



# City of Fridley, Minnesota

1275.00 Color Cover



## *Comprehensive Annual Financial Report*

For year end December 31, 2018

[FridleyMN.gov/233/City-Financials](http://FridleyMN.gov/233/City-Financials)

**- This page intentionally left blank -**

# **CITY OF FRIDLEY, MINNESOTA**

## **Comprehensive Annual Financial Report**

**December 31, 2018**



**Prepared by:  
Finance Department**

**Daniel Tienter  
Finance Director**



This page intentionally left blank

**CITY OF FRIDLEY, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2018**  
**TABLE OF CONTENTS**

	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
<b>I. INTRODUCTORY SECTION</b>		
Letter of Transmittal		3
Certificate of Achievement		11
Elected and Appointed Officials		13
City Administrative Organizational Structure 2018		14
<b>II. FINANCIAL SECTION</b>		
Independent Auditor's Report		19
Management's Discussion and Analysis		23
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	37
Statement of Activities	A-2	38
Fund Financial Statements:		
Balance Sheet - Governmental Funds	A-3	40
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	A-4	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-5	45
Statement of Net Position - Proprietary Funds	A-6	46
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	A-7	48
Statement of Cash Flows - Proprietary Funds	A-8	50
Statement of Fiduciary Net Position	A-9	52
Notes to Financial Statements		53
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	B-1	98
Schedule of Changes in the Total OPEB Liability and Related Ratios	B-2	102
Schedule of Proportionate Share of Net Pension Liability - General Employees Retirement Fund	B-3	103
Schedule of Pension Contributions - General Employees Retirement Fund	B-4	104
Schedule of Proportionate Share of Net Pension Liability - Public Employees Police and Fire Fund	B-5	105
Schedule of Pension Contributions - Public Employees Police and Fire Fund	B-6	106
Notes to RSI		107

**CITY OF FRIDLEY, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2018**  
**TABLE OF CONTENTS**

	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	C-1	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	C-2	113
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	C-3	118
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	C-4	120
Subcombining Balance Sheet - Nonmajor Capital Project Funds	C-5	124
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	C-6	125
Special Revenue Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
Cable TV Fund	D-1	128
Springbrook Nature Center Fund	D-2	129
Solid Waste Abatement Fund	D-3	130
Police Activity Fund	D-4	131
Internal Service Funds:		
Combining Statement of Net Position	E-1	134
Combining Statement of Revenues, Expenses and Changes in Net Position	E-2	135
Combining Statement of Cash Flows	E-3	136
Housing and Redevelopment Authority (Component Unit):		
Balance Sheet - Governmental Funds	F-1	138
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	F-2	140
Subcombining Balance Sheet - Nonmajor Capital Project Funds	F-3	142
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	F-4	144
Agency Funds:		
Combining Statement of Assets and Liabilities	G-1	148
Combining Statement of Changes in Assets and Liabilities	G-2	149

**CITY OF FRIDLEY, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2018**  
**TABLE OF CONTENTS**

	<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
<b>III. STATISTICAL SECTION (Unaudited)</b>		
Financial Trends:		
Net Position by Component	Table 1	154
Changes in Net Position	Table 2	156
Fund Balances - Governmental Funds	Table 3	160
Changes in Fund Balances - Governmental Funds	Table 4	162
Revenue Capacity:		
Tax Capacity Value and Estimated Market Value of Taxable Property	Table 5	164
Direct and Overlapping Property Tax Capacity Rates	Table 6	166
Principal Property Taxpayers	Table 7	168
Property Tax Levies and Collections	Table 8	169
Debt Capacity:		
Ratios of Outstanding Debt by Type	Table 9	170
Direct and Overlapping Governmental Activities Debt	Table 10	171
Legal Debt Margin Information	Table 11	173
Pledged Revenue Coverage	Table 12	174
Demographic and Economic:		
Demographic and Economic Statistics	Table 13	176
Principal Employers	Table 14	177
Full-Time Equivalent City Government Employees by Function/Program	Table 15	178
Operating Information:		
Operating Indicators by Function/Program	Table 16	180
Capital Asset Statistics by Function/Program	Table 17	182



This page intentionally left blank

## I. INTRODUCTORY SECTION



This page intentionally left blank



May 15, 2019

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

The Comprehensive Annual Financial Report of the City of Fridley, Minnesota (City), for the fiscal year ended December 31, 2018, is submitted herewith:

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

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

All City funds, departments, commissions and other organizations for which the City is financially accountable are presented within the Comprehensive Annual Financial Report. The City provides a full range of services to its citizens, including: police and fire protection; water and sanitary sewer utilities; the construction and maintenance of streets and 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 HRA.

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

# **CITY OF FRIDLEY, MINNESOTA**

## **PROFILE OF THE CITY**

The City is a first ring suburban community with an estimated 2018 population of 27,853. 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 world. An “industrial spine” around the rail corridor has served the City well and has provided the community with nearly as many jobs as the number of residents. The City is home to the largest number of employees in Anoka County.

## **LOCAL ECONOMY**

The local economy is showing signs of steady improvement over the past year. New construction and renovation continues to increase. Unemployment numbers have improved, and property values have rebounded to at or near pre-recession levels.

The City had a very strong development year in 2018. A total of \$91.6M of new value was added through 2018 development. This new construction continues efforts to make the City a safe and vibrant community for families and businesses.

In 2018, the City’s Civic Campus (Campus) was completed. Public Works staff moved in this May followed by the rest of City staff in November. These two new buildings include City Hall and Public Safety as well as a Public Works facilities. The HRA has plans to redevelop the former Municipal Center beginning in 2019. Other HRA development includes Industrial Equities, which began their 456,000 square foot industrial office complex last year. The Northern Stacks development completed its seventh building for a total of 1.7M square feet of redevelopment. Phase three of Cielo Apartments is nearing completion. Finally, a new HRA development is being planned near the Northstar Station for 2020 construction.

The estimated market value for all properties in Fridley increased 7.4% from January 1, 2018 to January 1, 2019 (unaudited). This increase in valuation is consistent with other municipalities in the Minneapolis–St. Paul Metropolitan Statistical Area.

## **LONG-TERM FINANCIAL PLANNING**

As a mature City, there are continual financial and redevelopment challenges. It is important to protect the property values of aging housing stock for the City’s homeowners in addition to maintaining the tax base. The City’s property maintenance code enforcement helps to improve the quality of both residents and businesses. The City is working on a financial management plan that emphasizes fair tax rates, infrastructure investment and a good standing within the financial community.

The City continues to focus on quality of life improvements throughout the community. These initiatives include revitalizing parks and public areas, maintaining and improving

## CITY OF FRIDLEY, MINNESOTA

current City services and increasing the communication between City representatives and the public.

The City is working closely with both state and federal governments as well as Anoka County and neighboring communities to improve the area's 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 eligible properties and funds controlled by the City.

Each year the City develops a five year Capital Investment Program to forecast capital improvement needs, and similar projections for the Utility Funds.

### MAJOR INITIATIVES

#### 2018

The year continued with a fast pace of City initiated projects and partnering with developers to bring substantial redevelopment projects to fruition. Current projects include:

1. The utility work for the 2018 Street Rehabilitation Project of 69<sup>th</sup> Ave. and Anoka Street took place in 2018 while the asphalt and curb work have been moved to 2019.
2. The new Campus was completed in 2018 at a cost of just over \$51M. Fridley has developed the Campus to be a one-stop-shop for City Hall, Police, Fire and Public Work's needs. The development includes an amphitheater for entertainment in addition to a central water feature that not only allows for proper storm water management, but also will provide a half-mile walking loop for the community.
3. In early 2018, a reorganization occurred within the City with a new department being created called Community Services and Employee Resources. This department combines Employee Resources, Parks and Recreation, Communications and the Springbrook Nature Center under the leadership of a single department. This restructuring allowed for the elimination of one Department 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, Employee Resources and Communications. Police and Fire were also combined in 2018 to create a new Public Safety Department. This restructuring allowed for the elimination of a Deputy Fire Chief and a reallocation of duties that align better with individuals training, backgrounds and experience.
4. Outside development for 2018 includes Pulte Homes building 26 single family homes adjacent to the Campus. This new development will be connected to the Campus and Anoka County's Locke Park through a network of trails. Fridley's Target Store underwent a \$5M Renovation. Brenk Brothers built a 38,000 square foot addition. Industrial Equities built a 456,000 square foot industrial complex. Hyde Development

## CITY OF FRIDLEY, MINNESOTA

has nearly completed his 122 acre redevelopment known as Northern Stacks. Cielo Apartments is completing their third and final building in the complex. Public Storage added a three story complex to its site and Ashley Furniture added a 50,000 square foot expansion to their site. Both projects took place at Interstate 694 and East River Road.

5. A flood control project for Stonybrook took place in 2018. This was a drainage project to alleviate storm water flooding from the industrial park near 78th Avenue and Beech Street. The project consisted of adding storm water capacity via a 60” storm pipe from the drainage channel on the east side of East River Road to Craigbrook Way then to Alden Way before exiting into the channel that enters into the Mississippi River. Other major factors in the project included relocating the sanitary sewer main, concrete curb and gutter and bituminous pavement.
6. The City has completed its campaign to replace the City’s approximately 7,500 manual read water meters with Automatic Meter Reading (AMR) water meters. Commercial and industrial meter replacements will take place in 2019 with anticipated completion by the end of 2020.

### 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 the City’s residents continues to evolve and present new challenges. The 2019 Budget reflects the changes necessitated by the City’s 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. Beginning in 2018, the City Charter now allows 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. 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 City Council. This change allows the City Council to increase the tax levy by a greater amount compared to previous years.

The 2019 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. At the end of 2018, a Community Investment Fund was established through the closure of some debt service funds, excess general fund balances and a 2019 one-time payment received through the dissolution of the North Suburban Hospital District. This fund will be used to issue interfund loans for public utilities projects. Interest accumulated in this fund will be used to support future park system capital projects. In 2019, the City Council approved a \$3.6M loan from this newly created fund for the Locke Park Water Treatment Plant Improvement Project.

As of April 19, 2019, the value of new construction totaled \$6,791,776 compared to \$13,890,316 at the same time last year. The City has several large projects anticipated for 2019, keeping development strong, including, but are not limited to the following:

## CITY OF FRIDLEY, MINNESOTA

1. Ivy Properties plans to redevelop the former Municipal Center into a 134-unit senior building in 2019 and 2020.
2. Lennar Homes will be under construction in 2019, with 72 units of townhomes to be built adjacent to the Campus.
3. Northern Stacks plans on adding a boiler room, which may be used as a brewery and taproom.
4. Sherman and Associates has been approved for building 248 apartment units at the Northstar Transit Station site, which will include a variety of housing units and amenities, such as an indoor pool in the senior complex, walking trails, pond amenities, play equipment and a pool outdoors for entertainment and exercise.
5. Gaughn Development has begun improving the site at 83rd and University Avenue for a development that will include two buildings each roughly 5,000 square feet.

Development and redevelopment is strong in Fridley. 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. 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 Projects Funds are adopted on an annual basis. Budgetary control is maintained in compliance with the City Charter requirements. The City Charter provides that it is the duty of the City Manager to strictly enforce the provisions of the budget. The management policy of the City is such that the existence of a particular item or appropriation in the approved budget does not mean that it will or must be automatically expended.

Budget adjustments between City departments are made upon the approval of a resolution by the City Council. The City Charter provides that the City Council shall not have power to increase the total amount of the budget, whether by insertion of new items or otherwise,

## **CITY OF FRIDLEY, MINNESOTA**

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 per the annually adopted budget resolution. This is the level of control at which expenditures may not legally exceed appropriations.

The purpose of the Fund Balance Policy is to establish appropriate fund balance levels for each fund that is primarily supported by property tax revenues or user fees. These policies will ensure that adequate resources are available to meet cash flow needs for carrying out the regular operations of the City. The funds addressed in this policy include the General Fund, Solid Waste Abatement Fund, Springbrook Nature Center Fund and Enterprise Funds. In 2018, all the funds addressed by this policy, with the exception of the Sanitary Sewer Fund, met the fund balance guidelines. The Utility Enterprise Funds have implemented multi-year plans to ensure long-term sustainability. The Sanitary Sewer Enterprise Fund is expected to meet minimum fund balance requirements within the next couple years.

The purpose of the Investment Policy is to develop an overall program for cash investments, designed and managed with a high degree of professionalism and worthy of the public trust. It establishes that elected and appointed officials and employees are custodians of a portfolio which shall be subject to public review. It also establishes 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 and the HRA, 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 GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December

## CITY OF FRIDLEY, MINNESOTA

31, 2017. 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 GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City's Comprehensive Annual Financial Report continues to strive to meet the Certificate of Achievement Program's requirements and will continue submitting it to the GFOA to determine the eligibility for future certificates.

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 and Greg Tirevold as well as to the City's auditors, Redpath and Company, for their professional guidance. Staff 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



Daniel Tienter  
Director of Finance/City Treasurer



This page intentionally left blank



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, 2017**

*Christopher P. Morill*

Executive Director/CEO



This page intentionally left blank

**CITY OF FRIDLEY, MINNESOTA**  
**ELECTED AND APPOINTED OFFICIALS**  
**December 31, 2018**

**ELECTED OFFICIALS**

		<b><u>Term of Office Expires December</u></b>
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

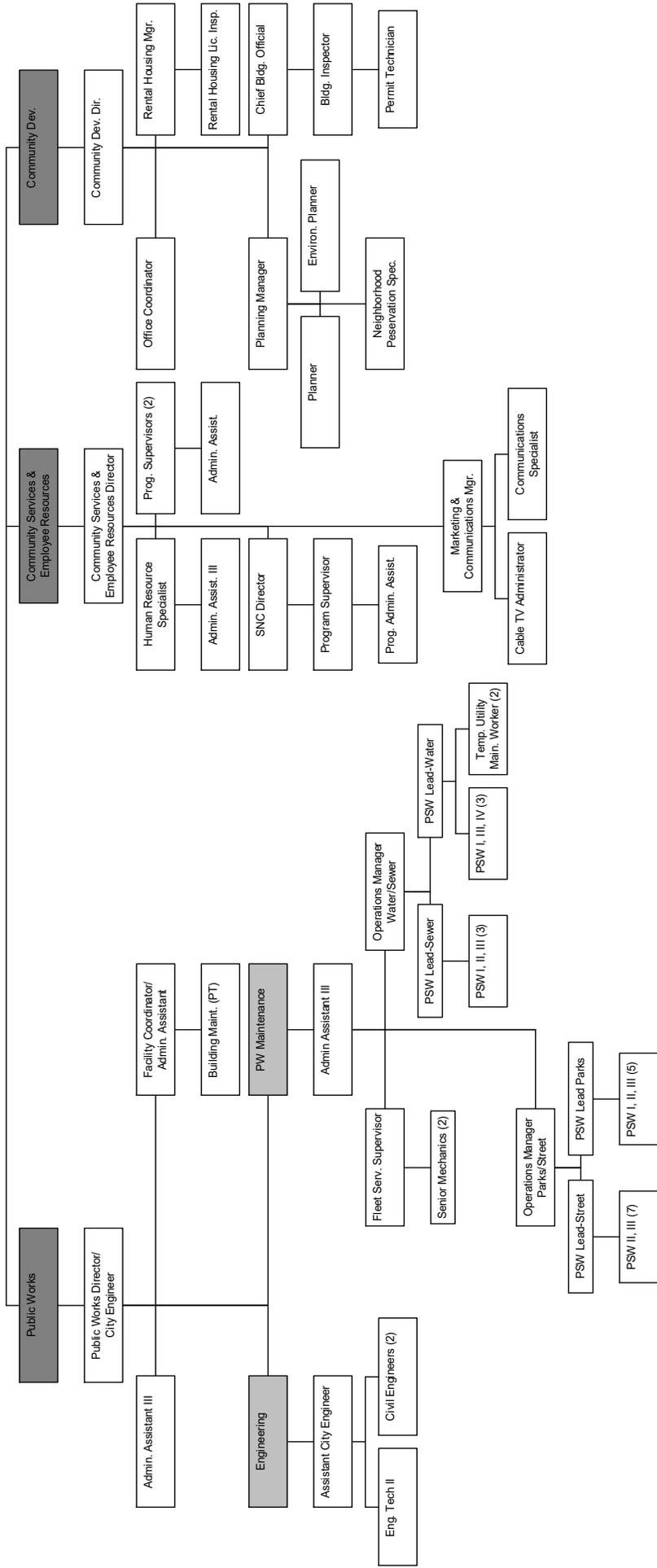
**APPOINTED OFFICIALS**

City Manager		Walter T. Wysopal
City Attorney		Jay P. Karlovich
Prosecuting Attorney		City of Coon Rapids
City Clerk		Debra A. Skogen
<b>Department Heads:</b>		
Director of Finance and City Treasurer		Daniel J. Tienter
Director of Public Safety		Brian T. Weierke
Director of Public Works		James P. Kosluchar
Director of Community Development		Scott J. Hickok
Director of Community Services & Employee Resources		Deborah K. Dahl

# 2018 City of Fridley Organizational Chart



# 2018 City of Fridley Organizational Chart





This page intentionally left blank

## **II. FINANCIAL SECTION**



This page intentionally left blank



## 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, 2018, 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, 2018, 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.

## **Emphasis of Matter**

As described in Note 10 to the financial statements, City of Fridley, Minnesota adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited the City of Fridley, Minnesota's 2017 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 3, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 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, the schedule of changes in total OPEB liability and related ratios, 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 15, 2019, 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 15, 2019



This page intentionally left blank

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fridley (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. The City encourages readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found on pages 3 through 9 of this report.

### **Financial Highlights**

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$71,840,934 (net position). Of this amount, \$23,724,432 (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 \$794,325 due to investment earnings. This is more fully described on page 28. During 2018, the City's total net position increased by \$4,229,967.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,486,964. Of this total amount, \$5,029,888, or 18% is restricted through legal restrictions or third-party agreements.

At the end of the current fiscal year, the General Fund balance of \$11,144,114 included \$77,801 in non-spendable, \$20,335 in restricted, and \$11,045,978 in unassigned fund balance.

The City's total debt decreased by \$2,305,000 during the current fiscal year. Total debt outstanding at December 31, 2018 is \$56,250,000.

### **Overview of the Financial Statements**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

## Management's Discussion and Analysis

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resource, with the remainder reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the

## Management's Discussion and Analysis

expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Street Improvement, Building Improvement and Community Investment Fund, all of which are considered to be major funds.

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

The City adopts an annual appropriated budget for its General Fund, the Cable Television (TV), Solid Waste Abatement, Springbrook Nature Center, and Police Activity special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

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

**Proprietary funds.** The City maintains four enterprise funds and two internal service funds as a part of its proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Municipal Liquor, Water, Sanitary Sewer, and Storm Water operations. The City uses internal service funds to account for its employee benefits and self-insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sanitary Sewer, Storm Water and Municipal Liquor operations, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 46 through 51 of this report.

## Management's Discussion and Analysis

**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 own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 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, assets exceeded liabilities by \$71,840,934 at the close of the most recent fiscal year.

A significant portion of the City's net position (\$45,139,048, or 63%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Management's Discussion and Analysis

### City of Fridley's Net Position

	Governmental Activities		Business-Type		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$34,303,733	\$64,610,616	\$14,328,934	\$14,027,008	\$48,632,667	\$78,637,624
Capital assets	78,498,475	49,549,428	22,193,296	20,834,326	100,691,771	70,383,754
Total assets	<u>\$112,802,208</u>	<u>\$114,160,044</u>	<u>\$36,522,230</u>	<u>\$34,861,334</u>	<u>\$149,324,438</u>	<u>\$149,021,378</u>
Total deferred outflows of resources	8,695,230	8,719,000	4,348	-	8,699,578	8,719,000
Long-term liabilities outstanding	\$60,142,964	\$62,772,922	\$6,378,280	\$7,373,027	\$66,521,244	\$70,145,949
Other liabilities	5,880,159	7,178,476	2,404,546	2,512,816	8,284,705	9,691,292
Total liabilities	<u>\$66,023,123</u>	<u>\$69,951,398</u>	<u>\$8,782,826</u>	<u>\$9,885,843</u>	<u>\$74,805,949</u>	<u>\$79,837,241</u>
Total deferred inflows of resources	11,377,133	10,292,170	-	-	11,377,133	10,292,170
Net position:						
Net investment in capital assets	\$30,070,173	\$31,006,344	\$15,068,876	\$13,897,925	\$45,139,049	\$44,904,269
Restricted	2,977,454	2,739,575	-	-	2,977,454	2,739,575
Unrestricted	11,049,555	8,889,557	12,674,876	11,077,566	23,724,431	19,967,123
Total net position	<u>\$44,097,182</u>	<u>\$42,635,476</u>	<u>\$27,743,752</u>	<u>\$24,975,491</u>	<u>\$71,840,934</u>	<u>\$67,610,967</u>

The City adopted accounting guidance, Governmental Account Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* in 2016. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by Minnesota statutes.

Net position was negatively impacted by \$12,585,764 at December 31, 2018 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	\$8,666,596
Deferred inflows of resources	(11,377,133)
Noncurrent liabilities	<u>(9,875,227)</u>
Total	<u><u>(\$12,585,764)</u></u>

A portion of the of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,724,432 in unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

## Management's Discussion and Analysis

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

### Governmental Activities

Governmental activities increased the City's net position by \$1,461,706. Capital grants and contributions decreased by \$4,813,279. This decrease is a result of one-time federal funding of \$5,000,000 for a pedestrian bridge that was completed in 2017. Non-restricted grants increased \$955,474 due to reclassification differences and property taxes increased \$954,259 with a 4.86% levy increase. 2018 expenses were significantly less than 2017 due to a few different factors. Interest on debt decreased \$607,918 largely due to bond issuance costs of \$700,000 incurred in 2017. Another large decrease was the PERA obligation by \$940,000 from 2017. Public works decrease is largely due to less than anticipated activities in capital projects from 2017 to 2018.

