2025

Popular Annual Financial Report

City of Fridley, Minnesota

Purpose of the PAFR

The Popular Annual Financial Report (PAFR) is intended to increase knowledge of the City of Fridley's (City) financial condition through a readily accessible and easily understandable report. The financial information presented in the PAFR is derived from the City's Annual Comprehensive Financial Report (Annual Report) and is presented here in summarized form. The Annual Report extensively outlines the City's financial position and operating activities for fiscal year 2025. The Annual Report includes financial statements that are prepared in conformance with generally accepted accounting principles (GAAP) and audited by Redpath and Company.

The financial information in this report focuses mainly on the City's governmental activities. Governmental activities are those primarily supported by property tax dollars for services such as public safety, parks and roads, as wells as capital expenditures and debt service obligations. They include the General Fund, used to support core city services, Special Revenue Funds, those which funds are earmarked for specific purposes, Capital Project Funds, used to support capital projects and expenditures and Debt Service Funds, used to support debt service obligations.

A Message from the City Finance Director

Dear Fridley Community,
I am pleased to present the 2025 City of Fridley PAFR. This report contains valuable summarized financial information and showcases various City programs and projects. Through more user-friendly financial reporting, the PAFR exemplifies Fridley's commitment to you to maintain transparent communication and preserve public confidence.

Joe Starks, Finance Director

Financially, it was a good year for the City. The General Fund balance increased by approximately $725,000. Revenues exceeded budget largely to due investment earnings being over budget, and expenditures were under budget due to the timing of filling vacated positions.

The City's policy is to maintain a General Fund balance in the range of 35-50% of the following year's budgeted expenditures to maintain cash flow needs throughout the year. The unassigned General Fund ending balance was approximately 51% of the 2026 budgeted expenditures, which compares to 50% the previous year. This indicates a very solid financial standing heading into the new year.

Fridley | *At a Glance*

The City of Fridley is committed to helping businesses start, expand and thrive. With **excellent infrastructure**, a **supportive policy climate** and **access to top talent**, Fridley is an ideal place to locate and grow your business.

30,241
people live in Fridley

29,220
people work in Fridley

Fridley has the **largest rail switching yard** between Chicago and Seattle.

70%
labor force participation

87%
of Fridley residents have a high school diploma or higher

$77,680
median household income

Daily Traffic Counts Through Fridley

137,126
Interstate 694

33,951
Central Avenue

32,800
University Avenue

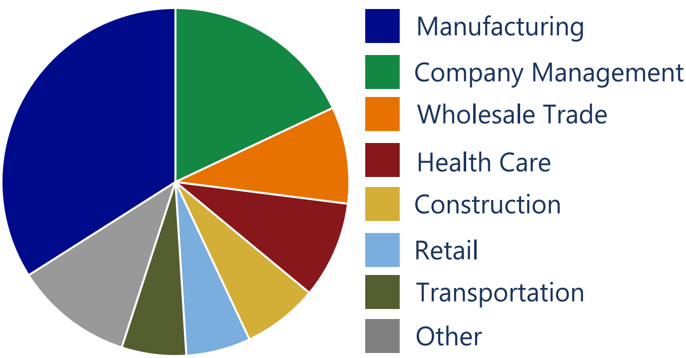
Fridley | *Business Deep Dive*

With feedback from local business leaders, the City has revised its zoning ordinances to protect industrial land uses, allowing for **more flexible commercial development** and **lower development costs**.

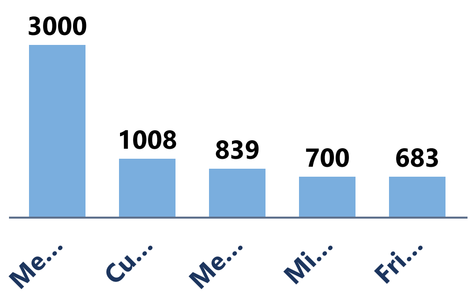
What the City Provides for Businesses

Cost Savings | Long-Term Stability | Public Safety | Community Support

Largest Industries by Employment



Fridley's Largest Employers



Businesses can expect to **save 8% more on property taxes** on average compared to other cities in the metro. Fridley also offers **no municipal sewer or water access fees**, and some of the **lowest building permit fees** in the metro!

Find Resources That Can Help Your Business Flourish!

The City offers financial resources, free consultations, business visits and more to help you start, expand and sustain your business.

