CITY OF

ARDEN HILLS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

Comprehensive Annual Financial Report
for Year Ended
December 31, 2010

DEPARTMENT OF FINANCE

Susan K. Iverson, Director of Finance and Administrative Services

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

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RAMSEY COUNTY, MINNESOTA

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INTRODUCTORY SECTION

ARDEN HILLS

June 16, 2011

To the Honorable Mayor,
Members of the City Council,
and Citizens of the City of Arden Hills, Minnesota

State law requires that every general purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2010.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Malloy, Montague, Karnowski, Radosevich & Co., P.A. (MMKR), Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Arden Hills, Minnesota's (the City) financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1951, is a northern suburb of the Minneapolis/St. Paul metropolitan area, situated in Ramsey County. The City occupies 9.82 square miles and serves a population of 9,552. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the "Optional Plan A" form of government as defined in Minnesota Statutes. Under this plan, the government of the City is directed by a City Council composed of an elected mayor and four elected councilmembers. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. Councilmembers serve four-year terms, with two members elected every two years. The mayor is elected for a four-year term. The mayor and members of the City Council are elected at large.

City of Arden Hills ♦ 1245 West Highway 96 ♦ Arden Hills, MN ♦ 55112-5743

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The City provides a full range of services: the construction and maintenance of streets and other infrastructure; recreational and cultural activities; water, sewer, surface water, and recycling systems; community development, building inspection, and planning; and general government operations, including administration, finance/accounting, information systems, community information (newsletter), and general government buildings. The City contracts with Ramsey County for police services and Lake Johanna Fire Department for fire services.

The City Council is required to adopt a final budget by late December for the subsequent year. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Transfers of appropriations between funds require the approval of the City Council. The legal level of budgetary control is the fund level. Budgeted amounts are amended by the City Council.

The City's capital improvement program (covering five years), the pavement management plan (covering five years), and the Twin Cities Army Ammunition Plant (TCAAP) development plan, along with the annual budget, serve as the foundation for the City's financial planning, and the annual budget serves as the budget control.

LOCAL ECONOMY

A number of high-profile leaders in the medical, technology, and business sectors, including Boston Scientific, Land O' Lakes, Syntegra, MSI Insurance, Manufacturer's Services, Fair Isaac, Presbyterian Homes, and Sims Deltec, are located within the City. These leaders of industry provide high-paying jobs to skilled employees, which in turn creates a strong base for economic diversity, quality housing, and an involved citizenry.

Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past 10 years, the unemployment rate has fluctuated from 3.6 percent in 2001 to a current rate of 6.4 percent. Unemployment is expected to remain at or below the regional and national average.

During the past 10 years, property taxes have remained a stable and significant source of total General Fund and special revenue fund revenues. Intergovernmental revenues have declined over this same time period and now make up less than 17 percent of total revenues in the General Fund and special revenue funds for the current fiscal year.

LONG-TERM FINANCIAL PLANNING

Total General Fund balance (50.4 percent of total General Fund expenditures) is slightly above the 50 percent target set by the City Council for budgetary and planning purposes. The total General Fund balance is made up of a $32,587 reserve for prepaid items, leaving $1,730,605 of unreserved, undesignated fund balance (to accommodate cash flows due to the timing of tax and state aid receipts).

The City's five-year capital improvement program and pavement management plan serve as the foundation for the City's long-term financial planning. To ensure the timely replacement of infrastructure, the City prepares long-term cost projections for the replacement of all city assets. Funding needs for capital replacements are reflected in tax levies and special assessments for capital assets, and are reflected in user fees established for the Water, Sewer, Surface Water Management, and Recycling Funds.

Projections for the next 10 years indicate that property tax contributions, user fees, and investment income will need to be reevaluated to support scheduled replacements. In 2007, the City established a citizen committee, called the Financial Planning and Analysis Committee, to work on establishing fund balance policies and where future tax rates should be set. A 10-year financial plan is also being completed. Until mid-2009, the City was in negotiations with the federal government to acquire a portion of the Army property, formerly known as TCAAP, and was working with a developer. This development was expected to add to the City's tax base and included commercial/industrial, residential, and civic uses. The developer terminated its development plan. It is unknown at this time what the future use of this property will be. The City is currently working with the federal government to determine its use and transfer. A public auction was expected to be held in late summer of 2010 and is currently on hold. The current site is approximately 430 acres.

RELEVANT FINANCIAL POLICIES

Trends of the past decade, changes in state tax law, and recent legislation indicate that the City will have a greater reliance on property taxes as a source of financing for city operations in the future and less reliance on intergovernmental revenues (federal and state) and building permit fees. Changes in state tax law over the past few years have resulted in funding changes for both schools and local governments. The elimination of the homestead and agricultural credit aids program, and large cuts in both local government aid and the market value homestead credit programs resulted in revenue losses to the City. In addition, as the City continues toward full development, we anticipate future decreases in building permit revenues.

MAJOR INITIATIVES

As previously mentioned, the development of the TCAAP property is a major project for the City. This project also drives transportation issues as the site will increase traffic flows and require access. Currently, the City has U.S. Highway 10, Interstate Highway 694, and Ramsey County 96 as major corridors running through the City. All of these highways border the TCAAP and present transportation issues within the City; the City has a vested interest in improvements to these corridors and will need to work cooperatively with the state, county, and federal transportation authorities and legislators.

ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This is the fourth year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department, and through the helpful guidance and assistance from our auditing firm, MMKR. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor, City Council, and city administrator for their unfailing support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Susan K. Iverson

Susan K. Iverson
Director of Finance and Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Arden Hills Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

City Council and Appointed Officials
December 31, 2010

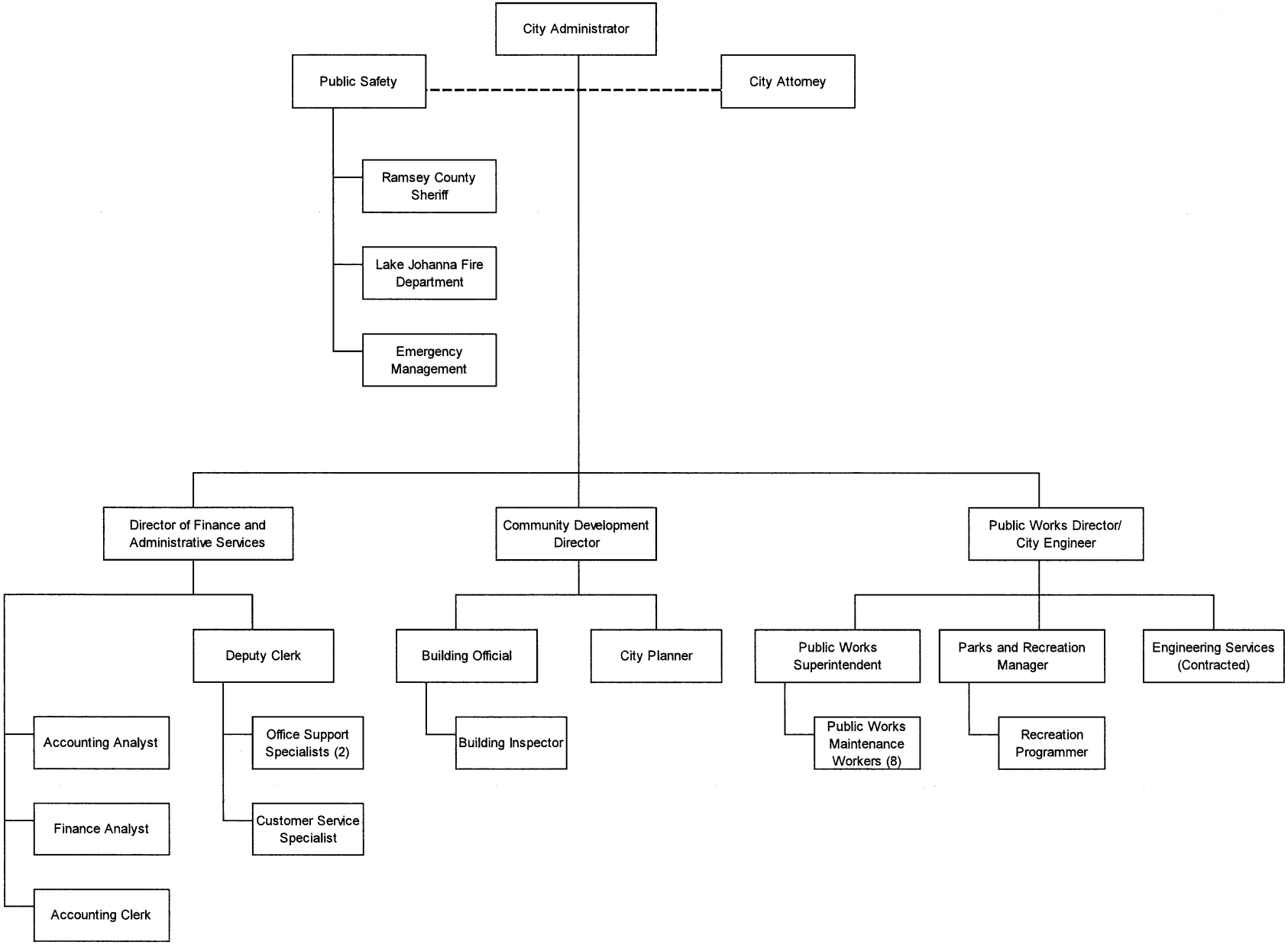
CITY COUNCIL

		Term Expires
David Grant	Mayor	December 31, 2014
Brenda Holden	Councilmember	December 31, 2012
Fran Holmes	Councilmember	December 31, 2014
Nick Tamble	Councilmember	December 31, 2012
Ed Werner	Councilmember	December 31, 2014

APPOINTED OFFICIALS

Patrick Klaers	City Administrator/Clerk
Susan K. Iverson	Director of Finance and Administrative Services/Treasurer
Jerome Filla	City Attorney

CITY OF ARDEN HILLS
ORGANIZATION CHART
Approved November 29, 2010



FINANCIAL SECTION

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Residents
City of Arden Hills, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arden Hills, Minnesota (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the budgetary comparison information for the General Fund and major special revenue funds, which follows the basic financial statements, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 express no opinion on them.