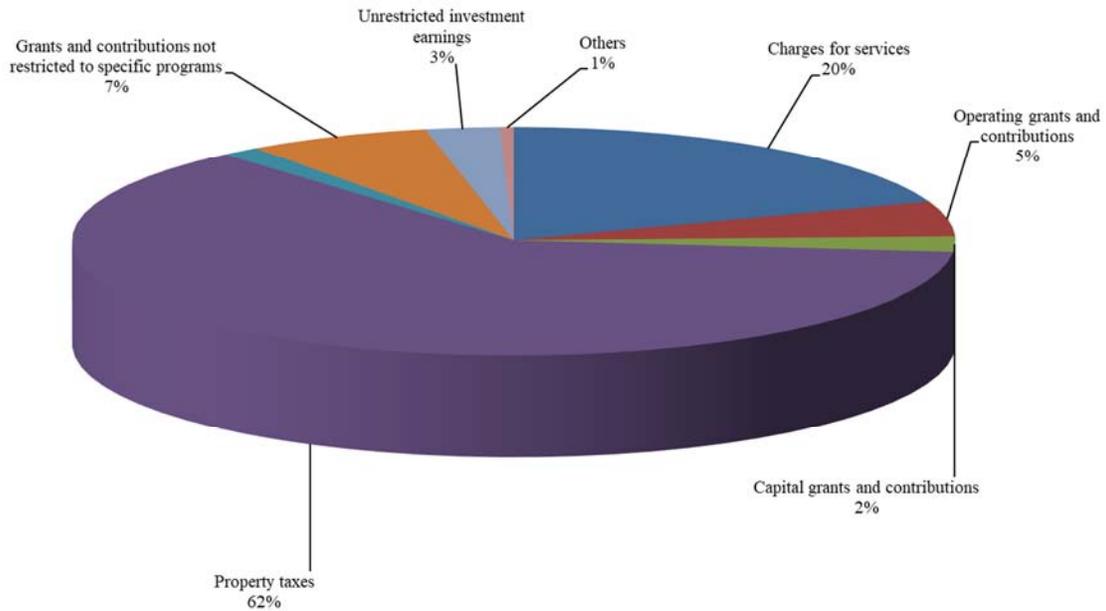
### City of Fridley's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$4,665,610	\$4,101,573	\$17,471,845	\$16,025,640	\$22,137,455	\$20,127,213
Operating grants and contributions	1,185,939	1,847,380	-	61,476	1,185,939	1,908,856
Capital grants and contributions	520,201	5,333,480	499,800	713,655	1,020,001	6,047,135
General revenues:						
Property taxes	14,839,034	13,884,775	-	-	14,839,034	13,884,775
Grants and contributions not restricted to specific programs	1,613,020	657,546	8,957	-	1,621,977	657,546
Unrestricted investment earnings	651,609	413,165	142,716	68,805	794,325	481,970
Gain (loss) on sale of property	(335,183)	-	(7,046)	16,000	(342,229)	16,000
Other	120,778	280,085	1,185	15,896	121,963	295,981
Total revenues	<u>23,261,008</u>	<u>26,518,004</u>	<u>18,117,457</u>	<u>16,901,472</u>	<u>41,378,465</u>	<u>43,419,476</u>
Expenses:						
General government	3,697,097	4,298,149	-	-	3,697,097	4,298,149
Public safety	9,274,465	9,129,111	-	-	9,274,465	9,129,111
Public works	4,699,946	5,112,090	-	-	4,699,946	5,112,090
Community development	946,173	981,433	-	-	946,173	981,433
Recreation and naturalist	1,835,082	1,720,811	-	-	1,835,082	1,720,811
Interest on long-term debt	1,685,039	2,292,957	-	-	1,685,039	2,292,957
Liquor	-	-	5,544,091	5,110,714	5,544,091	5,110,714
Water	-	-	3,047,417	3,531,649	3,047,417	3,531,649
Sewer	-	-	5,347,742	5,340,062	5,347,742	5,340,062
Storm water	-	-	1,071,446	1,085,780	1,071,446	1,085,780
Total expenses	<u>22,137,802</u>	<u>23,534,551</u>	<u>15,010,696</u>	<u>15,068,205</u>	<u>37,148,498</u>	<u>38,602,756</u>
Increase (decrease) in net position before transfers	1,123,206	2,983,453	3,106,761	1,833,267	4,229,967	4,816,720
Transfers	<u>338,500</u>	<u>338,500</u>	<u>(338,500)</u>	<u>(338,500)</u>	<u>-</u>	<u>-</u>
Increase in net position	1,461,706	3,321,953	2,768,261	1,494,767	4,229,967	4,816,720
Net position - January 1	<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>
Net position - December 31	<u>\$44,097,182</u>	<u>\$42,635,476</u>	<u>\$27,743,752</u>	<u>\$24,975,491</u>	<u>\$71,840,934</u>	<u>\$67,610,967</u>

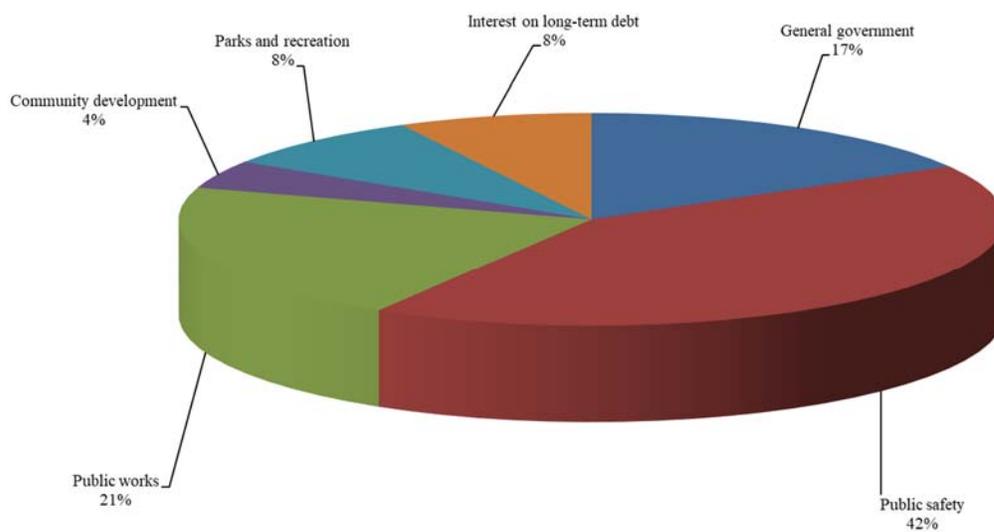
## Management's Discussion and Analysis

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

### Governmental Activities - Revenues



### Governmental Activities - Expenses



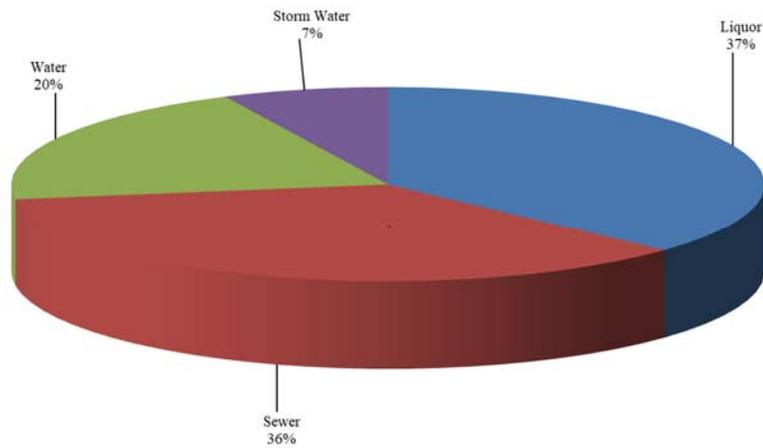
## Management's Discussion and Analysis

### Business-Type Activities

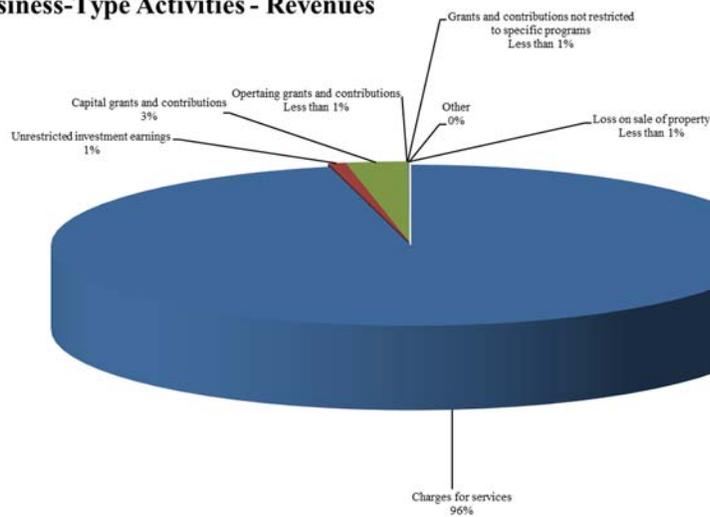
Business-type activities increased net position by \$2,768,261. This increase is primarily due to an increase in operating revenues in the Water, Sanitary Sewer and Municipal Liquor funds.

### Business-Type of Activities – Program Revenues vs Operating Expenses

#### Business-Type Activities - Expenses



#### Business-Type Activities - Revenues



## Management's Discussion and Analysis

### **Financial Analysis of the Government's Funds**

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,486,964.

The General Fund's fund balance increased by \$1,551,028 in 2018. This was greater than the increase of \$369,940 anticipated with the 2018 revised budget. Public Safety was under budget by \$334,570 due to a reduction in staffing and an increase in police security revenue. Finance was under budget by about \$171,000 due to a reduction in staffing and temporary vacancies. Community Development had a positive variance of approximately \$242,000 due to higher than anticipated permit revenues.

The Debt Service Fund decreased by \$4,648,475 in 2018. This was largely due to the closing out of the Closed Debt Service Fund and Improvement Bonds of the Future Fund and moving those balances into a new created capital fund, the Community Investment Fund.

The Street Improvements Fund has an assigned fund balance of \$1,633,632 and is identified as a major fund. The fund balance decreased by \$33,386 in 2018.

The Building Improvements Fund has a restricted fund balance of \$2,155,089 and an assigned fund balance of \$577,572 and is identified as a major fund. The fund balance decreased \$29,515,494. This decrease was a result of the proceeds from capital bond being received in 2017 and spent in 2018 for the new Fridley Civic Campus.

The Community Investment Fund has a committed fund balance of \$4,418,624 and is identified as a major fund. This fund balance came from closing-out the debt service funds as stated above.

Non-major special revenue funds decreased by \$194,317 in 2018. This was primarily due to a transfer out of \$250,000 from the Cable TV Fund for audio-visual technology in the new City Council Chambers.

Non-major capital project funds increased by \$335,023 in 2018. This was primarily due to a less than anticipated amount of activity in capital projects in 2018.

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

## Management's Discussion and Analysis

The unrestricted net position in the respective proprietary funds are: Municipal Liquor, \$818,753; Water, \$5,087,255; Sanitary Sewer, \$4,342,764; and Storm Water, \$2,610,382. The Municipal Liquor, Water, Sanitary Sewer, and Storm Water funds increased in net position of \$149,588, \$952,700, \$778,590 and \$914,992, respectively.

### **Budgetary Highlights**

#### **General Fund**

The original revenue and expenditure budgets were amended (\$369,940) primarily to account for unfilled positions in the Community Services and Employee Resources Department. Another large portion of the increase was a result of higher than anticipated permit and grant revenues.

Operating expenditures in total were less than the final budgetary estimates by \$723,766. The City Management Department was under budget by \$69,286 primarily due to a reduction in legal expenses. Public Safety was under budget by \$148,433 due to a reduction in staffing. Public Works was under budget by \$97,209 primarily due to a delay in purchasing equipment and supplies. Community Development was under budget by \$52,319 primarily due to lower than anticipated contractual services. A contingency for emergencies was budgeted in the amount of \$78,400 for which no expenditures were incurred during 2018.

Total revenues were more than the final budgetary estimates by \$457,322. Interest revenues were over budget by \$105,250 due to higher than expected investment return rates. Public Safety security revenues were over budget by \$86,372 and building inspection permit revenues exceeded budget estimates by \$119,596.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of December 31, 2018, amounts to \$100,691,771 (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	
	2018	2017	2018	2017	2018	2017
Land	\$5,365,204	\$5,380,199	\$535,231	\$306,477	\$5,900,435	\$5,686,676
Buildings and structures	50,775,479	6,096,414	1,611,582	1,854,145	52,387,061	7,950,559
Improvements other than buildings	3,287,153	528,482	-	-	3,287,153	528,482
Machinery and equipment	6,158,715	3,148,785	1,300,471	1,299,198	7,459,186	4,447,983
Infrastructure	12,811,453	11,223,631	17,067,075	16,459,575	29,878,528	27,683,206
Construction in progress	100,471	23,171,917	1,678,937	914,931	1,779,408	24,086,848
<b>Total Capital Assets</b>	<b>\$78,498,475</b>	<b>\$49,549,428</b>	<b>\$22,193,296</b>	<b>\$20,834,326</b>	<b>\$100,691,771</b>	<b>\$70,383,754</b>

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

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$56,250,000, a decrease of \$2,305,000 from 2017. \$48,400,000 of this is for General Obligation Improvement Debt, which is supported by special assessments and a property tax levy, an additional \$720,000 is for General Obligation Equipment Certificate Debt, which financed the City's capital equipment purchases, and \$7,130,000 is General Obligation Utility Revenue Debt, which is financed by the respective utility. In addition, there is long-term debt in the amount of \$1,023,924 for compensated absences.

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

### City of Fridley's Outstanding Debt

The City of Fridley has an Aa2 rating.

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

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General Obligation Improvement Bonds	\$48,400,000	\$49,585,000	\$ -	\$ -	\$48,400,000	\$49,585,000
General Obligation Revenue Bonds	-	-	7,130,000	8,045,000	7,130,000	8,045,000
General Obligation Equipment Certificates	720,000	925,000	-	-	720,000	925,000
Compensated Absences	1,023,924	1,023,133	-	-	1,023,924	1,023,133
Bond issuance premium/discount	1,463,389	1,526,785	143,987	155,461	1,607,376	1,682,246
<b>Total</b>	<b>\$51,607,313</b>	<b>\$53,059,918</b>	<b>\$7,273,987</b>	<b>\$8,200,461</b>	<b>\$58,881,300</b>	<b>\$61,260,379</b>

## 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 is \$76,729,887. Only \$48,790,000 of the City's outstanding debt is counted within the statutory limitation because all other debt is either wholly or partially repaid by revenues other than general property tax levies.

Requests for information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 7071 University Avenue NE, Fridley, Minnesota 55432.

## **BASIC FINANCIAL STATEMENTS**



This page intentionally left blank

**CITY OF FRIDLEY, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**December 31, 2018**  
**With comparative totals for December 31, 2017**

	Primary Government				Component Unit	
	Governmental Activities	Business-Type Activities	Total		Housing & Redevelopment Authority	
			2018	2017	2018	2017
<b>Assets:</b>						
Cash and investments	\$30,735,129	\$9,281,361	\$40,016,490	\$67,388,500	\$8,002,001	\$8,320,018
Restricted cash	-	149,566	149,566	1,264,060	-	-
<b>Receivables:</b>						
Accounts	287,263	3,677,090	3,964,353	3,493,247	61,829	512,019
Taxes	236,129	-	236,129	192,255	21,743	10,309
Special assessments	1,520,605	18,876	1,539,481	1,923,125	-	-
Mortgage	-	-	-	-	1,339,557	1,148,036
Interest	77,366	-	77,366	112,206	29,628	37,706
Due from component unit	502,872	-	502,872	1,705,301	-	-
Due from other governments	682,291	4,202	686,493	1,145,855	-	-
Internal balances	184,277	(184,277)	-	-	-	-
Prepaid items	-	385,451	385,451	359,033	-	-
Inventories - at cost	77,801	996,665	1,074,466	1,054,042	-	-
Land held for resale	-	-	-	-	1,808,565	1,941,876
<b>Capital assets (net of accumulated depreciation):</b>						
Land	5,365,204	535,231	5,900,435	5,686,676	1,011,755	2,023,511
Buildings and structures	50,775,479	1,611,582	52,387,061	7,950,559	-	-
Improvements other than buildings	3,287,153	-	3,287,153	528,482	-	-
Machinery and equipment	6,158,715	1,300,471	7,459,186	4,447,983	-	-
Infrastructure	12,811,453	17,067,075	29,878,528	27,683,206	-	-
Construction in progress	100,471	1,678,937	1,779,408	24,086,848	-	-
Total assets	<u>112,802,208</u>	<u>36,522,230</u>	<u>149,324,438</u>	<u>149,021,378</u>	<u>12,275,078</u>	<u>13,993,475</u>
<b>Deferred outflows of resources:</b>						
Related to other post employment benefits	28,634	4,348	32,982	-	-	-
Related to pensions	8,666,596	-	8,666,596	8,719,000	-	-
Total deferred outflows of resources	<u>8,695,230</u>	<u>4,348</u>	<u>8,699,578</u>	<u>8,719,000</u>	<u>-</u>	<u>-</u>
<b>Liabilities:</b>						
Due to primary government	-	-	-	-	502,872	1,705,449
Accounts payable	649,781	569,063	1,218,844	1,618,122	778,410	686,862
Deposits payable	129,533	-	129,533	103,286	-	-
Contracts payable	1,357,339	104,362	1,461,701	2,704,455	43,588	-
Due to other governments	200,271	631,336	831,607	858,451	9,840	9,852
Salaries payable	431,801	52,716	484,517	396,277	-	-
Accrued interest payable	725,997	70,182	796,179	822,596	-	-
Compensated absences payable:						
Due within one year	886,252	-	886,252	843,577	-	-
Due in more than one year	137,672	-	137,672	179,556	-	-
Other post employment benefits payable:						
Due in more than one year	1,041,676	49,293	1,090,969	775,335	-	-
Unearned revenue	4,185	31,887	36,072	39,528	-	-
Bonds payable:						
Due within one year	1,495,000	945,000	2,440,000	2,305,000	-	-
Due in more than one year	49,088,389	6,328,987	55,417,376	57,932,246	-	-
Net pension liability						
Due in more than one year	9,875,227	-	9,875,227	11,258,812	-	-
Total liabilities	<u>66,023,123</u>	<u>8,782,826</u>	<u>74,805,949</u>	<u>79,837,241</u>	<u>1,334,710</u>	<u>2,402,163</u>
<b>Deferred inflows of resources:</b>						
Related to pensions	11,377,133	-	11,377,133	10,292,170	-	-
<b>Net position:</b>						
Net investment in capital assets	30,070,173	15,068,876	45,139,049	44,904,269	1,011,755	2,023,511
Restricted for:						
Debt service	2,830,412	-	2,830,412	2,648,889	-	-
Tax increment purposes	-	-	-	-	1,328,182	1,101,510
Police forfeitures	57,596	-	57,596	7,109	-	-
Cable television equipment	66,893	-	66,893	66,893	-	-
Donations	22,553	-	22,553	16,684	-	-
Unrestricted	11,049,555	12,674,876	23,724,431	19,967,123	8,600,431	8,466,291
Total net position	<u>\$44,097,182</u>	<u>\$27,743,752</u>	<u>\$71,840,934</u>	<u>\$67,610,967</u>	<u>\$10,940,368</u>	<u>\$11,591,312</u>

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

**CITY OF FRIDLEY, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 2018**  
**With comparative totals for the year ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$3,697,097	\$2,244,912	\$124,988	\$ -
Public safety	9,274,465	840,976	637,615	-
Public works	4,699,946	53,360	421,912	458,694
Community development	946,173	1,206,364	-	-
Parks and recreation	1,835,082	319,998	1,424	61,507
Interest on long-term debt	1,685,039	-	-	-
Total governmental activities	<u>22,137,802</u>	<u>4,665,610</u>	<u>1,185,939</u>	<u>520,201</u>
Business-type activities:				
Liquor	5,544,091	6,029,627	-	-
Water	3,047,417	3,912,727	-	-
Sewer	5,347,742	6,095,556	-	-
Storm water	1,071,446	1,433,935	-	499,800
Total business-type activities	<u>15,010,696</u>	<u>17,471,845</u>	<u>-</u>	<u>499,800</u>
Total primary government	<u>\$37,148,498</u>	<u>\$22,137,455</u>	<u>\$1,185,939</u>	<u>\$1,020,001</u>
Component unit:				
Housing and Redevelopment Authority	\$6,764,589	\$302,358	\$1,508,187	\$ -
Total component unit	<u>\$6,764,589</u>	<u>\$302,358</u>	<u>\$1,508,187</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  
Loss on disposal of property  
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		2018	2017
		2018	2017		
(\$1,327,197)	\$ -	(\$1,327,197)	\$1,286,530	\$ -	\$ -
(7,795,874)	-	(7,795,874)	(7,775,031)	-	-
(3,765,980)	-	(3,765,980)	(2,548,113)	-	-
260,191	-	260,191	(86,308)	-	-
(1,452,153)	-	(1,452,153)	(836,239)	-	-
(1,685,039)	-	(1,685,039)	(2,292,957)	-	-
(15,766,052)	-	(15,766,052)	(12,252,118)	-	-
-	485,536	485,536	409,447	-	-
-	865,310	865,310	(44,684)	-	-
-	747,814	747,814	300,357	-	-
-	862,289	862,289	1,067,446	-	-
-	2,960,949	2,960,949	1,732,566	-	-
(15,766,052)	2,960,949	(12,805,103)	(10,519,552)	\$ -	\$ -
				(\$4,954,044)	(\$5,327,525)
				(4,954,044)	(5,327,525)
14,839,034	-	14,839,034	13,884,775	475,381	397,840
-	-	-	-	2,547,456	2,332,920
1,613,020	8,957	1,621,977	657,546	-	-
513,547	142,716	656,263	589,189	140,863	70,098
138,062	-	138,062	(107,219)	-	-
(335,183)	(7,046)	(342,229)	-	-	-
-	-	-	16,000	747,272	452,928
2,994	-	2,994	5,419	-	-
117,784	1,185	118,969	290,562	392,128	206,826
338,500	(338,500)	-	-	-	-
17,227,758	(192,688)	17,035,070	15,336,272	4,303,100	3,460,612
1,461,706	2,768,261	4,229,967	4,816,720	(650,944)	(1,866,913)
42,635,476	24,975,491	67,610,967	62,794,247	11,591,312	13,458,225
\$44,097,182	\$27,743,752	\$71,840,934	\$67,610,967	\$10,940,368	\$11,591,312

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

**CITY OF FRIDLEY, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2018**  
**With comparative totals for December 31, 2017**

	General	Debt Service
<b><u>Assets</u></b>		
Cash and investments	\$11,313,668	\$2,714,462
Receivables:		
Accounts	105,456	-
Taxes	186,110	39,467
Special assessments	35,509	77,433
Interest	77,366	-
Due from component unit	2,872	-
Due from other governments	120,659	-
Due from other funds	33,910	-
Prepaid items	-	-
Inventories, at cost	77,801	-
Total assets	\$11,953,351	\$2,831,362
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
Liabilities:		
Accounts payable	\$198,465	\$950
Deposits payable	95,947	-
Contracts payable	-	-
Due to other governments	66,920	-
Due to other funds	-	-
Salaries payable	309,276	-
Unearned revenue	-	-
Total liabilities	670,608	950
Deferred inflows of resources:		
Unavailable revenue	138,629	92,977
Fund balance:		
Nonspendable	77,801	-
Restricted	20,335	2,737,435
Committed	-	-
Assigned	-	-
Unassigned	11,045,978	-
Total fund balance	11,144,114	2,737,435
Total liabilities, deferred inflows of resources, and fund balance	\$11,953,351	\$2,831,362

