>(\$2,683,251)</u>	<u>\$53,059,919</u>	<u>\$2,233,577</u>
Business-type activities:					
Bonds payable:					
G.O. revenue bonds	10,645,000	-	(2,600,000)	8,045,000	915,000
Bond issuance premium/discount	166,935	-	(11,474)	155,461	-
Total business-type activities long-term debt	<u>\$10,811,935</u>	<u>\$ -</u>	<u>(\$2,611,474)</u>	<u>\$8,200,461</u>	<u>\$915,000</u>

Compensated absences are generally liquidated by the Employee Benefits Fund. All long-term bonded indebtedness outstanding at December 31, 2017 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2017 totaled \$1,895,883.

Crossover Refunding

Series 2016A Bonds

On June 2, 2016, the City issued \$5,995,000 in General Obligation Water Revenue Bonds, Series 2016A with an average interest rate of 2.02%. \$1,680,000 of the proceeds will be used to advance refund \$1,700,000 of outstanding 2008B Series Bonds with an average interest rate of 3.73%. The net proceeds were used to purchase U.S. government securities in the amount of \$1,717,714. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the interest on the refunding bonds through the crossover date and called principal on the refunded bonds on February 1, 2017.

The City advance refunded the 2008B General Obligation Water Revenue Bonds to reduce its total debt service payments during the years 2017 through 2023 by \$156,890 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$147,595.

The City is responsible for the debt service of the refunded bonds through the crossover date (February 1, 2017) and the debt service of the refunding bonds after the crossover date. The debt service of the refunding bonds before the crossover date is payable from the escrow account. Assets held in the escrow agent total \$1,717,714 at December 31, 2016.

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The refunding portion of the 2016A bonds are crossover refunding bonds whereby the City and the escrow agent are responsible for the debt service payments as follows:

Year Ending December 31,	Refunded Bonds Total	Refunding Bonds Total	Debt Service Commitment	
			Escrow Account	City
2017	\$1,984,949	\$22,307	\$1,722,307	\$284,949
2018	-	298,600	-	298,600
2019	-	298,300	-	298,300
2020	-	297,900	-	297,900
2021	-	302,400	-	302,400
2022	-	301,700	-	301,700
2023	-	300,900	-	300,900
Total	<u>\$1,984,949</u>	<u>\$1,822,107</u>	<u>\$1,722,307</u>	<u>\$2,084,749</u>

Revenues Pledged

Bond Issue	Use of Proceeds	Revenue Pledged				Remaining Principal	Current Year	
		Type	Percent of total debt service	Debt service as a % of net revenues	Term of Pledge		Principal and Interest paid	Pledged Revenue received
2017A	Building Improvements	Property Taxes	100%		2017- 2042	\$49,130,000	\$871,189	\$2,911,156
2012A	Capital Equipment	Property Taxes	100%		2013- 2022	725,000	150,230	153,987
2010B	Capital Equipment	Property Taxes	100%		2011- 2020	200,000	71,975	71,975
2010C	Street Improvements	Property Taxes and Special Assessments	100%		2011- 2021	455,000	140,525	60,954
2008A	Street Improvements	Property Taxes and Special Assessments	100%		2008- 2017	-	657,900	30,749
2007A	Street Improvements	Property Taxes and Special Assessments	100%		2007- 2017	-	458,608	10,456
2006A	Street Improvements	Property Taxes and Special Assessments	100%		2007- 2017	-	311,100	(1,620)
2016A Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	11.68%	2016- 2031	5,720,000	412,746	3,534,797
2010A Utility Revenue Bonds	Infrastructure Improvements	Water, Sewer and Storm Customer Net Revenue	100%	2.24%	2011- 2026	1,875,000	237,350	10,583,386
2008B Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	56.15%	2008- 2017	-	1,984,949	3,534,797
2004 Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	6.42%	2004- 2019	450,000	226,844	3,534,797

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7. Defined Benefit Pension Plans

A. Plan Description

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

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 either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

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 a local relief association 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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for

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each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year 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.

2. PEPFF Benefits

Benefits for the 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.

C. Contributions

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

1. GERS Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the GERS for the year ended December 31, 2017, were \$479,410. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2017. The City's contributions to the PEPFF for the year ended December 31, 2017, were \$653,014. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERS Pension Costs

At December 31, 2017, the City reported a liability of \$6,249,871 for its proportionate share of the GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. 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 \$78,569. The net pension

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liability was measured as of June 30, 2017, 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 proportion 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017 the City's proportion was .0979% which was a decrease of .0039% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$800,023 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$2,269 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$205,977	\$400,372
Changes in actuarial assumptions	1,037,614	626,550
Difference between projected and actual investment earnings	37,177	-
Changes in proportion	40,635	269,524
Contributions paid to PERA subsequent to the measurement date	<u>240,212</u>	<u>-</u>
Total	<u><u>\$1,561,615</u></u>	<u><u>\$1,296,446</u></u>

\$240,212 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2018	\$141,673
2019	323,892
2020	(175,313)
2021	(265,295)
2022	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$5,008,941 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined

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by an actuarial valuation as of that date. The City's proportion 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was .3710% which was a decrease of .0340% from its proportion measured as of June 30, 2016. The City also recognized \$33,390 for the year ended December 31, 2017, 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 PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

For the year ended December 31, 2017, the City recognized pension expense of \$1,151,494 for its proportionate share of the PEPFF's pension expense.

At December 31, 2017, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$115,296	\$1,329,687
Changes in actuarial assumptions	6,555,199	7,111,454
Difference between projected and actual investment earnings	57,575	-
Changes in proportion	86,403	554,583
Contributions paid to PERA subsequent to the measurement date	<u>342,912</u>	<u>-</u>
Total	<u><u>\$7,157,385</u></u>	<u><u>\$8,995,724</u></u>

\$342,912 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2018	(\$1,690)
2019	(1,690)
2020	(179,699)
2021	(505,239)
2022	(1,492,933)
Thereafter	-

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E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for both plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be one percent per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for the Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

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

Police and Fire Fund

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.

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

The long-term expected rate of return on pension plan investments is 7.5%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%
Total	100%	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. 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 General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. At June 30, 2016, the Police and Fire Fund projected benefit payments to exceed the funds projected fiduciary net position after June 30, 2056 and therefore used a single discount rate of 5.6%, which as stated above, increased to 7.5% at June 30, 2017.

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G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the GERF net pension liability	\$9,694,015	\$6,249,871	\$3,430,214
City's proportionate share of the PEPFF net pension liability	\$9,433,298	\$5,008,941	\$1,356,391

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

H. Pension Plan Fiduciary Net Position

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

I. Pension Expense

Pension expense recognized by the City for the fiscal year ended December 31, 2017 is as follows:

GERF	\$802,292
PEPFF	<u>1,151,494</u>
Total	<u><u>\$1,953,786</u></u>

8. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for

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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 2017 were:

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

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

Plan Description

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

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

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 \$151,398 and \$148,297 in State Aid to the Association for 2017 and 2016, respectively. This transaction is recorded as revenue and expenditures in the City's financial statements.

During 2017 and as of December 31, 2017, the Association held no securities issued by the City or other related parties.

10. Other Post-Employment Benefits

A. Plan Description

In addition to providing the pension benefits described in Note 7, the City provides post-employment health care benefits (as defined in paragraph B) for retired employees and police and firefighters disabled in the line of duty, through a single-employer defined benefit plan. The term *Plan* refers to the City's requirement by State Statute to provide retirees with access to health insurance. The OPEB plan is administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a, and 299A.465. The

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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. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report.

B. Benefits Provided

Retirees

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.

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 65 years of age, Medicare becomes the primary insurer.

The monthly retiree premiums effective January 1, 2017 were:

	Single	Married
Regular	\$796	\$2,293
HRA	604	1,739
HSA	570	1,642

C. Participants

As of the actuarial valuation dated January 1, 2017, participants consisted of:

Retired participants and beneficiaries currently receiving benefits	2
Active employees	138
Total	140
Participating employers	1

D. Funding Policy

The additional cost of using a blended rate for actives and retirees is currently funded on a pay-as-you-go basis. The City Council may change the funding policy at any time.

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E. Annual OPEB Costs and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The net OPEB obligation as of December 31, 2017, was calculated as follows:

Annual required contribution (ARC)	\$50,314
Interest on net OPEB obligation	26,398
Adjustment to ARC	<u>(40,309)</u>
Annual OPEB cost	36,403
Contributions made during the year	<u>(15,301)</u>
Increase in net OPEB obligation	21,102
Net OPEB obligation - beginning of year	<u>754,233</u>
 Net OPEB obligation - end of year	 <u><u>\$775,335</u></u>

For the governmental activities, other post-employment benefits are generally liquidated through the General Fund.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2015 to 2017 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2015	\$54,383	\$7,707	14.2%	\$711,775
December 31, 2016	56,365	13,907	24.7%	754,233
December 31, 2017	36,403	15,301	42.0%	775,335

For the governmental activities, other post-employment benefits are general liquidated through the General Fund.

F. Funded Status and Funding Progress

The City currently has no assets that have been irrevocably deposited in a trust for future health benefits; therefore, the actuarial value of assets is zero. The funded status of the Plan was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)* (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a) / c)</u>
January 1, 2017	\$ -	\$396,304	\$396,304	0.0%	\$9,745,505	4.1%

*Using the projected unit credit actuarial cost method.

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G. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the Projected Unit Credit Actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses) and an initial annual health care cost trend rate of 6.5% reduced by 0.25% each year to arrive at an ultimate health care cost trend rate of 5.0%, which includes a 2.5% inflation assumption. The actuarial value of assets was \$0. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30-year open period. The remaining amortization period at December 31, 2017, was 30 years.

11. Interfund Receivables, Payables and Transfers

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

	Interfund Receivables	Interfund Payables
Due From/Due To:		
Major Funds:		
General Fund	\$22,660	\$ -
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Police Activity Fund	-	22,660
	\$22,660	\$22,660

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Interfund receivables and payables of the HRA component unit at December 31, 2017 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due From/Due To:		
General Fund	\$7,641,361	\$ -
Capital Projects Funds:		
Lake Pointe	-	325,303
Gateway East	-	331,653
Gateway West	-	360,109
Gateway Northeast	-	3,843,025
BAE Hazardous Sub District	-	2,728,471
Locke Point Park	-	52,800
	<u>\$7,641,361</u>	<u>\$7,641,361</u>

The above balances are not expected to be eliminated within one year of December 31, 2017.

Interfund Transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
Major Funds:		
General Fund (1) (2) (3)	\$452,600	\$ -
Debt Service (4)	622,208	891,908
Street Improvements (1) (4)	-	102,443
Building Improvements	-	-
Nonmajor Funds (3) (4) (5)	286,381	28,338
Total governmental funds	<u>1,361,189</u>	<u>1,022,689</u>
Proprietary Funds:		
Liquor (3)	-	338,500
Total proprietary funds	<u>-</u>	<u>338,500</u>
Total	<u>\$1,361,189</u>	<u>\$1,361,189</u>

- (1) Transfer of \$269,700 to finance General Fund
- (2) Transfer of \$94,400 to finance street projects
- (3) Transfer to finance General Fund and Capital Project
- (4) Transfer to close out fund
- (5) Transfer to allocate cash balance by fund

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

12. Fund Balance

A. CLASSIFICATIONS

At December 31, 2017, a summary of the governmental fund balance classifications are as follows:

	General Fund	Debt Service	Street Improvements	Buildings Improvements	Other Governmental	Total City	Component Unit
Nonspendable:							
Inventory	\$55,777	\$ -	\$ -	\$ -	\$ -	\$55,777	\$ -
Mortgage loan receivable	-	-	-	-	-	-	1,148,036
Total nonspendable	<u>55,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,777</u>	<u>1,148,036</u>
Restricted for:							
Donations	14,466	-	-	-	2,218	16,684	-
Debt service	-	2,504,589	-	-	-	2,504,589	-
Tax increment	-	-	-	-	-	-	1,101,510
Cable television equipment	-	-	-	-	66,893	66,893	-
Unspent bond proceeds	-	-	-	32,248,155	-	32,248,155	-
Total restricted	<u>14,466</u>	<u>2,504,589</u>	<u>-</u>	<u>32,248,155</u>	<u>69,111</u>	<u>34,836,321</u>	<u>1,101,510</u>
Committed to:							
Cable television programming	-	-	-	-	1,512,046	1,512,046	-
Recycling programs	-	-	-	-	90,072	90,072	-
Nature Center activities	-	-	-	-	199,642	199,642	-
Public improvements	-	-	-	-	-	-	-
Police activity	-	-	-	-	7,108	7,108	-
Capital equipment	-	-	-	-	849,471	849,471	-
Housing loan program	-	-	-	-	-	-	1,888,953
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,658,339</u>	<u>2,658,339</u>	<u>1,888,953</u>
Assigned to:							
Capital improvements	-	4,881,321	1,667,018	-	1,961,795	8,510,134	-
Total assigned	<u>-</u>	<u>4,881,321</u>	<u>1,667,018</u>	<u>-</u>	<u>1,961,795</u>	<u>8,510,134</u>	<u>-</u>
Unassigned	<u>9,522,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,453)</u>	<u>9,513,390</u>	<u>3,025,634</u>
Total	<u>\$9,593,086</u>	<u>\$7,385,910</u>	<u>\$1,667,018</u>	<u>\$32,248,155</u>	<u>\$4,679,792</u>	<u>\$55,573,961</u>	<u>\$7,164,133</u>

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, 2017, the unassigned fund balance of the General Fund was \$9,522,843, compared to its targeted unassigned fund balance of between \$5,828,445 and \$8,326,350.