Learn More

FridleyMN.gov/Business

Development Completed in 2025

The City has made maintaining and improving our existing housing stock a priority and offers several loan and grant programs to help residents improve their homes. In 2025, many homeowners took advantage of these programs. The City's Housing & Redevelopment Authority (HRA) issued over $1.5 million in home improvement loans and an additional $70,000 in home improvement and energy efficiency grants.

Before

After

The Fridley HRA started its home improvement loan program in 1996. In recent years, the program has been loaning out more than $1.5M annually. These programs are crucial because they help maintain housing stock quality, prevent neighborhood decline, attract new residents, increase property values and ensure that existing homeowners can afford necessary maintenance and improvements. This creates a positive cycle that benefits the entire community through stronger neighborhoods, increased tax base and enhanced quality of life for all residents.

In 2025, Fridley's Building Division processed $45.5 million in building permits, generating $750,000 in revenue. One of the projects completed was a $2 million remodel and reinvestment of the former CVS building at 5696 University Avenue to Krispy Kreme donut factory and retail store. The City also completed recodifying the Zoning and Subdivision code, which included implementation of zoning permits. The City's continues its efforts to construct a multi-modal bridge over the BNSF Northtown Railyard, at 57th Avenue.

Major Projects in 2025

The City completed the 2025 Street Rehabilitation Project No. ST2025-01, performing concrete pavement rehabilitation improvements on 0.89 miles of road in the North Innsbruck neighborhood. Pavement improvements, covering Arthur Street and East, North and West Danube Roads, with the project included partial and full-depth rehabilitation of the existing concrete pavement in accordance with current standards from the Minnesota Department of Transportation (MnDOT) Concrete Engineering Unit. Funding sources for the project included Municipal State Aid and Special Assessments.

The City executed redevelopments at Oak Hill Park and Jubilee Park, coordinating designs to turn the two adjacent, half-acre mini-parks into complementary recreational assets. Funded by an Anoka County-administered Federal Community Development Block Grant (CDBG) totaling up to $510,000, the projects transformed aging infrastructure while meeting HUD national objectives for serving low-to-moderate-income neighborhoods.

At Oak Hill Park, layout adjustments featured an emphasis on preservation, adding protective barriers for the park's mature namesake oak trees alongside a nature-themed playground with ADA-compliant surfacing, new seating, and realigned concrete pedestrian walks. Jubilee Park was reengineered to replace old playground equipment with a specialized play structure, a new basketball half-court overlayed with multi-activity striping, a modern shade pavilion, and retaining walls to handle complex grade adjustments.

Major Projects in 2025

The City completed the Trunk Highway 47 Lighting Improvements Project along University Avenue, addressing a critical safety corridor that historically averaged roughly three times the state average for fatal crashes. Spanning from 53rd Avenue to 85th Avenue, the $2.2 million corridor safety initiative introduced roadway and pedestrian-scale LED lighting units designed to maximize visibility for all transit users. Supported by external funding, a federal Highway Safety Improvement Program (HSIP) grant successfully offset 90% of the project's construction, with the remaining balance covered via a 10% local municipal match.

The City completed reconstruction of the 2.6-acre Sylvan Hills Park under the City's Park System Improvement Plan. Executed in close partnership with the Mississippi Watershed Management Organization (MWMO), the project addressed critical neighborhood flooding and stormwater quality by installing surface and subsurface green infrastructure, including vegetated swales and an underground stormwater infiltration basin. These targeted improvements capture and filter runoff across surrounding streets and properties, successfully preventing over 16 pounds of phosphorus and 5,000 pounds of sediment from discharging into the Mississippi River annually. The City received approximately $1,493,000 in funds from the MWMO for the project. The park was fully reconstructed with modern community amenities, replacing an underutilized softball field with an internal trail loop, an ADA-compliant playground, new picnic shelters and resurfaced basketball and tennis courts.

Major Projects in 2025

The City completed the Fire Station No. 3 Improvements Project, managing the reuse and structural rehabilitation of the City's vacant fire station at the corner of East River Road and 77th Way.

Following the fire department's consolidation into the Fridley Civic Campus, City staff oversaw the facility's conversion into the new Creative Flow Art Center (operated by the Rumriver Art Center). Funded by a $350,000 Anoka County Community Development Block Grant (CDBG), alterations focused on ADA-compliant building and safety upgrades, including updates and repairs to the fire alarm and sprinkler system, a newly added, climate-moderating entry vestibule, expanded restrooms with adult changing facilities and a reconstruction of the parking lot to accommodate modern accessibility standards.