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

Street Improvements	Building Improvements	Community Investment	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
					2018	2017
\$1,533,939	\$3,660,611	\$4,417,915	\$4,746,014	\$ -	\$28,386,609	\$56,990,014
-	80,658	-	101,149	-	287,263	161,305
70	-	2,729	7,753	-	236,129	192,255
1,003,873	-	267,832	135,958	-	1,520,605	1,900,654
-	-	-	-	-	77,366	112,206
-	500,000	-	-	-	502,872	1,705,301
188,467	241,500	-	131,665	-	682,291	768,735
-	-	-	-	(33,910)	-	-
-	-	-	-	-	-	6,174
-	-	-	-	-	77,801	49,603
<u>\$2,726,349</u>	<u>\$4,482,769</u>	<u>\$4,688,476</u>	<u>\$5,122,539</u>	<u>(\$33,910)</u>	<u>\$31,770,936</u>	<u>\$61,886,247</u>
\$16,041	\$346,566	\$ -	\$59,143	\$ -	\$621,165	\$981,189
-	-	-	33,586	-	129,533	103,286
-	1,357,339	-	-	-	1,357,339	2,694,564
74,709	46,203	-	12,439	-	200,271	56,545
-	-	-	33,910	(33,910)	-	-
-	-	-	18,052	-	327,328	255,977
-	-	-	4,185	-	4,185	8,467
<u>90,750</u>	<u>1,750,108</u>	<u>-</u>	<u>161,315</u>	<u>(33,910)</u>	<u>2,639,821</u>	<u>4,100,028</u>
<u>1,001,967</u>	<u>-</u>	<u>269,852</u>	<u>140,726</u>	<u>-</u>	<u>1,644,151</u>	<u>2,212,258</u>
-	-	-	-	-	77,801	55,777
-	2,155,089	-	117,029	-	5,029,888	34,836,321
-	-	4,418,624	2,347,304	-	6,765,928	2,658,339
1,633,632	577,572	-	2,356,165	-	4,567,369	8,510,134
-	-	-	-	-	11,045,978	9,513,390
<u>1,633,632</u>	<u>2,732,661</u>	<u>4,418,624</u>	<u>4,820,498</u>	<u>-</u>	<u>27,486,964</u>	<u>55,573,961</u>
<u>\$2,726,349</u>	<u>\$4,482,769</u>	<u>\$4,688,476</u>	<u>\$5,122,539</u>	<u>(\$33,910)</u>	<u>\$31,770,936</u>	<u>\$61,886,247</u>
Fund balance reported above					\$27,486,964	\$55,573,961
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.					78,498,475	49,549,428
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.					1,644,151	2,212,258
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(51,309,386)	(52,778,990)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.					(1,013,042)	(687,769)
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.					<u>(11,209,980)</u>	<u>(11,233,412)</u>
Net position of governmental activities					<u>\$44,097,182</u>	<u>\$42,635,476</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, 2018**  
**With comparative totals for the year ended December 31, 2017**

	<u>General</u>	<u>Debt Service</u>
Revenues:		
Taxes	\$11,124,027	\$3,314,928
Special assessments	24,067	130,562
Licenses and permits	1,263,133	-
Intergovernmental revenue	2,002,345	-
Charges for services	2,120,397	-
Fines and forfeits	173,734	-
Investment income:		
Interest and dividends	164,249	99,327
Net change in the fair value of investments	(26,173)	(15,425)
Contributions and donations	24,203	-
Miscellaneous:		
Other	185,640	-
Total revenues	<u>17,055,622</u>	<u>3,529,392</u>
Expenditures:		
Current:		
General government	2,949,976	-
Public safety	8,131,467	-
Public works	3,072,351	-
Community development	909,481	-
Parks and recreation	684,819	-
Debt service	-	3,154,643
Capital outlay	-	-
Total expenditures	<u>15,748,094</u>	<u>3,154,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,307,528</u>	<u>374,749</u>
Other financing sources (uses):		
Proceeds from sale of capital assets	-	-
Issuance of bonds	-	-
Premium on bond issuance	-	-
Transfers in	287,500	718,502
Transfers out	(44,000)	(5,741,726)
Total other financing sources (uses)	<u>243,500</u>	<u>(5,023,224)</u>
Net change in fund balance	1,551,028	(4,648,475)
Fund balance - January 1	<u>9,593,086</u>	<u>7,385,910</u>
Fund balance - December 31	<u>\$11,144,114</u>	<u>\$2,737,435</u>

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

Street Improvements	Building Improvements	Community Investment	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
					2018	2017
\$ -	\$ -	\$ -	\$418,499	\$ -	\$14,857,454	\$13,878,204
310,958	-	-	35,458	-	501,045	621,621
-	-	-	275,625	-	1,538,758	1,272,753
110,409	229,000	-	693,330	-	3,035,084	4,227,709
-	-	-	742,823	-	2,863,220	2,560,831
-	-	-	89,898	-	263,632	267,989
28,096	328,460	-	84,371	-	704,503	512,965
(3,929)	5,422	-	(12,789)	-	(52,894)	(99,800)
-	-	-	61,507	-	85,710	476,027
-	-	-	103,065	-	288,705	290,032
<u>445,534</u>	<u>562,882</u>	<u>-</u>	<u>2,491,787</u>	<u>-</u>	<u>24,085,217</u>	<u>24,008,331</u>
-	-	-	709,558	-	3,659,534	3,953,025
-	-	-	186,011	-	8,317,478	8,001,032
244,561	-	-	-	-	3,316,912	3,468,102
-	-	-	-	-	909,481	934,074
-	-	-	872,233	-	1,557,052	1,417,611
-	-	-	-	-	3,154,643	3,376,988
139,959	30,828,281	-	692,459	-	31,660,699	22,577,062
<u>384,520</u>	<u>30,828,281</u>	<u>-</u>	<u>2,460,261</u>	<u>-</u>	<u>52,575,799</u>	<u>43,727,894</u>
61,014	(30,265,399)	-	31,526	-	(28,490,582)	(19,719,563)
-	3,905	-	61,180	-	65,085	69,784
-	-	-	-	-	-	49,130,000
-	-	-	-	-	-	1,584,898
-	750,000	5,741,726	298,000	(7,457,228)	338,500	338,500
(94,400)	(4,000)	(1,323,102)	(250,000)	7,457,228	-	-
<u>(94,400)</u>	<u>749,905</u>	<u>4,418,624</u>	<u>109,180</u>	<u>-</u>	<u>403,585</u>	<u>51,123,182</u>
(33,386)	(29,515,494)	4,418,624	140,706	-	(28,086,997)	31,403,619
1,667,018	32,248,155	-	4,679,792	-	55,573,961	24,170,342
<u>\$1,633,632</u>	<u>\$2,732,661</u>	<u>\$4,418,624</u>	<u>\$4,820,498</u>	<u>\$ -</u>	<u>\$27,486,964</u>	<u>\$55,573,961</u>

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



This page intentionally left blank

**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, 2018**

**With comparative amounts for the year ended December 31, 2017**

	2018	2017
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)	(\$28,086,997)	\$31,403,619
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.	28,949,047	22,506,842
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(568,107)	(207,536)
The issuance of long-term debt (e.g., bonds, leases) provides current resources to governmental funds, while the repayment of the principal of financial long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,453,396	(48,926,785)
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.	23,432	(731,779)
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.	(325,273)	(18,326)
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.	16,208	(704,082)
Change in net position of governmental activities (Exhibit A-2)	<b>\$1,461,706</b>	<b>\$3,321,953</b>

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

**CITY OF FRIDLEY, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

**December 31, 2018**

**With comparative totals for Enterprise Funds for December 31, 2017**

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and investments	\$561,680	\$3,775,976
Restricted cash	-	149,566
Accounts receivable	247	1,508,790
Special assessments receivable	-	5,002
Due from other governments	-	-
Prepaid items	-	-
Inventories - at cost	765,067	231,598
Total current assets	1,326,994	5,670,932
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Land	151,946	147,485
Buildings and structures	1,019,158	4,089,074
Improvements other than buildings	-	-
Machinery and equipment	238,422	2,881,104
Infrastructure	-	21,537,218
Construction in process	-	288,109
Total capital assets	1,409,526	28,942,990
Less: Allowance for depreciation	(978,633)	(17,028,572)
Net capital assets	430,893	11,914,418
Total noncurrent assets	430,893	11,914,418
Total assets	1,757,887	17,585,350
<b>Deferred outflows of resources:</b>		
Related to pensions	-	-
Related to other post employment benefits	1,010	1,528
Total deferred outflows of resources	1,010	1,528
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable	398,173	96,484
Accrued interest payable	-	62,833
Contracts payable	-	7,574
Due to other governments	59,165	231,411
Salaries payable	16,124	17,340
Payroll deductions payable	-	-
Compensated absences payable	-	-
Bonds payable - current	-	885,000
Unearned revenue	22,930	-
Total current liabilities	496,392	1,300,642
<b>Noncurrent liabilities:</b>		
Other post employment benefits	12,860	19,993
Compensated absences - noncurrent	-	-
Bonds payable - noncurrent	-	5,838,987
Net pension liability	-	-
Total noncurrent liabilities	12,860	5,858,980
Total liabilities	509,252	7,159,622
<b>Deferred inflows of resources:</b>		
Related to pensions	-	-
<b>Net position:</b>		
Net investment in capital assets	430,893	5,340,001
Unrestricted	818,752	5,087,255
Total net position	\$1,249,645	\$10,427,256

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	2018	2017	Internal Service Funds
\$2,560,614	\$2,383,091	\$9,281,361	\$7,857,785	\$2,348,520
-	-	149,566	1,264,060	-
1,772,264	395,789	3,677,090	3,331,942	-
-	13,874	18,876	22,471	-
4,202	-	4,202	377,120	-
385,451	-	385,451	352,859	-
-	-	996,665	1,004,439	-
<u>4,722,531</u>	<u>2,792,754</u>	<u>14,513,211</u>	<u>14,210,676</u>	<u>2,348,520</u>
-	235,800	535,231	306,477	-
123,384	-	5,231,616	5,295,059	-
-	-	-	-	-
1,285,239	378,921	4,783,686	4,647,032	-
9,690,905	11,398,290	42,626,413	41,095,240	-
151,952	1,238,876	1,678,937	914,931	-
11,251,480	13,251,887	54,855,883	52,258,739	-
(7,913,669)	(6,741,713)	(32,662,587)	(31,424,413)	-
3,337,811	6,510,174	22,193,296	20,834,326	-
3,337,811	6,510,174	22,193,296	20,834,326	-
8,060,342	9,302,928	36,706,507	35,045,002	2,348,520
-	-	-	-	8,666,597
728	1,082	4,348	-	-
728	1,082	4,348	-	8,666,597
6,373	68,033	569,063	634,804	28,616
4,208	3,141	70,182	80,391	-
7,598	89,190	104,362	9,891	-
340,760	-	631,336	801,906	-
7,930	11,322	52,716	39,763	-
-	-	-	-	104,473
-	-	-	-	886,252
35,000	25,000	945,000	915,000	-
-	8,957	31,887	31,061	-
<u>401,869</u>	<u>205,643</u>	<u>2,404,546</u>	<u>2,512,816</u>	<u>1,019,341</u>
13,626	2,814	49,293	87,566	-
-	-	-	-	137,672
280,000	210,000	6,328,987	7,285,461	-
-	-	-	-	9,875,227
293,626	212,814	6,378,280	7,373,027	10,012,899
695,495	418,457	8,782,826	9,885,843	11,032,240
-	-	-	-	11,377,133
3,022,811	6,275,171	15,068,876	13,897,925	-
4,342,764	2,610,382	12,859,153	11,261,234	(11,394,256)
<u>\$7,365,575</u>	<u>\$8,885,553</u>	<u>\$27,928,029</u>	<u>\$25,159,159</u>	<u>(\$11,394,256)</u>
		\$27,928,029	\$25,159,159	
		(184,277)	(183,668)	
		<u>\$27,743,752</u>	<u>\$24,975,491</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, 2018**

**With comparative totals for the year ended December 31, 2017**

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Sales	\$6,029,627	\$ -
Cost of sales	(4,458,598)	-
Gross profit	<u>1,571,029</u>	<u>-</u>
Operating revenues:		
Customer billings	-	3,907,720
Charges for services	-	80
Other revenues	-	4,927
Total operating revenues	<u>-</u>	<u>3,912,727</u>
Total gross profit and operating revenues	<u>1,571,029</u>	<u>3,912,727</u>
Operating expenses:		
Personal services	545,501	694,008
Supplies and other charges:		
Disposal charges	-	-
Other	457,748	1,367,128
Depreciation	82,024	844,882
Total operating expenses	<u>1,085,273</u>	<u>2,906,018</u>
Operating income (loss)	<u>485,756</u>	<u>1,006,709</u>
Nonoperating revenues (expenses):		
Intergovernmental revenue	-	-
Investment income:		
Interest and dividends	2,811	76,319
Net change in the fair value of investments	(725)	(9,064)
Insurance reimbursement	-	-
Interest expense	-	(141,218)
Gain (loss) on sale of capital assets	-	(7,046)
Other	246	-
Total nonoperating revenues (expenses)	<u>2,332</u>	<u>(81,009)</u>
Income (loss) before transfers, capital contributions and special items	<u>488,088</u>	<u>925,700</u>
Transfers, capital contributions and special items:		
Transfers out	(338,500)	-
Capital contributions	-	-
Total contributions and transfers	<u>(338,500)</u>	<u>-</u>
Change in net position	149,588	925,700
Net position - January 1	<u>1,100,057</u>	<u>9,501,556</u>
Net position - December 31	<u>\$1,249,645</u>	<u>\$10,427,256</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
		2018	2017	
\$ -	\$ -	\$6,029,627	\$5,520,161	\$ -
-	-	(4,458,598)	(4,046,642)	-
-	-	1,571,029	1,473,519	-
6,095,556	1,433,935	11,437,211	10,499,230	-
-	-	80	6,249	1,401,581
-	-	4,927	8,871	-
6,095,556	1,433,935	11,442,218	10,514,350	1,401,581
6,095,556	1,433,935	13,013,247	11,987,869	1,401,581
342,220	471,596	2,053,325	2,092,342	1,033,180
4,251,014	-	4,251,014	4,135,302	-
445,849	310,603	2,581,328	3,103,164	501,537
298,263	281,647	1,506,816	1,528,346	-
5,337,346	1,063,846	10,392,483	10,859,154	1,534,717
758,210	370,089	2,620,764	1,128,715	(133,136)
-	272,957	272,957	61,476	79,082
37,006	50,844	166,980	75,642	45,528
(6,438)	(8,037)	(24,264)	(6,837)	(6,235)
-	-	-	2,425	37,585
(10,188)	(7,600)	(159,006)	(106,375)	-
-	-	(7,046)	16,000	-
-	939	1,185	4,600	-
20,380	309,103	250,806	46,931	155,960
778,590	679,192	2,871,570	1,175,646	22,824
-	-	(338,500)	(338,500)	-
-	235,800	235,800	713,655	-
-	235,800	(102,700)	375,155	-
778,590	914,992	2,768,870	1,550,801	22,824
6,586,985	7,970,561	25,159,159	23,608,358	(11,417,080)
\$7,365,575	\$8,885,553	\$27,928,029	\$25,159,159	(\$11,394,256)
		\$2,768,870	\$1,550,801	
		(609)	(56,034)	
		\$2,768,261	\$1,494,767	

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, 2018**

**With comparative totals for Enterprise Funds for the year ended December 31, 2017**

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Cash flows from operating activities:		
Receipts from customers and users	\$6,039,164	\$3,763,857
Receipts from interfund services provided	-	-
Payment to suppliers	(4,956,134)	(1,362,112)
Payment to employees	(550,855)	(708,423)
Operating contribution	246	-
Net cash flows from operating activities	<u>532,421</u>	<u>1,693,322</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	-
Transfers in	-	-
Transfers out	(338,500)	-
Net cash flows from noncapital financing activities	<u>(338,500)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(1,030,975)
Proceeds from sale of capital assets	-	-
Capital grants and contributions	-	-
Principal received on special assessments	-	-
Insurance reimbursement	-	-
Proceeds from sale of bonds, net of issue costs	-	-
Principal paid on revenue bonds	-	(855,000)
Interest and paying agent fees on revenue bonds	-	(162,151)
Net cash flows from capital and related financing activities	<u>0</u>	<u>(2,048,126)</u>
Cash flows from investing activities:		
Investment income	2,086	67,255
Net increase (decrease) in cash and cash equivalents	196,007	(287,549)
Cash and cash equivalents - January 1	365,673	4,213,091
Cash and cash equivalents - December 31	<u>\$561,680</u>	<u>\$3,925,542</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$485,756	\$1,006,709
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	82,024	844,882
Operating contribution	246	-
Intergovernmental revenue	-	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	(247)	(148,870)
Decrease (increase) in prepaid items	-	-
Decrease (increase) in inventories	(2,820)	10,594
Decrease (increase) in deferred outflows of resources	(1,010)	(1,528)
Increase (decrease) in payables	(41,312)	(18,465)
Increase (decrease) in unearned revenue	9,784	-
Increase (decrease) in deferred inflows of resources	-	-
Total adjustments	<u>46,665</u>	<u>686,613</u>
Net cash provided by operating activities	<u>\$532,421</u>	<u>\$1,693,322</u>
Noncash investing and financing activities		
Capital contributions	<u>\$ -</u>	<u>\$ -</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities -
Sewer	Storm Water	Totals		Internal Service Funds
		2018	2017	
\$5,920,853	\$1,780,162	\$17,504,036	\$16,189,012	\$ -
-	-	-	-	1,401,581
(4,896,794)	(242,558)	(11,457,598)	(11,031,998)	(475,050)
(352,731)	(470,984)	(2,082,993)	(2,089,574)	(1,274,672)
-	-	246	105	-
<u>671,328</u>	<u>1,066,620</u>	<u>3,963,691</u>	<u>3,067,545</u>	<u>(348,141)</u>
-	8,957	8,957	61,476	79,082
-	-	-	-	-
-	-	(338,500)	(338,500)	-
<u>-</u>	<u>8,957</u>	<u>(329,543)</u>	<u>(277,024)</u>	<u>79,082</u>
(382,600)	(1,223,457)	(2,637,032)	(2,537,141)	-
-	-	-	16,000	-
-	264,000	264,000	341,012	-
-	939	939	4,495	-
-	-	-	2,425	37,585
-	-	-	-	-
(35,000)	(25,000)	(915,000)	(2,600,000)	-
<u>(10,626)</u>	<u>(7,912)</u>	<u>(180,689)</u>	<u>(175,306)</u>	<u>-</u>
<u>(428,226)</u>	<u>(991,430)</u>	<u>(3,467,782)</u>	<u>(4,948,515)</u>	<u>37,585</u>
30,568	42,807	142,716	68,805	39,293
273,670	126,954	309,082	(2,089,189)	(192,181)
2,286,944	2,256,137	9,121,845	11,211,034	2,540,701
<u>\$2,560,614</u>	<u>\$2,383,091</u>	<u>\$9,430,927</u>	<u>\$9,121,845</u>	<u>\$2,348,520</u>
<u>\$758,210</u>	<u>\$370,089</u>	<u>\$2,620,764</u>	<u>\$1,128,715</u>	<u>(\$133,136)</u>
298,263	281,647	1,506,816	1,528,346	-
-	-	246	105	-
-	-	-	-	-
(174,703)	355,185	31,365	124,105	-
(32,592)	-	(32,592)	(9,768)	-
-	-	7,774	45,398	-
(728)	(1,082)	(4,348)	-	52,403
(177,122)	69,739	(167,160)	220,248	(1,352,371)
-	(8,958)	826	30,396	-
-	-	-	-	1,084,963
<u>(86,882)</u>	<u>696,531</u>	<u>1,342,927</u>	<u>1,938,830</u>	<u>(215,005)</u>
<u>\$671,328</u>	<u>\$1,066,620</u>	<u>\$3,963,691</u>	<u>\$3,067,545</u>	<u>(\$348,141)</u>
<u>\$ -</u>	<u>\$235,800</u>	<u>\$235,800</u>	<u>\$713,655</u>	<u>\$ -</u>

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

**CITY OF FRIDLEY, MINNESOTA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2018**

With comparative amounts for December 31, 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and investments	\$ -	\$15,629
Receivables:		
Accounts	<u>5,977</u>	<u>7,242</u>
Total assets	<u><u>\$5,977</u></u>	<u><u>\$22,871</u></u>
Liabilities:		
Accounts payable	\$ -	\$8,163
Due to other governments	<u>5,977</u>	<u>14,708</u>
Total liabilities	<u><u>\$5,977</u></u>	<u><u>\$22,871</u></u>

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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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*.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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 *Community Investment Fund* is used to account for capital costs associated with the parks and public utilities maintained by the City.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

*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.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**D. Budgets**

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

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

**E. Legal Compliance Budgets**

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

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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

9. The General Fund budget includes prior year encumbrances which were reappropriated to the current year. Expenditures for the items encumbered are included in the current year's expenditures.

The following is a listing of funds whose expenditures exceeded budgeted appropriations:

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount Over Budget</u>
Nonmajor Funds:			
Springbrook Nature Center Fund	\$587,400	\$594,154	\$6,754

**F. Cash and Investments**

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

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

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

Restricted cash balances relate to unspent bond proceeds.

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

**G. Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due from/to other funds." All short-term interfund receivables and payables at December 31, 2018 are planned to be eliminated in 2019. 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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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 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.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

Government-Wide Financial Statements

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

Governmental Fund Financial Statements

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

**J. Inventories**

Governmental Funds

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

Proprietary Funds

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

**K. Prepaid Items**

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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**L. Capital Assets**

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

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

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

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

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

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

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

**M. Compensated Absences**

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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**N. Long-Term Obligations**

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

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

**O. Fund Balance Classifications**

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

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

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

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

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

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

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

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

**P. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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 two items that qualify for reporting in this category. They are the pension and OPEB related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

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

**S. 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.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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 (\$51,309,386) difference are as follows:

Bonds payable	(\$49,120,000)
Premium on bonds payable	(1,463,389)
Accrued interest payable	<u>(725,997)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$51,309,386)</u></u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$28,949,047 difference are as follows:

Net book value of capital asset disposals	(\$400,268)
Capital outlay	31,660,699
Capital outlay not capitalized	(919)
Depreciation expense	<u>(2,310,465)</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>\$28,949,047</u></u>

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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 (\$568,107) difference are as follows:

Unavailable revenue - general property taxes:	
At December 31, 2017	(\$148,450)
At December 31, 2018	130,031
Unavailable revenue - special assessments:	
At December 31, 2017	(1,895,881)
At December 31, 2018	1,514,120
Unavailable revenue - interest on loan to HRA:	
At December 31, 2017	(167,927)
At December 31, 2018	<u>-</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>(\$568,107)</u></u>

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 (\$1,453,396) difference are as follows:

Principal repayments:	
G.O. improvement bonds	\$1,390,000
Amortization of premium on bonds issuance	<u>63,396</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>\$1,453,396</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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

information should be read in conjunction with the City's financial statements for the year ended December 31, 2017, 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;
- 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. At times, deposits may be in excess of collateral pledged.