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

13. Tax Increment Districts

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

Year Established	District	District Name	Tax Capacity Values			Fiscal Disparity Adjustments	Retained By Authority
			Current	Original	Captured		
1985	6	Lake Pointe	\$822,272	\$326,940	\$495,332	\$ -	\$495,332
1992	11	University/Osborne	78,172	26,478	51,694	-	51,694
1992	12	McGlynn's	85,408	41,254	44,154	-	44,154
1995	13	Satellite Lane Apartments	37,255	1,403	35,852	-	35,852
2000	17	Gateway East	37,876	3,365	34,511	-	34,511
2007	18	Gateway West	35,830	4,693	31,137	-	31,137
2007	19	Main Street	183,748	45,628	138,120	-	138,120
2013	20	TIF 20 HSS 20A	874,434	-	874,434	-	874,434
1995	HR1/Q3	Housing Replacement	1,914	236	1,678	-	1,678
1995	HR1/S3	Housing Replacement	2,268	310	1,958	-	1,958
1995	HR1/S4	Housing Replacement	2,316	338	1,978	-	1,978
1995	HR1/S5	Housing Replacement	1,629	225	1,404	-	1,404
1995	HR1/S6	Housing Replacement	1,735	266	1,469	-	1,469
2017	HR1/V5	Housing Replacement	1,621	208	1,413	-	1,413
1995	HR1/V6	Housing Replacement	3,910	316	3,594	-	3,594
1995	HR1/T7	Housing Replacement	1,971	384	1,587	-	1,587
1995	HR1/V9	Housing Replacement	1,994	286	1,708	-	1,708
1995	HR1/W1	Housing Replacement	1,562	357	1,205	-	1,205
1995	HR1/W2	Housing Replacement	1,480	286	1,194	-	1,194
1995	HR1/W6	Housing Replacement	5,742	516	5,226	-	5,226
1995	HR1/W7	Housing Replacement	2,091	170	1,921	-	1,921
1995	HR1/X2	Housing Replacement	139,741	32,040	107,701	-	107,701
1995	HR1/X8	Housing Replacement	4,405	637	3,768	-	3,768
2017	HR1/X9	Housing Replacement	450	343	107	-	107
1995	HR1/Y2	Housing Replacement	1,896	302	1,594	-	1,594
1995	HR1/Y1	Housing Replacement	2,040	335	1,705	-	1,705
2017	HR1/Y5	Housing Replacement	2,130	251	-	-	-
1995	HR1/X2	Northstar Transit Station	1,354,054	1,221,288	132,766	-	132,766
		Totals	<u>\$3,689,944</u>	<u>\$1,708,855</u>	<u>\$1,979,210</u>	<u>\$ -</u>	<u>\$1,979,210</u>

14. Commitments and Contingencies

A. Risk Management

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 \$2,500 deductible.

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.

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017, the Self Insurance Fund has accumulated equity in the amount of \$1,209,257 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, 2017.

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

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

TIF District #6, Lake Pointe (Medtronic):

Issued in 2001 in the principal sum of \$20,000,000 with an interest rate of 6.75% per annum. Principal and interest shall be paid on August 1, 2001 and each February 1 and August 1 thereafter to and including March 1, 2026. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2026. The current year abatement (TIF note payments) amounted to \$532,225. At December 31, 2017, the principal amount outstanding on the note was \$20,000,000.

TIF District #19, Mainstreet:

Issued in 2008 in the principal sum of \$1,500,000 with an interest rate of 7.00% per annum. Principal and interest shall be paid on August 1, 2009 and each February 1 and August 1 thereafter to and including February 1, 2025. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for certain public redevelopment costs. The current year abatement (TIF note payments) amounted to \$107,054. At December 31, 2017, the principal amount outstanding on the note was \$1,500,000.

TIF District #20, BAE Hazardous Substance:

Issued in 2016 in the principal sum of \$8,842,565 with an interest rate of 5.75% per annum. Principal and interest shall be paid on August 1, 2016 and each February 1 and August 1 thereafter to and including February 1, 2042. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2042. The current year abatement (TIF note payments) amounted to \$638,728. At December 31, 2017, the principal amount outstanding on the note was \$8,603,291.

F. Construction Commitments

At December 31, 2017, the City had construction project contracts in progress. The commitments related to the remaining contract balances amounted to \$22,483,637.

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

15. Leases

A. Lease Expense

The City leases space for one of its liquor stores. Total costs for this lease was \$197,859 for the year ended December 31, 2017. The future minimum lease payments for this lease are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2018	\$129,955
2019	145,841
2020	145,841
2021	145,841
2022	145,841
2023	121,534

B. Lease Revenue

The City receives revenue from agreements for the lease of space above its water towers to communication companies. The space is used for antennas and other equipment necessary to provide radio communications. For accounting purposes, the leases are considered operating leases. Lease revenue for the year ended December 31, 2017, totaled \$361,568. Terms of each lease are as follows:

<u>Lessee / Location</u>	<u>Annual Lease</u> <u>Adjustment Factor*</u>	<u>Next</u> <u>(passive)</u> <u>Renewal</u> <u>Date</u>	<u>Renewal Term</u> <u>Duration</u>	<u>Final Lease</u> <u>Date</u>
TTM - Commons Tower #1	Greater of 4% or CPI-U	11/17/2019	5 Years	17-Nov-34
TTM - TH65 Tower #2	Greater of 4% or CPI-U	11/17/2019	5 Years	17-Nov-34
Clearwire - Commons Tower #1	Greater of 4% or CPI-U	2/22/2020	5 Years	22-Feb-35
AT&T - Marion Hills	Greater of 5% or CPI-U	7/1/2020	5 Years	1-Jul-25
T-Mobile - Commons Tower #1	Greater of 2% or CPI-U up to 5%	3/27/2020	5 Years	28-Mar-30
Verizon - Commons Tower #1	3%	6/6/2018	5 Years	6-Jun-38
Clearwire - Marion Hills	Greater of 4% or CPI-U	2/22/2020	5 Years	22-Feb-35
Clearwire - TH65 Tower #2	Greater of 4% or CPI-U	2/22/2020	5 Years	22-Feb-35
T-Mobile - Marion Hills	Greater of 2% or CPI-U up to 5%	9/30/2016	5 Years	30-Sep-21
Sprint - TH65 Tower #2	Greater of 5% or CPI-U	10/1/2020	5 Years	1-Oct-25
Crown Castle - Well #13	Greater of 5% or CPI-U	11/6/2018	5 Years	6-Nov-23
AT&T - Public Works Garage	Greater of 5% or CPI-U	11/30/2018	5 Years	30-Nov-28

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

16. Conduit Debt Obligation

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017, there are two series outstanding issued after July 1, 1995 with an aggregate principal amount payable of \$15,058,098. There were twenty-two series issued prior to July 1, 1995. Aggregate principal amount payable for the twenty-two series could not be determined; however, their original issue amounts totaled \$65.2 million.

17. Deficit Fund Balances

At December 31, 2017, individual funds with a deficit fund balance are as follows:

Primary government:	
Nonmajor Special Revenue Fund:	
Drug and Gambling Forfeiture	(\$9,453)
Internal Service Fund:	
Employee Benefits	(12,626,337)
Component unit:	
Lake Pointe	(328,369)
Gateway East	(319,554)
Gateway West	(359,975)
Main Street	(5,543)
Gateway NorthEast	(3,835,204)
BAE	(99,202)
BAE Hazardous Sub District	(2,730,110)
Locke Point Park	(87,920)

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, 2017 is \$3,542,705. 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.

In 2014, the HRA entered into an agreement with Cielo Partners LLC for the sale of land from the HRA to Cielo Partners LLC for the sum of \$1.00. Per the agreement Cielo Partners LLC is to complete certain performance obligations to complete the site improvements. If these performance obligations are not met then Cielo Partners LLC will be obligated to pay the HRA for an amount up to \$1,700,000. In 2018 it was determined that Cielo Partners LLC did not meet all performance obligations and a receivable of \$452,928 is recorded at December 31, 2017.

CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

19. Recently Issued Accounting Standards

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

Statement No. 83 *Certain Asset Retirement Obligations*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84 *Fiduciary Activities*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 85 *Omnibus 2017*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 86 *Certain Debt Extinguishment Issues*. The provisions of this statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 87 *Leases*. The provisions of this statements are effective for periods beginning after December 15, 2019.

Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The provisions of this statements are effective for periods beginning after June 15, 2018.

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

20. Subsequent Events

Subsequent events have been evaluated for recognition or disclosure through May 3, 2018 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2017
With comparative actual amounts for the year ended December 31, 2016

	2017		Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenues:					
Taxes and special assessments:					
Current ad valorem taxes	\$10,537,800	\$10,537,800	\$10,453,699	(\$84,101)	\$10,537,098
Delinquent ad valorem taxes-net of abatements	50,000	-	(103,052)	(103,052)	37,271
Penalties and interest	25,000	-	4,833	4,833	11,248
Special assessments	16,500	14,800	17,933	3,133	14,513
Total taxes and special assessments	<u>10,629,300</u>	<u>10,552,600</u>	<u>10,373,413</u>	<u>(179,187)</u>	<u>10,600,130</u>
Licenses and permits:					
Licenses:					
Rental	162,000	162,000	165,987	3,987	170,650
Business	77,800	79,300	86,092	6,792	84,432
All other	27,800	27,800	31,050	3,250	28,660
Permits	738,400	726,500	692,391	(34,109)	867,212
Total licenses and permits	<u>1,006,000</u>	<u>995,600</u>	<u>975,520</u>	<u>(20,080)</u>	<u>1,150,954</u>
Intergovernmental revenue:					
Federal grants	24,000	24,000	40,928	16,928	64,220
State maintenance aid	390,000	382,400	382,391	(9)	389,834
Local grants	760,200	764,600	764,591	(9)	250,000
Other state grants	-	6,500	29,884	23,384	44,176
Police and fire pension	471,100	471,100	524,291	53,191	514,202
Total intergovernmental revenue	<u>1,645,300</u>	<u>1,648,600</u>	<u>1,742,085</u>	<u>93,485</u>	<u>1,262,432</u>
Charges for services:					
General government	952,800	952,900	954,419	1,519	953,961
Public safety	381,000	382,600	402,880	20,280	417,323
Public works	417,200	365,100	364,099	(1,001)	369,138
Community development	39,400	38,800	37,937	(863)	58,065
Recreation	205,200	222,200	222,611	411	231,288
Total charges for services	<u>1,995,600</u>	<u>1,961,600</u>	<u>1,981,946</u>	<u>20,346</u>	<u>2,029,775</u>
Fines and forfeits	180,000	180,000	168,818	(11,182)	186,418
Investment income:					
Interest and dividends	59,000	59,000	65,105	6,105	80,324
Net change in the fair market value of investments	-	-	(4,465)	(4,465)	24,648
Total investment income	<u>59,000</u>	<u>59,000</u>	<u>60,640</u>	<u>1,640</u>	<u>104,972</u>
Miscellaneous revenue:					
Insurance and other reimbursements	85,900	93,200	48,841	(44,359)	97,650
Gambling tax	58,000	58,000	62,639	4,639	62,207
Donations	19,500	1,700	16,555	14,855	44,221
Miscellaneous	11,800	7,800	32,322	24,522	22,507
Total miscellaneous revenue	<u>175,200</u>	<u>160,700</u>	<u>160,357</u>	<u>(343)</u>	<u>226,585</u>
Total revenues	<u>15,690,400</u>	<u>15,558,100</u>	<u>15,462,779</u>	<u>(95,321)</u>	<u>15,561,266</u>

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2017
With comparative actual amounts for the year ended December 31, 2016

	2017		Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Expenditures:					
General government:					
City management:					
Mayor and council:					
Current:					
Personal services	\$101,600	\$100,000	\$95,848	\$4,152	\$96,616
Supplies and other charges	37,500	39,900	37,595	2,305	35,403
Total mayor and council	<u>139,100</u>	<u>139,900</u>	<u>133,443</u>	<u>6,457</u>	<u>132,019</u>
City manager:					
Current:					
Personal services	291,900	290,500	294,528	(4,028)	271,973
Supplies and other charges	85,900	79,700	61,801	17,899	83,647
Total city manager	<u>377,800</u>	<u>370,200</u>	<u>356,329</u>	<u>13,871</u>	<u>355,620</u>
Human resources:					
Current:					
Personal services	212,200	217,600	212,729	4,871	209,941
Supplies and other charges	48,200	41,900	27,937	13,963	49,046
Total human resources	<u>260,400</u>	<u>259,500</u>	<u>240,666</u>	<u>18,834</u>	<u>258,987</u>
Elections:					
Current:					
Personal services	-	2,400	2,281	119	50,875
Supplies and other charges	6,400	6,900	6,628	272	10,092
Total elections	<u>6,400</u>	<u>9,300</u>	<u>8,909</u>	<u>391</u>	<u>60,967</u>
City clerk/records:					
Personal services	97,500	108,200	112,752	(4,552)	105,069
Supplies and other charges	8,400	5,400	4,378	1,022	5,654
Total city clerk/records	<u>105,900</u>	<u>113,600</u>	<u>117,130</u>	<u>(3,530)</u>	<u>110,723</u>
Legal:					
Current:					
Supplies and other charges	440,400	422,500	410,677	11,823	430,805
Total city management	<u>1,330,000</u>	<u>1,315,000</u>	<u>1,267,154</u>	<u>47,846</u>	<u>1,349,121</u>
Finance:					
Accounting:					
Current:					
Personal services	539,000	519,200	516,572	2,628	539,961
Supplies and other charges	87,400	77,700	74,496	3,204	75,520
Total accounting	<u>626,400</u>	<u>596,900</u>	<u>591,068</u>	<u>5,832</u>	<u>615,481</u>
Assessing:					
Current:					
Personal services	279,000	278,300	274,274	4,026	270,687
Supplies and other charges	16,500	13,400	6,174	7,226	16,860
Total assessing	<u>295,500</u>	<u>291,700</u>	<u>280,448</u>	<u>11,252</u>	<u>287,547</u>
ITS:					
Current:					
Personal services	237,100	233,300	230,835	2,465	232,527
Supplies and other charges	89,700	93,800	105,769	(11,969)	78,340
Total ITS	<u>326,800</u>	<u>327,100</u>	<u>336,604</u>	<u>(9,504)</u>	<u>310,867</u>
Total finance	<u>1,248,700</u>	<u>1,215,700</u>	<u>1,208,120</u>	<u>7,580</u>	<u>1,213,895</u>
Nondepartmental:					
Current:					
Personal services	60,000	25,900	-	25,900	-
Supplies and other charges	15,000	13,000	33,738	(20,738)	20,377
Total nondepartmental	<u>75,000</u>	<u>38,900</u>	<u>33,738</u>	<u>5,162</u>	<u>20,377</u>