Malloy, Montague, Karnowski, Radosevich, & Co., P.A.

June 16, 2011

As the management of the City of Arden Hills, Minnesota (the 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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is presented in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $39,830,757 (net assets). Of this amount, $11,630,107 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $2,124,555.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $10,775,679. Of this total amount, $1,363,846 is reserved, leaving an unreserved, undesignated balance of $9,411,833.
- At the end of the current fiscal year, the General Fund has a fund balance of $1,763,192. The total General Fund balance is equal to 50.4 percent of total General Fund expenditures.
- The City's total long-term debt decreased by $243,293 during the current fiscal year, from $1,715,181 to $1,471,888. The decrease is due to scheduled debt payments of $235,000 for tax increment bonds, and compensated absences balance decreases of $8,293.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through use fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, and economic development. The business-type activities of the City include water, sewer, surface water management, and recycling.

The government-wide financial statements can be found in the financial section following 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 two categories: governmental funds and proprietary 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 City's near-term financing 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 statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes 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, Parks, Economic Development Authority (EDA) Operating, Tax Increment Bonds, and Permanent Improvement Revolving Funds, which are considered to be major funds.

Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 and special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found in the financial section of this report immediately following the government-wide financial statements.

Proprietary Funds – The City maintains one type of proprietary fund. 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 water, sewer, surface water management, and recycling operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, surface water management, and recycling operations. Water, sewer, and surface water management are considered to be major funds of the City.

The basic proprietary fund financial statements can be found in the financial section of this report immediately following the governmental fund statements.

Notes to Basic Financial Statements – The notes to basic financial statements 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 basic financial statements can be found following the proprietary fund statements within the financial section of this report.

Other Information – The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgeted comparisons.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. In the case of the City, assets exceeded liabilities by $39,830,757 at the close of the most recent fiscal year.

The largest portion of the City's net assets ($26,871,558 or 67 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, infrastructure, and equipment) net of accumulated depreciation. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following table provides the City's Summary of Net Assets:

Table 1
Summary of Net Assets
as of December 31, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	$ 12,274,881	$ 12,387,889	$ 3,369,778	$ 2,539,406	$ 15,644,659	$ 14,927,295
Capital assets	16,341,354	14,789,291	10,530,204	10,507,344	26,871,558	25,296,635
Total assets	$ 28,616,235	$ 27,177,180	$ 13,899,982	$ 13,046,750	$ 42,516,217	$ 40,223,930
Liabilities						
Long-term liabilities outstanding	$ 1,410,136	$ 1,657,082	$ 61,752	$ 58,099	$ 1,471,888	$ 1,715,181
Other liabilities	527,125	493,182	686,447	309,365	1,213,572	802,547
Total liabilities	$ 1,937,261	$ 2,150,264	$ 748,199	$ 367,464	$ 2,685,460	$ 2,517,728
Net assets						
Invested in capital assets, net of related debt	$ 16,341,354	$ 14,789,291	$ 10,530,204	$ 10,507,344	$ 26,871,558	$ 25,296,635
Restricted	1,329,092	1,060,973	–	–	1,329,092	1,060,973
Unrestricted	9,008,528	9,176,652	2,621,579	2,171,942	11,630,107	11,348,594
Total net assets	$ 26,678,974	$ 25,026,916	$ 13,151,783	$ 12,679,286	$ 39,830,757	$ 37,706,202

An additional portion of the City's net assets ($1,329,092 or 3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets $11,630,107 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities – Governmental activities increased the City's net assets by $1,652,058, accounting for 78 percent of the total growth in net assets. Key elements of this increase are as follows:

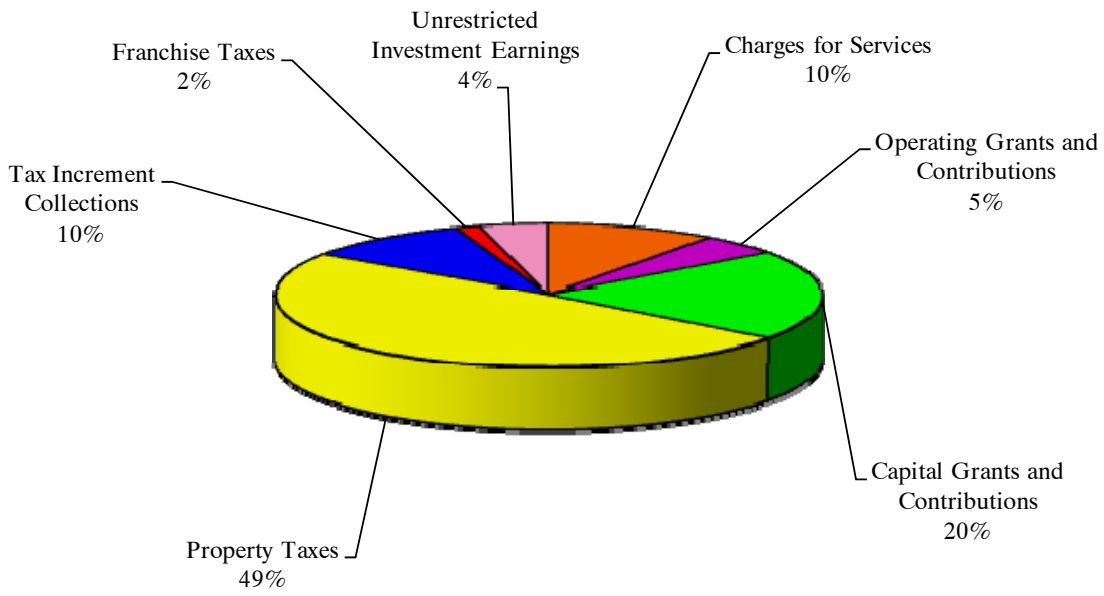
Table 2
Changes in Net Assets
for the Years Ended December 31, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues						
Charges for services	$ 578,243	$ 740,347	$ 4,039,143	$ 3,614,306	$ 4,617,386	$ 4,354,653
Operating grants and contributions	275,869	210,140	20,114	19,866	295,983	230,006
Capital grants and contributions	1,171,451	705,858	–	–	1,171,451	705,858
General revenues						
Property taxes	2,836,982	2,860,820	–	–	2,836,982	2,860,820
Tax increment collections	566,725	540,408	–	–	566,725	540,408
Franchise taxes	85,131	104,148	–	–	85,131	104,148
Unrestricted investment earnings	231,340	275,500	53,455	55,106	284,795	330,606
Total revenues	5,745,741	5,437,221	4,112,712	3,689,278	9,858,453	9,126,499
Expenses						
General government	1,232,225	1,622,425	–	–	1,232,225	1,622,425
Public safety	1,585,447	1,648,349	–	–	1,585,447	1,648,349
Public works	636,406	436,200	–	–	636,406	436,200
Parks and recreation	732,824	734,148	–	–	732,824	734,148
Economic development	3,311	48,322	–	–	3,311	48,322
Interest on long-term debt	46,470	53,496	–	–	46,470	53,496
Water	–	–	1,678,954	1,648,815	1,678,954	1,648,815
Sewer	–	–	1,367,429	1,268,018	1,367,429	1,268,018
Recycling	–	–	129,139	118,197	129,139	118,197
Surface water management	–	–	321,693	269,562	321,693	269,562
Total expenses	4,236,683	4,542,940	3,497,215	3,304,592	7,733,898	7,847,532
Increase in net assets before transfers	1,509,058	894,281	615,497	384,686	2,124,555	1,278,967
Transfers	143,000	132,500	(143,000)	(132,500)	–	–
Increase in net assets	1,652,058	1,026,781	472,497	252,186	2,124,555	1,278,967
Net assets – beginning	25,026,916	24,000,135	12,679,286	12,427,100	37,706,202	36,427,235
Net assets – ending	$ 26,678,974	$ 25,026,916	$ 13,151,783	$ 12,679,286	$ 39,830,757	$ 37,706,202

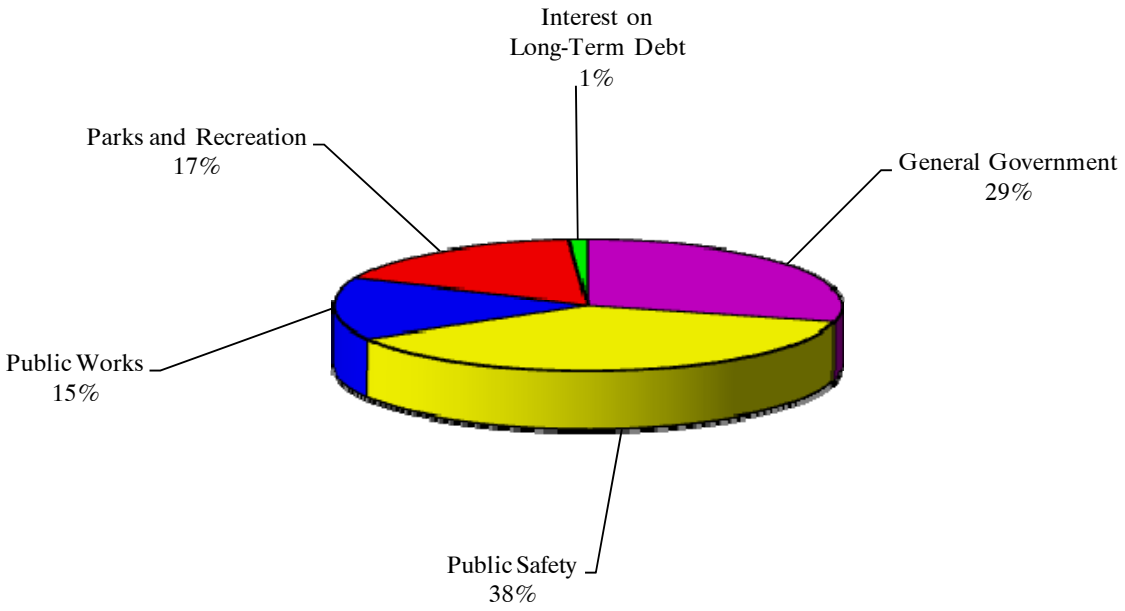
The current year increase to governmental net assets of $1,652,058 was $625,277 more than the $1,026,781 increase in the prior year. This increase was mainly due to the Elmer L. Anderson/Safe Routes to School Trail Improvement Project, which also received state and federal grants. Governmental charges for services were down due to economic conditions. Property taxes (excluding tax increment) were down as a result of tax petitions, and investment income was less than the previous year, which is a result of low interest rates. General government expenses decreased with city hall construction repairs completed in 2009 and reduced expenses on the TCAAP project as the developer had pulled out in 2009. Public safety costs are down with the final city installment on a new fire truck contributed in 2009; however, contract amounts increased in 2010. Public works expenses increased due to part to additional depreciation on capital assets. Parks and recreation expenses remained relatively flat, while economic development was down as the Cottage Villa tax increment district note expired and no payments were made in 2010. Transfers from business-type activities to governmental activities were made for equipment reserves in the amount of $143,000.