**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.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

- 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.

As of December 31, 2018 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	\$492,100	\$ -	\$492,100	\$ -	\$ -
Federal Home Loan Bank	AAA	495,345	495,345	-	-	-
Federal National Mortgage Association	AAA	9,640,929	2,627,006	6,506,804	-	507,119
Federal Home Loan Mortgage Corporation	AAA	3,516,910	1,307,263	2,209,647	-	-
Government National Mortgage Association	AAA	225,709	-	-	-	225,709
Local government bonds	Aaa-A1	2,995,811	707,364	2,288,447	-	-
US Treasury Note	AAA	2,701,016	49,549	2,651,467	-	-
Brokered CDs	N/R	4,589,680	2,943,199	1,646,481	-	-
Money market	N/R	13,160,722	13,160,722	-	-	-
<b>Total</b>		<b>\$37,818,222</b>	<b>\$21,290,448</b>	<b>\$15,794,946</b>	<b>\$ -</b>	<b>\$732,828</b>
			Total investments		\$37,818,222	
			Deposits		2,342,584	
			Petty cash		5,250	
			Total cash and investments		<b>\$40,166,056</b>	

Following is a reconciliation to the City's cash and investment balances as of December 31, 2018:

Cash and investments - primary government:	
Cash and investments (statement A-1)	\$40,016,490
Restricted cash (statement A-1)	149,566
Fiduciary (statement A-9)	-
	<u>\$40,166,056</u>

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

As of December 31, 2018 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 National Mortgage Association	AAA	\$306,371	\$306,371	\$ -	\$ -	\$ -
Federal Home Loan Mortgage Corporation	AAA	279,112	279,112	-	-	-
Local government bonds	Aaa - A <sub>1</sub>	2,599,930	938,469	1,661,461	-	-
US Treasury Note	AAA	1,704,818	1,520,562	184,256	-	-
US Treasury Bill	AAA	668,898	668,898	-	-	-
Commerical paper	AAA-A1	1,093,344	1,093,344	-	-	-
Money market	N/R	626,694	551,277	-	-	-
Total		<u>\$7,279,167</u>	<u>\$5,358,033</u>	<u>\$1,845,717</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments						\$7,279,167
Deposits						722,834
Total cash and investments						<u>\$8,002,001</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.

The City has the following recurring fair value measurements as of December 31, 2018:

Investment Type	12/31/2018	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Federal Farm Credit Bank	\$492,100	\$ -	\$492,100	\$ -
Federal Home Loan Bank	495,345	-	495,345	-
Federal National Mortgage Association	9,640,929	-	9,640,929	-
Federal Home Loan Mortgage Corporation	3,516,910	-	3,516,910	-
Government National Mortgage Association	225,709	-	225,709	-
Local government bonds	2,995,811	-	2,995,811	-
US Treasury	2,701,016	-	2,701,016	-
Brokered CDs	4,589,680	-	4,589,680	-
Total/Subtotal	<u>24,657,500</u>	<u>\$ -</u>	<u>\$24,657,500</u>	<u>\$ -</u>
Investments not categorized:				
External investment pool - US Bank Fund	30,648			
External investment pool - PFM Bank Fund	2,223,868			
External investment pool - PMA Bank Fund	10,778,236			
Total	<u>\$37,690,252</u>			

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

The HRA has the following recurring fair value measurements as of December 31, 2018:

Investment Type	12/31/2018	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Federal National Mortgage Association	\$306,371	\$ -	\$306,371	\$ -
Federal Home Loan Mortgage Corporation	279,112	-	279,112	-
Local government bonds	2,599,930	-	2,599,930	-
US Treasury Notes	1,704,818	-	1,704,818	-
US Treasury Bill	668,898	-	668,898	-
Commerical paper	1,093,344	-	1,093,344	-
Total/Subtotal	6,652,473	\$ -	\$6,652,473	\$ -
Investments not categorized:				
External investment pool - US Bank Fund	9,875			
External investment pool - PFM Bank Fund	67,356			
External investment pool - PMA Bank Fund	474,046			
Total	\$7,203,750			

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.

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

**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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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	9.33%
US Treasury Note	7.17%
Federal National Mortgage Association	25.58%

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:

US Treasury Note	23.67%
US Treasury Bill	9.29%
Various Local Gov’t Bonds	36.09%

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**3. Receivables**

Significant receivables balances not expected to be collected within one year of December 31, 2018 are as follows:

	Primary Government					Total
	Major Funds				Nonmajor Funds	
	General	Debt Service	Street Improvements	Community Investment		
Special assessments receivable	\$25,650	\$61,166	\$797,810	\$212,802	\$108,263	\$1,205,691
Delinquent property taxes	80,400	24,143	-	-	3,057	107,600
	<u>\$106,050</u>	<u>\$85,309</u>	<u>\$797,810</u>	<u>\$212,802</u>	<u>\$111,320</u>	<u>\$1,313,291</u>

	HRA Component Unit		
	Major Funds		
	General Fund	Revolving Loan	Total
Mortgage receivable	\$ -	\$1,358,602	\$1,358,602
Allowance for uncollectible accounts	-	(19,045)	(19,045)
Delinquent tax increment	3,925	-	3,925
	<u>\$3,925</u>	<u>\$1,339,557</u>	<u>\$1,343,482</u>

**4. Unavailable Revenues**

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

	Property Taxes	Special Assessments	Total
Major funds:			
General	\$106,417	\$32,212	\$138,629
Debt Service	16,163	76,814	92,977
Street Improvements	70	1,001,897	1,001,967
Community Investment	2,613	267,239	269,852
Nonmajor	<u>4,768</u>	<u>135,958</u>	<u>140,726</u>
Total unavailable revenue	<u>\$130,031</u>	<u>\$1,514,120</u>	<u>\$1,644,151</u>

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**5. Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

<b>Primary Government</b>	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$5,380,199	\$2,500	(\$17,495)	\$5,365,204
Construction in progress	23,171,917	90,961	(23,162,407)	100,471
Total capital assets, not being depreciated	<u>28,552,116</u>	<u>93,461</u>	<u>(23,179,902)</u>	<u>5,465,675</u>
Capital assets, being depreciated:				
Buildings and structures	14,165,976	45,396,448	(3,356,455)	56,205,969
Machinery and equipment	11,199,486	3,867,562	(1,304,760)	13,762,288
Improvements	1,901,878	2,825,798	(232,209)	4,495,467
Infrastructure	30,647,745	2,638,918	(84,212)	33,202,451
Total capital assets, being depreciated	<u>57,915,085</u>	<u>54,728,726</u>	<u>(4,977,636)</u>	<u>107,666,175</u>
Less accumulated depreciation for:				
Buildings and structures	8,069,562	360,469	(2,999,541)	5,430,490
Machinery and equipment	8,050,701	833,801	(1,280,929)	7,603,573
Improvements	1,373,396	65,099	(230,181)	1,208,314
Infrastructure	19,424,114	1,051,096	(84,212)	20,390,998
Total accumulated depreciation	<u>36,917,773</u>	<u>2,310,465</u>	<u>(4,594,863)</u>	<u>34,633,375</u>
Total capital assets being depreciated - net	<u>20,997,312</u>	<u>52,418,261</u>	<u>(382,773)</u>	<u>73,032,800</u>
Governmental activities capital assets - net	<u>\$49,549,428</u>	<u>\$52,511,722</u>	<u>(\$23,562,675)</u>	<u>\$78,498,475</u>
<b>Primary Government</b>	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$306,477	\$235,800	(\$7,046)	\$535,231
Construction in progress	914,931	1,604,888	(840,882)	1,678,937
Total capital assets, not being depreciated	<u>1,221,408</u>	<u>1,840,688</u>	<u>(847,928)</u>	<u>2,214,168</u>
Capital assets, being depreciated:				
Buildings and structures	5,295,059	-	(63,443)	5,231,616
Machinery and equipment	4,647,032	270,742	(134,089)	4,783,685
Infrastructure	41,095,240	1,602,284	(71,110)	42,626,414
Total capital assets, being depreciated	<u>51,037,331</u>	<u>1,873,026</u>	<u>(268,642)</u>	<u>52,641,715</u>
Less accumulated depreciation for:				
Buildings and structures	3,440,914	242,563	(63,443)	3,620,034
Improvements other than buildings	-	-	-	-
Machinery and equipment	3,347,834	269,469	(134,089)	3,483,214
Infrastructure	24,635,665	994,784	(71,110)	25,559,339
Total accumulated depreciation	<u>31,424,413</u>	<u>1,506,816</u>	<u>(268,642)</u>	<u>32,662,587</u>
Total capital assets being depreciated - net	<u>19,612,918</u>	<u>366,210</u>	<u>-</u>	<u>19,979,128</u>
Business-type activities capital assets - net	<u>\$20,834,326</u>	<u>\$2,206,898</u>	<u>(\$847,928)</u>	<u>\$22,193,296</u>
<b>Component Unit</b>				
Capital assets, not being depreciated:				
Land	<u>\$2,023,511</u>	<u>\$ -</u>	<u>(\$1,011,756)</u>	<u>\$1,011,755</u>

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

Governmental activities:

General government	\$80,035
Public safety	474,030
Public works, including depreciation of general infrastructure assets	1,402,544
Community development	43,858
Parks and recreation	309,998
Total depreciation expense - governmental activities	<u>\$2,310,465</u>

Business-type activities:

Liquor	\$82,024
Water	844,882
Sewer	298,263
Storm water	281,647
Total increases in accumulated depreciation	<u>\$1,506,816</u>

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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, 2018, 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%.	\$330,000
\$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%	135,000
\$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%	585,000
\$49,130,000 General Obligation Improvement Bonds, Series 2017A due in varying annual installments of \$1,060,000 - \$2,925,000 through February 1, 2042; interest at 3.00% - 5.00%	48,070,000
Unamortized premium	<u>1,463,389</u>
Subtotal governmental activities	<u>\$50,583,389</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%.	\$230,000
\$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%	1,695,000
\$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%	5,205,000
Unamortized premium	<u>143,987</u>
Subtotal business-type activities	<u>7,273,987</u>
Total primary government	<u><u>\$57,857,376</u></u>

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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
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>\$48,400,000</u>	<u>\$23,138,950</u>	<u>\$720,000</u>	<u>\$21,705</u>	<u>\$7,130,000</u>	<u>\$835,485</u>

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
G.O. improvement bonds	\$49,585,000	\$ -	(\$1,185,000)	\$48,400,000	\$1,285,000
G.O. equipment certificates	925,000	-	(205,000)	720,000	210,000
Total bonds payable	50,510,000	-	(1,390,000)	49,120,000	1,495,000
Bond issuance premium/discount	1,526,785	-	(63,396)	1,463,389	-
Compensated absences	1,023,133	965,519	(964,728)	1,023,924	886,252
Total governmental activities long-term debt	<u>\$53,059,918</u>	<u>\$965,519</u>	<u>(\$2,418,124)</u>	<u>\$51,607,313</u>	<u>\$2,381,252</u>
<b>Business-type activities:</b>					
Bonds payable:					
G.O. revenue bonds	8,045,000	-	(915,000)	7,130,000	945,000
Bond issuance premium/discount	155,461	-	(11,474)	143,987	-
Total business-type activities long-term debt	<u>\$8,200,461</u>	<u>\$ -</u>	<u>(\$926,474)</u>	<u>\$7,273,987</u>	<u>\$945,000</u>

Compensated absences are generally liquidated by the Employee Benefits Fund. All long-term bonded indebtedness outstanding at December 31, 2018 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2018 totaled \$59,152.

**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	\$48,070,000	\$2,796,213	\$3,012,094
2012A	Capital Equipment	Property Taxes	100%		2013-2022	585,000	148,830	162,823
2010B	Capital Equipment	Property Taxes	100%		2011-2020	135,000	70,025	70,025
2010C	Street Improvements	Property Taxes and Special Assessments	100%		2011-2021	330,000	136,775	125,611
2016A Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	15.71%	2016-2031	5,205,000	625,062	3,979,982
2010A Utility Revenue Bonds	Infrastructure Improvements	Water, Sewer and Storm Customer Net Revenue	100%	2.00%	2011-2026	1,695,000	237,025	11,856,744
2004 Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	5.87%	2004-2019	230,000	233,600	3,979,982

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to 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. 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 Plan members. Members hired prior to July 1, 1989, receive the higher of method 1 or method 2 formulas. Only method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2% for each of the first ten years and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% for all years of service. The accrual for Minneapolis Employees Retirement Fund (MERF) members is 2% for each of the first 10 years of service and 2.5% for each additional year. 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.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

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.

Beginning in 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law. Post retirement increases are given each year except for annuitants who have been receiving a benefit for only 31 to 41 months. These annuitants will receive a prorated amount of the increase on a sliding scale.

**C. Contributions**

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2018. The City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2018, were \$480,597. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Legislation increased both employee and employer contribution rates in the Police and Fire Plan. Employee rates increased from 10.80 percent of pay to 11.30 percent and employer rates increase from 16.20 percent to 16.95 percent on January 1, 2019. On January 1, 2020 employee rates increase to 11.80 percent and employer rates increase to 17.70 percent. The City's contributions to the PEPFF for the year ended December 31, 2018 were \$700,029. 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, 2018, the City reported a liability of \$5,414,448 for its proportionate share of the GERS's net pension liability. The City's net pension liability reflected a reduction due to

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

the State of Minnesota's contribution of \$16 million to the fund in 2018. 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 \$177,601. The net pension liability was measured as of June 30, 2018, 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the City's proportion was .0976% which was a decrease of .0030% from its proportion measured as of June 30, 2017.

Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019;

If changes expected to have a significant effect on the measurement of the net pension liability had occurred between the measurement date and the reporting date, the entity would include a brief description of the nature of those changes.

For the year ended December 31, 2018, the City recognized pension expense of \$484,161 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$41,416 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, 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	\$144,460	\$158,822
Changes in actuarial assumptions	517,704	609,651
Difference between projected and actual investment earnings	-	555,820
Changes in proportion	25,216	131,686
Contributions paid to PERA subsequent to the measurement date	236,197	-
Total	<u>\$923,577</u>	<u>\$1,455,979</u>

\$236,197 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

Year Ended December 31,	Pension Expense Amount
2019	\$143,415
2020	(353,746)
2021	(445,260)
2022	(113,008)
2023	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2018, the City reported a liability of \$4,460,779 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was .4185% which was an increase of .0475% from its proportion measured as of June 30, 2017. The City also recognized \$37,665 for the year ended December 31, 2018, 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.

Beginning in January 1, 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law.

For the year ended December 31, 2018, the City recognized pension expense of \$529,328 for its proportionate share of the PEPFF's pension expense.

At December 31, 2018, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$179,795	\$1,133,716
Changes in actuarial assumptions	5,703,222	6,566,847
Difference between projected and actual investment earnings	-	879,692
Changes in proportion	1,508,050	1,340,899
Contributions paid to PERA subsequent to the measurement date	351,952	-
Total	\$7,743,019	\$9,921,154

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

\$351,952 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:

Year Ended December 31,	Pension Expense Amount
2019	(\$57,610)
2020	(282,636)
2021	(652,462)
2022	(1,812,761)
2023	275,382
Thereafter	-

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

	GERF	PEPFF
Inflation	2.50% per year	2.50% per year
Salary Growth	3.25% per year after 26 years of service	3.25% per year after 25 years of service
Investment Rate of Return	7.50%	7.50%

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.50 percent for the GERP and PEPFF. Salary growth assumptions in the GERP decrease in annual increments from 11.25 percent after one year of service, to 3.25 percent after 26 years of service. In the PEPFF. Salary growth assumptions decrease from 12.25 percent after one year of service to 3.25 percent after 25 years of service.

Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the General Employees Plan are reviewed every four to six years. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2018:

**General Employees Fund**

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

**Police and Fire Fund**

- The mortality projection scale was changed from MP-2016 to MP-2017.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Income)	25%	5.90%
Cash	2%	0.00%
Total	100%	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2018 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.

**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	\$8,799,171	\$5,414,448	\$2,620,456
City's proportionate share of the PEPFF net pension liability	\$9,564,190	\$4,460,779	\$240,470

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](http://www.mnpera.org).

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**I. Pension Expense**

Pension expense recognized by the City for the fiscal year ended December 31, 2018 is as follows:

GERF	\$484,161
PEPFF	<u>529,328</u>
Total	<u><u>\$1,013,489</u></u>

**8. Defined Contribution Plan**

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

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

Total contributions made by the City during fiscal year 2018 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.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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 \$155,919 and \$151,398 in State Aid to the Association for 2018 and 2017, respectively. This transaction is recorded as revenue and expenditures in the City's financial statements.

During 2018 and as of December 31, 2018, the Association held no securities issued by the City or other related parties.

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

**A. Plan Description**

In addition to providing the pension benefits described in Note 7, 8 and 9, the City provides post employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**B. Benefits Provided**

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

The City provides health coverage for peace officers or firefighters disabled or killed in the line of duty in accordance with Minnesota Statute 299A.465. The amount of coverage provided is equal to the employer portion of health insurance premiums that would have otherwise been paid if the officer or firefighter was an active employee. During 2018, benefits were provided to three officers disabled in the line of duty.

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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**C. Participants**

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

Active employees	138
Inactive employees or beneficiaries currently receiving benefits	<u>2</u>
Total	<u><u>140</u></u>

**D. Total OPEB Liability and Changes in Total OPEB Liability**

The City's total OPEB liability of \$1,090,969 was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2017. Changes in the total OPEB liability during 2018 were:

Balance - beginning of year	\$402,818
Changes for the year:	
Service cost	30,073
Interest cost	14,035
Changes of benefit terms	-
Addition of disabled police officers	659,344
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	<u>(15,301)</u>
Net changes	<u>688,151</u>
Balance - end of year	<u><u>\$1,090,969</u></u>

There were no plan changes since the measurement date of January 1, 2018.

**E. Actuarial Assumptions and Other Inputs**

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Discount rate	3.30%
20-year municipal bond yeild	3.30%
Healthcare cost trend rates	6.25% in 2018 grading to 5.00% over 5 years.
Retirees' share of benefit-related costs	100%

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

Mortality rates were based on the RP-2014 White Collar Mortality tables with MP-2016 generational improvement scale (with blue collar adjustments for Police and Fire personal).

The actuarial assumptions (retirement withdrawal) used in the January 1, 2017 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

Changes in assumptions and other inputs since the prior measurements date reflect change in the discount rate from 3.5% to 3.3%.

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.30%) or 1% higher (4.30%) than the current discount rate:

	1% Decrease <u>(2.30%)</u>	Discount Rate <u>(3.30%)</u>	1% Increase <u>(4.30%)</u>
Total OPEB liability	\$1,216,571	\$1,090,969	\$982,241

**G. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.25% decreasing to 4.00% over 5 years) or 1% higher (7.25% decreasing to 6.00% over 5 years) than the current healthcare cost trend rates:

	1% Decrease <u>(5.25% decreasing to 4.00%)</u>	Healthcare Cost Trend Rates <u>(6.25% decreasing to 5.00%)</u>	1% Increase <u>(7.25% decreasing to 6.00%)</u>
Total OPEB liability	\$970,249	\$1,090,969	\$1,233,408

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

For the year ended December 31, 2018, the City recognized \$44,108 of OPEB expense. At December 31, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	<u>\$32,982</u>	<u>\$ -</u>

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>OPEB</u> <u>Expense</u>
2019	\$32,982
2020	-
2021	-
2022	-
2023	-
Thereafter	-

**11. Interfund Receivables, Payables and Transfers**

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

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
Due From/Due To:		
Major Funds:		
General Fund	\$33,910	\$ -
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Police Activity Fund	-	33,910
	<u>\$33,910</u>	<u>\$33,910</u>

Interfund receivables and payables of the HRA component unit at December 31, 2018 are as follows:

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
Due From/Due To:		
General Fund	\$8,865,766	\$ -
Capital Projects Funds:		
Lake Pointe	-	325,303
Gateway East	-	301,653
Gateway West	-	330,109
Gateway Northeast	-	3,776,746
BAE Hazardous Sub District	-	3,018,967
Locke Point Park	-	1,104,695
Northern Stacks VIII	-	8,293
	<u>\$8,865,766</u>	<u>\$8,865,766</u>

The above balances are not expected to be eliminated within one year of December 31, 2018.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

Interfund Transfers:

	Transfer In	Transfer Out
Governmental Funds:		
Major Funds:		
General Fund (1) (2) (3)	\$287,500	\$44,000
Debt Service (4) (5)	718,502	5,741,726
Street Improvements (1)	-	94,400
Building Improvements (5) (6)	750,000	4,000
Community Investment (4)	5,741,726	1,323,102
Nonmajor Funds (2) (3) (4) (6)	298,000	250,000
Total governmental funds	7,795,728	7,457,228
Proprietary Funds:		
Liquor (3)	-	338,500
Total proprietary funds	-	338,500
Total	\$7,795,728	\$7,795,728

- (1) Transfer of \$287,500 to finance General Fund
- (2) Transfer of \$44,400 to finance Springbrook Nature Center
- (3) Transfer to finance General Fund and Capital Project
- (4) Transfer from closed Debt Service Funds to Community Investment
- (5) Transfer of \$500,000 receivable from HRA component unit
- (6) Transfer to finance council chamber's sound system

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, 2018**

**12. Fund Balance**

**A. CLASSIFICATIONS**

At December 31, 2018, a summary of the governmental fund balance classifications are as follows:

	General Fund	Debt Service	Street Improvements	Buildings Improvements	Community Investment	Other Governmental	Total City	Component Unit
<b>Nonspendable:</b>								
Inventory	\$77,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$77,801	\$ -
Mortgage loan receivable	-	-	-	-	-	-	-	1,339,557
Total nonspendable	77,801	-	-	-	-	-	77,801	1,339,557
<b>Restricted for:</b>								
Donations	20,335	-	-	-	-	2,218	22,553	-
Debt service	-	2,737,435	-	-	-	-	2,737,435	-
Tax increment	-	-	-	-	-	-	-	1,328,182
Police forfeitures	-	-	-	-	-	47,918	47,918	-
Cable television equipment	-	-	-	-	-	66,893	66,893	-
Unspent bond proceeds	-	-	-	2,155,089	-	-	2,155,089	-
Total restricted	20,335	2,737,435	-	2,155,089	-	117,029	5,029,888	1,328,182
<b>Committed to:</b>								
Cable television programming	-	-	-	-	-	1,238,310	1,238,310	-
Recycling programs	-	-	-	-	-	90,355	90,355	-
Nature Center activities	-	-	-	-	-	218,844	218,844	-
Community investment	-	-	-	-	4,418,624	-	4,418,624	-
Police activity	-	-	-	-	-	9,671	9,671	-
Capital equipment	-	-	-	-	-	790,124	790,124	-
Housing loan program	-	-	-	-	-	-	-	1,730,902
Total committed	-	-	-	-	4,418,624	2,347,304	6,765,928	1,730,902
<b>Assigned to:</b>								
Capital improvements	-	-	1,633,632	577,572	-	2,356,165	4,567,369	-
Total assigned	-	-	1,633,632	577,572	-	2,356,165	4,567,369	-
Unassigned	11,045,978	-	-	-	-	-	11,045,978	3,709,580
Total	\$11,144,114	\$2,737,435	\$1,633,632	\$2,732,661	\$4,418,624	\$4,820,498	\$27,486,964	\$8,108,221

**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, 2018, the unassigned fund balance of the General Fund was \$11,045,978, compared to its targeted unassigned fund balance of between \$6,099,056 and \$8,712,938.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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	\$826,020	\$326,940	\$499,080	\$ -	\$499,080
1992	11	University/Osborne	78,364	26,478	51,886	-	51,886
1992	12	McGlynn's	81,052	41,254	39,798	-	39,798
1995	13	Satellite Lane Apartments	39,275	1,403	37,872	-	37,872
2000	17	Gateway East	40,741	3,291	37,450	-	37,450
2007	18	Gateway West	38,351	4,693	33,658	-	33,658
2007	19	Main Street	185,990	45,628	140,362	-	140,362
2013	20	TIF 20 HSS 20A	997,704	-	997,704	-	997,704
2009	21	Gateway Northeast	197,267	32,040	165,227	-	165,227
2013	22	Northstar Transit Station	1,346,805	1,221,288	125,517	-	125,517
2017	23	TIF 23 Redevelopment Project	1,200	1,200	-	-	-
1995	HR1/S3	Housing Replacement	2,372	310	2,062	-	2,062
1995	HR1/S4	Housing Replacement	2,537	338	2,199	-	2,199
1995	HR1/S5	Housing Replacement	1,708	225	1,483	-	1,483
1995	HR1/S6	Housing Replacement	1,925	266	1,659	-	1,659
1995	HR1/T7	Housing Replacement	2,204	384	1,820	-	1,820
2017	HR1/V5	Housing Replacement	1,826	208	1,618	-	1,618
1995	HR1/V6	Housing Replacement	4,105	316	3,789	-	3,789
1995	HR1/V9	Housing Replacement	2,016	286	1,730	-	1,730
1995	HR1/W1	Housing Replacement	1,727	357	1,370	-	1,370
1995	HR1/W2	Housing Replacement	1,594	286	1,308	-	1,308
1995	HR1/W6	Housing Replacement	6,440	516	5,924	-	5,924
1995	HR1/W7	Housing Replacement	2,373	170	2,203	-	2,203
1995	HR1/X8	Housing Replacement	4,827	637	4,190	-	4,190
2017	HR1/X9	Housing Replacement	2,638	164	2,474	-	2,474
1995	HR1/Y1	Housing Replacement	2,134	335	1,799	-	1,799
1995	HR1/Y2	Housing Replacement	2,142	302	1,840	-	1,840
2017	HR1/Y5	Housing Replacement	2,354	251	2,103	-	2,103
Totals			<u>\$3,877,691</u>	<u>\$1,709,566</u>	<u>\$2,168,125</u>	<u>\$ -</u>	<u>\$2,168,125</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 \$25,000 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, 2018**

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, 2018, the Self Insurance Fund has accumulated equity in the amount of \$949,429 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, 2018.