The City started construction for the Commons Park Improvements Project, representing a centerpiece of the Park System Improvement Plan. Construction of a new 6,000-square-foot community recreation building, a new splash pad, an inclusive community playground, new ballfields, upgraded trails, newly paved pickleball courts, refreshed volleyball; and basketball courts, site lighting, expanding parking lots, stormwater features and other ancillary features. The City received multiple grants including a grant from the Minnesota Department of Natural Resources (DNR) in the amount of $350,000, a State of Minnesota Special Appropriation Grant in the amount of $500,000 and a Minnesota Pollution Control Agency (MPCA) Community Resiliency Grant for $140,000. Construction will be complete in 2026.

Upcoming Projects for 2026 and Beyond

In 2026, the City continues its commitment to improving the quality of life through investments in parks, infrastructure, equipment and people, with the intention of delivering good value for taxes paid. Major investments will be directed to Commons Park, Summit Square Park, Flanery Park and others, as part of the City's Park System Improvement Plan, with funding from bond proceeds issued in 2022. At the 1-acre Summit Square Park designs are deploying an Anoka County-administered Federal Community Development Block Grant (CDBG) to fund the demolition and replacement of the aging playground with an ADA-compliant play system, alongside an enlargement of the basketball court. Concurrently, the 7.9-acre Flanery Park will be constructing an off-street paved parking lot complete with integrated concrete curb and gutter systems for enhanced public access, realigning the multi-age playground and adding an internal trail loop throughout the park.

In 2026, construction will begin for the Locke Park Water Treatment Plant Granular Activated Carbon (GAC) Addition project to secure long-term drinking water resiliency against polyfluoroalkyl substances (PFAS). The utility initiative features the construction of a cast-in-place reinforced concrete building expansion designed to house advanced Granular Activated Carbon (GAC) filtration vessels and complex mechanical systems. Once fully operational, this specialized treatment technology will process water from both Well No. 10 and Well No. 11, and enable the City to safely reactivate Well No. 10, which has been offline due to contamination concerns since 2016. The infrastructure overhaul is funded through a partnership with the state, utilizing a $500,000 planning grant from the Minnesota Pollution Control Agency (MPCA) alongside a low-interest loan package from the Minnesota Public Facilities Authority (PFA) that features 50% principal forgiveness. Major structural systems and mechanical integration will advance through active work zones toward an anticipated completion in early 2027.

Upcoming Projects for 2026 and Beyond

In 2026, the Safe Routes to School Improvements Project will be completed to enhance multimodal safety around Commons Park and Fridley Middle School. The project installs a dedicated shared-use trail alongside 7th Street from 61st Avenue to Mississippi Street, 61st Avenue from the University Avenue East Service Road to West Moore Lake Drive, and from Commons Park to Jackson Street through Fridley Middle School's property through an Easement. Construction includes concrete pedestrian ramps, curb and gutter segments, storm sewer structures, and the addition of Rectangular Rapid Flashing Beacons (RRFBs) for safer pedestrian crossings. Supported by the City's Active Transportation Plan, this safety improvement is funded by a $1 million Metropolitan Council Active Transportation Grant and local funds.

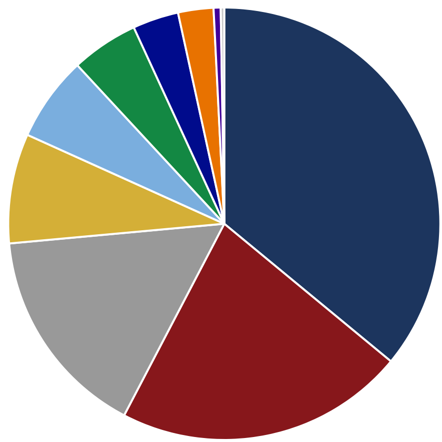
The Apex Lift Station Improvements Project will be completed in 2026 to overhaul a vital wastewater asset originally constructed in 1959. Located near the Riverview Heights Park entrance on 79th Way NE, the project addresses long-term structural liabilities associated with the station's aging dry and wet well configurations. Elimination of potential system failures and potential neighborhood sanitary sewer backups, the City plans to construct an entirely new, updated lift station adjacent to the active facility. The updated footprint introduces directional boring for 430 linear feet of a new six-inch force main alongside a prefabricated control building designed to safely house all modern valves, electrical componentry, controls and backup generation systems.