Below are specific graphs that provide comparisons of the governmental activities revenue and expenses:

Governmental Activities – Revenue

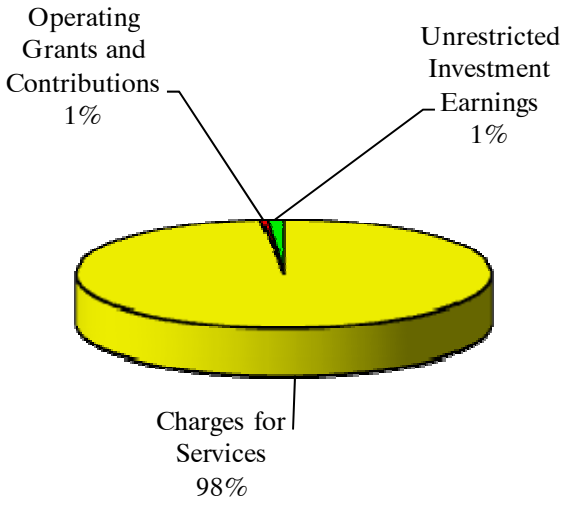


Governmental Activities – Expenses

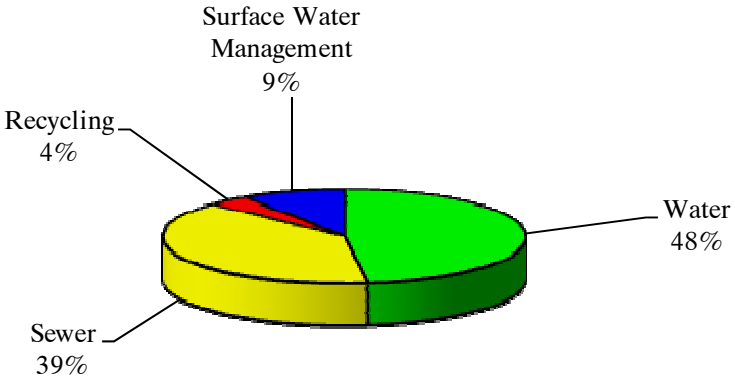


Business-Type Activities – Business-type activities increased the City's net assets by $472,497, accounting for 22 percent of the total growth in net assets. Below are graphs showing the business-type activities revenue and expense comparisons:

Business-Type Activities – Revenue



Business-Type Activities – Expenses



Increases in utility rates and improved meter reading processes account for $424,837 in increased revenues. Increased operating costs for water purchases, Metropolitan Council Sanitary Sewer charges, recycling, and maintenance resulted in an increase in expenses of $192,623. Overall, the increase in business-type activities of $472,497 was $220,311 more than the increase in the prior year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $10,775,679, a decrease of $85,700 in comparison with the prior year. Approximately 13 percent of this amount ($1,363,846) is reserved because it has been committed to 1) pay debt service ($2,167), 2) for tax increment purposes ($1,329,092), or 3) is reserved for prepaid items ($32,587). The remaining balance of $9,411,833 is reported as unreserved, undesignated fund balance in the various governmental funds.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was $1,763,192. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total General Fund balance represents 50.4 percent of total General Fund expenditures.

The City's General Fund balance decreased by $59,068 during the current fiscal year; this was due to a transfer to the TCAAP Fund ($17,666), and increased personnel and consulting costs due to employee turnover.

The Parks Fund decreased by $361,938, as both trail projects were partially financed using state and federal grant funds. Expenditures exceeding available grant entitlements will be financed with future park dedication fees and internal fund transfers.

The EDA Operating Fund increased by $48,257, with favorable variances in both revenues and expenditures in the current year.

The Tax Increment Bonds Debt Service Fund increased by $53 as planned with scheduled debt payment and transfer amounts.

The Permanent Improvement Revolving Fund decreased by $31,770 as expenditures exceeded actual revenues and transfers based on the timing of actual projects.

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

Unrestricted net assets in the respective proprietary funds include $1,137,129 for water, $744,164 for sewer, $698,064 for surface water management, and $42,222 for recycling. Water net assets increased $132,194, sewer net assets increased $154,340, surface water management net assets increased $172,838, and recycling net assets increased $13,125 during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total General Fund revenues were $120,742 less than estimated in the budget. Tax revenues fell short of anticipated levels by $115,163 as there were tax petitions and abatements totaling $61,802 with the remainder being unallotment of the Market Value Homestead Credit (MVHC) by the state, which the City budgets with tax sources. Fines and forfeits were $12,428 less than budget, earnings on investments were $10,133 less than budget, and other local sources were $7,869 less than projected. These unfavorable variances were due to the current economic downturn. Intergovernmental revenues surpassed budgeted levels by $2,153 as Mobile Home Homestead Credit was not included in the budget. Licenses and permits, charges for services, antenna rental fees, and miscellaneous reimbursements all surpassed budgeted levels by $7,365, $6,591, $3,499, and $5,243 respectively. Expenditures within the General Fund were less than budget by $102,875 spread across several functions. These favorable variances were due to decreased spending for consultants and other professional services and decreased maintenance costs. The final budget was amended during the year and reflects a supplemental appropriation, increasing budgeted transfers out by $17,666 and reducing expenditures by the same amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2010 amounts to $26,871,558 (net of accumulated depreciation). This investment in capital assets includes items such as land, buildings and structures, infrastructure and improvements, machinery and equipment, office furniture and equipment, vehicles, park facilities, roads, trails and sidewalks, and pedestrian tunnels and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 6.2 percent (a 10.5 percent increase for governmental activities and a 0.2 percent increase for business-type activities).

Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 2,435,238	$ 2,435,238	$ –	$ –	$ 2,435,238	$ 2,435,238
Construction in progress	3,121,825	1,582,585	880,285	503,604	4,002,110	2,086,189
Buildings and structures	4,408,517	4,577,286	816	1,024	4,409,333	4,578,310
Infrastructure and improvements	5,543,650	5,817,617	–	–	5,543,650	5,817,617
Distribution and collection systems	–	–	9,540,141	9,866,777	9,540,141	9,866,777
Machinery and equipment	513,875	127,288	85,171	95,792	599,046	223,080
Office furniture and equipment	68,338	33,126	–	–	68,338	33,126
Vehicles	249,911	216,151	23,791	40,147	273,702	256,298
Total	$ 16,341,354	$ 14,789,291	$ 10,530,204	$ 10,507,344	$ 26,871,558	$ 25,296,635

Additional information on the City's capital assets can be found in Note 3 of the notes to basic financial statements.

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of $1,310,000, a decrease of $235,000 from 2009. This entire liability is backed by the full faith and credit of the City. Remaining debt is the liability for compensated absences of $161,888, which is a decrease of $8,293 from the December 31, 2009 liability balance.

Table 4
Outstanding Debt
Summary of Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation tax increment bonds	$ 1,310,000	$ 1,545,000	$ –	$ –	$ 1,310,000	$ 1,545,000
Compensated absences payable	100,136	112,082	61,752	58,099	161,888	170,181
Total	$ 1,410,136	$ 1,657,082	$ 61,752	$ 58,099	$ 1,471,888	$ 1,715,181

The City maintains an "AA+" rating from Standard & Poor's and Fitch and an "Aa" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3 percent of total estimated market value. The current debt limitation for the City is $35,132,043. None of the City's outstanding debt is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 4 of the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the City is currently 6.4 percent, which is an increase from a rate of 5.0 percent last year.
- Dramatic increases in local government aids and other state sources are not anticipated to increase dramatically based on legislation at the time of writing this report.
- Property tax collection rates are expected to remain strong, at or near the 2010 level, of 98 percent.

All of these factors were considered in preparing the City's budget for the 2011 fiscal year.

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 City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Director of Finance and Administrative Services, 1245 West Highway 96, Arden Hills, Minnesota 55112.

BASIC FINANCIAL STATEMENTS

CITY OF ARDEN HILLS

Statement of Net Assets
as of December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 10,627,073	$ 2,609,021	$ 13,236,094
Accrued interest receivable	55,477	13,669	69,146
Accounts receivable	30,349	740,953	771,302
Taxes receivable	47,658	–	47,658
Special assessments receivable	930,796	–	930,796
Due from other governmental units	539,407	–	539,407
Inventory	–	5,937	5,937
Prepaid items	32,587	198	32,785
Unamortized discount	11,534	–	11,534
Capital assets – net of accumulated depreciation			
Nondepreciable	5,557,063	880,285	6,437,348
Depreciable	10,784,291	9,649,919	20,434,210
Total assets	28,616,235	13,899,982	42,516,217
Liabilities			
Accounts payable	219,138	31,851	250,989
Salaries payable	61,062	30,180	91,242
Contracts payable	67,634	21,288	88,922
Accrued bond interest payable	17,729	–	17,729
Deposits payable	59,583	–	59,583
Due to other governmental units	65,513	603,128	668,641
Unearned revenue	36,466	–	36,466
Compensated absences payable			
Due within one year	75,102	46,314	121,416
Due in more than one year	25,034	15,438	40,472
Bonds payable			
Due within one year	245,000	–	245,000
Due in more than one year	1,065,000	–	1,065,000
Total liabilities	1,937,261	748,199	2,685,460
Net assets			
Invested in capital assets	16,341,354	10,530,204	26,871,558
Restricted for			
Tax increment purposes	1,329,092	–	1,329,092
Unrestricted	9,008,528	2,621,579	11,630,107
Total net assets	$ 26,678,974	$ 13,151,783	$ 39,830,757