**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, 2018**

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

TIF District #6, Lake Pointe (Medtronic):

Issued in 2001 in the principal sum of \$20,000,000 with an interest rate of 6.75% per annum. Principal and interest shall be paid on August 1, 2001 and each February 1 and August 1 thereafter to and including March 1, 2026. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2026. The current year abatement (TIF note payments) amounted to \$528,053. At December 31, 2018, 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 \$108,683. At December 31, 2018, the principal amount outstanding on the note was \$1,500,000.

TIF District #20, BAE Hazardous Substance:

Originally issued in 2016, and reissued in 2018 in the principal sum of \$15,775,000 with an interest rate of 4.69% per annum. Principal and interest shall be paid on August 1, 2019 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 \$757,351. At December 31, 2018, the principal amount outstanding on the note was \$15,775,000.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

TIF District #24, Northern Stacks Phase VIII:

Issued in 2018 in the principal sum of \$660,000 with an interest rate of 5.75% per annum. Principal and interest shall be paid on August 1, 2019 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. There were no current year abatement (TIF note payments). At December 31, 2018, the principal amount outstanding on the note was \$660,000.

**F. Construction Commitments**

At December 31, 2018, the City had construction project contracts in progress. The commitments related to the remaining contract balances amounted to \$946,370.

**15. Leases**

**A. Lease Expense**

The City leases space for one of its liquor stores. Total costs for this lease was \$216,306 for the year ended December 31, 2018. The future minimum lease payments for this lease are as follows:

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

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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, 2018, totaled \$374,738. Terms of each lease are as follows:

<u>Lessee / Location</u>	<u>Annual Lease Adjustment Factor*</u>	<u>Next (passive) Renewal Date</u>	<u>Renewal Term Duration</u>	<u>Final Lease Date</u>
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%	6/6/2023	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%	9/30/2020	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	11/6/2023	5 Years	6-Nov-23
AT&T - Public Works Garage	Greater of 5% or CPI-U	11/30/2023	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 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, 2018, there are two series outstanding issued after July 1, 1995 with an aggregate principal amount payable of \$31,371,179. There were twenty-two series issued prior to July 1, 1995. The aggregate principal amount payable for the twenty-two series could not be determined; however, their original issue amounts totaled \$65.2 million.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**17. Deficit Fund Balances**

At December 31, 2018, individual funds with a deficit fund balance are as follows:

Primary government:	
Internal Service Fund:	
Employee Benefits	(12,343,685)
Component unit:	
Lake Pointe	(298,892)
Gateway East	(283,345)
Gateway West	(329,846)
Main Street	(5,837)
Gateway NorthEast	(3,772,757)
BAE Northern Stacks	(161,229)
BAE Hazardous Sub District	(3,018,755)
Locke Point Park	(1,182,371)
Northern Stacks VIII	(9,299)

**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, 2018 is \$3,425,371. 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.

**CITY OF FRIDLEY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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. 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.

**Statement No. 89** *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The provisions of this statement are effective for reporting periods beginning after December 15, 2019.

**Statement No. 90** *Majority Equity Interest and Amendment of GASB Statement No. 14 and No. 61*. The provisions of this statement are effective for reporting periods beginning after December 15, 2018.

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

**20. Subsequent Events**

On March 11, 2019 the Community Investment Fund issued a loan to the Water Fund for \$3,600,000 at an interest rate of 3.00%.

Subsequent events have been evaluated for recognition or disclosure through May 15, 2019 the date the financial statements were available to be issued.



This page intentionally left blank

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF FRIDLEY, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For The Year Ended December 31, 2018**  
**With comparative actual amounts for the year ended December 31, 2017**

	2018		Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Budgeted Amounts				
	Original	Final			
<b>Revenues:</b>					
<b>Taxes and special assessments:</b>					
Current ad valorem taxes	\$11,064,600	\$11,064,600	\$11,081,331	\$16,731	\$10,453,699
Delinquent ad valorem taxes-net of abatements	34,300	34,300	30,549	(3,751)	(103,052)
Penalties and interest	17,000	17,000	12,147	(4,853)	4,833
Special assessments	16,500	16,500	24,067	7,567	17,933
Total taxes and special assessments	<u>11,132,400</u>	<u>11,132,400</u>	<u>11,148,094</u>	<u>15,694</u>	<u>10,373,413</u>
<b>Licenses and permits:</b>					
<b>Licenses:</b>					
Rental	162,000	162,000	163,569	1,569	165,987
Business	79,300	79,300	88,415	9,115	86,092
All other	29,800	29,800	36,046	6,246	31,050
Permits	733,300	831,300	975,103	143,803	692,391
Total licenses and permits	<u>1,004,400</u>	<u>1,102,400</u>	<u>1,263,133</u>	<u>160,733</u>	<u>975,520</u>
<b>Intergovernmental revenue:</b>					
Federal grants	24,000	24,000	69,760	45,760	40,928
State maintenance aid	382,400	382,400	421,762	39,362	382,391
Local grants	925,600	999,200	930,411	(68,789)	764,591
Other state grants	-	7,500	7,563	63	29,884
Police and fire pension	488,600	562,600	572,849	10,249	524,291
Total intergovernmental revenue	<u>1,820,600</u>	<u>1,975,700</u>	<u>2,002,345</u>	<u>26,645</u>	<u>1,742,085</u>
<b>Charges for services:</b>					
General government	1,041,600	1,041,600	1,039,796	(1,804)	954,419
Public safety	371,500	371,500	463,427	91,927	402,880
Public works	365,100	365,100	391,523	26,423	364,099
Community development	38,800	38,800	47,481	8,681	37,937
Recreation	205,100	205,100	178,170	(26,930)	222,611
Total charges for services	<u>2,022,100</u>	<u>2,022,100</u>	<u>2,120,397</u>	<u>98,297</u>	<u>1,981,946</u>
Fines and forfeits	180,000	180,000	173,734	(6,266)	168,818
<b>Investment income:</b>					
Interest and dividends	59,000	59,000	164,249	105,249	65,105
Net change in the fair market value of investments	-	-	(26,173)	(26,173)	(4,465)
Total investment income	<u>59,000</u>	<u>59,000</u>	<u>138,076</u>	<u>79,076</u>	<u>60,640</u>
<b>Miscellaneous revenue:</b>					
Insurance and other reimbursements	80,900	60,900	76,206	15,306	48,841
Gambling tax	58,000	58,000	67,233	9,233	62,639
Donations	-	-	24,203	24,203	16,555
Miscellaneous	7,800	7,800	42,201	34,401	32,322
Total miscellaneous revenue	<u>146,700</u>	<u>126,700</u>	<u>209,843</u>	<u>83,143</u>	<u>160,357</u>
Total revenues	<u>16,365,200</u>	<u>16,598,300</u>	<u>17,055,622</u>	<u>457,322</u>	<u>15,462,779</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, 2018**  
**With comparative actual amounts for the year ended December 31, 2017**

	2018		Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Expenditures:					
General government:					
City management:					
Mayor and council:					
Current:					
Personal services	\$101,700	\$101,700	\$90,375	\$11,325	\$95,848
Supplies and other charges	40,600	40,600	36,857	3,743	37,595
Total mayor and council	<u>142,300</u>	<u>142,300</u>	<u>127,232</u>	<u>15,068</u>	<u>133,443</u>
City manager:					
Current:					
Personal services	300,100	300,100	312,861	(12,761)	294,528
Supplies and other charges	80,300	80,300	72,857	7,443	61,801
Total city manager	<u>380,400</u>	<u>380,400</u>	<u>385,718</u>	<u>(5,318)</u>	<u>356,329</u>
Employee resources:					
Current:					
Personal services	220,200	233,200	244,706	(11,506)	212,729
Supplies and other charges	36,000	39,000	29,811	9,189	27,937
Total employee resources	<u>256,200</u>	<u>272,200</u>	<u>274,517</u>	<u>(2,317)</u>	<u>240,666</u>
Elections:					
Current:					
Personal services	54,600	54,600	38,485	16,115	2,281
Supplies and other charges	10,800	10,800	11,167	(367)	6,628
Total elections	<u>65,400</u>	<u>65,400</u>	<u>49,652</u>	<u>15,748</u>	<u>8,909</u>
City clerk/records:					
Personal services	108,700	108,700	112,119	(3,419)	112,752
Supplies and other charges	6,800	6,800	3,100	3,700	4,378
Total city clerk/records	<u>115,500</u>	<u>115,500</u>	<u>115,219</u>	<u>281</u>	<u>117,130</u>
Legal:					
Current:					
Supplies and other charges	405,600	405,600	359,776	45,824	410,677
Total city management	<u>1,365,400</u>	<u>1,381,400</u>	<u>1,312,114</u>	<u>69,286</u>	<u>1,267,154</u>
Finance:					
Accounting:					
Current:					
Personal services	557,400	557,400	512,342	45,058	516,572
Supplies and other charges	89,300	89,300	85,495	3,805	74,496
Total accounting	<u>646,700</u>	<u>646,700</u>	<u>597,837</u>	<u>48,863</u>	<u>591,068</u>
Assessing:					
Current:					
Personal services	259,800	259,800	226,407	33,393	274,274
Supplies and other charges	16,100	16,100	4,258	11,842	6,174
Total assessing	<u>275,900</u>	<u>275,900</u>	<u>230,665</u>	<u>45,235</u>	<u>280,448</u>
ITS:					
Current:					
Personal services	237,400	282,400	293,125	(10,725)	230,835
Supplies and other charges	103,600	103,500	97,113	6,387	105,769
Total ITS	<u>341,000</u>	<u>385,900</u>	<u>390,238</u>	<u>(4,338)</u>	<u>336,604</u>
Total finance	<u>1,263,600</u>	<u>1,308,500</u>	<u>1,218,740</u>	<u>89,760</u>	<u>1,208,120</u>
Nondepartmental:					
Current:					
Personal services	164,000	44,000	-	44,000	-
Supplies and other charges	19,700	19,700	44,636	(24,936)	33,738
Total nondepartmental	<u>183,700</u>	<u>63,700</u>	<u>44,636</u>	<u>19,064</u>	<u>33,738</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, 2018**  
**With comparative actual amounts for the year ended December 31, 2017**

	2018		Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Expenditures: (continued)					
General government: (continued)					
Municipal center:					
Current:					
Personal services	\$138,200	\$138,200	\$143,436	(\$5,236)	\$135,872
Supplies and other charges	199,400	196,700	229,846	(33,146)	173,694
Total municipal center	<u>337,600</u>	<u>334,900</u>	<u>373,282</u>	<u>(38,382)</u>	<u>309,566</u>
Marketing and communication:					
Current:					
Personal services	-	-	1,204	(1,204)	-
Total general government	<u>3,150,300</u>	<u>3,088,500</u>	<u>2,949,976</u>	<u>138,524</u>	<u>2,818,578</u>
Public safety:					
Police:					
Police protection:					
Current:					
Personal services	5,879,100	5,879,100	5,797,257	81,843	5,460,021
Supplies and other charges	578,300	564,000	547,005	16,995	629,788
Total police protection	<u>6,457,400</u>	<u>6,443,100</u>	<u>6,344,262</u>	<u>98,838</u>	<u>6,089,809</u>
Emergency management:					
Current:					
Supplies and other charges	18,300	18,000	11,157	6,843	11,189
Capital outlay	-	-	-	-	-
Total emergency management	<u>18,300</u>	<u>18,000</u>	<u>11,157</u>	<u>6,843</u>	<u>11,189</u>
Total police	<u>6,475,700</u>	<u>6,461,100</u>	<u>6,355,419</u>	<u>105,681</u>	<u>6,100,998</u>
Fire:					
Fire protection:					
Current:					
Personal services	1,205,900	1,205,900	1,173,723	32,177	1,174,081
Supplies and other charges	354,500	375,000	375,114	(114)	337,557
Total fire protection	<u>1,560,400</u>	<u>1,580,900</u>	<u>1,548,837</u>	<u>32,063</u>	<u>1,511,638</u>
Rental inspections:					
Current:					
Personal services	220,300	220,300	217,271	3,029	181,615
Supplies and other charges	17,600	17,600	9,940	7,660	5,228
Total rental inspections	<u>237,900</u>	<u>237,900</u>	<u>227,211</u>	<u>10,689</u>	<u>186,843</u>
Total public safety	<u>8,274,000</u>	<u>8,279,900</u>	<u>8,131,467</u>	<u>148,433</u>	<u>7,799,479</u>
Public works:					
Engineering:					
Current:					
Personal services	221,700	221,700	199,740	21,960	225,842
Supplies and other charges	110,400	110,000	90,158	19,842	120,696
Total engineering	<u>332,100</u>	<u>331,700</u>	<u>289,898</u>	<u>41,802</u>	<u>346,538</u>
Lighting:					
Current:					
Personal services	26,600	26,600	25,883	717	25,342
Supplies and other charges	238,500	238,500	192,183	46,317	220,818
Total lighting	<u>265,100</u>	<u>265,100</u>	<u>218,066</u>	<u>47,034</u>	<u>246,160</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, 2018**

With comparative actual amounts for the year ended December 31, 2017

	2018		Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Expenditures: (continued)					
Park maintenance:					
Current:					
Personal services	702,700	702,700	704,189	(1,489)	677,036
Supplies and other charges	254,600	246,300	173,572	72,728	249,620
Total park maintenance	<u>957,300</u>	<u>949,000</u>	<u>877,761</u>	<u>71,239</u>	<u>926,656</u>
Street:					
Current:					
Personal services	780,500	780,500	803,143	(22,643)	752,579
Supplies and other charges	295,200	292,500	333,619	(41,119)	270,792
Capital outlay	-	80,600	-	80,600	-
Total street	<u>1,075,700</u>	<u>1,153,600</u>	<u>1,136,762</u>	<u>16,838</u>	<u>1,023,371</u>
Garage:					
Current:					
Personal services	344,200	344,200	358,707	(14,507)	326,060
Supplies and other charges	120,100	132,960	127,167	5,793	107,614
Total garage	<u>464,300</u>	<u>477,160</u>	<u>485,874</u>	<u>(8,714)</u>	<u>433,674</u>
Forestry					
Current:					
Supplies and other charges	73,600	73,600	63,990	9,610	47,974
Total forestry	<u>73,600</u>	<u>73,600</u>	<u>63,990</u>	<u>9,610</u>	<u>47,974</u>
Total public works	<u>3,168,100</u>	<u>3,250,160</u>	<u>3,072,351</u>	<u>177,809</u>	<u>3,024,373</u>
Community development:					
Building inspection:					
Current:					
Personal services	\$305,800	\$305,800	\$312,084	(\$6,284)	\$308,398
Supplies and other charges	115,900	115,500	94,650	20,850	97,127
Total building inspection	<u>421,700</u>	<u>421,300</u>	<u>406,734</u>	<u>14,566</u>	<u>405,525</u>
Planning:					
Current:					
Personal services	468,200	468,200	455,270	12,930	466,709
Supplies and other charges	80,000	72,300	47,477	24,823	61,840
Total planning	<u>548,200</u>	<u>540,500</u>	<u>502,747</u>	<u>37,753</u>	<u>528,549</u>
Total community development	<u>969,900</u>	<u>961,800</u>	<u>909,481</u>	<u>52,319</u>	<u>934,074</u>
Parks and recreation:					
Current:					
Personal services	689,500	595,000	526,805	68,195	667,738
Supplies and other charges	278,500	218,100	158,014	60,086	249,487
Total parks and recreation	<u>968,000</u>	<u>813,100</u>	<u>684,819</u>	<u>128,281</u>	<u>917,225</u>
Contingency:					
Current:					
Supplies and other charges	122,400	78,400	-	78,400	-
Total expenditures	<u>16,652,700</u>	<u>16,471,860</u>	<u>15,748,094</u>	<u>723,766</u>	<u>15,493,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,500)</u>	<u>126,440</u>	<u>1,307,528</u>	<u>1,181,088</u>	<u>(30,950)</u>
Other financing sources (uses):					
Transfers in	287,500	287,500	287,500	-	452,600
Transfers out	-	(44,000)	(44,000)	-	-
Total other financing sources	<u>287,500</u>	<u>243,500</u>	<u>243,500</u>	<u>-</u>	<u>452,600</u>
Net change in fund balance	<u>\$ -</u>	<u>\$369,940</u>	<u>1,551,028</u>	<u>\$1,181,088</u>	<u>421,650</u>
Fund balance - January 1			<u>9,593,086</u>		<u>9,171,436</u>
Fund balance - December 31			<u>\$11,144,114</u>		<u>\$9,593,086</u>

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

**CITY OF FRIDLEY, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**For The Year Ended December 31, 2018**

	2018
Total OPEB Liability:	
Service cost	\$ 30,073
Interest cost	14,035
Addition of disabled police officers	659,344
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	(15,301)
Net change in total OPEB liability	688,151
Total OPEB liability - beginning	402,818
Total OPEB liability - ending	\$ 1,090,969
 Covered-employee payroll	 \$10,037,870
 Total OPEB liability as a percentage of covered-employee payroll	 10.9%

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

**CITY OF FRIDLEY, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY\* -**  
**GENERAL EMPLOYEES RETIREMENT FUND**  
**For The Year Ended December 31, 2018**

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
June 30	December 31	Liability	Liability (a)	City (b)	City (a+b)	Payroll (c)	Payroll ((a+b)/c)	Pension Liability
2015	2015	0.1004%	\$5,203,249	\$ -	\$5,203,249	\$5,903,611	88.1%	78.2%
2016	2016	0.1018%	8,265,655	107,922	8,373,577	6,281,307	133.3%	68.9%
2017	2017	0.0979%	6,249,871	78,569	6,328,440	6,269,774	100.9%	75.9%
2018	2018	0.0976%	5,414,448	177,601	5,592,049	6,461,494	86.5%	79.5%

\* 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, 2018**

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$466,069	\$466,069	\$ -	\$6,214,253	7.5%
December 31, 2016	458,639	458,639	-	6,115,187	7.5%
December 31, 2017	479,410	479,410	-	6,392,134	7.5%
December 31, 2018	480,597	480,597	-	6,407,960	7.5%

\* 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, 2018**

<u>Measurement Date</u> June 30	<u>Fiscal Year Ending</u> December 31	<u>Proportion (Percentage) of the Net Pension Liability</u>	<u>Proportionate Share (Amount) of the Net Pension Liability (a)</u>	<u>Covered Payroll (b)</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	2015	0.4170%	\$4,738,096	\$3,821,428	124.0%	86.6%
2016	2016	0.4050%	16,253,355	3,898,494	416.9%	63.9%
2017	2017	0.3710%	5,008,941	3,812,191	131.4%	85.4%
2018	2018	0.4185%	4,460,779	4,265,364	104.6%	88.8%

\* 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, 2018**

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%
December 31, 2018	700,029	700,029	-	4,321,166	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, 2018**

**A. LEGAL COMPLIANCE – BUDGETS**

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the expenditure category level.

**B. OPEB INFORMATION**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. There are no factors that affect trends in the amounts reported, such as changes in benefit terms or assumptions.

**C. PENSION INFORMATION**

**PERA – General Employees Retirement Fund**

*2018 Changes*

*Changes in Actuarial Assumptions:*

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

*2017 Changes*

*Changes in Actuarial Assumptions:*

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

*2016 Changes*

*Changes in Actuarial Assumptions:*

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

**CITY OF FRIDLEY, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTES TO RSI**  
**December 31, 2018**

**PERA – Public Employees Police and Fire Fund**

*2018 Changes*

*Changes in Actuarial Assumptions:*

- The mortality projection scale was changed from MP-2016 to MP-2017.