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2017
With comparative actual amounts for the year ended December 31, 2016

	2017		Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Expenditures: (continued)					
General government: (continued)					
Municipal center:					
Current:					
Personal services	\$132,600	\$135,600	\$135,872	(\$272)	\$131,373
Supplies and other charges	200,600	191,800	173,694	18,106	180,893
Total municipal center	<u>333,200</u>	<u>327,400</u>	<u>309,566</u>	<u>17,834</u>	<u>312,266</u>
Total general government	<u>2,986,900</u>	<u>2,897,000</u>	<u>2,818,578</u>	<u>78,422</u>	<u>2,895,659</u>
Public safety:					
Police:					
Police protection:					
Current:					
Personal services	5,667,200	5,623,600	5,460,021	163,579	5,208,515
Supplies and other charges	592,100	603,500	629,788	(26,288)	562,358
Total police protection	<u>6,259,300</u>	<u>6,227,100</u>	<u>6,089,809</u>	<u>137,291</u>	<u>5,770,873</u>
Civil defense:					
Current:					
Supplies and other charges	17,400	15,300	11,189	4,111	15,641
Capital outlay	-	-	-	-	-
Total civil defense	<u>17,400</u>	<u>15,300</u>	<u>11,189</u>	<u>4,111</u>	<u>15,641</u>
Total police	<u>6,276,700</u>	<u>6,242,400</u>	<u>6,100,998</u>	<u>141,402</u>	<u>5,786,514</u>
Fire:					
Fire protection:					
Current:					
Personal services	1,161,300	1,179,000	1,174,081	4,919	1,087,084
Supplies and other charges	334,900	333,100	337,557	(4,457)	352,132
Total fire protection	<u>1,496,200</u>	<u>1,512,100</u>	<u>1,511,638</u>	<u>462</u>	<u>1,439,216</u>
Rental inspections:					
Current:					
Personal services	171,500	171,700	181,615	(9,915)	169,017
Supplies and other charges	17,500	14,500	5,228	9,272	10,357
Total rental inspections	<u>189,000</u>	<u>186,200</u>	<u>186,843</u>	<u>(643)</u>	<u>179,374</u>
Total public safety	<u>7,961,900</u>	<u>7,940,700</u>	<u>7,799,479</u>	<u>141,221</u>	<u>7,405,104</u>
Public works:					
Engineering:					
Current:					
Personal services	214,700	213,100	225,842	(12,742)	176,324
Supplies and other charges	102,000	103,500	120,696	(17,196)	94,396
Capital outlay	-	-	-	-	-
Total engineering	<u>316,700</u>	<u>316,600</u>	<u>346,538</u>	<u>(29,938)</u>	<u>270,720</u>
Public works and parks:					
Current:					
Personal services	1,806,200	1,853,000	1,781,017	71,983	1,753,961
Supplies and other charges	920,900	893,100	848,844	44,256	799,638
Total public works and parks	<u>2,727,100</u>	<u>2,746,100</u>	<u>2,629,861</u>	<u>116,239</u>	<u>2,553,599</u>

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2017
With comparative actual amounts for the year ended December 31, 2016

	2017		Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Expenditures: (continued)					
Forestry					
Current:					
Personal services	-	-	-	-	-
Supplies and other charges	53,600	53,600	47,974	5,626	-
Total forestry	53,600	53,600	47,974	5,626	-
Total public works	3,097,400	3,116,300	3,024,373	91,927	2,824,319
Community development:					
Building inspection:					
Current:					
Personal services	\$295,700	\$303,900	\$308,398	(\$4,498)	\$296,575
Supplies and other charges	140,400	115,800	97,127	18,673	129,152
Total building inspection	436,100	419,700	405,525	14,175	425,727
Planning:					
Current:					
Personal services	518,600	512,200	466,709	45,491	469,532
Supplies and other charges	70,500	78,500	61,840	16,660	47,509
Total planning	589,100	590,700	528,549	62,151	517,041
Total community development	1,025,200	1,010,400	934,074	76,326	942,768
Parks and recreation:					
Current:					
Personal services	677,900	670,700	667,738	2,962	643,168
Supplies and other charges	273,700	255,600	249,487	6,113	248,562
Total parks and recreation	951,600	926,300	917,225	9,075	891,730
Contingency:					
Current:					
Supplies and other charges	120,000	120,000	-	120,000	-
Total expenditures	16,143,000	16,010,700	15,493,729	516,971	14,959,580
Excess (deficiency) of revenues over (under) expenditures	(452,600)	(452,600)	(30,950)	421,650	601,686
Other financing sources (uses):					
Transfers in	452,600	452,600	452,600	-	532,900
Transfers out	-	-	-	-	(907,100)
Total other financing sources	452,600	452,600	452,600	-	(374,200)
Net change in fund balance	\$ -	\$ -	421,650	\$421,650	227,486
Fund balance - January 1			9,171,436		8,943,950
Fund balance - December 31			\$9,593,086		\$9,171,436

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - RETIREE HEALTH PLAN
For The Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
January 1, 2017	\$ -	\$396,304	\$396,304	0.0%	\$9,745,505	4.1%
January 1, 2014	\$ -	\$494,791	\$494,791	0.0%	\$8,855,296	5.6%
January 1, 2011	\$ -	\$616,348	\$616,348	0.0%	\$8,186,031	7.5%

*Using the projected unit credit actuarial cost method.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2017

Measurement Date	Fiscal Year Ending	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%

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2017

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%

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2017

<u>Measurement Date</u> June 30	<u>Fiscal Year Ending</u> December 31	<u>Proportion (Percentage) of the Net Pension Liability</u>	<u>Proportionate Share (Amount) of the Net Pension Liability (a)</u>	<u>Covered Payroll (b)</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	2015	0.4170%	\$4,738,096	\$3,821,428	124.0%	86.6%
2016	2016	0.4050%	16,253,355	3,898,494	416.9%	63.9%
2017	2017	0.3710%	5,008,941	3,812,191	131.4%	85.4%

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2017

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	16.2%
December 31, 2016	606,767	606,767	-	3,745,475	16.2%
December 31, 2017	653,014	653,014	-	4,030,951	16.2%

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO RSI
December 31, 2017

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. PENSION INFORMATION

PERA – General Employees Retirement Fund

2017 Changes

Changes in Actuarial Assumptions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

PERA – Public Employees Police and Fire Fund

2017 Changes

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO RSI
December 31, 2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**



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SPECIAL REVENUE FUNDS

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

CAPITAL PROJECT FUNDS

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

CITY OF FRIDLEY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

With comparative amounts for the year ended December 31, 2016

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>	
			<u>2017</u>	<u>2016</u>
<u>Assets</u>				
Cash and investments	\$1,760,130	\$2,864,923	\$4,625,053	\$3,938,847
Receivables:				
Accounts	101,243	19,479	120,722	104,629
Taxes	5,990	133	6,123	7,663
Special assessments	-	115,537	115,537	96,475
Due from other governments	95,153	-	95,153	89,965
Prepaid items	-	-	-	2,250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$1,962,516</u>	<u>\$3,000,072</u>	<u>\$4,962,588</u>	<u>\$4,239,829</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>				
Liabilities:				
Accounts payable	\$45,281	\$40,200	\$85,481	\$149,277
Deposits payable	-	32,936	32,936	-
Contracts payable	-	-	-	189,003
Due to other governments	157	-	157	3,505
Due to other funds	22,660	-	22,660	48,764
Salaries payable	12,776	-	12,776	11,946
Unearned revenue	8,467	-	8,467	8,467
Total liabilities	<u>89,341</u>	<u>73,136</u>	<u>162,477</u>	<u>410,962</u>
Deferred inflows of resources:				
Unavailable revenue	4,649	115,670	120,319	101,094
Total deferred inflows of resources	<u>4,649</u>	<u>115,670</u>	<u>120,319</u>	<u>101,094</u>
Fund balance:				
Restricted	69,111	-	69,111	66,893
Committed	1,808,868	849,471	2,658,339	2,555,650
Assigned	-	1,961,795	1,961,795	1,132,804
Unassigned	(9,453)	-	(9,453)	(27,574)
Total fund balance	<u>1,868,526</u>	<u>2,811,266</u>	<u>4,679,792</u>	<u>3,727,773</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,962,516</u>	<u>\$3,000,072</u>	<u>\$4,962,588</u>	<u>\$4,239,829</u>

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

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2017
With comparative amounts for the year ended December 31, 2016

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds	
			2017	2016
Revenues:				
Taxes	\$344,550	\$50,000	\$394,550	\$400,432
Special assessments	-	21,088	21,088	15,454
Licenses and permits	297,233	-	297,233	291,941
Intergovernmental revenue	106,987	605,145	712,132	1,185,114
Charges for services	572,384	6,501	578,885	562,890
Fines and forfeits	99,171	-	99,171	26,217
Investment income:				
Interest and dividends	14,111	17,821	31,932	37,173
Net change in the fair value of investments	(940)	(2,792)	(3,732)	9,907
Contributions and donations	-	476,027	476,027	-
Miscellaneous	105,880	26,125	132,005	66,533
Total revenues	<u>1,539,376</u>	<u>1,199,915</u>	<u>2,739,291</u>	<u>2,595,661</u>
Expenditures:				
Current:				
General government	728,495	393,482	1,121,977	1,029,218
Public safety	201,553	-	201,553	131,947
Parks and recreation	500,386	-	500,386	449,714
Capital outlay	39,670	1,048,978	1,088,648	2,017,094
Total expenditures	<u>1,470,104</u>	<u>1,442,460</u>	<u>2,912,564</u>	<u>3,627,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,272</u>	<u>(242,545)</u>	<u>(173,273)</u>	<u>(1,032,312)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	69,784	69,784	43,673
Transfers in	28,338	258,043	286,381	882,100
Transfers out	(28,338)	-	(28,338)	(557,849)
Total other financing sources (uses)	<u>-</u>	<u>327,827</u>	<u>327,827</u>	<u>367,924</u>
Net change in fund balance	69,272	85,282	154,554	(664,388)
Fund balance - January 1	<u>1,799,254</u>	<u>2,725,984</u>	<u>4,525,238</u>	<u>4,392,161</u>
Fund balance - December 31	<u>\$1,868,526</u>	<u>\$2,811,266</u>	<u>\$4,679,792</u>	<u>\$3,727,773</u>
Reconciliation of beginning fund balance to prior year ending fund balance:				
Prior year ending fund balance reported above				\$3,727,773
Add prior year ending fund balance for funds reported as nonmajor in the prior year and major in the current year:				
Park Improvements				1,470,300
Less prior year ending fund balance for funds reported as nonmajor in the prior year and major in the current year:				
Building Improvements				(672,835)
Current year beginning fund balance				<u>\$4,525,238</u>

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



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NONMAJOR GOVERNMENTAL FUNDS



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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2017

With comparative amounts for the year ended December 31, 2016

<u>Assets</u>	<u>Cable TV</u>	<u>Solid Waste Abatement</u>
Cash and investments	\$1,509,455	\$31,565
Receivables:		
Accounts	73,503	27,539
Taxes	-	-
Due from other governments	-	62,171
Prepaid items	-	-
Total assets	<u>\$1,582,958</u>	<u>\$121,275</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>		
Liabilities:		
Accounts payable	\$543	\$30,454
Due to other governments	-	-
Due to other funds	-	-
Salaries payable	3,476	749
Unearned revenue	-	-
Total liabilities	<u>4,019</u>	<u>31,203</u>
Deferred inflows of resources:		
Unavailable revenue	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Fund balance:		
Restricted	66,893	-
Committed	1,512,046	90,072
Unassigned	-	-
Total fund balance	<u>1,578,939</u>	<u>90,072</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,582,958</u>	<u>\$121,275</u>

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

Drug and Gambling Forfeiture	Police Activity	Springbrook Nature Center	Totals Nonmajor Special Revenue Funds	
			2017	2016
\$3,349	\$ -	\$215,761	\$1,760,130	\$1,708,142
201	-	-	101,243	104,629
-	-	5,990	5,990	7,663
-	32,982	-	95,153	89,965
-	-	-	-	2,250
<u>\$3,550</u>	<u>\$32,982</u>	<u>\$221,751</u>	<u>\$1,962,516</u>	<u>\$1,912,649</u>
\$4,536	\$837	\$8,911	\$45,281	\$39,218
-	-	157	157	382
-	22,660	-	22,660	48,764
-	2,377	6,174	12,776	11,946
8,467	-	-	8,467	8,467
<u>13,003</u>	<u>25,874</u>	<u>15,242</u>	<u>89,341</u>	<u>108,777</u>
-	-	4,649	4,649	4,618
-	-	4,649	4,649	4,618
-	-	2,218	69,111	66,893
-	7,108	199,642	1,808,868	1,759,935
(9,453)	-	-	(9,453)	(27,574)
<u>(9,453)</u>	<u>7,108</u>	<u>201,860</u>	<u>1,868,526</u>	<u>1,799,254</u>
<u>\$3,550</u>	<u>\$32,982</u>	<u>\$221,751</u>	<u>\$1,962,516</u>	<u>\$1,912,649</u>

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

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2017
With comparative totals for the year ended December 31, 2016