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Activities
Year Ended December 31, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs							
Primary government							
Governmental activities							
General government	$ 1,232,225	$ 271,972	$ 121,602	$ –	$ (838,651)	$ –	$ (838,651)
Public safety	1,585,447	207,876	74,775	33,381	(1,269,415)	–	(1,269,415)
Public works	636,406	–	69,278	358,708	(208,420)	–	(208,420)
Parks and recreation	732,824	98,395	10,150	779,362	155,083	–	155,083
Economic development	3,311	–	64	–	(3,247)	–	(3,247)
Interest on long-term debt	46,470	–	–	–	(46,470)	–	(46,470)
Total governmental activities	4,236,683	578,243	275,869	1,171,451	(2,211,120)	–	(2,211,120)
Business-type activities							
Water	1,678,954	1,824,086	–	–	–	145,132	145,132
Sewer	1,367,429	1,574,493	–	–	–	207,064	207,064
Recycling	129,139	121,892	20,114	–	–	12,867	12,867
Surface water management	321,693	518,672	–	–	–	196,979	196,979
Total business-type activities	3,497,215	4,039,143	20,114	–	–	562,042	562,042
Total primary government	$ 7,733,898	$ 4,617,386	$ 295,983	$ 1,171,451	(2,211,120)	562,042	(1,649,078)
General revenues							
Property taxes					2,836,982	–	2,836,982
Tax increment collections					566,725	–	566,725
Franchise taxes					85,131	–	85,131
Unrestricted investment earnings					231,340	53,455	284,795
Transfers					143,000	(143,000)	–
Total general revenues and transfers					3,863,178	(89,545)	3,773,633
Change in net assets					1,652,058	472,497	2,124,555
Net assets – beginning					25,026,916	12,679,286	37,706,202
Net assets – ending					$ 26,678,974	$ 13,151,783	$ 39,830,757

See notes to basic financial statements

CITY OF ARDEN HILLS

Balance Sheet
Governmental Funds
as of December 31, 2010

	General	Parks	EDA Operating	Tax Increment Bonds	Permanent Improvement Revolving	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
Assets								
Cash and investments	$ 1,175,599	$ –	$ 68,285	$ 2,156	$ 6,598,643	$ 2,782,390	$ –	$ 10,627,073
Accrued interest receivable	8,753	–	269	11	33,983	12,461	–	55,477
Accounts receivable	6,875	–	–	–	–	23,474	–	30,349
Taxes receivable	47,658	–	–	–	–	–	–	47,658
Special assessments receivable	842	–	–	–	929,954	–	–	930,796
Interfund receivable	774,536	–	–	–	–	–	(774,536)	–
Due from other governmental units	62,682	438,941	–	–	37,784	–	–	539,407
Prepaid items	32,587	–	–	–	–	–	–	32,587
Total assets	$ 2,109,532	$ 438,941	$ 68,554	$ 2,167	$ 7,600,364	$ 2,818,325	$ (774,536)	$ 12,263,347
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ 107,063	$ 3,258	$ –	$ –	$ 3,914	$ 104,903	$ –	$ 219,138
Salaries payable	59,767	–	–	–	–	1,295	–	61,062
Contracts payable	–	31,072	–	–	36,562	–	–	67,634
Deposits payable	59,583	–	–	–	–	–	–	59,583
Interfund payable	–	774,536	–	–	–	–	(774,536)	–
Due to other governmental units	35,143	6,941	–	–	23,429	–	–	65,513
Deferred revenue – unearned	36,466	–	–	–	–	–	–	36,466
Deferred revenue – not available	48,318	–	–	–	929,954	–	–	978,272
Total liabilities	346,340	815,807	–	–	993,859	106,198	(774,536)	1,487,668
Fund balances (deficits)								
Reserved for								
Prepaid items	32,587	–	–	–	–	–	–	32,587
Debt service	–	–	–	2,167	–	–	–	2,167
Tax increment purposes	–	–	–	–	–	1,329,092	–	1,329,092
Unreserved, undesignated reported in								
General Fund	1,730,605	–	–	–	–	–	–	1,730,605
Special revenue funds	–	(376,866)	68,554	–	–	777,098	–	468,786
Capital project funds	–	–	–	–	6,606,505	605,937	–	7,212,442
Total fund balances (deficits)	1,763,192	(376,866)	68,554	2,167	6,606,505	2,712,127	–	10,775,679
Total liabilities and fund balances	$ 2,109,532	$ 438,941	$ 68,554	$ 2,167	$ 7,600,364	$ 2,818,325	$ (774,536)	$ 12,263,347
Fund balance reported above								$ 10,775,679
Amounts reported for governmental activities in the Statement of Net Assets are different because:								
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.								
Nondepreciable								5,557,063
Depreciable								10,784,291
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.								978,272
Long-term liabilities, including bonds payable, compensated absences payable, interest payable, and unamortized discounts are not due and payable in the current period and, therefore, are not reported in the funds.								(1,416,331)
Net assets of governmental activities								$ 26,678,974

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2010

	General	Parks	EDA Operating	Tax Increment Bonds	Permanent Improvement Revolving	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
Revenues								
Taxes								
General property taxes	$ 2,867,028	$ –	$ –	$ –	$ –	$ –	$ –	$ 2,867,028
Tax increments	–	–	35,250	–	–	531,475	–	566,725
Special assessments	–	–	–	–	388,768	–	–	388,768
Licenses and permits	255,265	–	–	–	–	–	–	255,265
Intergovernmental	118,981	759,899	–	–	–	64	–	878,944
Charges for services	322,978	–	–	–	–	–	–	322,978
Fines and forfeits	27,013	–	–	–	–	–	–	27,013
Earnings on investments	29,867	–	951	53	150,618	49,851	–	231,340
Franchise fees	–	–	–	–	–	85,131	–	85,131
Antenna rental fees	65,759	–	–	–	–	–	–	65,759
Miscellaneous reimbursements	12,793	–	–	–	–	–	–	12,793
Other	10,731	19,463	–	–	–	75,109	–	105,303
Total revenues	3,710,415	779,362	36,201	53	539,386	741,630	–	5,807,047
Expenditures								
Current								
General government	1,010,168	–	–	–	–	117,558	–	1,127,726
Public safety	1,561,046	–	–	–	–	–	–	1,561,046
Public works	322,793	–	–	–	–	–	–	322,793
Parks and recreation	605,210	–	–	–	–	–	–	605,210
Economic development	–	–	544	–	–	2,767	–	3,311
Capital outlay								
General government	–	–	–	–	–	108,575	–	108,575
Public safety	–	–	–	–	–	18,927	–	18,927
Public works	–	–	–	–	771,156	94,178	–	865,334
Parks and recreation	–	1,141,300	–	–	–	–	–	1,141,300
Debt service								
Principal	–	–	–	235,000	–	–	–	235,000
Interest and paying agent fees	–	–	–	46,525	–	–	–	46,525
Total expenditures	3,499,217	1,141,300	544	281,525	771,156	342,005	–	6,035,747
Revenues over (under) expenditures	211,198	(361,938)	35,657	(281,472)	(231,770)	399,625	–	(228,700)
Other financing sources (uses)								
Transfers in	–	–	12,600	281,525	200,000	225,666	(576,791)	143,000
Transfers out	(270,266)	–	–	–	–	(306,525)	576,791	–
Total other financing sources (uses)	(270,266)	–	12,600	281,525	200,000	(80,859)	–	143,000
Net change in fund balances	(59,068)	(361,938)	48,257	53	(31,770)	318,766	–	(85,700)
Fund balances (deficits) – beginning	1,822,260	(14,928)	20,297	2,114	6,638,275	2,393,361	–	10,861,379
Fund balances (deficits) – ending	$ 1,763,192	$ (376,866)	$ 68,554	$ 2,167	$ 6,606,505	$ 2,712,127	$ –	$ 10,775,679

See notes to basic financial statements

CITY OF ARDEN HILLS

Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2010

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances – total governmental funds	$ (85,700)
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.	
Capital outlay	2,080,355
Depreciation expense	(528,292)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(61,306)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas material amounts are deferred and amortized in the Statement of Activities. Long-term debt at year-end consists of:	
Payments on bonds payable	235,000
Unamortized discount	(2,883)
Interest payable	2,938
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	11,946
Change in net assets of governmental activities	$ 1,652,058

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Net Assets
Proprietary Funds
as of December 31, 2010

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals
Assets					
Current assets					
Cash and investments	$ 1,471,476	$ 429,767	$ 656,076	$ 51,702	$ 2,609,021
Accrued interest receivable	7,663	2,245	3,708	53	13,669
Accounts receivable					
Customers	242,560	337,382	66,708	–	646,650
Customer accounts certified to county	38,473	47,936	5,524	2,370	94,303
Prepaid items	66	66	66	–	198
Inventory	5,937	–	–	–	5,937
Total current assets	1,766,175	817,396	732,082	54,125	3,369,778
Noncurrent assets					
Capital assets					
Buildings and structures	2,220	1,950	–	–	4,170
Distribution and collection systems	7,322,297	5,842,224	1,868,191	–	15,032,712
Machinery and equipment	270,263	597,771	1,187	–	869,221
Office equipment and furnishings	6,951	5,024	–	–	11,975
Vehicles	91,239	45,420	49,633	–	186,292
Construction in progress	101,498	389,256	389,531	–	880,285
Total capital assets	7,794,468	6,881,645	2,308,542	–	16,984,655
Less accumulated depreciation	(2,889,653)	(3,334,225)	(230,573)	–	(6,454,451)
Total capital assets (net of accumulated depreciation)	4,904,815	3,547,420	2,077,969	–	10,530,204
Total assets	6,670,990	4,364,816	2,810,051	54,125	13,899,982
Liabilities					
Current liabilities					
Accounts payable	2,385	22,873	1,063	5,530	31,851
Salaries payable	10,821	13,445	5,362	552	30,180
Contracts payable	8,283	7,609	5,396	–	21,288
Due to other governmental units	585,970	4,572	7,468	5,118	603,128
Compensated absences payable	16,190	18,550	11,047	527	46,314
Total current liabilities	623,649	67,049	30,336	11,727	732,761
Noncurrent liabilities					
Compensated absences payable (net of current portion)	5,397	6,183	3,682	176	15,438
Total liabilities	629,046	73,232	34,018	11,903	748,199
Net assets					
Invested in capital assets	4,904,815	3,547,420	2,077,969	–	10,530,204
Unrestricted	1,137,129	744,164	698,064	42,222	2,621,579
Total net assets	$ 6,041,944	$ 4,291,584	$ 2,776,033	$ 42,222	$ 13,151,783