*2017 Changes*

*Changes in Actuarial Assumptions:*

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



This page intentionally left blank

### 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, 2018**

**With comparative amounts for the year ended December 31, 2017**

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>	
			<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>				
Cash and investments	\$1,535,570	\$3,210,444	\$4,746,014	\$4,625,053
Receivables:				
Accounts	101,149	-	101,149	120,722
Taxes	7,620	133	7,753	6,123
Special assessments	-	135,958	135,958	115,537
Due from other governments	131,665	-	131,665	95,153
Prepaid items	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$1,776,004</u>	<u>\$3,346,535</u>	<u>\$5,122,539</u>	<u>\$4,962,588</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u></b>				
Liabilities:				
Accounts payable	\$30,260	\$28,883	\$59,143	\$85,481
Deposits payable	650	32,936	33,586	32,936
Contracts payable	-	-	-	-
Due to other governments	10,103	2,336	12,439	157
Due to other funds	33,910	-	33,910	22,660
Salaries payable	18,052	-	18,052	12,776
Unearned revenue	4,185	-	4,185	8,467
Total liabilities	<u>97,160</u>	<u>64,155</u>	<u>161,315</u>	<u>162,477</u>
Deferred inflows of resources:				
Unavailable revenue	4,635	136,091	140,726	120,319
Total deferred inflows of resources	<u>4,635</u>	<u>136,091</u>	<u>140,726</u>	<u>120,319</u>
Fund balance:				
Restricted	117,029	-	117,029	69,111
Committed	1,557,180	790,124	2,347,304	2,658,339
Assigned	-	2,356,165	2,356,165	1,961,795
Unassigned	-	-	-	(9,453)
Total fund balance	<u>1,674,209</u>	<u>3,146,289</u>	<u>4,820,498</u>	<u>4,679,792</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,776,004</u>	<u>\$3,346,535</u>	<u>\$5,122,539</u>	<u>\$4,962,588</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, 2018**  
**With comparative amounts for the year ended December 31, 2017**

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds	
			2018	2017
Revenues:				
Taxes	\$368,499	\$50,000	\$418,499	\$394,550
Special assessments	-	35,458	35,458	21,088
Licenses and permits	275,625	-	275,625	297,233
Intergovernmental revenue	124,988	568,342	693,330	712,132
Charges for services	610,563	132,260	742,823	578,885
Fines and forfeits	89,898	-	89,898	99,171
Investment income:				
Interest and dividends	32,845	51,526	84,371	31,932
Net change in the fair value of investments	(4,964)	(7,825)	(12,789)	(3,732)
Contributions and donations	56,237	5,270	61,507	476,027
Miscellaneous	4,859	98,206	103,065	132,005
Total revenues	<u>1,558,550</u>	<u>933,237</u>	<u>2,491,787</u>	<u>2,739,291</u>
Expenditures:				
Current:				
General government	464,312	245,246	709,558	1,121,977
Public safety	167,577	18,434	186,011	201,553
Parks and recreation	858,530	13,703	872,233	500,386
Capital outlay	60,448	632,011	692,459	1,088,648
Total expenditures	<u>1,550,867</u>	<u>909,394</u>	<u>2,460,261</u>	<u>2,912,564</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,683</u>	<u>23,843</u>	<u>31,526</u>	<u>(173,273)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	61,180	61,180	69,784
Transfers in	48,000	250,000	298,000	286,381
Transfers out	(250,000)	-	(250,000)	(28,338)
Total other financing sources (uses)	<u>(202,000)</u>	<u>311,180</u>	<u>109,180</u>	<u>327,827</u>
Net change in fund balance	(194,317)	335,023	140,706	154,554
Fund balance - January 1	<u>1,868,526</u>	<u>2,811,266</u>	<u>4,679,792</u>	<u>4,525,238</u>
Fund balance - December 31	<u>\$1,674,209</u>	<u>\$3,146,289</u>	<u>\$4,820,498</u>	<u>\$4,679,792</u>

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



This page intentionally left blank

**NONMAJOR GOVERNMENTAL FUNDS**



This page intentionally left blank

## 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, 2018**

With comparative amounts for the year ended December 31, 2017

<b><u>Assets</u></b>	<u>Cable TV</u>	<u>Solid Waste Abatement</u>
Cash and investments	\$1,244,275	\$11,897
Receivables:		
Accounts	69,001	32,148
Taxes	-	-
Due from other governments	-	81,748
Prepaid items	-	-
Total assets	<u>\$1,313,276</u>	<u>\$125,793</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u></b>		
Liabilities:		
Accounts payable	\$2,822	\$24,364
Deposits payable	-	-
Due to other governments	-	10,103
Due to other funds	-	-
Salaries payable	5,251	971
Unearned revenue	-	-
Total liabilities	<u>8,073</u>	<u>35,438</u>
Deferred inflows of resources:		
Unavailable revenue	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Fund balance:		
Restricted	66,893	-
Committed	1,238,310	90,355
Unassigned	-	-
Total fund balance	<u>1,305,203</u>	<u>90,355</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$1,313,276</u>	 <u>\$125,793</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	
			2018	2017
\$48,962	\$ -	\$230,436	\$1,535,570	\$1,760,130
-	-	-	101,149	101,243
-	-	7,620	7,620	5,990
3,141	46,776	-	131,665	95,153
-	-	-	-	-
<u>\$52,103</u>	<u>\$46,776</u>	<u>\$238,056</u>	<u>\$1,776,004</u>	<u>\$1,962,516</u>
\$ -	\$121	\$2,953	\$30,260	\$45,281
-	-	650	650	-
-	-	-	10,103	157
-	33,910	-	33,910	22,660
-	3,074	8,756	18,052	12,776
4,185	-	-	4,185	8,467
<u>4,185</u>	<u>37,105</u>	<u>12,359</u>	<u>97,160</u>	<u>89,341</u>
-	-	4,635	4,635	4,649
-	-	4,635	4,635	4,649
47,918	-	2,218	117,029	69,111
-	9,671	218,844	1,557,180	1,808,868
-	-	-	-	(9,453)
<u>47,918</u>	<u>9,671</u>	<u>221,062</u>	<u>1,674,209</u>	<u>1,868,526</u>
<u>\$52,103</u>	<u>\$46,776</u>	<u>\$238,056</u>	<u>\$1,776,004</u>	<u>\$1,962,516</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, 2018**  
**With comparative totals for the year ended December 31, 2017**

	<u>Cable TV</u>	<u>Solid Waste Abatement</u>
Revenues:		
Taxes	\$ -	\$ -
Licenses and permits	275,625	-
Intergovernmental revenue	-	124,988
Charges for services	-	309,267
Fines and forfeits	-	-
Investment income:		
Interest and dividends	29,022	694
Net change in the fair value of investments	(4,299)	(179)
Contributions and donations	-	-
Miscellaneous	740	3,970
Total revenues	<u>301,088</u>	<u>438,740</u>
Expenditures:		
Current:		
General government	-	438,457
Public safety	-	-
Parks and recreation	324,824	-
Capital outlay	-	-
Total expenditures	<u>324,824</u>	<u>438,457</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,736)</u>	<u>283</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	(250,000)	-
Total other financing sources (uses)	<u>(250,000)</u>	<u>-</u>
Net change in fund balance	(273,736)	283
Fund balance - January 1	<u>1,578,939</u>	<u>90,072</u>
Fund balance - December 31	<u><u>\$1,305,203</u></u>	<u><u>\$90,355</u></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	
			2018	2017
\$ -	\$ -	\$368,499	\$368,499	\$344,550
-	-	-	275,625	297,233
-	-	-	124,988	106,987
-	159,468	141,828	610,563	572,384
89,898	-	-	89,898	99,171
-	-	3,129	32,845	14,111
-	-	(486)	(4,964)	(940)
-	-	56,237	56,237	-
-	-	149	4,859	105,880
<u>89,898</u>	<u>159,468</u>	<u>569,356</u>	<u>1,558,550</u>	<u>1,539,376</u>
-	25,855	-	464,312	728,495
36,527	131,050	-	167,577	201,553
-	-	533,706	858,530	500,386
-	-	60,448	60,448	39,670
<u>36,527</u>	<u>156,905</u>	<u>594,154</u>	<u>1,550,867</u>	<u>1,470,104</u>
<u>53,371</u>	<u>2,563</u>	<u>(24,798)</u>	<u>7,683</u>	<u>69,272</u>
4,000	-	44,000	48,000	28,338
-	-	-	(250,000)	(28,338)
<u>4,000</u>	<u>-</u>	<u>44,000</u>	<u>(202,000)</u>	<u>-</u>
57,371	2,563	19,202	(194,317)	69,272
<u>(9,453)</u>	<u>7,108</u>	<u>201,860</u>	<u>1,868,526</u>	<u>1,799,254</u>
<u>\$47,918</u>	<u>\$9,671</u>	<u>\$221,062</u>	<u>\$1,674,209</u>	<u>\$1,868,526</u>

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



This page intentionally left blank

## 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, 2018**

With comparative totals for the year ended December 31, 2017

<b>Assets</b>	Special Assessment Construction Capital Projects	Park Improvements	Information System Improvement	Capital Equipment	Totals Nonmajor Capital Project Funds	
					2018	2017
Cash and investments	\$2,502	\$1,846,900	\$571,084	\$789,958	\$3,210,444	\$2,864,923
Receivables:						
Accounts	-	-	-	-	-	19,479
Taxes	-	133	-	-	133	133
Special assessments	135,958	-	-	-	135,958	115,537
Total assets	<u>\$138,460</u>	<u>\$1,847,033</u>	<u>\$571,084</u>	<u>\$789,958</u>	<u>\$3,346,535</u>	<u>\$3,000,072</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u></b>						
Liabilities:						
Accounts payable	\$ -	\$2,655	\$26,228	\$ -	\$28,883	\$40,200
Deposits payable	-	32,936	-	-	32,936	32,936
Contracts payable	-	-	-	-	-	-
Due to other governments	2,336	-	-	-	2,336	-
Total liabilities	<u>2,336</u>	<u>35,591</u>	<u>26,228</u>	<u>-</u>	<u>64,155</u>	<u>73,136</u>
Deferred inflows of resources:						
Unavailable revenue	135,958	133	-	-	136,091	115,670
Total deferred inflows of resources	<u>135,958</u>	<u>133</u>	<u>-</u>	<u>-</u>	<u>136,091</u>	<u>115,670</u>
Fund balance:						
Committed	166	-	-	789,958	790,124	849,471
Assigned	-	1,811,309	544,856	-	2,356,165	1,961,795
Total fund balance	<u>166</u>	<u>1,811,309</u>	<u>544,856</u>	<u>789,958</u>	<u>3,146,289</u>	<u>2,811,266</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$138,460</u>	<u>\$1,847,033</u>	<u>\$571,084</u>	<u>\$789,958</u>	<u>\$3,346,535</u>	<u>\$3,000,072</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, 2018**  
**With comparative totals for the year ended December 31, 2017**

	Special Assessment Construction Capital Projects	Park Improvements	Information System Improvement	Capital Equipment	Totals Nonmajor Capital Project Funds	
					2018	2017
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$50,000	\$ -	\$50,000	\$50,000
Special assessments	35,458	-	-	-	35,458	21,088
Intergovernmental revenue	-	125,000	150,000	293,342	568,342	605,145
Charges for services	-	-	132,260	-	132,260	6,501
Investment income:						
Interest and dividends	204	32,102	6,995	12,225	51,526	17,821
Net change in the fair value of investments	-	(5,600)	-	(2,225)	(7,825)	(2,792)
Contributions and donations	-	5,270	-	-	5,270	476,027
Miscellaneous	-	72,766	-	25,440	98,206	26,125
Total revenues	<u>35,662</u>	<u>229,538</u>	<u>339,255</u>	<u>328,782</u>	<u>933,237</u>	<u>1,199,915</u>
<b>Expenditures:</b>						
Current:						
General government	61,188	-	184,058	-	245,246	393,482
Public safety	-	-	-	18,434	18,434	-
Parks and recreation	-	6,749	-	6,954	13,703	-
Capital outlay	-	8,402	50,214	573,395	632,011	1,048,978
Total expenditures	<u>61,188</u>	<u>15,151</u>	<u>234,272</u>	<u>598,783</u>	<u>909,394</u>	<u>1,442,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,526)</u>	<u>214,387</u>	<u>104,983</u>	<u>(270,001)</u>	<u>23,843</u>	<u>(242,545)</u>
<b>Other financing sources (uses):</b>						
Proceeds from sale of capital assets	-	-	-	61,180	61,180	69,784
Transfers in	-	75,000	-	175,000	250,000	258,043
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>236,180</u>	<u>311,180</u>	<u>327,827</u>
Net change in fund balance	(25,526)	289,387	104,983	(33,821)	335,023	85,282
Fund balance - January 1	<u>25,692</u>	<u>1,521,922</u>	<u>439,873</u>	<u>823,779</u>	<u>2,811,266</u>	<u>2,725,984</u>
Fund balance - December 31	<u>\$166</u>	<u>\$1,811,309</u>	<u>\$544,856</u>	<u>\$789,958</u>	<u>\$3,146,289</u>	<u>\$2,811,266</u>

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



This page intentionally left blank

**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, 2018**

**With comparative actual amounts for the year ended December 31, 2017**

	2018		Actual Amounts	2017 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Licenses - franchise fee	\$290,000	\$290,000	\$275,625	\$297,233
Investment income:				
Interest and dividends	10,000	10,000	29,022	12,818
Net change in the fair value of investments	-	-	(4,299)	(846)
Miscellaneous	-	-	740	27,257
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>301,088</u>	<u>336,462</u>
Expenditures:				
Current:				
General government:				
Personal services	180,100	225,100	214,010	176,533
Supplies and other charges	125,200	125,100	110,814	108,953
Total expenditures	<u>305,300</u>	<u>350,200</u>	<u>324,824</u>	<u>285,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,300)</u>	<u>(50,200)</u>	<u>(23,736)</u>	<u>50,976</u>
Other financing sources:				
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total other financing sources	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net change in fund balance	<u><u>(\$255,300)</u></u>	<u><u>(\$300,200)</u></u>	(273,736)	50,976
Fund balance - January 1			<u>1,578,939</u>	<u>1,527,963</u>
Fund balance - December 31			<u><u>\$1,305,203</u></u>	<u><u>\$1,578,939</u></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, 2018**

With comparative actual amounts for the year ended December 31, 2017

	2018		Actual Amounts	2017 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Taxes	\$368,200	\$368,200	\$368,499	\$344,550
Intergovernmental revenue	-	-	-	-
Charges for service	141,500	141,500	141,828	129,634
Investment income:				
Interest and dividends	1,000	1,000	3,129	1,293
Net change in the fair value of investments	-	-	(486)	(94)
Contributions and donations	10,000	46,000	56,237	61,300
Miscellaneous	10,000	10,000	149	490
Total revenues	<u>530,700</u>	<u>566,700</u>	<u>569,356</u>	<u>537,173</u>
Expenditures:				
Current:				
Parks, recreation and naturalist				
Personal services	411,300	411,300	412,197	374,643
Supplies and other charges	119,100	116,100	121,509	125,743
Capital outlay	-	60,000	60,448	39,670
Total expenditures	<u>530,400</u>	<u>587,400</u>	<u>594,154</u>	<u>540,056</u>
Excess (deficiency) of revenues over (under) expenditures	300	(20,700)	(24,798)	(2,883)
Other financing sources:				
Transfers out	-	44,000	44,000	-
Net change in fund balance	<u>\$300</u>	<u>\$23,300</u>	19,202	(2,883)
Fund balance - January 1			<u>201,860</u>	<u>204,743</u>
Fund balance - December 31			<u>\$221,062</u>	<u>\$201,860</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, 2018**

With comparative actual amounts for the year ended December 31, 2017

	2018		Actual Amounts	2017 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Intergovernmental revenue:				
State	\$100,000	\$125,000	\$124,988	\$106,987
Charges for services	308,700	308,700	309,267	295,979
Investment income:				
Interest and dividends	-	-	694	-
Net change in the fair value of investments	-	-	(179)	-
Miscellaneous	7,000	7,000	3,970	16,833
Total revenues	<u>415,700</u>	<u>440,700</u>	<u>438,740</u>	<u>419,799</u>
Expenditures:				
Current:				
General government:				
Personal services	46,400	48,400	46,642	58,424
Supplies and other charges	369,300	392,300	391,815	361,021
Total expenditures	<u>415,700</u>	<u>440,700</u>	<u>438,457</u>	<u>419,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	283	354
Fund balance - January 1			<u>90,072</u>	<u>89,718</u>
Fund balance - December 31			<u>\$90,355</u>	<u>\$90,072</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, 2018**

With comparative actual amounts for the year ended December 31, 2017

	2018		2017 Actual Amounts
	Budgeted Amounts		
	Original	Final	
Revenues:			
Charges for services	\$150,900	\$163,900	\$159,468
Total revenues	<u>150,900</u>	<u>163,900</u>	<u>159,468</u>
Expenditures:			
Current:			
General government:			
Supplies and other charges	<u>10,100</u>	<u>30,000</u>	<u>25,855</u>
Public safety:			
Personal services	<u>130,100</u>	<u>130,100</u>	<u>131,050</u>
Total expenditures	<u>140,200</u>	<u>160,100</u>	<u>156,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,700</u>	<u>3,800</u>	<u>2,563</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$10,700</u>	<u>\$3,800</u>	2,563
Fund balance - January 1			<u>7,108</u>
Fund balance - December 31			<u>\$9,671</u>



This page intentionally left blank

## 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, 2018**

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Totals 2018</u>
<b>Assets:</b>			
Cash and investments	\$1,370,795	\$977,725	\$2,348,520
Accounts receivable	-	-	-
Prepaid items	-	-	-
Total assets	<u>1,370,795</u>	<u>977,725</u>	<u>2,348,520</u>
<b>Deferred outflows of resources:</b>			
Pension related	<u>8,666,597</u>	<u>-</u>	<u>8,666,597</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	320	28,296	28,616
Payroll deductions payable	104,473	-	104,473
Compensated absences payable - current portion	<u>886,252</u>	<u>-</u>	<u>886,252</u>
Total current liabilities	<u>991,045</u>	<u>28,296</u>	<u>1,019,341</u>
<b>Noncurrent liabilities:</b>			
Compensated absences payable	137,672	-	137,672
Net pension liability	<u>9,875,227</u>	<u>-</u>	<u>9,875,227</u>
Total liabilities	<u>11,003,944</u>	<u>28,296</u>	<u>11,032,240</u>
<b>Deferred inflows of resources:</b>			
Pension related	<u>11,377,133</u>	<u>-</u>	<u>11,377,133</u>
<b>Net position:</b>			
Unrestricted	<u>(12,343,685)</u>	<u>949,429</u>	<u>(11,394,256)</u>
Total net position	<u><u>(\$12,343,685)</u></u>	<u><u>\$949,429</u></u>	<u><u>(\$11,394,256)</u></u>

**CITY OF FRIDLEY, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For The Year Ended December 31, 2018**

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Totals 2018</u>
Operating revenues:			
Charges for services	<u>\$1,217,405</u>	<u>\$184,176</u>	<u>\$1,401,581</u>
Operating expenses:			
Personal services	1,033,180	-	1,033,180
Supplies and other charges	<u>2,337</u>	<u>499,200</u>	<u>501,537</u>
Total operating expenses	<u>1,035,517</u>	<u>499,200</u>	<u>1,534,717</u>
Operating income (loss)	<u>181,888</u>	<u>(315,024)</u>	<u>(133,136)</u>
Nonoperating revenues:			
Investment income:			
Interest and dividends	25,386	20,142	45,528
Net change in the fair value of investments	(3,704)	(2,531)	(6,235)
Intergovernmental	79,082	-	79,082
Insurance reimbursement	-	37,585	37,585
Miscellaneous	-	-	-
Total nonoperating revenues	<u>100,764</u>	<u>55,196</u>	<u>155,960</u>
Income (loss) before transfers	282,652	(259,828)	22,824
Other financing sources:			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	282,652	(259,828)	22,824
Net position - January 1	<u>(12,626,337)</u>	<u>1,209,257</u>	<u>(11,417,080)</u>
Net position - December 31	<u><u>(\$12,343,685)</u></u>	<u><u>\$949,429</u></u>	<u><u>(\$11,394,256)</u></u>

**CITY OF FRIDLEY, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For The Year Ended December 31, 2018**

	Employee Benefits	Self Insurance	Totals 2018
Cash flows from operating activities:			
Receipts from interfund services provided	\$1,217,405	\$184,176	\$1,401,581
Payment to suppliers	(2,297)	(472,753)	(475,050)
Payment to employees	(1,274,672)	-	(1,274,672)
Net cash flows from operating activities	<u>(59,564)</u>	<u>(288,577)</u>	<u>(348,141)</u>
Cash flows from noncapital financing activities:			
Intergovernmental revenue	79,082	-	79,082
Cash flows from capital and related financing activities:			
Insurance reimbursement	-	37,585	37,585
Cash flows from investing activities:			
Investment income	21,682	17,611	39,293
Net increase (decrease) in cash and cash equivalents	41,200	(233,381)	(192,181)
Cash and cash equivalents - January 1	<u>1,329,595</u>	<u>1,211,106</u>	<u>2,540,701</u>
Cash and cash equivalents - December 31	<u>\$1,370,795</u>	<u>\$977,725</u>	<u>\$2,348,520</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$181,888	(\$315,024)	(\$133,136)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Changes in assets and liabilities:			
Decrease (increase) in deferred outflows of resources	52,403	-	52,403
Increase (decrease) in payables	(1,378,818)	26,447	(1,352,371)
Increase (decrease) in deferred inflows of resources	1,084,963	-	1,084,963
Total adjustments	<u>(241,452)</u>	<u>26,447</u>	<u>(215,005)</u>
Net cash provided by operating activities	<u>(\$59,564)</u>	<u>(\$288,577)</u>	<u>(\$348,141)</u>

**HOUSING AND REDEVELOPMENT AUTHORITY  
COMPONENT UNIT**

**CITY OF FRIDLEY, MINNESOTA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**December 31, 2018**  
**With comparative totals for December 31, 2017**

<b><u>Assets</u></b>	<u>General</u>	<u>Housing Loan</u>	<u>Gateway NorthEast</u>
Cash and investments	\$4,333,537	\$1,760,689	\$310
Receivables:			
Accounts	58,666	-	-
Taxes	7,862	-	6,603
Mortgage:			
Deferred	-	1,358,602	-
Allowance for uncollectible accounts	-	(19,045)	-
Interest	29,628	-	-
Due from other funds	8,865,766	-	-
Land held for resale	1,691,655	-	-
	<u>\$14,987,114</u>	<u>\$3,100,246</u>	<u>\$6,913</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u></b>			
Liabilities:			
Accounts payable	\$16,220	\$29,787	\$ -
Contracts payable	-	-	-
Due to primary government	502,872	-	-
Due to other governments	-	-	-
Due to other funds	-	-	3,776,746
Total liabilities	<u>519,092</u>	<u>29,787</u>	<u>3,776,746</u>
Deferred inflows of resources:			
Unavailable revenue	1,696,111	-	2,924
Total deferred inflows of resources	<u>1,696,111</u>	<u>-</u>	<u>2,924</u>
Fund balance (deficit):			
Nonspendable	-	1,339,557	-
Restricted	-	-	-
Committed	-	1,730,902	-
Unassigned	12,771,911	-	(3,772,757)
Total fund balance (deficit)	<u>12,771,911</u>	<u>3,070,459</u>	<u>(3,772,757)</u>
Total liabilities, deferred inflows of resources, and fund balance			
	<u>\$14,987,114</u>	<u>\$3,100,246</u>	<u>\$6,913</u>