	Cable TV	Solid Waste Abatement
Revenues:		
Taxes	\$ -	\$ -
Licenses and permits	297,233	-
Intergovernmental revenue	-	106,987
Charges for services	-	295,979
Fines and forfeits	-	-
Investment income:		
Interest and dividends	12,818	-
Net change in the fair value of investments	(846)	-
Miscellaneous	27,257	16,833
Total revenues	336,462	419,799
Expenditures:		
Current:		
General government	285,486	419,445
Public safety	-	-
Parks and recreation	-	-
Capital outlay	-	-
Total expenditures	285,486	419,445
Excess (deficiency) of revenues over (under) expenditures	50,976	354
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balance	50,976	354
Fund balance - January 1	1,527,963	89,718
Fund balance - December 31	\$1,578,939	\$90,072

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

Drug and Gambling Forfeiture	Police Activity	Springbrook Nature Center	Totals Nonmajor Special Revenue Funds	
			2017	2016
\$ -	\$ -	\$344,550	\$344,550	\$350,432
-	-	-	297,233	291,941
-	-	-	106,987	110,121
-	146,771	129,634	572,384	540,198
99,171	-	-	99,171	26,217
-	-	1,293	14,111	17,595
-	-	(94)	(940)	5,096
-	-	61,790	105,880	45,423
<u>99,171</u>	<u>146,771</u>	<u>537,173</u>	<u>1,539,376</u>	<u>1,387,023</u>
-	23,564	-	728,495	750,256
81,050	120,503	-	201,553	131,947
-	-	500,386	500,386	449,714
-	-	39,670	39,670	-
<u>81,050</u>	<u>144,067</u>	<u>540,056</u>	<u>1,470,104</u>	<u>1,331,917</u>
<u>18,121</u>	<u>2,704</u>	<u>(2,883)</u>	<u>69,272</u>	<u>55,106</u>
28,338	-	-	28,338	-
<u>(28,338)</u>	<u>-</u>	<u>-</u>	<u>(28,338)</u>	<u>-</u>
-	-	-	-	-
18,121	2,704	(2,883)	69,272	55,106
<u>(27,574)</u>	<u>4,404</u>	<u>204,743</u>	<u>1,799,254</u>	<u>1,744,148</u>
<u>(\$9,453)</u>	<u>\$7,108</u>	<u>\$201,860</u>	<u>\$1,868,526</u>	<u>\$1,799,254</u>

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



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NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2017

With comparative totals for the year ended December 31, 2016

Assets	Special Assessment Construction Capital Projects	Park Improvements	Information System Improvement	Capital Equipment	Totals Nonmajor Capital Project Funds	
					2017	2016
Cash and investments	\$25,692	\$1,556,331	\$457,383	\$825,517	\$2,864,923	\$2,230,705
Receivables:						
Accounts	-	19,479	-	-	19,479	-
Taxes	-	133	-	-	133	-
Special assessments	115,537	-	-	-	115,537	96,475
Total assets	<u>\$141,229</u>	<u>\$1,575,943</u>	<u>\$457,383</u>	<u>\$825,517</u>	<u>\$3,000,072</u>	<u>\$2,327,180</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>						
Liabilities:						
Accounts payable	\$ -	\$20,952	\$17,510	\$1,738	\$40,200	\$110,059
Deposits payable	-	32,936	-	-	32,936	-
Contracts payable	-	-	-	-	-	189,003
Due to other governments	-	-	-	-	-	3,123
Total liabilities	<u>-</u>	<u>53,888</u>	<u>17,510</u>	<u>1,738</u>	<u>73,136</u>	<u>302,185</u>
Deferred inflows of resources:						
Unavailable revenue	115,537	133	-	-	115,670	96,476
Total deferred inflows of resources	<u>115,537</u>	<u>133</u>	<u>-</u>	<u>-</u>	<u>115,670</u>	<u>96,476</u>
Fund balance:						
Committed	25,692	-	-	823,779	849,471	795,715
Assigned	-	1,521,922	439,873	-	1,961,795	1,132,804
Total fund balance	<u>25,692</u>	<u>1,521,922</u>	<u>439,873</u>	<u>823,779</u>	<u>2,811,266</u>	<u>1,928,519</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$141,229</u>	<u>\$1,575,943</u>	<u>\$457,383</u>	<u>\$825,517</u>	<u>\$3,000,072</u>	<u>\$2,327,180</u>

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

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2017
With comparative totals for the year ended December 31, 2016

	Special Assessment Construction Capital Projects	Park Improvements	Information System Improvement	Capital Equipment	Totals Nonmajor Capital Project Funds	
					2017	2016
Revenues:						
Taxes	\$ -	\$ -	\$50,000	\$ -	\$50,000	\$50,000
Special assessments	21,088	-	-	-	21,088	15,454
Intergovernmental revenue	-	20,000	86,000	499,145	605,145	1,074,993
Charges for services	-	-	6,501	-	6,501	22,692
Investment income:						
Interest and dividends	312	10,774	3,003	3,732	17,821	19,578
Net change in the fair value of investments	-	(2,167)	-	(625)	(2,792)	4,811
Contributions and donations	-	476,027	-	-	476,027	-
Miscellaneous	-	-	4,090	22,035	26,125	21,110
Total revenues	<u>21,400</u>	<u>504,634</u>	<u>149,594</u>	<u>524,287</u>	<u>1,199,915</u>	<u>1,208,638</u>
Expenditures:						
Current:						
General government	31,316	21,419	136,518	204,229	393,482	278,962
Capital outlay	-	506,593	33,172	509,213	1,048,978	2,017,094
Total expenditures	<u>31,316</u>	<u>528,012</u>	<u>169,690</u>	<u>713,442</u>	<u>1,442,460</u>	<u>2,296,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,916)</u>	<u>(23,378)</u>	<u>(20,096)</u>	<u>(189,155)</u>	<u>(242,545)</u>	<u>(1,087,418)</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	-	-	-	69,784	69,784	43,673
Transfers in	8,043	75,000	-	175,000	258,043	882,100
Transfers out	-	-	-	-	-	(557,849)
Total other financing sources (uses)	<u>8,043</u>	<u>75,000</u>	<u>-</u>	<u>244,784</u>	<u>327,827</u>	<u>367,924</u>
Net change in fund balance	(1,873)	51,622	(20,096)	55,629	85,282	(719,494)
Fund balance - January 1	<u>27,565</u>	<u>1,470,300</u>	<u>459,969</u>	<u>768,150</u>	<u>2,725,984</u>	<u>2,648,013</u>
Fund balance - December 31	<u>\$25,692</u>	<u>\$1,521,922</u>	<u>\$439,873</u>	<u>\$823,779</u>	<u>\$2,811,266</u>	<u>\$1,928,519</u>
Reconciliation of beginning fund balance to prior year ending fund balance:						
Prior year ending fund balance reported above						\$1,928,519
Add prior year ending fund balance for funds reported as nonmajor in the prior year and major in the current year:						
Park Improvements						1,470,300
Less prior year ending fund balance for funds reported as nonmajor in the prior year and major in the current year:						
Building Improvements						<u>(672,835)</u>
Current year beginning fund balance						<u>\$2,725,984</u>

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



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

CITY OF FRIDLEY, MINNESOTA
SPECIAL REVENUE FUND - CABLE TV FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

With comparative actual amounts for the year ended December 31, 2016

	2017		Actual Amounts	2016 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Licenses - franchise fee	\$290,000	\$290,000	\$297,233	\$291,941
Investment income:				
Interest and dividends	10,000	10,000	12,818	16,037
Net change in the fair value of investments	-	-	(846)	4,758
Miscellaneous	-	27,115	27,257	-
Total revenues	<u>300,000</u>	<u>327,115</u>	<u>336,462</u>	<u>312,736</u>
Expenditures:				
Current:				
General government:				
Personal services	299,100	300,200	176,533	258,882
Supplies and other charges	35,700	31,600	108,953	54,591
Capital outlay	25,000	-	-	-
Total expenditures	<u>359,800</u>	<u>331,800</u>	<u>285,486</u>	<u>313,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,800)</u>	<u>(4,685)</u>	<u>50,976</u>	<u>(737)</u>
Other financing sources:				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(29,800)</u>	<u>25,315</u>	50,976	(737)
Fund balance - January 1			<u>1,527,963</u>	<u>1,528,700</u>
Fund balance - December 31			<u>\$1,578,939</u>	<u>\$1,527,963</u>

CITY OF FRIDLEY, MINNESOTA
SPECIAL REVENUE FUND - SPRINGBROOK NATURE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

With comparative actual amounts for the year ended December 31, 2016

	2017		Actual Amounts	2016 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Taxes	\$350,700	\$350,700	\$344,550	\$350,432
Intergovernmental revenue	-	-	-	10,000
Charges for service	135,500	120,200	129,634	102,478
Investment income:				
Interest and dividends	1,000	1,000	1,293	1,558
Net change in the fair value of investments	-	-	(94)	338
Miscellaneous	-	54,000	61,790	18,699
Total revenues	<u>487,200</u>	<u>525,900</u>	<u>537,173</u>	<u>483,505</u>
Expenditures:				
Current:				
Parks, recreation and naturalist				
Personal services	381,600	384,100	374,643	342,115
Supplies and other charges	99,900	117,400	125,743	107,599
Capital outlay	-	40,000	39,670	-
Total expenditures	<u>481,500</u>	<u>541,500</u>	<u>540,056</u>	<u>449,714</u>
Excess (deficiency) of revenues over (under) expenditures	5,700	(15,600)	(2,883)	33,791
Other financing sources:				
Transfers out	-	-	-	-
Net change in fund balance	<u>\$5,700</u>	<u>(\$15,600)</u>	(2,883)	33,791
Fund balance - January 1			<u>204,743</u>	<u>170,952</u>
Fund balance - December 31			<u>\$201,860</u>	<u>\$204,743</u>

CITY OF FRIDLEY, MINNESOTA
SPECIAL REVENUE FUND - SOLID WASTE ABATEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

With comparative actual amounts for the year ended December 31, 2016

	2017		Actual Amounts	2016 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Intergovernmental revenue:				
State	\$102,000	\$109,000	\$106,987	\$95,748
Charges for services	296,000	296,000	295,979	296,409
Miscellaneous	20,000	17,900	16,833	26,724
Total revenues	<u>418,000</u>	<u>422,900</u>	<u>419,799</u>	<u>418,881</u>
Expenditures:				
Current:				
General government:				
Personal services	50,400	54,500	58,424	58,598
Supplies and other charges	367,100	365,000	361,021	356,453
Total expenditures	<u>417,500</u>	<u>419,500</u>	<u>419,445</u>	<u>415,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$500</u>	<u>\$3,400</u>	354	3,830
Fund balance - January 1			<u>89,718</u>	<u>85,888</u>
Fund balance - December 31			<u>\$90,072</u>	<u>\$89,718</u>

CITY OF FRIDLEY, MINNESOTA
SPECIAL REVENUE FUND - POLICE ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

With comparative actual amounts for the year ended December 31, 2016

	2017		Actual Amounts	2016 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Charges for services	\$137,400	\$154,700	\$146,771	\$141,311
Total revenues	<u>137,400</u>	<u>154,700</u>	<u>146,771</u>	<u>141,311</u>
Expenditures:				
Current:				
General government:				
Supplies and other charges	<u>4,700</u>	<u>16,600</u>	<u>23,564</u>	<u>17,359</u>
Public safety:				
Personal services	<u>128,700</u>	<u>127,500</u>	<u>120,503</u>	<u>121,309</u>
Total expenditures	<u>133,400</u>	<u>144,100</u>	<u>144,067</u>	<u>138,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,000</u>	<u>10,600</u>	<u>2,704</u>	<u>2,643</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$4,000</u>	<u>\$10,600</u>	2,704	2,643
Fund balance - January 1			<u>4,404</u>	<u>1,761</u>
Fund balance - December 31			<u>\$7,108</u>	<u>\$4,404</u>



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INTERNAL SERVICE FUNDS

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

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

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

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2017

	Employee Benefits	Self Insurance	Totals 2017
Assets:			
Cash and investments	\$1,329,595	\$1,211,106	\$2,540,701
Accounts receivable	-	-	-
Prepaid items	-	-	-
Total assets	1,329,595	1,211,106	2,540,701
Deferred outflows of resources:			
Pension related	8,719,000	-	8,719,000
Liabilities:			
Current liabilities:			
Accounts payable	280	1,849	2,129
Payroll deductions payable	100,537	-	100,537
Compensated absences payable - current portion	843,577	-	843,577
Total current liabilities	944,394	1,849	946,243
Noncurrent liabilities:			
Compensated absences payable	179,556	-	179,556
Net pension liability	11,258,812	-	11,258,812
Total liabilities	12,382,762	1,849	12,384,611
Deferred inflows of resources:			
Pension related	10,292,170	-	10,292,170
Net position:			
Unrestricted	(12,626,337)	1,209,257	(11,417,080)
Total net position	(\$12,626,337)	\$1,209,257	(\$11,417,080)

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2017

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Totals 2017</u>
Operating revenues:			
Charges for services	<u>\$1,130,640</u>	<u>\$259,368</u>	<u>\$1,390,008</u>
Operating expenses:			
Personal services	1,947,842	-	1,947,842
Supplies and other charges	<u>2,138</u>	<u>284,179</u>	<u>286,317</u>
Total operating expenses	<u>1,949,980</u>	<u>284,179</u>	<u>2,234,159</u>
Operating income (loss)	<u>(819,340)</u>	<u>(24,811)</u>	<u>(844,151)</u>
Nonoperating revenues:			
Investment income:			
Interest and dividends	11,438	10,717	22,155
Net change in the fair value of investments	(900)	(576)	(1,476)
Intergovernmental	35,659	-	35,659
Insurance reimbursement	-	-	-
Miscellaneous	-	-	-
Total nonoperating revenues	<u>46,197</u>	<u>10,141</u>	<u>56,338</u>
Income (loss) before transfers	(773,143)	(14,670)	(787,813)
Other financing sources:			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(773,143)	(14,670)	(787,813)
Net position - January 1	<u>(11,853,194)</u>	<u>1,223,927</u>	<u>(10,629,267)</u>
Net position - December 31	<u><u>(\$12,626,337)</u></u>	<u><u>\$1,209,257</u></u>	<u><u>(\$11,417,080)</u></u>