Two street rehabilitation projects are set to be completed in 2026, Street Rehabilitation Project No. ST2026-01 and Street Rehabilitation Project No. ST2026-02. Project No. ST2026-01 includes street and utility upgrades in the Melody Manor. Its scope includes asphalt street resurfacing improvements, including spot curb replacements and installing 5,600 linear feet of new watermain. Concurrently, Project No. ST2026-02 focuses strictly on pavement maintenance encompassing 1.46 miles of segmented roads, including 63rd Avenue, 53rd Avenue, Skywood Lane, Lincoln Street, 52nd Avenue and Highway 65 East Service Drive. This project will utilize full-depth reclamation and mill-and-overlay techniques to extend existing roadway lifespans with no planned improvements for the curb & gutter or utilities. Both projects are scheduled to be completed with construction in 2026.

The City Financials section provides a brief analysis of the City's various revenue streams and how they are spent, as well as economic information about the City.

The Daily Value of Your City Tax Dollars at Work

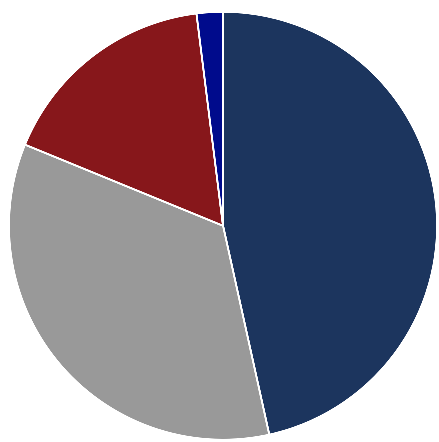
Public Safety	$1.36
Capital Investments (Civic Campus, Parks)	$.82
Public Works	$.60
City Manager's Office	$.31
Finance	$.24
Community Development	$.19
Parks & Recreation	$.13
Springbrook Nature Center	$.10
City Council	$.02
IT Capital	$.01



$3.78 per day to help fund essential City services

Net Tax Capacity by Classification

Commercial/Industrial	47%
Residential Homestead	35%
Residential, Non-Homestead	17%
Railroad/Public Utility	2%

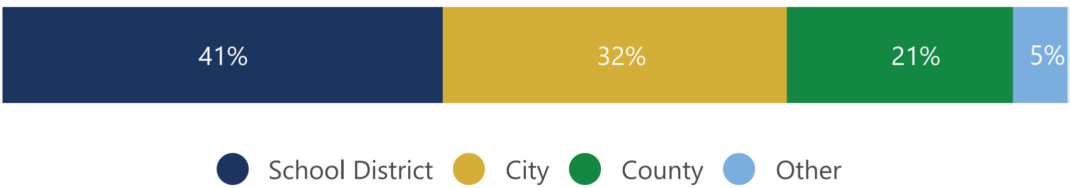


Median Value Homestead: $296,400

Fridley has a diverse tax base and one of the largest commercial/industrial tax bases in Anoka County.

Property taxes are distributed among various taxing entities, with the majority going to the tax payer's school district, city and county services. Values are determined through real estate market activity and then used to calculate levy rates.

Property Tax Revenue Distribution



How are Assessed and Taxable Values Determined?

The City's Assessing Division (partnered with Anoka County) establishes the assessed and taxable values of real and personal property on the tax roll every year. This is accomplished by examining real estate market activity, inspecting properties to assure the accuracy of data used to estimate market value, adjusting land and building values to meet assessment level standards, and applying all applicable class codes and exemptions. The taxable values are used to calculate levy rates for multiple taxing jurisdictions, including the City of Fridley, Anoka County and the school district.

Important Dates for the Property Tax Process

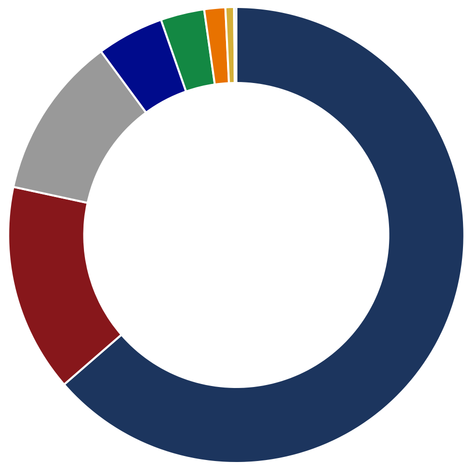
January	On January 2, market values for property are established for the following year.
March	Valuation notices are mailed in March.
April	Property owners are able to appeal their valuations at the Local Board of Appeal and Equalization typically held in April.
May	First half of property taxes payable for the current year are due by May 15.
June	Property owners are able to appeal their valuations at the County Board of Appeal and Equalization, typically held in June.
July	The assessed values for the following year are finalized in early July.
October	Second half of property taxes payable for the current year are due by October 15.
November	Proposed tax notices for the upcoming year are mailed out in November.