BAE Northern Stacks	BAE Hazardous Sub District	Locke Point Park	Other Governmental Funds	Intra - Activity Eliminations	Totals Governmental Funds	
					2018	2017
\$213,975	\$483	\$ -	\$1,693,007	\$ -	\$8,002,001	\$8,320,018
-	-	3,163	-	-	61,829	512,019
858	2,930	-	3,490	-	21,743	10,309
-	-	-	-	-	1,358,602	1,156,350
-	-	-	-	-	(19,045)	(8,314)
-	-	-	-	-	29,628	37,706
-	-	-	-	(8,865,766)	-	-
-	-	-	116,910	-	1,808,565	1,941,876
<u>\$214,833</u>	<u>\$3,413</u>	<u>\$3,163</u>	<u>\$1,813,407</u>	<u>(\$8,865,766)</u>	<u>\$11,263,323</u>	<u>\$11,969,964</u>
\$374,625	\$ -	\$36,321	\$321,457	\$ -	\$778,410	\$686,862
-	-	43,588	-	-	43,588	-
-	-	-	-	-	502,872	1,705,449
1,437	605	930	6,868	-	9,840	9,852
-	3,018,967	1,104,695	965,358	(8,865,766)	-	-
<u>376,062</u>	<u>3,019,572</u>	<u>1,185,534</u>	<u>1,293,683</u>	<u>(8,865,766)</u>	<u>1,334,710</u>	<u>2,402,163</u>
-	2,596	-	118,761	-	1,820,392	2,403,668
-	<u>2,596</u>	-	<u>118,761</u>	-	<u>1,820,392</u>	<u>2,403,668</u>
-	-	-	-	-	1,339,557	1,148,036
-	-	-	1,328,182	-	1,328,182	1,101,510
-	-	-	-	-	1,730,902	1,888,953
(161,229)	(3,018,755)	(1,182,371)	(927,219)	-	3,709,580	3,025,634
<u>(161,229)</u>	<u>(3,018,755)</u>	<u>(1,182,371)</u>	<u>400,963</u>	<u>-</u>	<u>8,108,221</u>	<u>7,164,133</u>
<u>\$214,833</u>	<u>\$3,413</u>	<u>\$3,163</u>	<u>\$1,813,407</u>	<u>(\$8,865,766)</u>	<u>\$11,263,323</u>	<u>\$11,969,964</u>
Fund balance reported above					\$8,108,221	\$7,164,133
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds					1,011,755	2,023,511
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue					<u>1,820,392</u>	<u>2,403,668</u>
Net position of governmental activities					<u>\$10,940,368</u>	<u>\$11,591,312</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, 2018**  
**With comparative totals for the year ended December 31, 2017**

	<u>General</u>	<u>Housing Loan</u>	<u>Gateway NorthEast</u>
Revenues:			
Tax increment	\$ -	\$ -	\$231,711
Property taxes	475,725	-	-
Investment income:			
Interest and dividends	73,522	26,218	957
Net change in the fair value of investments	13,882	7,218	299
Mortgage interest earnings	249,218	43,540	-
Rental	9,600	-	-
Intergovernmental	1,319,187	-	-
Sale of real estate	1,217,015	-	-
Miscellaneous	386,541	5,587	-
Total revenues	<u>3,744,690</u>	<u>82,563</u>	<u>232,967</u>
Expenditures:			
Personal services	151,578	-	-
Supplies and other charges	293,525	49,093	16,799
Developer assistance	1,319,187	-	-
Interest expense	-	-	153,721
Capital outlay	-	-	-
Total expenditures	<u>1,764,290</u>	<u>49,093</u>	<u>170,520</u>
Net change in fund balance	1,980,400	33,470	62,447
Fund balance (deficit) - January 1	<u>10,791,511</u>	<u>3,036,989</u>	<u>(3,835,204)</u>
Fund balance (deficit) - December 31	<u>\$12,771,911</u>	<u>\$3,070,459</u>	<u>(\$3,772,757)</u>

BAE Northern Stacks	BAE Hazardous Sub District	Locke Point Park	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
					2018	2017
\$845,138	\$328,665	\$ -	\$1,138,635	\$ -	\$2,544,149	\$2,330,481
-	-	-	-	-	475,725	398,330
-	-	-	16,965	-	117,662	71,436
-	-	-	1,802	-	23,201	(1,338)
-	-	-	-	-	292,758	272,783
-	-	-	-	-	9,600	9,600
-	-	189,000	-	-	1,508,187	2,573,362
-	-	-	116,496	-	1,333,511	119,260
-	-	-	-	-	392,128	206,826
<u>845,138</u>	<u>328,665</u>	<u>189,000</u>	<u>1,273,898</u>	<u>-</u>	<u>6,696,921</u>	<u>5,980,740</u>
-	-	-	-	-	151,578	148,678
149,814	34,535	1,283,451	247,032	-	2,074,249	710,972
757,351	487,278	-	636,736	-	3,200,552	4,586,573
-	95,497	-	-	-	249,218	288,814
-	-	-	77,236	-	77,236	-
<u>907,165</u>	<u>617,310</u>	<u>1,283,451</u>	<u>961,004</u>	<u>-</u>	<u>5,752,833</u>	<u>5,735,037</u>
(62,027)	(288,645)	(1,094,451)	312,894	-	944,088	245,703
<u>(99,202)</u>	<u>(2,730,110)</u>	<u>(87,920)</u>	<u>88,069</u>	<u>-</u>	<u>7,164,133</u>	<u>6,918,430</u>
<u>(\$161,229)</u>	<u>(\$3,018,755)</u>	<u>(\$1,182,371)</u>	<u>\$400,963</u>	<u>\$ -</u>	<u>\$8,108,221</u>	<u>\$7,164,133</u>

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

Net changes in fund balances - total above	\$944,088	\$245,703
The impairment of capital assets does not use current financial resources therefore is not reported as an expenditure in the funds.	(1,011,756)	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(583,276)</u>	<u>(2,112,616)</u>
Changes in net position of governmental activities (Exhibit A-2)	<u>(\$650,944)</u>	<u>(\$1,866,913)</u>

**CITY OF FRIDLEY, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**HOUSING AND REDEVELOPMENT AUTHORITY**  
**December 31, 2018**  
**With comparative totals for December 31, 2017**

	<u>Gateway East</u>	<u>Lake Pointe</u>	<u>Gateway West</u>	<u>Housing Replacement</u>	<u>University / Osborne</u>
<b><u>Assets</u></b>					
Cash and investments	\$18,664	\$290,921	\$976	\$222,907	\$411,364
Accounts receivable	-	-	-	-	-
Taxes receivable	718	8	-	-	12
Land held for resale	-	38,250	2,610	76,050	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$19,382</u>	<u>\$329,179</u>	<u>\$3,586</u>	<u>\$298,957</u>	<u>\$411,376</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u></b>					
Liabilities:					
Accounts payable	\$ -	\$264,022	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-
Due to primary government	-	-	-	-	-
Due to other governments	1,021	496	713	662	200
Due to other funds	301,653	325,303	330,109	-	-
Total liabilities	<u>302,674</u>	<u>589,821</u>	<u>330,822</u>	<u>662</u>	<u>200</u>
Deferred inflows of resources:					
Unavailable revenue	53	38,250	2,610	76,050	-
Total deferred inflows of resources	<u>53</u>	<u>38,250</u>	<u>2,610</u>	<u>76,050</u>	<u>-</u>
Fund balance (deficit):					
Restricted	-	-	-	222,245	411,176
Unassigned	(283,345)	(298,892)	(329,846)	-	-
Total fund balance (deficit)	<u>(283,345)</u>	<u>(298,892)</u>	<u>(329,846)</u>	<u>222,245</u>	<u>411,176</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$19,382</u>	<u>\$329,179</u>	<u>\$3,586</u>	<u>\$298,957</u>	<u>\$411,376</u>

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northstar Transit Station	Northern Stacks VIII	Total Nonmajor Capital Project Funds	
					2018	2017
\$229,093	\$252,149	\$47,995	\$218,938	\$ -	\$1,693,007	\$1,434,963
-	-	-	-	-	-	-
-	1,672	188	892	-	3,490	1,034
-	-	-	-	-	116,910	208,354
<u>\$229,093</u>	<u>\$253,821</u>	<u>\$48,183</u>	<u>\$219,830</u>	<u>\$ -</u>	<u>\$1,813,407</u>	<u>\$1,644,351</u>
\$ -	\$ -	\$53,488	\$3,947	\$ -	\$321,457	\$322,539
-	-	-	-	-	-	-
-	-	-	-	-	-	34,653
811	948	406	605	1,006	6,868	7,773
-	-	-	-	8,293	965,358	1,069,865
<u>811</u>	<u>948</u>	<u>53,894</u>	<u>4,552</u>	<u>9,299</u>	<u>1,293,683</u>	<u>1,434,830</u>
-	1,672	126	-	-	118,761	209,372
-	<u>1,672</u>	<u>126</u>	<u>-</u>	<u>-</u>	<u>118,761</u>	<u>209,372</u>
228,282	251,201	-	215,278	-	1,328,182	1,101,510
-	-	(5,837)	-	(9,299)	(927,219)	(1,101,361)
<u>228,282</u>	<u>251,201</u>	<u>(5,837)</u>	<u>215,278</u>	<u>(9,299)</u>	<u>400,963</u>	<u>149</u>
<u>\$229,093</u>	<u>\$253,821</u>	<u>\$48,183</u>	<u>\$219,830</u>	<u>\$ -</u>	<u>\$1,813,407</u>	<u>\$1,644,351</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, 2018**  
**With comparative totals for the year ended December 31, 2017**

	<u>Gateway East</u>	<u>Lake Pointe</u>	<u>Gateway West</u>	<u>Housing Replacement</u>	<u>University / Osborne</u>
Revenues:					
Tax increment	\$36,998	\$588,852	\$31,073	\$44,605	\$52,638
Property taxes	-	-	-	-	-
Investment income:					
Interest and dividends	319	642	126	2,761	5,044
Net change in the fair value of investments	45	(11)	130	579	883
Intergovernmental	-	-	-	-	-
Sale of real estate	-	-	-	116,496	-
Total revenues	<u>37,362</u>	<u>589,483</u>	<u>31,329</u>	<u>164,441</u>	<u>58,565</u>
Expenditures:					
Supplies and other charges	1,153	31,953	1,200	78,444	5,634
Developer assistance	-	528,053	-	-	-
Capital outlay	-	-	-	77,236	-
Total expenditures	<u>1,153</u>	<u>560,006</u>	<u>1,200</u>	<u>155,680</u>	<u>5,634</u>
Net change in fund balance	36,209	29,477	30,129	8,761	52,931
Fund balance (deficit) - January 1	<u>(319,554)</u>	<u>(328,369)</u>	<u>(359,975)</u>	<u>213,484</u>	<u>358,245</u>
Fund balance (deficit) - December 31	<u><u>(\$283,345)</u></u>	<u><u>(\$298,892)</u></u>	<u><u>(\$329,846)</u></u>	<u><u>\$222,245</u></u>	<u><u>\$411,176</u></u>

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northstar Transit Station	Northern Stacks VIII	Totals Nonmajor Capital Project Funds	
					2018	2017
\$42,257	\$42,905	\$121,245	\$178,062	\$ -	\$1,138,635	\$1,136,886
-	-	-	-	-	-	-
2,734	3,049	41	2,249	-	16,965	8,983
329	426	27	(606)	-	1,802	(1,933)
-	-	-	-	-	-	-
-	-	-	-	-	116,496	1,000
<u>45,320</u>	<u>46,380</u>	<u>121,313</u>	<u>179,705</u>	<u>-</u>	<u>1,273,898</u>	<u>1,144,936</u>
5,174	5,377	12,924	95,874	9,299	247,032	197,640
-	-	108,683	-	-	636,736	639,279
-	-	-	-	-	77,236	-
<u>5,174</u>	<u>5,377</u>	<u>121,607</u>	<u>95,874</u>	<u>9,299</u>	<u>961,004</u>	<u>836,919</u>
40,146	41,003	(294)	83,831	(9,299)	312,894	308,017
<u>188,136</u>	<u>210,198</u>	<u>(5,543)</u>	<u>131,447</u>	<u>-</u>	<u>88,069</u>	<u>(307,868)</u>
<u>\$228,282</u>	<u>\$251,201</u>	<u>(\$5,837)</u>	<u>\$215,278</u>	<u>(\$9,299)</u>	<u>\$400,963</u>	<u>\$149</u>

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

Prior year ending fund balance reported above	\$149
Subtract prior year ending fund balance for funds reported as minor in prior year and major in current year:	
Locke Point Park	<u>87,920</u>
Current year beginning fund balance	<u>\$88,069</u>



This page intentionally left blank

## 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, 2018**  
**With comparative totals for December 31, 2017**

	Hotel/Motel Tax	Senior Citizens Organizations	Totals Agency Funds	
			2018	2017
<b>Assets:</b>				
Cash and investments	\$ -	\$ -	\$ -	\$15,629
Receivables:				
Accounts	5,977	-	5,977	7,242
Total assets	<u>\$5,977</u>	<u>\$ -</u>	<u>\$5,977</u>	<u>\$22,871</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$8,163
Due to other governments	5,977	-	5,977	14,708
Total liabilities	<u>\$5,977</u>	<u>\$ -</u>	<u>\$5,977</u>	<u>\$22,871</u>

**CITY OF FRIDLEY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**For The Year Ended December 31, 2018**

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<u>Hotel/Motel Tax</u>				
Assets:				
Cash and investments	\$7,466	\$121,023	\$128,489	\$ -
Receivables:				
Accounts	7,242	-	1,265	5,977
Total assets	<u>\$14,708</u>	<u>\$121,023</u>	<u>\$129,754</u>	<u>\$5,977</u>
Liabilities:				
Due to other governments	<u>\$14,708</u>	<u>\$121,023</u>	<u>\$129,754</u>	<u>\$5,977</u>
<u>Senior Citizens Organizations</u>				
Assets:				
Cash and investments	<u>\$8,163</u>	<u>\$ -</u>	<u>\$8,163</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	<u>\$8,163</u>	<u>\$ -</u>	<u>\$8,163</u>	<u>\$ -</u>



This page intentionally left blank

### **III. STATISTICAL SECTION (UNAUDITED)**



This page intentionally left blank

## 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>154</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	<b>164</b>
<b>Debt Capacity</b> 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.	<b>170</b>
<b>Demographic and Economic Information</b> 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.	<b>176</b>
<b>Operating Information</b> 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.	<b>180</b>

**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>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:			
Net investment in capital assets	\$16,141,958	\$15,546,219	\$14,554,639
Restricted	2,790,220	3,401,776	3,392,382
Unrestricted	<u>20,276,252</u>	<u>21,293,470</u>	<u>23,020,467</u>
Total governmental activities net position	<u>\$39,208,430</u>	<u>\$40,241,465</u>	<u>\$40,967,488</u>
Business-type activities:			
Net investment in capital assets	\$15,036,932	\$15,105,503	\$14,342,934
Restricted	-	-	-
Unrestricted	<u>8,308,078</u>	<u>7,647,848</u>	<u>7,387,634</u>
Total business-type activities net position	<u>\$23,345,010</u>	<u>\$22,753,351</u>	<u>\$21,730,568</u>
Primary government:			
Net investment in capital assets	\$31,178,890	\$30,651,722	\$28,897,573
Restricted	2,790,220	3,401,776	3,392,382
Unrestricted	<u>28,584,330</u>	<u>28,941,318</u>	<u>30,408,101</u>
Total primary government net position	<u>\$62,553,440</u>	<u>\$62,994,816</u>	<u>\$62,698,056</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

2012	2013	2014	2015	2016	2017	2018
\$14,139,656	\$13,842,497	\$14,186,359	\$16,811,842	\$23,932,586	\$31,006,344	\$30,070,173
3,294,952	3,050,204	2,673,982	2,233,179	2,204,983	2,739,575	2,977,454
24,238,798	24,551,730	25,321,659	16,052,833	13,175,954	8,889,557	11,049,555
<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>	<u>\$44,097,182</u>
\$13,560,980	\$12,910,117	\$13,053,816	\$14,234,711	\$13,913,434	\$13,897,925	\$15,068,876
-	-	-	-	-	-	-
8,235,948	8,417,085	8,727,382	8,058,181	9,567,290	11,077,566	12,674,876
<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>	<u>\$27,743,752</u>
\$27,700,636	\$26,752,614	\$27,240,175	\$31,046,553	\$37,846,020	\$44,904,269	\$45,139,049
3,294,952	3,050,204	2,673,982	2,233,179	2,204,983	2,739,575	2,977,454
32,474,746	32,968,815	34,049,041	24,111,014	22,743,244	19,967,123	23,724,431
<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>	<u>\$71,840,934</u>

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

	2009	2010	2011
<b>Expenses</b>			
<b>Governmental activities:</b>			
General government	\$3,324,698	\$3,272,470	\$3,321,402
Public safety	6,847,571	6,756,698	6,720,641
Public works	5,065,178	5,916,776	5,023,080
Community development	1,036,549	966,909	973,198
Parks and recreation	1,605,306	1,521,106	1,387,133
Interest on long-term debt	342,555	268,892	263,075
Total governmental activities expenses	<u>18,221,857</u>	<u>18,702,851</u>	<u>17,688,529</u>
<b>Business-type activities:</b>			
Liquor	4,654,811	4,542,180	4,568,282
Water	2,423,129	2,438,399	2,688,846
Sanitary sewer	4,350,576	4,617,991	4,750,467
Storm water	399,349	421,630	785,861
Total business-type activities expenses	<u>11,827,865</u>	<u>12,020,200</u>	<u>12,793,456</u>
Total primary government expenses	<u>\$30,049,722</u>	<u>\$30,723,051</u>	<u>\$30,481,985</u>
<b>Program revenues</b>			
<b>Governmental activities:</b>			
Charges for services:			
General government	\$1,733,160	\$1,755,123	\$1,886,783
Public safety	690,115	717,003	796,308
Public works	23,034	66,938	378,142
Community development	523,508	501,897	570,685
Parks and recreation	347,044	364,093	325,682
Operating grants and contributions	930,765	939,123	1,148,315
Capital grants and contributions	1,476,989	1,952,934	1,374,651
Total governmental activities program revenues	<u>5,724,615</u>	<u>6,297,111</u>	<u>6,480,566</u>
<b>Business-type activities:</b>			
Charges for services:			
Liquor	4,973,000	4,855,880	4,893,436
Water	2,419,400	2,390,836	2,418,226
Sanitary sewer	3,784,000	4,052,800	4,245,654
Storm water	457,862	421,815	457,083
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	-
Total business-type activities program revenues	<u>11,634,262</u>	<u>11,721,331</u>	<u>12,014,399</u>
Total primary government program revenues	<u>\$17,358,877</u>	<u>\$18,018,442</u>	<u>\$18,494,965</u>

**Table 2**  
**Page 1 of 2**

2012	2013	2014	2015	2016	2017	2018
\$3,155,983	\$3,434,479	\$4,092,123	\$4,156,904	\$4,398,370	\$4,298,149	\$3,697,097
6,999,554	7,101,331	7,570,322	8,048,655	10,313,163	9,129,111	9,274,465
5,420,271	5,928,331	5,959,595	5,127,667	4,975,340	5,112,090	4,699,946
880,414	935,716	898,455	1,107,348	1,126,835	981,433	946,173
1,355,571	1,456,841	1,513,135	1,353,320	1,440,232	1,720,811	1,835,082
232,318	218,610	179,420	144,064	97,684	2,292,957	1,685,039
<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>	<u>22,137,802</u>
4,354,909	4,148,447	4,596,316	4,914,786	5,043,703	5,110,714	5,544,091
2,647,176	2,815,588	2,902,419	3,101,356	3,076,493	3,531,649	3,047,417
4,653,434	4,974,525	4,988,587	5,040,861	5,068,146	5,340,062	5,347,742
602,923	587,036	597,915	785,626	1,030,467	1,085,780	1,071,446
<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>15,010,696</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>	<u>\$37,148,498</u>
\$1,979,737	\$2,025,108	\$2,079,719	\$1,905,021	\$2,031,207	\$2,021,012	\$2,244,912
862,584	864,435	683,418	619,630	742,523	798,510	840,976
28,144	99,289	27,312	53,589	32,522	34,681	53,360
554,129	582,280	798,392	1,194,534	1,108,177	895,125	1,206,364
369,899	326,067	327,508	336,847	333,766	352,245	319,998
1,030,887	1,095,724	1,837,860	1,139,385	1,077,559	1,847,380	1,185,939
1,564,146	1,747,303	1,220,903	2,370,009	6,296,532	5,333,480	520,201
<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>	<u>6,371,750</u>
4,705,523	4,308,791	4,786,987	5,256,840	5,439,423	5,520,161	6,029,627
2,773,101	2,788,146	2,913,717	2,907,123	3,330,350	3,486,965	3,912,727
4,549,254	4,572,798	4,754,492	4,809,679	5,298,995	5,640,419	6,095,556
571,707	613,818	732,961	1,225,153	1,324,460	1,378,095	1,433,935
-	50,000	-	-	67,551	61,476	-
-	-	440,627	421,990	186,791	713,655	499,800
<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>17,971,645</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>	<u>\$24,343,395</u>

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

	2009	2010	2011
<b>Net (expense) revenue:</b>			
Governmental activities	(\$12,497,242)	(\$12,405,740)	(\$11,207,963)
Business-type activities	(193,603)	(298,869)	(779,057)
Total primary government net (expense) revenue	<u>(\$12,690,845)</u>	<u>(\$12,704,609)</u>	<u>(\$11,987,020)</u>
<b>General revenues and other changes in net position</b>			
<b>Governmental activities:</b>			
General property taxes	\$9,175,888	\$10,141,119	\$10,126,395
Grants not restricted to programs	3,390,633	2,718,979	1,095,470
Investment earnings	96,817	208,565	347,184
Gain (loss) on sale of property	12,982	20,112	14,937
Other	-	-	-
Transfers	500,000	350,000	350,000
Total governmental activities	<u>13,176,320</u>	<u>13,438,775</u>	<u>11,933,986</u>
<b>Business-type activities:</b>			
Grants not restricted to programs	-	-	-
Investment earnings	25,908	57,098	106,274
Gain (loss) on sale of property	(237,923)	112	-
Other	-	-	-
Transfers	(500,000)	(350,000)	(350,000)
Total business-type activities	<u>(712,015)</u>	<u>(292,790)</u>	<u>(243,726)</u>
Total primary government	<u>\$12,464,305</u>	<u>\$13,145,985</u>	<u>\$11,690,260</u>
<b>Change in net position:</b>			
Governmental activities	\$679,078	\$1,033,035	\$726,023
Business-type activities	(905,618)	(591,659)	(1,022,783)
Total primary government	<u>(\$226,540)</u>	<u>\$441,376</u>	<u>(\$296,760)</u>

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

2012	2013	2014	2015	2016	2017	2018
(\$11,654,585)	(\$12,335,102)	(\$13,237,938)	(\$12,318,943)	(\$10,729,338)	(\$12,252,118)	(\$15,766,052)
341,143	(192,043)	543,547	778,156	1,428,761	1,732,566	2,960,949
<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>	<u>(\$12,805,103)</u>
\$10,654,542	\$11,003,455	\$11,521,196	\$11,795,707	\$12,222,937	\$13,884,775	\$14,839,034
1,030,123	1,033,814	1,476,664	1,325,388	1,763,614	657,546	1,613,020
269,240	(216,821)	634,411	157,281	254,379	413,165	651,609
56,598	35,680	-	67,581	11,005	-	(335,183)
-	-	93,236	418,640	354,572	280,085	120,778
350,000	250,000	250,000	338,600	338,500	338,500	338,500
<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>	<u>17,227,758</u>
-	-	-	2,413	-	-	8,957
65,537	(52,346)	148,248	42,722	95,713	68,805	142,716
9,680	-	-	10,672	-	16,000	(7,046)
-	24,663	12,201	16,331	1,858	15,896	1,185
<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>(338,500)</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>(192,688)</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>	<u>\$17,035,070</u>
\$705,918	(\$228,974)	\$737,569	\$1,784,254	\$4,215,669	\$3,321,953	\$1,461,706
66,360	(469,726)	453,996	511,694	1,187,832	1,494,767	2,768,261
<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>	<u>\$4,229,967</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:				
Reserved	\$58,928	\$59,755	\$ -	\$ -
Unreserved:				
General fund	4,600,988	5,725,464	-	-
Designated for employee benefits	-	-	-	-
Designated for contingencies	-	-	-	-
Undesignated	-	-	-	-
Nonspendable	-	-	65,271	66,152
Restricted	-	-	-	20,810
Unassigned	-	-	6,708,284	7,582,360
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	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Debt service	1,734,624	2,066,732	-	-
Unreserved, reported in:				
Special revenue funds	1,329,647	1,407,400	-	-
Capital projects funds	5,056,148	5,796,931	-	-
Debt service	5,801,686	5,983,425	-	-
Restricted	-	-	2,529,873	3,093,302
Committed	-	-	2,209,067	2,328,583
Assigned	-	-	11,108,003	11,783,596
Unassigned	-	-	(98,164)	(97,712)
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*.