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2017

	Employee Benefits	Self Insurance	Totals 2017
Cash flows from operating activities:			
Receipts from interfund services provided	\$1,130,640	\$279,595	\$1,410,235
Payment to suppliers	(2,074)	(408,505)	(410,579)
Payment to employees	(1,139,889)	-	(1,139,889)
Net cash flows from operating activities	<u>(11,323)</u>	<u>(128,910)</u>	<u>(140,233)</u>
Cash flows from noncapital financing activities:			
Intergovernmental revenue	-	-	-
Transfers in	-	-	-
Net cash flows from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Insurance reimbursement	-	-	-
Cash flows from investing activities:			
Investment income	10,538	10,141	20,679
Net increase (decrease) in cash and cash equivalents	(785)	(118,769)	(119,554)
Cash and cash equivalents - January 1	1,330,380	1,329,875	2,660,255
Cash and cash equivalents - December 31	<u>\$1,329,595</u>	<u>\$1,211,106</u>	<u>\$2,540,701</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(\$819,340)	(\$24,811)	(\$844,151)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Intergovernmental revenue	35,659	-	35,659
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	-	20,227	20,227
Decrease (increase) in prepaid items	-	5,000	5,000
Decrease (increase) in deferred outflows of resources	6,599,307	-	6,599,307
Increase (decrease) in payables	(13,273,543)	(129,326)	(13,402,869)
Increase (decrease) in deferred inflows of resources	7,446,594	-	7,446,594
Total adjustments	<u>808,017</u>	<u>(104,099)</u>	<u>703,918</u>
Net cash provided by operating activities	<u>(\$11,323)</u>	<u>(\$128,910)</u>	<u>(\$140,233)</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
COMPONENT UNIT**

CITY OF FRIDLEY, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
December 31, 2017
With comparative totals for December 31, 2016

<u>Assets</u>	General	Housing Loan	Gateway NorthEast
Cash and investments	\$4,728,448	\$1,932,896	\$8,256
Receivables:			
Accounts	512,019	-	-
Taxes	5,965	-	1,417
Mortgage:			
Deferred	-	1,156,350	-
Allowance for uncollectible accounts	-	(8,314)	-
Interest	37,706	-	-
Due from other funds	7,641,361	-	-
Prepaid expenses	-	-	-
Land held for resale	1,733,522	-	-
	\$14,659,021	\$3,080,932	\$9,673
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>			
Liabilities:			
Accounts payable	\$5,464	\$43,943	\$435
Due to primary government	1,670,796	-	-
Due to other governments	-	-	-
Due to other funds	-	-	3,843,025
Total liabilities	1,676,260	43,943	3,843,460
Deferred inflows of resources:			
Unavailable revenue	2,191,250	-	1,417
Total deferred inflows of resources	2,191,250	-	1,417
Fund balance (deficit):			
Nonspendable	-	1,148,036	-
Restricted	-	-	-
Committed	-	1,888,953	-
Unassigned	10,791,511	-	(3,835,204)
Total fund balance (deficit)	10,791,511	3,036,989	(3,835,204)
Total liabilities, deferred inflows of resources, and fund balance	\$14,659,021	\$3,080,932	\$9,673

BAE	BAE Hazardous Sub District	Other Governmental Funds	Intra - Activity Eliminations	Totals Governmental Funds	
				2017	2016
\$215,446	\$9	\$1,434,963	\$ -	\$8,320,018	\$7,912,241
-	-	-	-	512,019	55,263
264	1,629	1,034	-	10,309	13,659
-	-	-	-	1,156,350	1,005,294
-	-	-	-	(8,314)	(2,067)
-	-	-	-	37,706	43,713
-	-	-	(7,641,361)	-	-
-	-	-	-	-	530
-	-	208,354	-	1,941,876	4,509,369
<u>\$215,710</u>	<u>\$1,638</u>	<u>\$1,644,351</u>	<u>(\$7,641,361)</u>	<u>\$11,969,964</u>	<u>\$13,538,002</u>
\$313,466	\$1,015	\$322,539	\$ -	\$686,862	\$479,872
-	-	34,653	-	1,705,449	1,613,906
1,446	633	7,773	-	9,852	9,510
-	2,728,471	1,069,865	(7,641,361)	-	-
<u>314,912</u>	<u>2,730,119</u>	<u>1,434,830</u>	<u>(7,641,361)</u>	<u>2,402,163</u>	<u>2,103,288</u>
-	1,629	209,372	-	2,403,668	4,516,284
-	1,629	209,372	-	2,403,668	4,516,284
-	-	-	-	1,148,036	1,003,757
-	-	1,101,510	-	1,101,510	805,929
-	-	-	-	1,888,953	2,010,310
(99,202)	(2,730,110)	(1,101,361)	-	3,025,634	3,098,434
<u>(99,202)</u>	<u>(2,730,110)</u>	<u>149</u>	<u>-</u>	<u>7,164,133</u>	<u>6,918,430</u>
<u>\$215,710</u>	<u>\$1,638</u>	<u>\$1,644,351</u>	<u>(\$7,641,361)</u>	<u>\$11,969,964</u>	<u>\$13,538,002</u>
Fund balance reported above				\$7,164,133	\$6,918,430
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				2,023,511	2,023,511
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue				2,403,668	4,516,284
Net position of governmental activities				<u>\$11,591,312</u>	<u>\$13,458,225</u>

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
For The Year Ended December 31, 2017
With comparative totals for the year ended December 31, 2016

	<u>General</u>	<u>Housing Loan</u>	<u>Gateway NorthEast</u>
Revenues:			
Tax increment	\$ -	\$ -	\$150,982
Property taxes	398,330	-	-
Investment income:			
Interest and dividends	43,036	18,696	721
Net change in the fair value of investments	(362)	93	864
Mortgage interest earnings	232,411	40,372	-
Rental	9,600	-	-
Intergovernmental	2,573,362	-	-
Sale of real estate	118,260	-	-
Miscellaneous	187,011	19,815	-
Total revenues	<u>3,561,648</u>	<u>78,976</u>	<u>152,567</u>
Expenditures:			
Personal services	148,678	-	-
Supplies and other charges	319,809	55,524	8,502
Developer assistance	2,573,362	-	-
Interest expense	56,403	-	154,347
Total expenditures	<u>3,098,252</u>	<u>55,524</u>	<u>162,849</u>
Net change in fund balance	463,396	23,452	(10,282)
Fund balance (deficit) - January 1	<u>10,328,115</u>	<u>3,013,537</u>	<u>(3,824,922)</u>
Fund balance (deficit) - December 31	<u>\$10,791,511</u>	<u>\$3,036,989</u>	<u>(\$3,835,204)</u>

BAE	BAE Hazardous Sub District	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
				2017	2016
\$710,491	\$332,122	\$1,136,886	\$ -	\$2,330,481	\$1,640,277
-	-	-	-	398,330	395,955
-	-	8,983	-	71,436	111,596
-	-	(1,933)	-	(1,338)	(45,772)
-	-	-	-	272,783	235,913
-	-	-	-	9,600	9,600
-	-	-	-	2,573,362	2,670,406
-	-	1,000	-	119,260	117,537
-	-	-	-	206,826	148,383
<u>710,491</u>	<u>332,122</u>	<u>1,144,936</u>	<u>-</u>	<u>5,980,740</u>	<u>5,283,895</u>
-	-	-	-	148,678	142,257
92,182	37,315	197,640	-	710,972	614,825
638,728	735,204	639,279	-	4,586,573	4,777,484
-	78,064	-	-	288,814	255,653
<u>730,910</u>	<u>850,583</u>	<u>836,919</u>	<u>-</u>	<u>5,735,037</u>	<u>5,790,219</u>
(20,419)	(518,461)	308,017	-	245,703	(506,324)
<u>(78,783)</u>	<u>(2,211,649)</u>	<u>(307,868)</u>	<u>-</u>	<u>6,918,430</u>	<u>7,424,754</u>
<u>(\$99,202)</u>	<u>(\$2,730,110)</u>	<u>\$149</u>	<u>\$ -</u>	<u>\$7,164,133</u>	<u>\$6,918,430</u>

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

Net changes in fund balances - total above	\$245,703	(\$506,324)
Expenses in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,112,616)	1,117,558
Changes in net position of governmental activities (Exhibit A-2)	<u>(\$1,866,913)</u>	<u>\$611,234</u>

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
December 31, 2017
With comparative totals for December 31, 2016

	<u>Gateway East</u>	<u>Lake Pointe</u>	<u>Gateway West</u>	<u>Housing Replacement</u>	<u>University / Osborne</u>
<u>Assets</u>					
Cash and investments	\$13,167	\$263,386	\$880	\$214,078	\$359,111
Taxes receivable	-	15	-	-	23
Land held for resale	-	38,250	2,610	167,494	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$13,167</u>	<u>\$301,651</u>	<u>\$3,490</u>	<u>\$381,572</u>	<u>\$359,134</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ -	\$265,934	\$ -	\$59	\$ -
Due to primary government	-	-	-	-	-
Due to other governments	1,068	519	746	535	868
Due to other funds	331,653	325,303	360,109	-	-
Total liabilities	<u>332,721</u>	<u>591,756</u>	<u>360,855</u>	<u>594</u>	<u>868</u>
Deferred inflows of resources:					
Unavailable revenue	-	38,264	2,610	167,494	21
Total deferred inflows of resources	<u>-</u>	<u>38,264</u>	<u>2,610</u>	<u>167,494</u>	<u>21</u>
Fund balance (deficit):					
Restricted	-	-	-	213,484	358,245
Unassigned	(319,554)	(328,369)	(359,975)	-	-
Total fund balance (deficit)	<u>(319,554)</u>	<u>(328,369)</u>	<u>(359,975)</u>	<u>213,484</u>	<u>358,245</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$13,167</u>	<u>\$301,651</u>	<u>\$3,490</u>	<u>\$381,572</u>	<u>\$359,134</u>

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northstar Transit Station	Locke Point Park	Total Nonmajor Capital Project Funds	
					2017	2016
\$188,985	\$211,190	\$47,736	\$135,396	\$1,034	\$1,434,963	\$683,419
-	-	101	895	-	1,034	1,127
-	-	-	-	-	208,354	-
<u>\$188,985</u>	<u>\$211,190</u>	<u>\$47,837</u>	<u>\$136,291</u>	<u>\$1,034</u>	<u>\$1,644,351</u>	<u>\$684,546</u>
\$ -	\$ -	\$52,867	\$3,316	\$363	\$322,539	\$48,336
-	-	-	-	34,653	34,653	-
849	992	425	633	1,138	7,773	5,012
-	-	-	-	52,800	1,069,865	372,211
<u>849</u>	<u>992</u>	<u>53,292</u>	<u>3,949</u>	<u>88,954</u>	<u>1,434,830</u>	<u>425,559</u>
-	-	88	895	-	209,372	150
-	-	88	895	-	209,372	150
188,136	210,198	-	131,447	-	1,101,510	627,400
-	-	(5,543)	-	(87,920)	(1,101,361)	(368,563)
<u>188,136</u>	<u>210,198</u>	<u>(5,543)</u>	<u>131,447</u>	<u>(87,920)</u>	<u>149</u>	<u>258,837</u>
<u>\$188,985</u>	<u>\$211,190</u>	<u>\$47,837</u>	<u>\$136,291</u>	<u>\$1,034</u>	<u>\$1,644,351</u>	<u>\$684,546</u>

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
For The Year Ended December 31, 2017
With comparative totals for the year ended December 31, 2016

	<u>Gateway East</u>	<u>Lake Pointe</u>	<u>Gateway West</u>	<u>Housing Replacement</u>	<u>University / Osborne</u>
Revenues:					
Tax increment	\$34,144	\$593,077	\$28,746	\$37,398	\$52,405
Property taxes	-	-	-	-	-
Investment income:					
Interest and dividends	181	254	193	1,772	3,048
Net change in the fair value of investments	(15)	(233)	128	(312)	(538)
Sale of real estate	-	-	-	1,000	-
Total revenues	<u>34,310</u>	<u>593,098</u>	<u>29,067</u>	<u>39,858</u>	<u>54,915</u>
Expenditures:					
Supplies and other charges	1,190	32,201	849	4,903	6,278
Developer assistance	-	532,225	-	-	-
Total expenditures	<u>1,190</u>	<u>564,426</u>	<u>849</u>	<u>4,903</u>	<u>6,278</u>
Net change in fund balance	33,120	28,672	28,218	34,955	48,637
Fund balance (deficit) - January 1	<u>(352,674)</u>	<u>(357,041)</u>	<u>(388,193)</u>	<u>178,529</u>	<u>309,608</u>
Fund balance (deficit) - December 31	<u><u>(\$319,554)</u></u>	<u><u>(\$328,369)</u></u>	<u><u>(\$359,975)</u></u>	<u><u>\$213,484</u></u>	<u><u>\$358,245</u></u>