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2010

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals
Operating revenues					
Charges for services	$ 1,818,290	$ 1,569,362	$ 518,385	$ 100,414	$ 4,006,451
Permit fees	3,137	2,342	–	–	5,479
Miscellaneous	2,659	2,789	287	21,478	27,213
Total operating revenues	1,824,086	1,574,493	518,672	121,892	4,039,143
Operating expenses					
Personal services	234,522	285,821	157,733	14,144	692,220
Supplies and maintenance	51,409	24,897	7,925	–	84,231
Other services and charges	125,665	222,433	40,427	9,778	398,303
Rent	19,700	19,700	8,755	–	48,155
Insurance	26,221	26,221	26,221	–	78,663
Utilities	13,266	23,662	2,443	–	39,371
Purchased services	18,535	19,317	30,795	7,995	76,642
Purchased water	1,014,324	–	–	–	1,014,324
Recycling charges	–	–	–	97,222	97,222
Sewer charges	–	614,603	–	–	614,603
Depreciation	175,312	130,775	47,394	–	353,481
Total operating expenses	1,678,954	1,367,429	321,693	129,139	3,497,215
Operating income (loss)	145,132	207,064	196,979	(7,247)	541,928
Nonoperating revenues					
Intergovernmental revenue	–	–	–	20,114	20,114
Earnings on investments	30,062	9,276	13,859	258	53,455
Total nonoperating revenues	30,062	9,276	13,859	20,372	73,569
Income before transfers	175,194	216,340	210,838	13,125	615,497
Transfers out	(43,000)	(62,000)	(38,000)	–	(143,000)
Change in net assets	132,194	154,340	172,838	13,125	472,497
Net assets – beginning	5,909,750	4,137,244	2,603,195	29,097	12,679,286
Net assets – ending	$ 6,041,944	$ 4,291,584	$ 2,776,033	$ 42,222	$ 13,151,783

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2010

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals
Cash flows from operating activities					
Receipts from customers and users	$ 1,760,502	$ 1,428,842	$ 514,903	$ 121,848	$ 3,826,095
Payments to suppliers	(820,413)	(871,664)	(83,069)	(107,866)	(1,883,012)
Payments to employees	(233,389)	(282,964)	(152,731)	(14,149)	(683,233)
Payments for interfund services used	(48,819)	(50,382)	(35,060)	(2,847)	(137,108)
Net cash provided (used) by operating activities	657,881	223,832	244,043	(3,014)	1,122,742
Cash flows from noncapital financing activities					
Grants received	–	–	–	20,114	20,114
Transfers out	(43,000)	(62,000)	(38,000)	–	(143,000)
Net cash provided (used) by noncapital financing activities	(43,000)	(62,000)	(38,000)	20,114	(122,886)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(93,162)	(197,876)	(85,643)	–	(376,681)
Cash flows from investing activities					
Earnings on investments	26,364	9,396	13,512	378	49,650
Net increase (decrease) in cash and cash equivalents	548,083	(26,648)	133,912	17,478	672,825
Cash and cash equivalents – beginning	923,393	456,415	522,164	34,224	1,936,196
Cash and cash equivalents – ending	$ 1,471,476	$ 429,767	$ 656,076	$ 51,702	$ 2,609,021
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ 145,132	$ 207,064	$ 196,979	$ (7,247)	$ 541,928
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	175,312	130,775	47,394	–	353,481
Decrease (increase) in customer receivables	(63,584)	(145,651)	(3,769)	(44)	(213,048)
Decrease (increase) in prepaid items	2,128	53,344	2,090	–	57,562
Decrease (increase) in inventory	1,744	–	–	–	1,744
Increase (decrease) in accounts payable	387,733	(31,826)	(9,049)	4,282	351,140
Increase (decrease) in salaries payable	1,474	3,032	493	(5)	4,994
Increase (decrease) in contracts payable	8,283	7,609	5,396	–	21,288
Increase (decrease) in compensated absences payable	(341)	(515)	4,509	–	3,653
Total adjustments	512,749	16,768	47,064	4,233	580,814
Net cash provided (used) by operating activities	$ 657,881	$ 223,832	$ 244,043	$ (3,014)	$ 1,122,742
Noncash investing, capital, and financing activities					
Book value on asset disposals	$ –	$ 340	$ –	$ –	$ 340

See notes to basic financial statements

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Arden Hills, Minnesota (the City) was incorporated in 1951 and operates under the "Optional Plan A" form of government as defined in Minnesota Statutes. Under this plan, the government of the City is directed by a council composed of an elected mayor and four elected councilmembers. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and 1) the ability of the primary government to impose its will on that organization, or 2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the primary government.

The City provides the following municipal services: public safety (police, fire, civil defense, and animal control), highways and streets, sanitation and health, parks and recreation, public improvements, community development, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America applicable to governmental units as promulgated by the American Institute of Certified Public Accountants and GASB. The following is a summary of the significant accounting policies.

B. Reporting Entity

In accordance with GASB pronouncements and accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include the primary government and its component units.

Blended component units, although legally separate entities, are, in substance, part of the City's operations; therefore, data from these units are combined with data of the City. The City's blended component unit has a December 31 year-end. The City has the following component unit:

> **Arden Hills Economic Development Authority (EDA)** – The EDA of the City was created pursuant to Minnesota Statutes § 469.090–469.108 to carryout economic and industrial development and redevelopment consistent with policies established by the City Council. It is composed of the members of the City Council. The EDA's activities are blended and reported in separate special revenue funds. Separate financial statements are not issued for this component unit.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all activities of the primary government. 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. 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 City 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, therefore, 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 City.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

The City reports the following major governmental funds:

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

Parks Fund – The Parks Fund (special revenue fund) was established for park/trail acquisition and development. Revenue for this fund comes from developer park dedication fees, contributions, state grants, and investment interest.

EDA Operating Fund – The EDA Operating Fund (special revenue fund) accounts for revenue sources that are legally restricted to expenditures for specified purposes (not including major capital projects).

Tax Increment Bonds Fund – The Tax Increment Bonds Fund (debt service fund) accounts for the accumulation of tax increment resources and payment of tax increment bond principle and interest when the City is obligated in some manner for the payment.

Permanent Improvement Revolving Fund – The Permanent Improvement Revolving Fund (capital project fund) accounts for the acquisition of fixed assets or construction for this major capital project not being financed by proprietary funds.

The City reports the following major proprietary funds:

Water Fund – The Water Fund accounts for the water service charges which are used to finance the water system operations.

Sewer Fund – The Sewer Fund accounts for the sewer service charges which are used to finance the sanitary sewer system operations.

Surface Water Management Fund – The Surface Water Management Fund accounts for the surface water charges which are used to finance the surface water system operations.

The City reports the following nonmajor proprietary fund:

Recycling Fund – The Recycling Fund accounts for the recycling service charges which are used to finance the City's recycling operations.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

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, and are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 City's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets and Budgetary Accounting

Budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund and all special revenue funds. 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.

F. Legal Compliance – Budgets

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

1. The city administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed 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. The appropriated budget is prepared by fund, function, and department. The City's department heads, with the approval of the city administrator, may make transfers of appropriations within a department. Transfers of appropriations between funds require the approval of the City Council. The legal level of budgetary control is the fund level. Budgeted amounts are as amended by the City Council.

4. The city administrator is authorized to transfer appropriations within any fund budget. Adjustments to appropriations between funds, and budget additions and deletions must be authorized by the City Council.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Fund (if necessary). Supplementary budgets are adopted for the proprietary funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.

7. A capital improvement program is reviewed annually by the City Council for the capital project funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.

For the year ended December 31, 2010, actual expenditures exceeded budgeted expenditures in the Parks, Cable, and EDA TIF District No. 3 Funds by $172,779, $15,065, and $673 respectively.

G. Cash and Investments

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

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

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

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

H. Receivables and Payables

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

Property taxes and special assessment receivables have been reported net of estimated uncollectible accounts (see Note 1 I and J). Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

All receivables are shown net of any allowance for uncollectibles. The only receivables not expected to be collected within one year are property taxes and special assessments receivable.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

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 15 and December 15 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.

In the government-wide financial statements, the City recognizes property tax revenue in the period for which taxes were levied. Uncollectible property taxes are not material and have not been reported.

In the 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 are fully offset by deferred revenue because they are not available to finance current expenditures.

The City's property tax revenue includes payments from the Metropolitan Revenue Distribution (Fiscal Disparities Formula) per Minnesota Statute § 473F. This statute provides a means of spreading a portion of the taxable valuation of commercial/industrial real property to various taxing authorities within the defined metropolitan area. The valuation "shared" is a portion of commercial/industrial property valuation growth since 1971. Property taxes paid to the City through this formula for 2010 totaled $240,799. Receipt of property taxes from this "fiscal disparities pool" does not increase or decrease total tax revenue.

J. Special Assessments

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years as approved through City Council resolution. Collection of annual installments (including interest) is handled by the county auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by the City Council or court action. 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the 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.

In the 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 are collected by the county and remitted by December 31 (remitted to the City the following January) and 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 revenues.

K. Inventories

The original cost of materials and supplies has been recorded as expenditures at the time of purchase for both the governmental and proprietary funds with the exception of water meters in the Water Fund. These funds do not maintain material amounts of materials and supplies. The water meter inventory in the Water Fund is stated at the lower of cost or market on the first-in, first-out method.

L. 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 at the time of consumption.

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported by governmental activities), the City chose to include items dating back to June 30, 1980. These assets are reported at historical cost.