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

2025 Revenue: $24.7 million

How are City Operations Funded?

●	Taxes	63.65%
●	Intergovernmental	14.77%
●	Charges for Services	11.51%
●	Licenses and Permits	4.75%
●	Investment Income	3.10%
●	Miscellaneous	1.49%
●	Fines and Forfeitures	.61%
●	Special Assessments	.15%



What Are Each of these Revenue Sources?

Taxes | Taxes collected from property owners based upon assessed valuation, exemptions and tax rate. Revenue is used to fund governmental services.

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

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

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

Investment Income | Interest earnings on City funds.

Miscellaneous Revenues | Sources not classified elsewhere.

Fines and Forfeitures Revenues | Funds from fines and penalties for offenses.

Special Assessments | A levy made against a property to cover all, or part, of the cost of a capital improvement or service deemed to benefit that property.

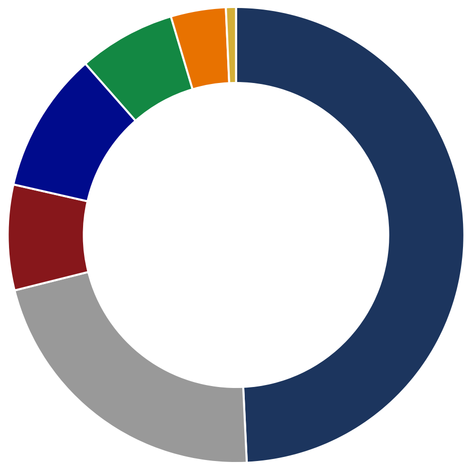
General Fund

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

2025 Expenditures: $24.3 million

Where Are the Funds Going?

●	Public Safety	49.25%
●	Public Works	21.84%
●	City Manager's Office	9.97%
●	Finance	7.47%
●	Community Development	6.86 %
●	Parks and Recreation	3.89%
●	Legislative	.71%



What Are These Expenditures?

Public Safety | Services provided through police, fire and emergency management.

Public Works | Services provided through facilities management, engineering, street lighting and maintenance, parks maintenance and fleet services.

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

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

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

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

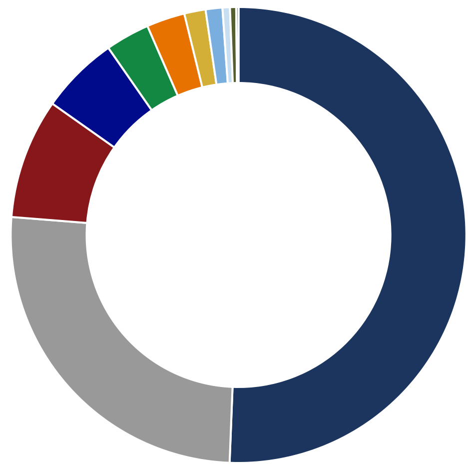
Legislative | Services provided by the City Council.

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

2025 Revenues: $41.7 million

Governmental Fund Sources

	Taxes	50.54%
	Intergovernmental Revenue	25.59%
	Charges for Services	8.50%
	Investment Income	5.54%
	Payment from Component Unit	2.71%
	Licenses and Permits	3.13%
	Special Assessments	1.51%
	Miscellaneous	1.19%
	Reimbursements	.53%
	Fines and Forfeits	.44%
	Contributions and Donations	.16%



What Are These Revenue Sources?

Intergovernmental Revenue | Items like grants or aid received from the Federal or State government that pays for operations not supported by property taxes (street projects, equipment replacement and Public Safety services).

Charges for Services | Reimbursement from businesses or other agencies for services such as school resource officers, business security, etc. This offsets what would otherwise be funded by property taxes.

Investment Income | Interest earnings on City funds.

Payment from Component Unit | Payments from HRA for staff and interfund loans.

Special Assessments | Additional taxes for property owners who directly benefit from a local improvement, such as a street project. Assessments are based on a geographical location.

Contributions and Donations | Donations or contributions made to City services.