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northstar Transit Station	Locke Point Park	Totals Nonmajor Capital Project Funds	
					2017	2016
\$46,861	\$42,214	\$119,239	\$182,802	\$ -	\$1,136,886	\$258,921
-	-	-	-	-	-	-
1,490	1,725	46	274	-	8,983	8,163
(330)	(381)	-	(252)	-	(1,933)	(3,585)
-	-	-	-	-	1,000	-
<u>48,021</u>	<u>43,558</u>	<u>119,285</u>	<u>182,824</u>	<u>-</u>	<u>1,144,936</u>	<u>263,499</u>
5,687	5,350	12,733	40,529	87,920	197,640	38,995
-	-	107,054	-	-	639,279	97,739
<u>5,687</u>	<u>5,350</u>	<u>119,787</u>	<u>40,529</u>	<u>87,920</u>	<u>836,919</u>	<u>136,734</u>
42,334	38,208	(502)	142,295	(87,920)	308,017	126,765
<u>145,802</u>	<u>171,990</u>	<u>(5,041)</u>	<u>(10,848)</u>	<u>-</u>	<u>(307,868)</u>	<u>132,072</u>
<u>\$188,136</u>	<u>\$210,198</u>	<u>(\$5,543)</u>	<u>\$131,447</u>	<u>(\$87,920)</u>	<u>\$149</u>	<u>\$258,837</u>

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

Prior year ending fund balance reported above	\$258,837
Add prior year ending fund balance for funds reported as major in prior year and nonmajor in current year:	
Lake Pointe	(357,041)
Gateway West	(388,193)
Housing Replacement	178,529
Current year beginning fund balance	<u>(\$307,868)</u>



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AGENCY FUNDS

Agency 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 ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2017
With comparative totals for December 31, 2016

	Hotel/Motel Tax	Senior Citizens Organizations	Totals Agency Funds	
			2017	2016
Assets:				
Cash and investments	\$7,466	\$8,163	\$15,629	\$7,294
Receivables:				
Accounts	7,242	-	7,242	3,816
Total assets	\$14,708	\$8,163	\$22,871	\$11,110
Liabilities:				
Accounts payable	\$ -	\$8,163	\$8,163	\$7,294
Due to other governments	14,708	-	14,708	3,816
Total liabilities	\$14,708	\$8,163	\$22,871	\$11,110

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For The Year Ended December 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2017</u>
<u>Hotel/Motel Tax</u>				
Assets:				
Cash and investments	\$ -	\$106,572	\$99,106	\$7,466
Receivables:				
Accounts	3,816	4,571	1,145	7,242
Total assets	<u>\$3,816</u>	<u>\$111,143</u>	<u>\$100,251</u>	<u>\$14,708</u>
Liabilities:				
Due to other governments	<u>\$3,816</u>	<u>\$108,977</u>	<u>\$98,085</u>	<u>\$14,708</u>
<u>Senior Citizens Organizations</u>				
Assets:				
Cash and investments	<u>\$7,294</u>	<u>\$9,975</u>	<u>\$9,106</u>	<u>\$8,163</u>
Liabilities:				
Accounts payable	<u>\$7,294</u>	<u>\$19,316</u>	<u>\$18,447</u>	<u>\$8,163</u>



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III. STATISTICAL SECTION (UNAUDITED)



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Statistical Section (Unaudited)

This part of the City of Fridley's statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	152
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	162
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	168
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	174
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	178

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003; the City has chosen to provide information for that year forward. Ultimately, these schedules will contain information for the last ten years.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:			
Net investment in capital assets	\$17,490,936	\$16,141,958	\$15,546,219
Restricted	2,193,410	2,790,220	3,401,776
Unrestricted	18,845,006	20,276,252	21,293,470
Total governmental activities net position	<u>\$38,529,352</u>	<u>\$39,208,430</u>	<u>\$40,241,465</u>
Business-type activities:			
Net investment in capital assets	\$16,381,443	\$15,036,932	\$15,105,503
Restricted	-	-	-
Unrestricted	7,869,185	8,308,078	7,647,848
Total business-type activities net position	<u>\$24,250,628</u>	<u>\$23,345,010</u>	<u>\$22,753,351</u>
Primary government:			
Net investment in capital assets	\$33,872,379	\$31,178,890	\$30,651,722
Restricted	2,193,410	2,790,220	3,401,776
Unrestricted	26,714,191	28,584,330	28,941,318
Total primary government net position	<u>\$62,779,980</u>	<u>\$62,553,440</u>	<u>\$62,994,816</u>

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

Table 1

2011	2012	2013	2014	2015	2016	2017
\$14,554,639	\$14,139,656	\$13,842,497	\$14,186,359	\$16,811,842	\$23,932,586	\$31,006,344
3,392,382	3,294,952	3,050,204	2,673,982	2,233,179	2,204,983	2,739,575
23,020,467	24,238,798	24,551,730	25,321,659	16,052,833	13,175,954	8,889,557
<u>\$40,967,488</u>	<u>\$41,673,406</u>	<u>\$41,444,431</u>	<u>\$42,182,000</u>	<u>\$35,097,854</u>	<u>\$39,313,523</u>	<u>\$42,635,476</u>
\$14,342,934	\$13,560,980	\$12,910,117	\$13,053,816	\$14,234,711	\$13,913,434	\$13,897,925
-	-	-	-	-	-	-
7,387,634	8,235,948	8,417,085	8,727,382	8,058,181	9,567,290	11,077,566
<u>\$21,730,568</u>	<u>\$21,796,928</u>	<u>\$21,327,202</u>	<u>\$21,781,198</u>	<u>\$22,292,892</u>	<u>\$23,480,724</u>	<u>\$24,975,491</u>
\$28,897,573	\$27,700,636	\$26,752,614	\$27,240,175	\$31,046,553	\$37,846,020	\$44,904,269
3,392,382	3,294,952	3,050,204	2,673,982	2,233,179	2,204,983	2,739,575
30,408,101	32,474,746	32,968,815	34,049,041	24,111,014	22,743,244	19,967,123
<u>\$62,698,056</u>	<u>\$63,470,334</u>	<u>\$62,771,633</u>	<u>\$63,963,198</u>	<u>\$57,390,746</u>	<u>\$62,794,247</u>	<u>\$67,610,967</u>

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

	2008	2009	2010
Expenses			
Governmental activities:			
General government	\$3,646,436	\$3,324,698	\$3,272,470
Public safety	6,774,610	6,847,571	6,756,698
Public works	4,771,748	5,065,178	5,916,776
Community development	1,479,455	1,036,549	966,909
Parks and recreation	1,303,063	1,605,306	1,521,106
Interest on long-term debt	377,884	342,555	268,892
Total governmental activities expenses	<u>18,353,196</u>	<u>18,221,857</u>	<u>18,702,851</u>
Business-type activities:			
Liquor	4,937,776	4,654,811	4,542,180
Water	2,378,101	2,423,129	2,438,399
Sanitary sewer	4,065,899	4,350,576	4,617,991
Storm water	373,989	399,349	421,630
Total business-type activities expenses	<u>11,755,765</u>	<u>11,827,865</u>	<u>12,020,200</u>
Total primary government expenses	<u>\$30,108,961</u>	<u>\$30,049,722</u>	<u>\$30,723,051</u>
Program revenues			
Governmental activities:			
Charges for services:			
General government	\$1,600,769	\$1,733,160	\$1,755,123
Public safety	759,892	690,115	717,003
Public works	64,042	23,034	66,938
Community development	510,908	523,508	501,897
Parks and recreation	376,621	347,044	364,093
Operating grants and contributions	818,805	930,765	939,123
Capital grants and contributions	2,078,572	1,476,989	1,952,934
Total governmental activities program revenues	<u>6,209,609</u>	<u>5,724,615</u>	<u>6,297,111</u>
Business-type activities:			
Charges for services:			
Liquor	5,275,467	4,973,000	4,855,880
Water	2,110,621	2,419,400	2,390,836
Sanitary sewer	3,873,806	3,784,000	4,052,800
Storm water	404,562	457,862	421,815
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	-
Total business-type activities program revenues	<u>11,664,456</u>	<u>11,634,262</u>	<u>11,721,331</u>
Total primary government program revenues	<u>\$17,874,065</u>	<u>\$17,358,877</u>	<u>\$18,018,442</u>

Table 2
Page 1 of 2

2011	2012	2013	2014	2015	2016	2017
\$3,321,402	\$3,155,983	\$3,434,479	\$4,092,123	\$4,156,904	\$4,398,370	\$4,298,149
6,720,641	6,999,554	7,101,331	7,570,322	8,048,655	10,313,163	9,129,111
5,023,080	5,420,271	5,928,331	5,959,595	5,127,667	4,975,340	5,112,090
973,198	880,414	935,716	898,455	1,107,348	1,126,835	981,433
1,387,133	1,355,571	1,456,841	1,513,135	1,353,320	1,440,232	1,720,811
263,075	232,318	218,610	179,420	144,064	97,684	2,292,957
<u>17,688,529</u>	<u>18,044,111</u>	<u>19,075,308</u>	<u>20,213,050</u>	<u>19,937,958</u>	<u>22,351,624</u>	<u>23,534,551</u>
4,568,282	4,354,909	4,148,447	4,596,316	4,914,786	5,043,703	5,110,714
2,688,846	2,647,176	2,815,588	2,902,419	3,101,356	3,076,493	3,531,649
4,750,467	4,653,434	4,974,525	4,988,587	5,040,861	5,068,146	5,340,062
785,861	602,923	587,036	597,915	785,626	1,030,467	1,085,780
<u>12,793,456</u>	<u>12,258,442</u>	<u>12,525,596</u>	<u>13,085,237</u>	<u>13,842,629</u>	<u>14,218,809</u>	<u>15,068,205</u>
<u>\$30,481,985</u>	<u>\$30,302,553</u>	<u>\$31,600,904</u>	<u>\$33,298,287</u>	<u>\$33,780,587</u>	<u>\$36,570,433</u>	<u>\$38,602,756</u>
\$1,886,783	\$1,979,737	\$2,025,108	\$2,079,719	\$1,905,021	\$2,031,207	\$2,021,012
796,308	862,584	864,435	683,418	619,630	742,523	798,510
378,142	28,144	99,289	27,312	53,589	32,522	34,681
570,685	554,129	582,280	798,392	1,194,534	1,108,177	895,125
325,682	369,899	326,067	327,508	336,847	333,766	352,245
1,148,315	1,030,887	1,095,724	1,837,860	1,139,385	1,077,559	1,847,380
1,374,651	1,564,146	1,747,303	1,220,903	2,370,009	6,296,532	5,333,480
<u>6,480,566</u>	<u>6,389,526</u>	<u>6,740,206</u>	<u>6,975,112</u>	<u>7,619,015</u>	<u>11,622,286</u>	<u>11,282,433</u>
4,893,436	4,705,523	4,308,791	4,786,987	5,256,840	5,439,423	5,520,161
2,418,226	2,773,101	2,788,146	2,913,717	2,907,123	3,330,350	3,486,965
4,245,654	4,549,254	4,572,798	4,754,492	4,809,679	5,298,995	5,640,419
457,083	571,707	613,818	732,961	1,225,153	1,324,460	1,378,095
-	-	50,000	-	-	67,551	61,476
-	-	-	440,627	421,990	186,791	713,655
<u>12,014,399</u>	<u>12,599,585</u>	<u>12,333,553</u>	<u>13,628,784</u>	<u>14,620,785</u>	<u>15,647,570</u>	<u>16,800,771</u>
<u>\$18,494,965</u>	<u>\$18,989,111</u>	<u>\$19,073,759</u>	<u>\$20,603,896</u>	<u>\$22,239,800</u>	<u>\$27,269,856</u>	<u>\$28,083,204</u>

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

	2008	2009	2010
Net (expense) revenue:			
Governmental activities	(\$12,143,587)	(\$12,497,242)	(\$12,405,740)
Business-type activities	(91,309)	(193,603)	(298,869)
Total primary government net (expense) revenue	<u>(\$12,234,896)</u>	<u>(\$12,690,845)</u>	<u>(\$12,704,609)</u>
General revenues and other changes in net position			
Governmental activities:			
General property taxes	\$9,068,718	\$9,175,888	\$10,141,119
Grants not restricted to programs	3,240,081	3,390,633	2,718,979
Investment earnings	687,665	96,817	208,565
Gain on sale of property	(24,802)	12,982	20,112
Other	267	-	-
Transfers	500,000	500,000	350,000
Total governmental activities	<u>13,471,929</u>	<u>13,176,320</u>	<u>13,438,775</u>
Business-type activities:			
Grants not restricted to programs	-	-	-
Investment earnings	168,394	25,908	57,098
Gain on sale of property	-	(237,923)	112
Other	-	-	-
Transfers	(500,000)	(500,000)	(350,000)
Total business-type activities	<u>(331,606)</u>	<u>(712,015)</u>	<u>(292,790)</u>
Total primary government	<u>\$13,140,323</u>	<u>\$12,464,305</u>	<u>\$13,145,985</u>
Change in net position:			
Governmental activities	\$1,328,342	\$679,078	\$1,033,035
Business-type activities	(422,915)	(905,618)	(591,659)
Total primary government	<u>\$905,427</u>	<u>(\$226,540)</u>	<u>\$441,376</u>