The City estimated historical cost for the initial reporting of these assets through back trending (estimating the current replacement cost and utilizing an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional infrastructure assets each period, they will be capitalized and reported at historical cost.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2010, no interest was capitalized in connection with construction in progress.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

Buildings and structures	7–40 years
Infrastructure and improvements	15–50 years
Distribution and collection systems	15–50 years
Machinery and equipment	5–15 years
Office furniture and equipment	5–10 years
Vehicles	7–20 years

N. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused annual leave and sick pay benefits called personal time off (PTO). All PTO is accrued when incurred in the government-wide and proprietary fund financial statements. PTO is payable when used or upon termination of employment. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive PTO benefits. However, a liability is recognized for that portion of accumulated PTO benefits that is vested as severance pay. PTO is payable when used and, in some cases, upon termination of employment. For regular employees, PTO is payable upon retirement or involuntary termination up to the amount accrued, not to exceed 240 hours, who have served at least 12 consecutive months prior to separation, and have given the City at least two weeks' notice prior to the effective date of such separation. The recorded portion of PTO (compensated absences) represents the estimated amount expected, based on previous years' history and those eligible for retirement.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

P. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances (when applicable) represent tentative plans for future use of financial resources.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Assets

Net assets represent the difference between assets and liabilities in the government-wide and proprietary fund financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

R. Interfund Transactions

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

S. Use of Estimates

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

T. Reconciliation of Government-Wide and Fund Financial Statements

The following is an explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets:

The governmental fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, compensated absences payable, interest payable, and unamortized discounts, are not due and payable in the current period and, therefore, are not reported in the funds." The details of the ($1,416,331) difference are as follows:

Bonds payable	$ (1,310,000)
Accrued interest payable	(17,729)
Unamortized discounts	11,534
Compensated absences payable	(100,136)
	$ (1,416,331)

NOTE 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.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a failure, the City's deposits may be lost.

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

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the city clerk/treasurer or in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. Authorized collateral includes the following:

1. United States government treasury bills, treasury notes, or treasury bonds;
2. Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
3. 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;
4. 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;
5. 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
6. Time deposits that are fully insured by any federal agency.

The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount and bank balance of the City's deposits was $1,424,730. Of the bank balance, $250,000 was covered by federal depository insurance. The remaining balance of $1,174,730 was uninsured at fiscal year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2010, the City had the following cash and investments:

Investment Type	Rating	Interest Risk – Maturity Duration in Years: Less Than 1 Year	1 to 5 Years	6 to 10 Years	Carrying Value
Federal National Mortgage Association	AAA	$ 1,001,251	$ 1,748,325	$ –	$ 2,749,576
Federal Home Loan Mortgage Corporation	AAA	745,298	–	–	745,298
Federal Home Loan Bank	AAA	698,982	259,174	–	958,156
Municipal bonds	AAA	–	886,429	–	886,429
Municipal bonds	AA	105,006	902,565	733,347	1,740,918
Municipal bonds	Aa3	–	213,956	–	213,956
Municipal bonds	A+	250,000	358,579	–	608,579
Negotiable certificates of deposit	N/R	215,280	798,458	–	1,013,738
Investment pools/mutual funds					
External Investment Pool – 4M Fund	N/R	2,861,191	–	–	2,861,191
Money market funds					
Wells Fargo Advantage Government	AAA	33,011	–	–	33,011
Total investments		$ 5,910,019	$ 5,167,486	$ 733,347	11,810,852
Deposits					1,424,730
Petty cash					512
Total cash and investments					$ 13,236,094

N/R – Not Rated

Note: Ratings listed above were obtained from Moody's Investors Service, Inc. and Standard & Poor's Corporation.

The Minnesota Municipal Money Market Fund (the 4M Fund) is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long-term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota Statutes, the 4M Fund is comprised of top quality, rated investments.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy addressing this risk, but typically limits its exposure by only purchasing insured or registered investments, or by the control of who holds the securities.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes authorize the City to invest in the following:

1. 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.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a national bond rating service, and all of the investments have a final maturity of 13 months or less, and whose only investments are in securities described in (1) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
3. Obligations of the state of Minnesota or any of its municipalities as follows:
   a) 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;
   b) 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
   c) 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.
4. Bankers' acceptance of United States banks eligible for purchase by the Federal Reserve System.
5. Commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two national rating agencies, and maturing in 270 days or less.
6. Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories by a national bond rating agency.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the governmental entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in United States government securities to the Federal Reserve Bank of New York or certain Minnesota securities broker-dealers; or a bank qualified as a depositor.
8. General obligation temporary bonds of the same governmental entity issued under Section 429.091, Subd. 7; Section 469.178, Subd. 5; or Section 475.61, Subd. 6.

The City's investment policy does not further address credit risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City does not have an investment policy limiting the duration of investments.

Concentration Risk – This is the risk associated with investing a significant portion of the City's investment (considered 5 percent or more) in the securities of a single issuer, excluding United States guaranteed investments (such as treasuries), investment pools, and mutual funds. The City's investment policies state that no more than 5 percent of the overall portfolio may be invested in the securities of a single issuer, except for the securities of the United States government, or a maximum of 25 percent with any individual counterparty in an external investment pool. At year-end, the City's investments in Federal Nantional Mortgage Association investments represented 23 percent, Federal Home Loan Mortgage Corporation investments represented 6 percent, and Federal Home Loan Bank represented 8 percent. These issuers have an implicit guarantee from the federal government, but are not backed by the full faith and credit of the federal government.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

A. Governmental Activities

	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Primary government					
Governmental activities					
Capital assets, not being depreciated					
Land	$ 2,435,238	$ –	$ –	$ –	$ 2,435,238
Construction in progress	1,582,585	1,877,653	–	(338,413)	3,121,825
Total capital assets, not being depreciated	4,017,823	1,877,653	–	(338,413)	5,557,063
Capital assets, being depreciated					
Building and structures	6,285,466	16,916	–	–	6,302,382
Infrastructure and improvements	6,981,170	–	–	–	6,981,170
Machinery and equipment	402,412	83,104	–	338,413	823,929
Office furniture and equipment	42,198	39,432	–	–	81,630
Vehicles	430,680	63,250	–	–	493,930
Total capital assets, being depreciated	14,141,926	202,702	–	338,413	14,683,041
Less accumulated depreciation for					
Building and structures	1,708,180	185,685	–	–	1,893,865
Infrastructure and improvements	1,163,553	273,967	–	–	1,437,520
Machinery and equipment	275,124	34,930	–	–	310,054
Office furniture and equipment	9,072	4,220	–	–	13,292
Vehicles	214,529	29,490	–	–	244,019
Total accumulated depreciation	3,370,458	528,292	–	–	3,898,750
Total capital assets being depreciated – net	10,771,468	(325,590)	–	338,413	10,784,291
Governmental activities capital assets – net	$ 14,789,291	$ 1,552,063	$ –	$ –	$ 16,341,354

B. Business-Type Activities

	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Primary government					
Business-type activities					
Capital assets, not being depreciated					
Construction in progress	$ 503,604	$ 376,681	$ –	$ –	$ 880,285
Capital assets, being depreciated					
Building and structures	4,170	–	–	–	4,170
Distribution and collection systems	15,032,712	–	–	–	15,032,712
Machinery and equipment	869,221	–	–	–	869,221
Office furniture and equipment	11,975	–	–	–	11,975
Vehicles	193,950	–	(7,658)	–	186,292
Total capital assets, being depreciated	16,112,028	–	(7,658)	–	16,104,370
Less accumulated depreciation for					
Building and structures	3,146	208	–	–	3,354
Distribution and collection systems	5,165,935	326,636	–	–	5,492,571
Machinery and equipment	773,429	10,621	–	–	784,050
Office furniture and equipment	11,975	–	–	–	11,975
Vehicles	153,803	16,016	(7,318)	–	162,501
Total accumulated depreciation	6,108,288	353,481	(7,318)	–	6,454,451
Total capital assets, being depreciated – net	10,003,740	(353,481)	(340)	–	9,649,919
Business-type activities capital assets – net	$ 10,507,344	$ 23,200	$ (340)	$ –	$ 10,530,204

NOTE 3 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Depreciation expense was charged to functions as follows:

Governmental activities		
General government	$	102,182
Public safety		5,912
Public works		296,435
Parks and recreation		123,763
	$	528,292
Business-type activities		
Water	$	175,312
Sewer		130,775
Surface water management		47,394
	$	353,481

D. Construction Commitments

At December 31, 2010, the City had construction project contracts in progress. The commitment related to the remaining contract is summarized as follows:

Project		Amount
CP Rail Bridge Improvement	$	18,702
Safe Routes to School Project (ELA)		13,521
	$	32,223

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Debt

The City may issue general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The City's only bond issue was utilized to enhance development within the City through the use of tax increment bonds, the proceeds of this issue did not create assets that would be considered property of the City. The City's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

NOTE 4 – LONG-TERM DEBT (CONTINUED)

As of December 31, 2010, the governmental activities and business-type activities long-term debt of the City consisted of the following:

	Issue Date	Final Maturity Date	Interest Rate	Authorized and Issued	Outstanding at December 31, 2010
Governmental activities					
G.O. tax increment bonds					
G.O. Tax Increment Refunding Bonds, Series 2004A	11/04/2004	02/01/2015	3.00–3.50 %	$ 2,395,000	$ 1,310,000
Compensated absences payable	N/A	N/A	N/A	N/A	100,136
Total city indebtedness – governmental activities					$ 1,410,136
Business-type activities					
Compensated absences payable	N/A	N/A	N/A	N/A	$ 61,752

N/A – Not Applicable

B. Minimum Debt Payments

Annual debt service requirements to maturity for long-term debt is as follows:

Year Ending December 31,	G.O. Tax Increment Bonds Governmental Activities Principal	Interest
2011	$ 245,000	$ 38,875
2012	255,000	31,248
2013	260,000	23,070
2014	270,000	14,322
2015	280,000	4,900
Total	$ 1,310,000	$ 112,415

It is not practical to determine the specific year for payment of long-term accrued compensated absences.

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. tax increment bonds	$ 1,545,000	$ –	$ 235,000	$ 1,310,000	$ 245,000
Compensated absences payable	112,082	108,737	120,683	100,136	75,102
Total governmental activity long-term liabilities	$ 1,657,082	$ 108,737	$ 355,683	$ 1,410,136	$ 320,102
Business-type activities					
Compensated absences payable	$ 58,099	$ 71,287	$ 67,634	$ 61,752	$ 46,314

For the governmental activities, compensated absences are generally liquidated by the General Fund and special revenue funds.