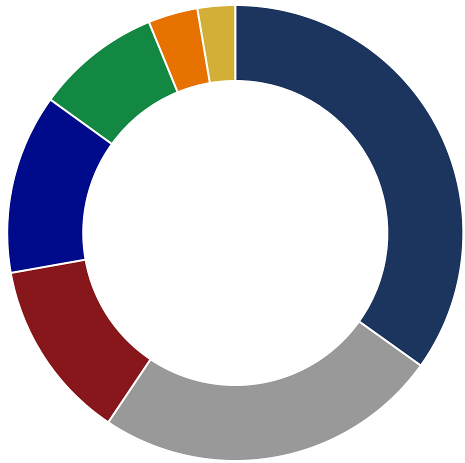
**Select revenue sources listed are unique to the Governmental Fund. Find additional descriptions on page 6.*

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

2025 Expenditures: $51.1 million

Where Are the Funds Going?

●	Capital Outlay	34.88%
●	Public Safety	24.52%
●	Debt Service	12.08%
●	General Government	12.75%
●	Public Works	8.87%
●	Parks and Recreation	3.52%
●	Community Development	3.34%



What Are These Expenditures?

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

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

Debt Service | Payments towards City debt used to make long-term improvements to public infrastructure such as parks and buildings. It accounts for all principal and interest.

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

Public Works | Funds services through facilities management, engineering, street lighting and maintenance, parks maintenance and fleet services.

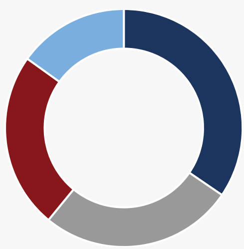
Parks and Recreation | Services provided through Parks and Recreation programs.

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

Enterprise Fund Revenues and Expenses

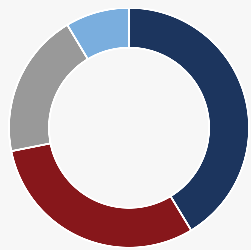
Enterprise Funds are run like a business where they are self-supporting to cover their own costs of operation. These funds consist of utility services provided to the community by the City such as water, sewer, stormwater and municipal liquor stores. User fees are designed to pay for the services provided.

Enterprise Fund Revenues



●	Sewer	34.52%
●	Water	26.41%
●	Liquor	23.96%
●	Stormwater	15.11%

Enterprise Fund Expenses



●	Sewer	41.33%
●	Liquor	30.55%
●	Water	19.52%
●	Stormwater	8.60%

What are these Revenues and Expenses?

Sewer | Quarterly charges for sewer service are based on property class, and are used for the operation and maintenance of City’s sanitary sewer system.

Water Fund | Quarterly charges for water are based on consumption and used for water system operations and maintenance.

Stormwater Fund | Quarterly charges for stormwater drainage is based on per acre. Revenue is used for the City's stormwater system that promotes the maintenance of water quality to the waters the City's stormwater discharges to.

Liquor | Revenue from the sale of items at the municipal liquor stores are used for the operations of the stores. Profits from liquor store sales fund City capital expenditures that would otherwise be paid for with taxpayer dollars.

The Council and staff embark on an extensive budgeting and planning process that is continual throughout the year. In the spring, City staff begin strategizing on budgetary considerations for the next year. In April, the Council begins its budgeting discussions and planning and continues those discussions through the fall. The Council adopts the next year's budget in December. After approval, the City Manager and Finance Director are responsible for managing spending to ensure all expenditures fall within budgeted funds.

Audit and Credit Rating

The City's budget and budgeting process is audited on an annual basis and approved by the Council. The sound financial management of the City's overall finances has been acknowledged by receiving the Certificate of Achievement for Excellence in Finance Reporting, Popular Annual Financial Reporting Award and the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA).

Well-managed finances are also reflected in the City's overall credit rating of Aa2 given by an independent agency, Moody's Investors Service. This year's rating noted the City's strong financial position and established history of well-advised budget management, including healthy financial reserves, stable operations and redevelopment activities.

The City works diligently through the budget process to develop financial plans that emphasize reasonable tax rates, consistent service delivery, infrastructure investments and good financial standing. The City continues to focus on quality-of-life improvements throughout the community. These initiatives include revitalizing parks and public areas, maintaining and improving current City services and increasing the communication between City representatives and the public.

Interested in Learning More?

This document is an overview of City financials for the fiscal year that ended December 31, 2025. You can view the full Annual Report, budget and more at ***FridleyMN.gov/CityFinancials.***