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

2011	2012	2013	2014	2015	2016	2017
(\$11,207,963)	(\$11,654,585)	(\$12,335,102)	(\$13,237,938)	(\$12,318,943)	(\$10,729,338)	(\$12,252,118)
(779,057)	341,143	(192,043)	543,547	778,156	1,428,761	1,732,566
<u>(\$11,987,020)</u>	<u>(\$11,313,442)</u>	<u>(\$12,527,145)</u>	<u>(\$12,694,391)</u>	<u>(\$11,540,787)</u>	<u>(\$9,300,577)</u>	<u>(\$10,519,552)</u>
\$10,126,395	\$10,654,542	\$11,003,455	\$11,521,196	\$11,795,707	\$12,222,937	\$13,884,775
1,095,470	1,030,123	1,033,814	1,476,664	1,325,388	1,763,614	657,546
347,184	269,240	(216,821)	634,411	157,281	254,379	413,165
14,937	56,598	35,680	-	67,581	11,005	-
-	-	-	93,236	418,640	354,572	280,085
350,000	350,000	250,000	250,000	338,600	338,500	338,500
<u>11,933,986</u>	<u>12,360,503</u>	<u>12,106,128</u>	<u>13,975,507</u>	<u>14,103,197</u>	<u>14,945,007</u>	<u>15,574,071</u>
-	-	-	-	2,413	-	-
106,274	65,537	(52,346)	148,248	42,722	95,713	68,805
-	9,680	-	-	10,672	-	16,000
-	-	24,663	12,201	16,331	1,858	15,896
<u>(350,000)</u>	<u>(350,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(338,600)</u>	<u>(338,500)</u>	<u>(338,500)</u>
<u>(243,726)</u>	<u>(274,783)</u>	<u>(277,683)</u>	<u>(89,551)</u>	<u>(266,462)</u>	<u>(240,929)</u>	<u>(237,799)</u>
<u>\$11,690,260</u>	<u>\$12,085,720</u>	<u>\$11,828,445</u>	<u>\$13,885,956</u>	<u>\$13,836,735</u>	<u>\$14,704,078</u>	<u>\$15,336,272</u>
\$726,023	\$705,918	(\$228,974)	\$737,569	\$1,784,254	\$4,215,669	\$3,321,953
(1,022,783)	66,360	(469,726)	453,996	511,694	1,187,832	1,494,767
<u>(\$296,760)</u>	<u>\$772,278</u>	<u>(\$698,700)</u>	<u>\$1,191,565</u>	<u>\$2,295,948</u>	<u>\$5,403,501</u>	<u>\$4,816,720</u>

CITY OF FRIDLEY, MINNESOTA
FUND BALANCES - GOVERNMENTAL FUNDS
Last ten fiscal years⁽¹⁾
(Modified accrual basis of accounting)

	2008	2009	2010	2011
General Fund:				
Reserved	\$48,561	\$58,928	\$59,755	\$ -
Unreserved:				
General fund	4,538,224	4,600,988	5,725,464	-
Designated for employee benefits	-	-	-	-
Designated for contingencies	-	-	-	-
Undesignated	-	-	-	-
Nonspendable	-	-	-	65,271
Restricted	-	-	-	-
Unassigned	-	-	-	6,708,284
Total general fund	<u>\$4,586,785</u>	<u>\$4,659,916</u>	<u>\$5,785,219</u>	<u>\$6,773,555</u>
All other governmental funds:				
Reserved for:				
Long-term receivables	\$277,560	\$ -	\$ -	\$ -
Public safety	25,590	-	-	-
Debt service	1,564,217	1,734,624	2,066,732	-
Unreserved, reported in:				
Special revenue funds	1,258,926	1,329,647	1,407,400	-
Capital projects funds	5,944,556	5,056,148	5,796,931	-
Debt service	5,976,511	5,801,686	5,983,425	-
Restricted	-	-	-	2,529,873
Committed	-	-	-	2,209,067
Assigned	-	-	-	11,108,003
Unassigned	-	-	-	(98,164)
Total all other governmental funds	<u>\$15,047,360</u>	<u>\$13,922,105</u>	<u>\$15,254,488</u>	<u>\$15,748,779</u>

In 2011, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
66,152	50,366	60,123	66,265	51,305	55,777
20,810	40,012	15,176	19,376	35,903	14,466
7,582,360	7,997,036	8,242,331	8,858,309	9,084,228	9,522,843
<u>\$7,669,322</u>	<u>\$8,087,414</u>	<u>\$8,317,630</u>	<u>\$8,943,950</u>	<u>\$9,171,436</u>	<u>\$9,593,086</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,093,302	2,233,664	2,071,259	1,808,572	1,903,290	34,821,855
2,328,583	2,124,944	2,566,101	2,709,638	2,549,903	2,658,339
11,783,596	11,618,835	11,949,555	11,272,588	10,573,287	8,510,134
(97,712)	(98,566)	(97,712)	(43,153)	(27,574)	(9,453)
<u>\$17,107,769</u>	<u>\$15,878,877</u>	<u>\$16,489,203</u>	<u>\$15,747,645</u>	<u>\$14,998,906</u>	<u>\$45,980,875</u>

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

	2008	2009	2010
Revenues:			
General property taxes	\$9,052,719	\$9,072,267	\$10,178,369
Special assessments	589,790	665,038	622,100
Licenses and permits	946,285	965,363	973,985
Intergovernmental	2,742,981	3,140,553	3,310,631
Charges for services	2,015,796	2,021,708	2,080,349
Fines and forfeits	316,646	255,014	240,880
Earnings on investments	560,629	74,840	176,257
Interest on loan	16,547	6,939	-
Other	2,220,276	2,043,252	1,992,971
Total revenues	<u>18,461,669</u>	<u>18,244,974</u>	<u>19,575,542</u>
Expenditures:			
Current:			
General government	3,338,228	3,086,441	3,010,835
Public safety	6,323,910	6,446,714	6,329,354
Public works	3,406,468	3,376,641	3,111,918
Community development	1,189,033	895,057	967,487
Parks and recreation	1,366,154	1,301,140	1,292,783
Debt service:			
Principal	2,075,000	2,215,000	2,445,000
Interest	379,340	366,500	287,961
Bond issuance costs	9,139	1,801	45,094
Capital outlay	2,684,938	2,144,649	1,812,087
Total expenditures	<u>20,772,210</u>	<u>19,833,943</u>	<u>19,302,519</u>
Revenues over (under) expenditures	<u>(2,310,541)</u>	<u>(1,588,969)</u>	<u>273,023</u>
Other financing sources (uses):			
Refunding bond issues	-	-	-
Bonds issued	1,915,000	-	1,765,000
Premium/(discount) on bonds issue	-	-	53,163
Proceeds from sale of capital assets	13,101	36,845	16,500
Insurance and other reimbursements	-	-	-
Transfers in	3,926,563	2,500,421	1,235,467
Transfers out	(3,380,023)	(2,000,421)	(885,467)
Total other financing sources (uses)	<u>2,474,641</u>	<u>536,845</u>	<u>2,184,663</u>
Net change in fund balance	<u>\$164,100</u>	<u>(\$1,052,124)</u>	<u>\$2,457,686</u>
Debt service as a percentage of noncapital expenditures	13.6%	14.6%	15.9%
Debt service as percentage of total expenditures	11.9%	13.0%	14.4%

Table 4

2011	2012	2013	2014	2015	2016	2017
\$10,113,120	\$10,732,129	\$11,024,785	\$11,554,557	\$11,805,580	\$12,244,211	\$13,878,204
672,929	763,920	834,120	938,290	542,248	865,722	621,621
1,085,100	1,104,504	1,123,635	1,171,365	1,549,785	1,442,895	1,272,753
2,853,171	2,649,207	2,643,728	3,208,442	4,375,972	7,330,338	4,227,709
2,206,764	2,353,888	2,545,908	2,518,062	2,374,896	2,592,665	2,560,831
258,372	255,622	218,194	226,922	184,940	212,635	267,989
297,290	236,226	(185,473)	565,245	157,281	254,379	413,165
-	-	-	-	-	-	-
325,284	322,354	295,409	314,416	429,713	887,678	766,059
17,812,030	18,417,850	18,500,306	20,497,299	21,420,415	25,830,523	24,008,331
3,165,111	3,503,326	3,279,657	3,732,056	3,777,688	3,924,877	3,953,025
6,284,658	6,422,646	6,794,524	7,165,678	7,319,564	7,537,051	8,001,032
3,061,100	3,047,300	3,530,939	4,635,752	3,575,252	2,824,319	3,468,102
979,042	772,070	817,895	894,785	1,081,549	942,768	934,074
1,195,410	1,252,089	1,305,158	1,422,405	1,288,684	1,341,444	1,417,611
800,000	940,000	980,000	1,150,000	1,190,000	1,230,000	1,730,000
271,969	232,318	227,326	190,890	152,894	112,421	931,527
2,799	47,016	-	3,150	7,462	2,700	715,461
964,410	1,639,773	2,536,286	1,290,008	3,645,425	8,618,369	22,577,062
16,724,499	17,856,538	19,471,785	20,484,724	22,038,518	26,533,949	43,727,894
1,087,531	561,312	(971,479)	12,575	(618,103)	(703,426)	(19,719,563)
-	-	-	-	-	-	-
-	1,280,000	-	-	-	-	49,130,000
-	-	-	-	-	-	1,584,898
15,096	63,445	35,679	36,836	93,670	43,673	69,784
-	-	-	-	-	-	-
380,000	350,000	250,000	8,253,616	1,065,410	2,047,849	1,361,189
-	-	(125,000)	(7,462,485)	(726,810)	(1,909,349)	(1,022,689)
395,096	1,693,445	160,679	827,967	432,270	182,173	51,123,182
\$1,482,627	\$2,254,757	(\$810,800)	\$840,542	(\$185,833)	(\$521,253)	\$31,403,619
6.8%	7.2%	6.8%	7.0%	7.3%	7.5%	16.0%
6.4%	6.8%	6.2%	6.6%	6.1%	5.1%	7.7%

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
2008	\$15,334,126	\$15,809,594	\$42,738	\$4,370,011
2009	14,716,967	16,788,860	38,680	4,455,969
2010	13,494,279	16,457,275	37,308	4,523,767
2011	12,175,452	15,182,227	41,236	4,396,579
2012 ¹	10,246,614	14,710,926	40,330	4,271,859
2013 ¹	8,713,053	13,207,351	45,306	4,286,829
2014 ¹	7,885,298	12,520,981	44,648	4,362,496
2015 ¹	9,538,484	12,771,829	49,868	4,737,031
2016 ¹	9,488,686	13,688,867	58,699	4,958,693
2017 ¹	10,488,279	15,061,056	59,759	5,564,751

Source: Continuing Disclosure Document

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

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

Table 5

Total Tax Capacity	Add: for Area-wide Values and Increment	Less: Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value ²	Tax Capacity as a Percent of EMV
\$36,000,476	\$ -	\$5,252,637	\$30,747,839	30.324%	\$2,701,388,800	117.08%
34,512,629	1,514,730	5,757,073	30,270,286	28.640%	2,698,943,700	114.01%
31,795,494	2,478,371	6,128,318	28,145,547	32.258%	2,561,173,300	112.97%
29,269,729	2,505,517	6,212,406	25,562,840	36.986%	2,352,567,900	114.50%
26,252,539	2,851,459	5,629,374	23,474,624	39.615%	2,278,659,000	111.83%
24,813,423	2,844,689	5,373,202	22,284,910	47.362%	2,057,500,500	111.35%
27,097,212	2,799,171	4,509,587	25,386,796	48.577%	1,948,580,100	106.74%
28,194,945	2,934,045	4,358,570	26,770,420	43.508%	2,146,063,300	105.32%
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%

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

<u>Fiscal Year</u>	<u>City</u>	<u>School District No. 11</u>	<u>School District No. 13</u>	<u>School District No. 14</u>
2008	30.324%	16.983%	15.942%	26.033%
2009	28.640%	18.263%	23.411%	31.172%
2010	32.258%	19.939%	24.398%	38.795%
2011	36.486%	24.023%	18.596%	40.631%
2012	39.615%	23.325%	24.024%	43.862%
2013	47.362%	26.801%	27.449%	50.112%
2014	48.577%	28.265%	24.824%	49.552%
2015	43.508%	22.482%	32.562%	48.422%
2016	44.960%	20.885%	29.442%	54.252%
2017	48.218%	18.590%	27.633%	49.408%

Source: Anoka County Property Records and Taxation Department

Notes:

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

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

Table 6

School District No. 16 ⁽¹⁾	County	Special Districts with Coon Creek	Special Districts with Rice Creek	Total Tax Capacity Rates By School Districts			
				School District No. 11 ⁽¹⁾	School District No. 13 ⁽²⁾	School District No. 14 ⁽²⁾	School District No. 16 ⁽²⁾
26.213%	31.078%	7.803%	N/A	86.608%	87.135%	97.226%	97.406%
27.155%	32.078%	8.783%	N/A	86.183%	92.840%	100.601%	96.584%
31.654%	35.189%	9.089%	N/A	94.964%	100.897%	115.294%	108.153%
33.959%	39.884%	10.533%	N/A	113.226%	109.392%	131.427%	124.755%
39.443%	41.146%	10.176%	N/A	111.953%	114.961%	134.799%	130.380%
44.440%	44.411%	14.189%	N/A	128.022%	129.850%	152.513%	146.841%
44.562%	43.239%	9.559%	10.296%	129.640%	126.936%	151.664%	146.674%
40.045%	38.123%	8.591%	9.079%	112.704%	123.272%	139.410%	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%

Table 7

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

Taxpayer	2017			2008		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Medtronic, Inc.	\$1,762,378	1	5.65%	\$1,696,378	1	5.01%
BAE (Fridley Land/N.Stacks)	735,204	2	2.36%	343,908	6	1.02%
Onan Corp (Cummins Power)	671,916	3	2.16%	372,390	5	1.10%
Target Corporation	669,384	4	2.15%	738,254	2	2.18%
BNSF Railraod	579,890	5	1.86%	229,045	10	0.68%
Fridley Medical Clinic	457,216	6	1.47%	N/A		0.00%
Wal-Mart/Sam's	353,316	7	1.13%	388,230	4	1.15%
Georgetown Apartments	310,829	8	1.00%	278,674	8	0.82%
Springbrook Apartments	310,088	9	0.99%	269,458	9	0.80%
River Pointe Apartments	241,385	10	0.77%	212,332		0.63%
Shamrock Investments	-		0.00%	596,500	3	1.76%
Lifetime Fitness	-		0.00%	300,394	7	0.89%
	<u>\$6,091,606</u>		<u>19.54%</u>	<u>\$5,425,563</u>		<u>16.04%</u>
Total All Property	<u>\$31,173,845</u>			<u>\$33,857,865</u>		