All general obligation indebtedness outstanding at December 31, 2010 is backed by the full faith and credit of the City, including tax increment bonds.

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees' Retirement Association (PERA) of Minnesota. PERA administers the General Employees' Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statutes, and vest after three years of credited service. The defined retirement 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.

NOTE 5 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained at mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296–7460 or (800) 652–9026.

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.0 percent, respectively, of their annual covered salary in 2010. In 2010, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members and 7.00 percent for Coordinated Plan GERF members. Contribution rates for employers and employees of the GERF Coordinated Plan increased by 0.25 percent, effective January 1, 2011. The City's contributions for the years ended December 31, 2010, 2009, and 2008 were $89,840, $90,585, and $83,350, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statutes.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivable and Payable

Interfund receivable and payable balances at December 31, 2010 are as follows:

Fund	Receivable	Payable
General	$ 744,536	$ –
Parks	–	774,536
Total	$ 744,536	$ 774,536

Interfund receivables and payables are used for temporary cash deficits. These balances will be eliminated with Federal and State grant proceeds, other reimbursements in the Parks Fund, and internal fund transfers if needed.

B. Transfers In and Transfers Out

	Transfers In				
Transfers Out	EDA Operating	Tax Increment Bonds Fund	Permanent Improvement Revolving Fund	Nonmajor Governmental Funds	Total
General Fund	$ 12,600	$ –	$ 200,000	$ 57,666	$ 270,266
Nonmajor governmental funds	–	281,525	–	25,000	306,525
Water	–	–	–	43,000	43,000
Sewer	–	–	–	62,000	62,000
Surface Water Management	–	–	–	38,000	38,000
Total	$ 12,600	$ 281,525	$ 200,000	$ 225,666	$ 719,791

Interfund transfers allow the City to allocate financial resources to the funds that receive benefits from services provided by another fund. All of the City's interfund transfers fall under that category. All of the 2010 transfers are considered routine and consistent with previous practices.

NOTE 7 – DEFICIT FUND BALANCES

The City had deficit fund balances at December 31, 2010 as follows:

	Amount
Parks	$ 376,866

This fund deficit will be eliminated with future contributions and internal fund transfers if needed.

NOTE 8 – 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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk-sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers' compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. There were no significant reductions in insurance from the previous year or settled claims in excess of insurance coverage for any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred, but not reported. The City's management is not aware of any incurred, but unreported claims.

B. Litigation

The city attorney 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, 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 require 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, 2010.

D. Tax Increment Districts

The City's tax increment districts are subject to review by the Minnesota Office of the State Auditor. 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. Ice Arena Financing

The City, along with three other cities and Ramsey County, entered into an agreement January 1, 1997 with the Minnesota Amateur Sports Commission to provide financing of a four-sheet ice arena. The agreement provides for rental income to cover principal, interest, and operating expenses. In the case of default, each City will be responsible for a specific portion of the debt. The City's percentage is 15.5 percent of one of the four sheets and the amount of the debt will not exceed $9,000,000 for all four sheets in the complex. No expenditures were incurred under this commitment in 2010.

NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

F. Lake Johanna Volunteer Fire Department, Inc.

The City receives fire protection under a contract with the Lake Johanna Volunteer Fire Department, Inc. The contract calls for annual payments, expires December 31, 2013, and allows renewal for two additional five-year periods. The contract cost will be based on the budget submitted by the fire department and approved by the City. Capital costs are billed separately in addition to the contract rate. The amount expended under the contract was $356,778 in 2010.

NOTE 9 – CONDUIT DEBT OBLIGATION

The City has issued private activity 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 constitute special obligations of the City, payable solely from revenues of the projects pledged to the payment thereof. The bonds do not constitute a debt of the City and the City has no obligation for repayment. Accordingly, the bonds are not reported as liabilities in the City's financial statements. Bonds outstanding at December 31, 2010 could not be determined; however, their original issue amounts are as follows:

Bond	Description	Amount Issued
Commercial Facilities Revenue Note, Series 2008	Office facilities	$ 5,500,000
Educational Facilities Revenue Notes, Series 2010	Educational facilities	8,000,000
Totals		$ 13,500,000

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ARDEN HILLS

Required Supplementary Information
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
General property taxes	$ 2,982,191	$ 2,982,191	$ 2,867,028	$ (115,163)
Licenses and permits				
Business	54,500	54,500	47,297	(7,203)
Non-business	193,400	193,400	207,968	14,568
Total licenses and permits	247,900	247,900	255,265	7,365
Intergovernmental				
State				
Road maintenance	67,649	67,649	68,559	910
Mobile home homestead credit	–	–	3,466	3,466
PERA aid	5,179	5,179	5,179	–
Police aid	44,000	44,000	41,777	(2,223)
Total intergovernmental	116,828	116,828	118,981	2,153
Charges for services				
General government	104,458	104,458	112,740	8,282
Public safety	11,200	11,200	9,601	(1,599)
Parks and recreation	92,000	92,000	98,395	6,395
Administrative charges				
Enterprise funds	97,033	97,033	88,953	(8,080)
Special revenue funds	11,696	11,696	13,289	1,593
Total charges for services	316,387	316,387	322,978	6,591
Fines and forfeits	39,441	39,441	27,013	(12,428)
Earnings on investments	40,000	40,000	29,867	(10,133)
Antenna rental fees	62,260	62,260	65,759	3,499
Miscellaneous reimbursements	7,550	7,550	12,793	5,243
Other	18,600	18,600	10,731	(7,869)
Total revenues	3,831,157	3,831,157	3,710,415	(120,742)
Expenditures				
Current				
General government				
City Council				
Personal services	31,186	31,186	31,199	(13)
Materials and supplies	500	500	881	(381)
Other services and charges	55,250	55,250	35,760	19,490
Total City Council	86,936	86,936	67,840	19,096
Elections				
Personal services	8,000	8,000	11,856	(3,856)
Materials and supplies	500	500	876	(376)
Other services and charges	4,100	4,100	3,425	675
Total elections	12,600	12,600	16,157	(3,557)

(continued)

CITY OF ARDEN HILLS

Required Supplementary Information
Budgetary Comparison Schedule – General Fund (continued)
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Expenditures (continued)				
Current (continued)				
General government (continued)				
Administration				
Personal services	189,037	189,037	236,475	(47,438)
Materials and supplies	–	–	2,658	(2,658)
Other services and charges	149,397	149,397	152,378	(2,981)
Total administration	338,434	338,434	391,511	(53,077)
Finance				
Personal services	67,681	67,681	78,614	(10,933)
Materials and supplies	24,495	24,495	23,346	1,149
Other services and charges	52,272	52,272	48,768	3,504
Total finance	144,448	144,448	150,728	(6,280)
Planning and zoning				
Personal services	163,526	163,526	161,425	2,101
Materials and supplies	1,300	1,300	1,217	83
Other services and charges	96,050	78,384	25,911	52,473
Total planning and zoning	260,876	243,210	188,553	54,657
General government buildings				
Personal services	34,061	34,061	37,390	(3,329)
Materials and supplies	7,000	7,000	4,660	2,340
Other services and charges	199,650	199,650	153,329	46,321
Total general government buildings	240,711	240,711	195,379	45,332
Total general government	1,084,005	1,066,339	1,010,168	56,171
Public safety				
Police and fire protection				
Other services and charges	1,308,900	1,308,900	1,299,947	8,953
Emergency management				
Personal services	5,271	5,271	5,035	236
Other services and charges	27,650	27,650	1,824	25,826
Total emergency management	32,921	32,921	6,859	26,062
Protective inspections				
Personal services	208,833	208,833	208,311	522
Materials and supplies	3,200	3,200	3,390	(190)
Other services and charges	39,125	39,125	42,539	(3,414)
Total protective inspections	251,158	251,158	254,240	(3,082)
Total public safety	1,592,979	1,592,979	1,561,046	31,933

(continued)

CITY OF ARDEN HILLS

Required Supplementary Information
Budgetary Comparison Schedule – General Fund (continued)
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Expenditures (continued)				
Current (continued)				
Public works				
Street maintenance				
Personal services	176,496	176,496	182,908	(6,412)
Materials and supplies	69,755	69,755	85,969	(16,214)
Other services and charges	40,250	40,250	53,916	(13,666)
Total public works	286,501	286,501	322,793	(36,292)
Parks and recreation				
Park maintenance				
Personal services	270,387	270,387	258,327	12,060
Materials and supplies	54,980	54,980	65,030	(10,050)
Other services and charges	90,122	90,122	43,548	46,574
Total park maintenance	415,489	415,489	366,905	48,584
Recreation				
Personal services	145,959	145,959	146,948	(989)
Materials and supplies	16,275	16,275	19,757	(3,482)
Other services and charges	53,550	53,550	52,184	1,366
Total recreation	215,784	215,784	218,889	(3,105)
Celebrating Arden Hills				
Materials and supplies	19,000	19,000	18,354	646
Other services and charges	6,000	6,000	1,062	4,938
Total Celebrating Arden Hills	25,000	25,000	19,416	5,584
Total parks and recreation	656,273	656,273	605,210	51,063
Total expenditures	3,619,758	3,602,092	3,499,217	102,875
Revenues over (under) expenditures	211,399	229,065	211,198	(17,867)
Other financing sources (uses)				
Transfers out	(252,600)	(270,266)	(270,266)	–
Net change in fund balance	$ (41,201)	$ (41,201)	(59,068)	$ (17,867)
Fund balance – beginning			1,822,260	
Fund balance – ending			$ 1,763,192	

CITY OF ARDEN HILLS

Required Supplementary Information
Budgetary Comparison Schedule – Parks Fund
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Intergovernmental	$ 797,326	$ 797,326	$ 759,899	$ (37,427)
Earnings on investments	5,000	5,000	–	(5,000)
Other services and charges	46,800	46,800	19,463	(27,337)
Total revenues	849,126	849,126	779,362	(69,764)
Expenditures				
Capital outlay				
Parks and recreation	968,521	968,521	1,141,300	(172,779)
Net change in fund balances	$ (119,395)	$ (119,395)	(361,938)	$ (242,543)
Fund balances – beginning			(14,928)	
Fund balances – ending			$ (376,866)	

CITY OF ARDEN HILLS

Required Supplementary Information
Budgetary Comparison Schedule – EDA Operating Fund
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes – tax increments	$ 9,100	$ 9,100	$ 35,250	$ 26,150
Earnings on investments	–	–	951	951
Total revenues	9,100	9,100	36,201	27,101
Expenditures				
Economic development				
Current				
Materials and supplies	3,000	3,000	–	3,000
Other services and charges	8,700	8,700	544	8,156
Capital outlay				
Economic development	10,000	10,000	–	10,000
Total expenditures	21,700	21,700	544	21,156
Revenue over (under) expenditures	(12,600)	(12,600)	35,657	48,257
Other financing sources (uses)				
Transfers in	12,600	12,600	12,600	–
Net change in fund balances	$ –	$ –	48,257	$ 48,257
Fund balance (deficits) – beginning			20,297	
Fund balance (deficits) – ending			$ 68,554	

NOTE – LEGAL COMPLIANCE – BUDGETS

The General, Park, and Economic Development Authority (EDA) Operating Fund budgets are 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 fund level for all funds. For the year ended December 31, 2010, the following funds exceeded budgeted appropriations:

	Final Budget	Actual	Over Budget
Major funds			
Parks Fund	$ 968,521	$ 1,141,300	$ 172,779

NONMAJOR GOVERNMENTAL FUNDS

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, local ordinance, and/or resolution to finance particular functions, activities, or governments.