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
50,366	60,123	66,265	51,305	55,777	77,801
40,012	15,176	19,376	35,903	14,466	20,335
7,997,036	8,242,331	8,858,309	9,084,228	9,522,843	11,045,978
<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>\$11,144,114</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,233,664	2,071,259	1,808,572	1,903,290	34,821,855	5,009,553
2,124,944	2,566,101	2,709,638	2,549,903	2,658,339	6,765,928
11,618,835	11,949,555	11,272,588	10,573,287	8,510,134	4,567,369
(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>\$16,342,850</u>

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

	2009	2010	2011
<b>Revenues:</b>			
General property taxes	\$9,072,267	\$10,178,369	\$10,113,120
Special assessments	665,038	622,100	672,929
Licenses and permits	965,363	973,985	1,085,100
Intergovernmental	3,140,553	3,310,631	2,853,171
Charges for services	2,021,708	2,080,349	2,206,764
Fines and forfeits	255,014	240,880	258,372
Earnings on investments	74,840	176,257	297,290
Interest on loan	6,939	-	-
Other	2,043,252	1,992,971	325,284
Total revenues	<u>18,244,974</u>	<u>19,575,542</u>	<u>17,812,030</u>
<b>Expenditures:</b>			
Current:			
General government	3,086,441	3,010,835	3,165,111
Public safety	6,446,714	6,329,354	6,284,658
Public works	3,376,641	3,111,918	3,061,100
Community development	895,057	967,487	979,042
Parks and recreation	1,301,140	1,292,783	1,195,410
Debt service:			
Principal	2,215,000	2,445,000	800,000
Interest	366,500	287,961	271,969
Bond issuance costs	1,801	45,094	2,799
Capital outlay	2,144,649	1,812,087	964,410
Total expenditures	<u>19,833,943</u>	<u>19,302,519</u>	<u>16,724,499</u>
Revenues over (under) expenditures	<u>(1,588,969)</u>	<u>273,023</u>	<u>1,087,531</u>
<b>Other financing sources (uses):</b>			
Refunding bond issues	-	-	-
Bonds issued	-	1,765,000	-
Premium/(discount) on bonds issue	-	53,163	-
Proceeds from sale of capital assets	36,845	16,500	15,096
Insurance and other reimbursements	-	-	-
Transfers in	2,500,421	1,235,467	380,000
Transfers out	(2,000,421)	(885,467)	-
Total other financing sources (uses)	<u>536,845</u>	<u>2,184,663</u>	<u>395,096</u>
Net change in fund balance	<u>(\$1,052,124)</u>	<u>\$2,457,686</u>	<u>\$1,482,627</u>
Debt service as a percentage of noncapital expenditures	14.6%	15.9%	6.8%
Debt service as percentage of total expenditures	13.0%	14.4%	6.4%

Table 4

2012	2013	2014	2015	2016	2017	2018
\$10,732,129	\$11,024,785	\$11,554,557	\$11,805,580	\$12,244,211	\$13,878,204	\$14,857,454
763,920	834,120	938,290	542,248	865,722	621,621	501,045
1,104,504	1,123,635	1,171,365	1,549,785	1,442,895	1,272,753	1,538,758
2,649,207	2,643,728	3,208,442	4,375,972	7,330,338	4,227,709	3,035,084
2,353,888	2,545,908	2,518,062	2,374,896	2,592,665	2,560,831	2,863,220
255,622	218,194	226,922	184,940	212,635	267,989	263,632
236,226	(185,473)	565,245	157,281	254,379	413,165	651,609
-	-	-	-	-	-	-
322,354	295,409	314,416	429,713	887,678	766,059	374,415
<u>18,417,850</u>	<u>18,500,306</u>	<u>20,497,299</u>	<u>21,420,415</u>	<u>25,830,523</u>	<u>24,008,331</u>	<u>24,085,217</u>
3,503,326	3,279,657	3,732,056	3,777,688	3,924,877	3,953,025	3,659,534
6,422,646	6,794,524	7,165,678	7,319,564	7,537,051	8,001,032	8,317,478
3,047,300	3,530,939	4,635,752	3,575,252	2,824,319	3,468,102	3,316,912
772,070	817,895	894,785	1,081,549	942,768	934,074	909,481
1,252,089	1,305,158	1,422,405	1,288,684	1,341,444	1,417,611	1,557,052
940,000	980,000	1,150,000	1,190,000	1,230,000	1,730,000	1,390,000
232,318	227,326	190,890	152,894	112,421	931,527	1,761,843
47,016	-	3,150	7,462	2,700	715,461	2,800
1,639,773	2,536,286	1,290,008	3,645,425	8,618,369	22,577,062	31,660,699
<u>17,856,538</u>	<u>19,471,785</u>	<u>20,484,724</u>	<u>22,038,518</u>	<u>26,533,949</u>	<u>43,727,894</u>	<u>52,575,799</u>
561,312	(971,479)	12,575	(618,103)	(703,426)	(19,719,563)	(28,490,582)
-	-	-	-	-	-	-
1,280,000	-	-	-	-	49,130,000	-
-	-	-	-	-	1,584,898	-
63,445	35,679	36,836	93,670	43,673	69,784	65,085
-	-	-	-	-	-	-
350,000	250,000	8,253,616	1,065,410	2,047,849	1,361,189	7,795,728
-	(125,000)	(7,462,485)	(726,810)	(1,909,349)	(1,022,689)	(7,457,228)
<u>1,693,445</u>	<u>160,679</u>	<u>827,967</u>	<u>432,270</u>	<u>182,173</u>	<u>51,123,182</u>	<u>403,585</u>
<u>\$2,254,757</u>	<u>(\$810,800)</u>	<u>\$840,542</u>	<u>(\$185,833)</u>	<u>(\$521,253)</u>	<u>\$31,403,619</u>	<u>(\$28,086,997)</u>
7.2%	6.8%	7.0%	7.3%	7.5%	13.0%	15.1%
6.8%	6.2%	6.6%	6.1%	5.1%	6.1%	6.0%

**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
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 <sup>1</sup>	10,246,614	14,710,926	40,330	4,271,859
2013 <sup>1</sup>	8,713,053	13,207,351	45,306	4,286,829
2014 <sup>1</sup>	7,885,298	12,520,981	44,648	4,362,496
2015 <sup>1</sup>	9,538,484	12,771,829	49,868	4,737,031
2016 <sup>1</sup>	9,488,686	13,688,867	58,699	4,958,693
2017 <sup>1</sup>	10,488,279	15,061,056	59,759	5,564,751
2018 <sup>1</sup>	11,639,971	15,097,292	62,282	5,961,619

Source: Continuing Disclosure Document

<sup>1</sup> 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.

<sup>2</sup> 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 <sup>2</sup>	Tax Capacity as a Percent of EMV
\$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%
32,761,164	2,918,699	5,571,692	30,108,171	47.907%	2,557,662,900	108.81%

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

<b><u>Fiscal Year</u></b>	<b><u>City</u></b>	<b><u>School District No. 11</u></b>	<b><u>School District No. 13</u></b>	<b><u>School District No. 14</u></b>
2009	28.640%	18.263%	23.411%	31.172%
2010	32.258%	19.939%	24.398%	38.795%
2011	40.420%	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%
2018	47.907%	18.392%	27.900%	51.006%

Source: Anoka County Property Records and Taxation Department

Notes:

<sup>(1)</sup>Coon Creek Watershed District is included with School District No. 11.

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

**Table 6**

School District No. 16 <sup>(1)</sup>	County	Special Districts with Coon Creek	Special Districts with Rice Creek	Total Tax Capacity Rates By School Districts			
				School District No. 11 <sup>(1)</sup>	School District No. 13 <sup>(2)</sup>	School District No. 14 <sup>(2)</sup>	School District No. 16 <sup>(2)</sup>
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%	9.448%	N/A	128.022%	129.850%	152.513%	146.841%
44.562%	43.239%	9.559%	10.296%	129.640%	126.936%	151.664%	146.674%
40.045%	38.123%	8.591%	9.079%	112.704%	123.272%	139.132%	130.755%
39.609%	38.894%	9.688%	9.622%	114.427%	122.918%	147.728%	133.085%
40.229%	36.841%	6.758%	7.200%	110.407%	119.892%	141.667%	132.488%
39.617%	37.792%	6.892%	7.282%	110.983%	120.881%	143.987%	132.598%

Table 7

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

Taxpayer	2018			2009		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Medtronic, Inc.	\$1,717,772		5.24%	\$1,885,052	1	5.24%
BNSF Railraod	728,777		2.22%	28,478	-	0.08%
Onan Corp (Cummins Power)	678,466		2.07%	376,856	5	1.05%
Target Corporation	538,908		1.64%	1,003,794	2	2.79%
Springbrook Apartments	478,699		1.46%	266,460	9	0.74%
Fridley Medical Clinic	463,116		1.41%			
Shamrock Investments	359,586		1.10%	596,500	3	1.66%
Wal-Mart/Sam's Club	357,644		1.09%	388,992	4	1.08%
Industrial Equities Group	345,572		1.05%			
GPT Fridley / BAE	335,244		1.02%	343,908	6	0.96%
Georgetown Apartments				274,624	8	0.76%
River Pointe Apartments				209,704	10	0.58%
Lifetime Fitness				307,608	7	0.85%
Total	<u>\$6,003,784</u>		<u>18.30%</u>	<u>\$5,681,976</u>		<u>15.79%</u>
Total All Property	<u><u>\$32,761,164</u></u>			<u><u>\$36,000,476</u></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 <sup>1</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$9,110,847	\$8,856,384	97.21%	\$254,463	\$9,110,847	100.00%
2010	9,707,075	9,503,509	97.90%	203,566	9,707,075	100.00%
2011	10,014,071	9,897,610	98.84%	113,155	10,010,765	99.97%
2012	10,703,739	10,699,025	99.96%	984	10,700,009	99.97%
2013	11,252,481	11,247,943	99.96%	(139)	11,247,804	99.96%
2014	11,511,288	11,372,812	98.80%	134,712	11,507,524	99.97%
2015	11,734,607	11,657,855	99.35%	69,000	11,726,856	99.93%
2016	12,200,835	12,172,555	99.77%	14,520	12,187,075	99.89%
2017	14,122,251	13,990,154	99.06%	107,880	14,098,034	99.83%
2018	14,807,913	14,804,501	99.98%	N/A	14,804,501	99.98%

<sup>1</sup>Includes repayment of property taxes abatements

Source: City Finance Department

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

Fiscal Year	Governmental Activities			Total	Business Type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	Improvement Bonds <sup>2</sup>	Tax Increment Bonds <sup>2</sup>	Equipment Certificates <sup>2</sup>		Revenue Bonds <sup>2</sup>			
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	10,811,935	13,921,935	1.67%	109
2017	51,111,785	-	925,000	52,036,785	8,200,461	60,237,246	7.05%	1,815
2018	49,863,389	-	720,000	50,583,389	7,273,987	57,857,376	6.74%	1,762

<sup>1</sup>Demographic information can be found on Table 13

<sup>2</sup> 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, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Independent School District No. 11	\$203,355,000	1.60%	\$3,253,680
Independent School District No. 13	10,625,000	31.46%	3,342,625
Independent School District No. 14	56,575,000	100.00%	56,575,000
Independent School District No. 16	128,900,000	36.80%	47,435,200
Metro Council	1,549,087,966	1.19%	18,434,147
Anoka County	92,260,000	18.04%	16,643,704
Vocational/Technical District No. 916	78,970,000	2.21%	<u>1,745,237</u>
Subtotal - overlapping debt			147,429,593
City of Fridley - Direct debt	49,120,000	100.00%	<u>49,120,000</u>
Total direct and overlapping debt			<u><u>\$196,549,593</u></u>

Sources: Continuing Disclosure Document

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



This page intentionally left blank

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

Market Value	\$2,557,662,900	
Debt Limit 3% of Market Value		\$76,729,887
Amount of Debt Applicable to Debt Limit:		
Total Debt	56,250,000	
Deductions:		
Improvement Bonds	\$330,000	
Revenue Bonds	7,130,000	7,460,000
Total Amount of Debt Applicable to Debt Limit		48,790,000
Legal Debt Margin		\$27,939,887

**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
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%
2018	76,729,887	48,790,000	27,939,887	63.59%

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

Fiscal Year	Improvement Bonds				Equipment Certificates			
	Special Assessment Collections	Debt Service		Coverage	Property Tax Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
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	0.17	231,310	200,000	23,080	1.04
2016	166,895	1,030,000	92,090	0.15	234,359	200,000	20,330	1.06
2017	105,827	1,525,000	914,322	0.04	225,962	205,000	17,205	1.02
2018	52,979	1,185,000	1,747,988	0.02	232,848	205,000	13,855	1.06

Table 12

Utility Service Revenues	Less Operating Expenses	Utility Revenue Bonds				Tax Increment Bonds			
		Net Available Revenue	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
			Principal	Interest			Principal	Interest	
\$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	-	-	-	-
11,442,218	9,307,210	2,135,008	915,000	180,688	1.95	-	-	-	-

**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>
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
2018	28,703	3.1%	858,765,057	29,919

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

Table 14

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Medtronic, Inc.	3,464	1	15.38%	2,500	1	10.58%
Cummins Power (Onan)	1,210	2	5.37%	1,727	3	7.31%
Unity Medical Center	1,138	3	5.05%	1,400	4	5.92%
Target	696	4	3.09%	600	5	2.54%
BAE Systems	600	5	2.66%	1,800	2	7.62%
ISD #14 (Fridley Schools)	578	6	2.57%			
Minco Products	515	7	2.29%	500	6	2.12%
Park Construction	317	8	1.41%			
Wal-Mart	312	9	1.39%	262	10	1.11%
Taylor Communications	300	10	1.33%			
Kurt Manufacturing				350	7	1.48%
Park Construction				300	8	1.27%
Parsons Electric				300	9	1.27%
Total	<u>9,130</u>		<u>40.53%</u>	<u>9,739</u>		<u>41.21%</u>
Total City Employment	<u><u>22,527</u></u>			<u><u>23,635</u></u>		

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

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

Function/Program	<b>Full-Time Equivalent Employees as of December 31,</b>			
	2009	2010	2011	2012
General government:				
City administration	3.0	3.0	3.0	3.0
Finance	19.0	19.0	19.0	20.0
Human resource	2.0	2.0	2.0	2.0
Community development	7.0	7.0	7.0	7.0
Customer Relations	-	-	-	-
Public safety:				
Police department	45.0	42.0	43.0	44.0
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	3.0	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	5.0
Sewer	5.0	5.0	5.0	5.0
Parks	7.0	7.0	7.0	7.0
Storm Water	-	-	-	-
Parks and recreation:				
Parks and recreation	8.0	8.0	8.0	8.0
<b>Total</b>	<b>127.0</b>	<b>124.0</b>	<b>124.0</b>	<b>126.0</b>

Source: City Finance Department

<sup>1</sup>Prior 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

<b>Full-Time Equivalent Employees as of December 31,</b>					
<u>2013<sup>1</sup></u>	<u>2014<sup>1</sup></u>	<u>2015<sup>1</sup></u>	<u>2016<sup>1</sup></u>	<u>2017<sup>1</sup></u>	<u>2018<sup>1</sup></u>
4.0	4.7	4.7	5.0	5.0	5.0
18.0	16.0	16.0	16.0	15.5	16.1
2.0	2.0	2.0	2.0	2.0	2.8
8.2	9.8	9.6	9.6	10.2	10.0
-	-	-	-	-	0.7
50.6	51.6	52.6	52.4	52.4	52.1
7.8	7.6	7.0	7.0	7.0	7.0
1.2	0.6	1.5	1.5	1.8	1.8
5.0	5.0	1.8	1.8	2.1	2.1
4.5	4.0	3.8	3.8	3.8	3.8
9.0	8.5	8.5	8.5	8.8	8.8
7.0	7.0	7.8	7.8	7.9	7.9
5.0	5.0	3.7	3.7	3.7	3.7
7.0	6.5	5.8	5.8	5.8	5.8
-	-	5.1	5.1	5.1	5.0
<u>8.0</u>	<u>9.6</u>	<u>9.0</u>	<u>9.0</u>	<u>9.8</u>	<u>10.2</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>140.8</u></u>	<u><u>142.8</u></u>

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
<b>Police:</b>				
Physical arrests	1,305	1,318	1,145	1,133
Parking violations	382	778	665	283
Traffic violations	2,934	2,929	2,860	2,590
<b>Fire:</b>				
Emergency responses	2,864	2,772	2,923	2,906
Fires occurred	141	116	114	121
Commercial inspections	1,021	868	890	1,016
<b>Community development:</b>				
Rental inspections	888	597	783	1,117
<b>Refuse collection:</b>				
Recyclables collected (tons per day)	6.47	5.89	5.70	5.81
Recyclables collected (pounds per person)	N/A	N/A	N/A	N/A
<b>Building inspection:</b>				
Permits issued:				
Residential	1,599	1,905	2,232	1,606
Commercial	386	434	446	386
Total permit valuation	\$45,564,657	\$30,441,199	\$39,902,641	\$35,763,059
<b>Other public works:</b>				
Street resurfacing (miles)	4.9	4.9	2.2	3.1
<b>Recreation</b>				
Total participation hours	N/A	N/A	N/A	302,500
Total senior program participation hours	N/A	N/A	N/A	68,700
Springbrook Nature Ctr program participants	20,937	23,987	24,231	24,266
<b>Water:</b>				
Connections	8,231	8,226	8,222	8,227
Storage capacity (gallons)	6,500,000	6,500,000	6,500,000	6,500,000
Average daily demand (gallons)	3,458,482	3,014,425	3,730,000	3,993,285
Peak daily demand (gallons)	19,350,892	8,119,207	6,622,000	8,661,000
<b>Sewer:</b>				
Connections	8,238	8,237	8,232	8,236

Sources: Various City departments.

Table 16

Fiscal Year						
2013	2014	2015	2016	2017	2018	
1,344	1,256	1,386	752	979	1,043	
562	373	278	922	553	612	
2,826	3,245	2,592	2,601	2,250	2,622	
3,003	3,089	3,047	3,268	3,439	2,415	
119	110	103	127	126	126	
1,110	1,505	1,663	789	867	829	
1,145	1,428	1,881	1,559	1,434	1,410	
6.21	6.22	6.33	5.99	6.62	6.20	
164.67	164.59	165.96	156.54	169.25	158.29	
2,191	1,974	4,642	2,227	1,804	2,007	
440	492	642	599	612	514	
\$40,697,477	\$47,109,811	\$60,598,103	\$73,636,057	\$103,663,306	\$91,601,072	
3.8	3.3	2.9	2.2	1.9	0.2	
305,975	310,000	311,500	315,000	300,000	321,927	
69,818	70,000	62,218	65,500	65,500	21,615	
23,419	23,860	20,404	15,609	16,339	16,872	
8,230	8,243	8,245	8,374	8,259	8,261	
6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	
4,227,975	2,517,808	2,968,901	3,560,000	3,390,000	3,233,000	
9,009,000	7,439,000	6,803,000	6,392,000	6,379,000	5,900,000	
8,239	8,252	8,254	88,271	8,235	8,239	

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Squad cars	12	12	12	12	12	15	13	13	12	15
Fire stations	3	3	3	3	3	3	3	3	3	3
<b>Other public works:</b>										
Streets (miles)	125.3	125.3	125.3	125.3	125.3	125.3	125.5	125.5	125.5	125.8
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
<b>Parks and recreation:</b>										
Acreage	682	682	682	682	682	682	682	682	682	665
Playgrounds	29	29	29	29	29	29	29	29	29	28
Baseball/softball diamonds	22	22	22	22	22	22	22	22	21	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	-
<b>Water:</b>										
Water mains (miles)	113.0	113.0	113.0	113.0	113.0	113.0	113.2	113.2	113.2	116.0
Fire hydrants	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,050
Storage capacity (million gallons)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
<b>Wastewater:</b>										
Sanitary sewers (miles)	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	106.0
Storm sewers (miles)	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.2	52.2	54.5

Sources: Various City departments.