Table 8

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

Fiscal Year Ended Dec. 31	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$9,188,592	\$8,958,986	97.50%	\$229,606	\$9,188,592	99.97%
2009	9,110,847	8,856,384	97.21%	254,463	9,110,847	99.98%
2010	9,707,075	9,503,509	97.90%	201,232	9,704,741	99.95%
2011	10,014,071	9,897,610	98.84%	112,502	10,010,112	99.96%
2012	10,703,739	10,699,025	99.96%	(1,435)	10,697,590	99.94%
2013	11,252,481	11,247,943	99.96%	(5,061)	11,242,882	99.88%
2014	11,511,288	11,372,812	98.80%	129,189	11,502,001	99.75%
2015	11,734,607	11,657,855	99.35%	61,957	11,719,812	99.59%
2016	12,200,835	12,172,555	99.77%	4,582	12,177,137	99.77%
2017	14,122,251	13,990,154	99.06%	N/A	13,990,154	99.06%

¹Includes repayment of property taxes abatements

Source: City Finance Department

Table 9

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

Fiscal Year	Governmental Activities				Business Type Activities	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Improvement Bonds ²	Tax Increment Bonds ²	Equipment Certificates ²	Total	Revenue Bonds ²			
2008	\$7,615,000	\$3,400,000	\$ -	\$11,015,000	\$6,440,000	\$17,455,000	2.46%	\$416
2009	7,080,000	1,720,000	-	8,800,000	5,865,000	14,665,000	2.13%	333
2010	7,570,000	-	550,000	8,120,000	8,160,000	16,280,000	2.19%	298
2011	6,770,000	-	550,000	7,320,000	7,625,000	14,945,000	2.00%	266
2012	5,880,000	-	1,780,000	7,660,000	7,070,000	14,730,000	1.96%	278
2013	4,955,000	-	1,725,000	6,680,000	6,413,154	13,093,154	1.69%	240
2014	4,000,000	-	1,530,000	5,530,000	5,845,000	11,375,000	1.58%	198
2015	3,010,000	-	1,330,000	4,340,000	5,260,000	9,600,000	1.31%	152
2016	1,980,000	-	1,130,000	3,110,000	10,645,000	13,755,000	1.67%	109
2017	49,585,000	-	925,000	50,510,000	8,045,000	58,555,000	7.05%	1,759

¹Demographic information can be found on Table 13

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

CITY OF FRIDLEY, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Independent School District No. 11	\$61,870,000	1.60%	\$989,920
Independent School District No. 13	12,390,000	31.46%	3,897,894
Independent School District No. 14	56,250,000	100.00%	56,250,000
Independent School District No. 16	148,275,000	36.80%	54,565,200
Metro Council	1,484,038,432	1.19%	17,660,057
Anoka County	110,265,000	18.04%	19,891,806
Vocational/Technical District No. 916	79,875,000	2.21%	<u>1,765,238</u>
Subtotal - overlapping debt			155,020,115
City of Fridley - Direct debt	50,510,000	100.00%	<u>50,510,000</u>
Total direct and overlapping debt			<u><u>\$205,530,115</u></u>

Sources: Continuing Disclosure Document

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



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

Market Value	\$2,416,338,500	
Debt Limit 3% of Market Value		\$72,490,155
Amount of Debt Applicable to Debt Limit:		
Total Debt	58,555,000	
Deductions:		
Improvement Bonds	\$455,000	
Revenue Bonds	8,045,000	8,500,000
	<u>8,500,000</u>	
Total Amount of Debt Applicable to Debt Limit		<u>50,055,000</u>
Legal Debt Margin		<u><u>\$22,435,155</u></u>

Legal Debt Margin Calculation for the last 10 Fiscal Years

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit
2008	\$54,027,776	\$ -	\$52,334,546	0.00%
2009	80,968,311	-	54,027,776	0.00%
2010	76,835,199	550,000	76,285,199	0.72%
2011	70,577,037	550,000	70,027,037	0.78%
2012	68,359,770	1,780,000	66,579,770	2.60%
2013	61,725,015	1,725,000	60,000,015	2.79%
2014	58,457,403	1,530,000	56,927,403	2.62%
2015	64,381,899	1,330,000	63,051,899	2.07%
2016	66,220,902	1,130,000	65,090,902	1.71%
2017	72,490,155	50,055,000	22,435,155	69.05%

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

Fiscal Year	Improvement Bonds				Equipment Certificates			
	Special Assessment Collections	Debt Service		Coverage	Property Tax Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2008	\$561,221	\$365,000	\$230,325	0.94	\$ -	\$ -	\$ -	-
2009	658,406	535,000	270,005	0.82	-	-	-	-
2010	555,997	725,000	252,899	0.57	-	-	-	-
2011	504,053	800,000	258,135	0.48	69,881	-	13,834	5.05
2012	659,666	890,000	229,503	0.59	70,668	50,000	13,450	1.11
2013	376,026	925,000	198,413	0.33	233,749	55,000	25,763	2.89
2014	932,078	955,000	166,235	0.83	234,357	195,000	25,653	1.06
2015	188,303	990,000	129,815	-	231,310	200,000	23,080	1.04
2016	166,895	1,030,000	92,090	-	234,359	200,000	20,330	1.06
2017	105,827	1,525,000	914,322	-	225,962	205,000	17,205	1.02

Table 12

Utility Revenue Bonds						Tax Increment Bonds			
Utility Service Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
			Principal	Interest			Principal	Interest	
\$6,379,984	\$6,631,304	(\$251,320)	\$300,000	\$149,481	-0.56	\$3,329,289	\$1,710,000	\$149,015	1.79
6,611,611	6,951,906	(340,295)	575,000	221,449	-0.43	2,016,580	1,680,000	96,495	1.14
6,855,441	7,236,513	(381,072)	515,000	241,508	-0.50	1,742,816	1,720,000	35,063	0.99
7,118,154	7,952,911	(834,757)	535,000	272,264	-1.03	69,881	-	13,834	5.05
7,864,406	6,341,544	1,522,862	555,000	255,054	1.88	-	-	-	-
7,961,738	6,839,852	1,121,886	655,000	235,474	1.26	-	-	-	-
8,363,415	6,987,095	1,376,320	570,000	223,459	1.73	-	-	-	-
8,936,287	7,405,596	1,530,691	585,000	203,060	1.94	-	-	-	-
9,938,517	7,381,382	2,557,135	610,000	181,610	3.23	-	-	-	-
10,499,230	8,374,461	2,124,769	2,600,000	261,888	0.74	-	-	-	-

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Unemployment Rate</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>
2008	26,459	5.7%	\$708,889,528	\$26,792
2009	26,422	7.9%	688,160,990	26,045
2010	27,208	7.3%	744,138,800	27,350
2011	27,515	5.5%	745,518,925	27,095
2012	27,591	5.6%	749,702,652	27,172
2013	27,785	4.4%	774,145,670	27,862
2014	27,952	4.2%	720,406,896	25,773
2015	28,547	3.9%	747,503,195	26,185
2016	28,631	3.9%	810,142,776	28,296
2017	28,715	3.8%	831,012,100	28,940

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

Table 14

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Medtronic, Inc.	3,464		14.94%	2,500		10.58%
Unity Medical Center	1,466		6.32%	1,400		5.92%
Cummins Power (Onan)	1,210		5.22%	1,727		7.31%
Target	695		3.00%	600		2.54%
ISD #14 (Fridley Schools)	644		2.78%	N/A		
BAE Systems	605		2.61%	1,800		7.62%
Minco Products	560		2.42%	500		2.12%
Kurt Manufacturing	342		1.48%	350		1.48%
Wal-Mart	315		1.36%	262		1.11%
Lofthouse Bakery	206		0.89%	N/A		
Parsons Electric	N/A			300		1.27%
Total	<u>9,507</u>		<u>41.00%</u>	<u>9,739</u>		<u>39.94%</u>
Total City Employment	<u>23,185</u>			<u>23,635</u>		

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

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

Function/Program	Full-Time Equivalent Employees as of December 31,			
	2008	2009	2010	2011
General government:				
City administration	3.0	3.0	3.0	3.0
Finance	22.0	19.0	19.0	19.0
Human resource	2.0	2.0	2.0	2.0
Community development	9.0	7.0	7.0	7.0
Public safety:				
Police department	44.0	45.0	42.0	43.0
Fire department	8.0	8.0	8.0	8.0
Public works:				
Administration	2.0	2.0	2.0	2.0
Engineering	4.0	4.0	4.0	3.0
Mechanic	3.0	3.0	3.0	3.0
Streets	9.0	9.0	9.0	9.0
Water	5.0	5.0	5.0	7.0
Sewer	5.0	5.0	5.0	5.0
Parks	7.0	7.0	7.0	5.0
Storm Water	-	-	-	-
Parks and recreation:				
Parks and recreation	8.0	8.0	8.0	8.0
Total	131.0	127.0	124.0	124.0

Source: City Finance Department

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

Table 15

Full-Time Equivalent Employees as of December 31,					
<u>2012</u>	<u>2013¹</u>	<u>2014¹</u>	<u>2015¹</u>	<u>2016¹</u>	<u>2017¹</u>
3.0	4.0	4.7	4.7	5.0	5.0
20.0	18.0	16.0	16.0	16.0	15.5
2.0	2.0	2.0	2.0	2.0	2.0
7.0	8.2	9.8	9.6	9.6	10.2
44.0	50.6	51.6	52.6	52.4	52.4
8.0	7.8	7.6	7.0	7.0	7.0
2.0	1.2	0.6	1.5	1.5	1.8
3.0	5.0	5.0	1.8	1.8	2.1
3.0	4.5	4.0	3.8	3.8	5.8
9.0	9.0	8.5	8.5	8.5	8.8
7.0	7.0	6.5	5.8	5.8	3.8
5.0	7.0	7.0	7.8	7.8	7.9
5.0	5.0	5.0	3.7	3.7	3.7
-	-	-	5.1	5.1	5.1
<u>8.0</u>	<u>8.0</u>	<u>9.6</u>	<u>9.0</u>	<u>9.0</u>	<u>9.8</u>
<u><u>126.0</u></u>	<u><u>137.3</u></u>	<u><u>137.9</u></u>	<u><u>138.9</u></u>	<u><u>139.0</u></u>	<u><u>140.9</u></u>

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police:				
Physical arrests	1,357	1,305	1,318	1,145
Parking violations	419	382	778	665
Traffic violations	4,994	2,934	2,929	2,860
Fire:				
Emergency responses	2,827	2,864	2,772	2,923
Fires occurred	116	141	116	114
Commercial inspections	1,239	1,021	868	890
Community development:				
Rental inspections	755	888	597	783
Refuse collection:				
Recyclables collected (tons per day)	6.12	6.47	5.89	5.70
Recyclables collected (pounds per person)	N/A	N/A	N/A	N/A
Building inspection:				
Permits issued:				
Residential	1,444	1,599	1,905	2,232
Commercial	418	386	434	446
Total permit valuation	\$39,105,158	\$45,564,657	\$30,441,199	\$39,902,641
Other public works:				
Street resurfacing (miles)	4.1	4.9	4.9	2.2
Recreation				
Total participation hours	N/A	N/A	N/A	N/A
Total senior program participation hours	N/A	N/A	N/A	N/A
Springbrook Nature Ctr program participants	20,894	20,937	23,987	24,231
Water:				
Connections	8,233	8,231	8,226	8,222
Storage capacity (gallons)	6,500,000	6,500,000	6,500,000	6,500,000
Average daily demand (gallons)	4,270,000	3,458,482	3,014,425	3,730,000
Peak daily demand (gallons)	10,800,000	19,350,892	8,119,207	6,622,000
Sewer:				
Connections	8,242	8,238	8,237	8,232

Sources: Various City departments.

Table 16

Fiscal Year					
2012	2013	2014	2015	2016	2017
1,133	1,344	1,256	1,386	752	979
283	562	373	278	922	553
2,590	2,826	3,245	2,592	2,601	2,250
2,906	3,003	3,089	3,047	3,268	3,439
121	119	110	103	127	126
1,016	1,110	1,505	1,663	789	867
1,117	1,145	1,428	1,881	1,559	1,434
5.81	6.21	6.22	6.33	5.99	6.62
N/A	164.67	164.59	165.96	156.54	169.25
1,606	2,191	1,974	4,642	2,227	1,804
386	440	492	642	599	612
\$35,763,059	\$40,697,477	\$47,109,811	\$60,598,103	\$73,636,057	\$103,663,306
3.1	3.8	3.3	2.9	2.2	1.9
302,500	305,975	310,000	311,500	315,000	300,000
68,700	69,818	70,000	62,218	65,500	65,500
24,266	23,419	23,860	20,404	15,609	16,339
8,227	8,230	8,243	8,245	8,374	8,259
6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
3,993,285	4,227,975	2,517,808	2,968,901	3,560,000	3,390,000
8,661,000	9,009,000	7,439,000	6,803,000	6,392,000	6,379,000
8,236	8,239	8,252	8,254	88,271	8,235

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Squad cars	12	12	12	12	12	12	15	13	13	12
Fire stations	3	3	3	3	3	3	3	3	3	3
Other public works:										
Streets (miles)	125.3	125.3	125.3	125.3	125.3	125.3	125.3	125.5	125.5	125.5
Highways (miles)	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3
Streetlights	1,059	1,059	1,059	1,059	1,059	1,059	1,059	1,059	1,059	1,059
Traffic signals	36	36	36	36	36	36	36	36	36	36
Parks and recreation:										
Acreage	682	682	682	682	682	682	682	682	682	682
Playgrounds	29	29	29	29	29	29	29	29	29	29
Baseball/softball diamonds	22	22	22	22	22	22	22	22	22	21
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.2	113.2	113.2
Fire hydrants	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013
Storage capacity (million gallons)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Wastewater:										
Sanitary sewers (miles)	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0
Storm sewers (miles)	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.2	52.2

Sources: Various City departments.