Capital Project Funds – Capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF ARDEN HILLS

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2010

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
Assets			
Cash and investments	$ 2,103,563	$ 678,827	$ 2,782,390
Accrued interest receivable	9,698	2,763	12,461
Accounts receivable	23,474	–	23,474
Total assets	$ 2,136,735	$ 681,590	$ 2,818,325
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 29,250	$ 75,653	$ 104,903
Salaries payable	1,295	–	1,295
Total liabilities	30,545	75,653	106,198
Fund balances			
Reserved for			
Tax increment purposes	1,329,092	–	1,329,092
Unreserved – undesignated	777,098	605,937	1,383,035
Total fund balances	2,106,190	605,937	2,712,127
Total liabilities and fund balances	$ 2,136,735	$ 681,590	$ 2,818,325

CITY OF ARDEN HILLS

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2010

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Tax increments	$ 531,475	$ –	$ 531,475
Intergovernmental	64	–	64
Earnings on investments	38,315	11,536	49,851
Franchise fees	85,131	–	85,131
Other	73,909	1,200	75,109
Total revenues	728,894	12,736	741,630
Expenditures			
Current			
General government	117,558	–	117,558
Economic development	2,767	–	2,767
Capital outlay			
General government	2,750	105,825	108,575
Public safety	–	18,927	18,927
Public works	–	94,178	94,178
Total expenditures	123,075	218,930	342,005
Revenues over (under) expenditures	605,819	(206,194)	399,625
Other financing sources (uses)			
Transfer from General Fund	17,666	40,000	57,666
Transfer from special revenue funds	–	25,000	25,000
Transfer from enterprise funds	–	143,000	143,000
Transfer to debt service funds	(281,525)	–	(281,525)
Transfer to capital project funds	(25,000)	–	(25,000)
Total other financing sources (uses)	(288,859)	208,000	(80,859)
Net change in fund balances	316,960	1,806	318,766
Fund balances – beginning	1,789,230	604,131	2,393,361
Fund balances – ending	$ 2,106,190	$ 605,937	$ 2,712,127

NONMAJOR SPECIAL REVENUE FUNDS

The City had the following nonmajor special revenue funds during the year:

Community Services Fund – This fund was established for transactions associated with community services. Revenues are derived from the required 10 percent contribution of net profit from charitable gambling organizations operating in the City. Expenditures are made to support youth activities and transfers to the Public Safety Capital Equipment Fund.

TCAAP Fund – The TCAAP Fund accounts for revenues and expenditures associated with the acquisition and development of the old Twin Cities Army Ammunition Plant.

Cable Fund – This fund was established to account for transactions associated with cable television in the City. Revenues are franchise fees from Comcast. Expenditures include the operation of the North Suburban Cable Commission and other costs relating to cable television activity, internet, and other forms of communication.

Risk Management Fund – This fund was established to pool dividends received from the League of Minnesota Cities Insurance Trust for positive claims experience. This fund tracks dividend revenues and deductible costs for claims. The goal of this fund is to build a fund balance that would allow the City to increase duductible limits in order to reduce premium costs.

EDA Revolving Fund – This fund was established to help businesses develop and grow with the expectation to pay back the City. Once the funds are replaced, those funds are available to be loaned out to another business.

EDA TIF District No. 2 Fund – This fund was established as a 25-year Redevelopment Development District in 1989. Improvements for this district were funded with the issuance of general obligation bonds in 1998. Revenue is derived from tax increment and transfers are made to the bond fund to make bond payments.

EDA TIF District No. 3 Fund – This fund was established as a Housing District in 1993. The revenue is derived from tax increment and expenditures are for developer reimbursements and administrative expenses.

CITY OF ARDEN HILLS

Nonmajor Special Revenue Funds
Subcombining Balance Sheet
December 31, 2010

	Community Services	TCAAP	Cable	Risk Management	EDA Revolving	EDA TIF District No. 2	EDA TIF District No. 3	Total Nonmajor Special Revenue Funds
Assets								
Cash and investments	$ 11,431	$ 294	$ 255,661	$ 363,565	$ 149,111	$ 1,196,830	$ 126,671	$ 2,103,563
Accrued interest receivable	57	–	1,416	1,854	780	5,017	574	9,698
Accounts receivable	1,474	–	22,000	–	–	–	–	23,474
Total assets	$ 12,962	$ 294	$ 279,077	$ 365,419	$ 149,891	$ 1,201,847	$ 127,245	$ 2,136,735
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ –	$ –	$ 502	$ 28,748	$ –	$ –	$ –	$ 29,250
Salaries payable	–	–	1,295	–	–	–	–	1,295
Total liabilities	–	–	1,797	28,748	–	–	–	30,545
Fund balances								
Reserved for								
Tax increment purposes	–	–	–	–	–	1,201,847	127,245	1,329,092
Unreserved – undesignated	12,962	294	277,280	336,671	149,891	–	–	777,098
Total fund balances	12,962	294	277,280	336,671	149,891	1,201,847	127,245	2,106,190
Total liabilities and fund balances	$ 12,962	$ 294	$ 279,077	$ 365,419	$ 149,891	$ 1,201,847	$ 127,245	$ 2,136,735

CITY OF ARDEN HILLS

Nonmajor Special Revenue Funds
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2010

	Community Services	TCAAP	Cable	Risk Management	EDA Revolving	EDA TIF District No. 2	EDA TIF District No. 3	Total Nonmajor Special Revenue Funds
Revenues								
Taxes								
Tax increments	$ –	$ –	$ –	$ –	$ –	$ 493,112	$ 38,363	$ 531,475
Intergovernmental	–	–	–	–	–	–	64	64
Earnings on investments	254	–	5,948	7,849	3,392	18,627	2,245	38,315
Franchise fees	–	–	85,131	–	–	–	–	85,131
Other	33,381	–	–	40,528	–	–	–	73,909
Total revenues	33,635	–	91,079	48,377	3,392	511,739	40,672	728,894
Expenditures								
Current								
General government	–	17,372	92,663	7,523	–	–	–	117,558
Economic development	–	–	–	–	–	1,094	1,673	2,767
Capital outlay								
General government	–	–	2,750	–	–	–	–	2,750
Total expenditures	–	17,372	95,413	7,523	–	1,094	1,673	123,075
Revenues over (under) expenditures	33,635	(17,372)	(4,334)	40,854	3,392	510,645	38,999	605,819
Other financing sources (uses)								
Transfer from General Fund	–	17,666	–	–	–	–	–	17,666
Transfer to debt service funds	–	–	–	–	–	(281,525)	–	(281,525)
Transfer to capital project funds	(25,000)	–	–	–	–	–	–	(25,000)
Total other financing sources (uses)	(25,000)	17,666	–	–	–	(281,525)	–	(288,859)
Net change in fund balances	8,635	294	(4,334)	40,854	3,392	229,120	38,999	316,960
Fund balances – beginning	4,327	–	281,614	295,817	146,499	972,727	88,246	1,789,230
Fund balances – ending	$ 12,962	$ 294	$ 277,280	$ 336,671	$ 149,891	$ 1,201,847	$ 127,245	$ 2,106,190

NONMAJOR CAPITAL PROJECT FUNDS

The City had the following nonmajor capital project funds during the year:

Equipment, Building, and Replacement Fund – This fund was established for resources designated to be used for the purchase of capital equipment and building repairs.

Public Safety Capital Equipment Fund – This fund was established to account for resources designated to be used for the City's share of public safety equipment through contracts with the Lake Johanna Fire Department and Ramsey County Sheriff's Department.

CITY OF ARDEN HILLS

Nonmajor Capital Project Funds
Subcombining Balance Sheet
December 31, 2010

	Equipment, Building, and Replacement	Public Safety Capital Equipment	Total Nonmajor Capital Project Funds
Assets			
Cash and investments	$ 151,081	$ 527,746	$ 678,827
Accrued interest receivable	–	2,763	2,763
Total assets	$ 151,081	$ 530,509	$ 681,590
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 62,488	$ 13,165	$ 75,653
Fund balances			
Unreserved – undesignated	88,593	517,344	605,937
Total liabilities and fund balances	$ 151,081	$ 530,509	$ 681,590

CITY OF ARDEN HILLS

Nonmajor Capital Project Funds
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2010

	Equipment, Building, and Replacement	Public Safety Capital Equipment	Total Nonmajor Capital Project Funds
Revenues			
Earnings on investments	$ –	$ 11,536	$ 11,536
Other	1,200	–	1,200
Total revenues	1,200	11,536	12,736
Expenditures			
Capital outlay			
General government	105,825	–	105,825
Public safety	–	18,927	18,927
Public works	94,178	–	94,178
Total expenditures	200,003	18,927	218,930
Revenues over (under) expenditures	(198,803)	(7,391)	(206,194)
Other financing sources			
Transfer from General Fund	40,000	–	40,000
Transfer from special revenue funds	–	25,000	25,000
Transfer from enterprise funds	143,000	–	143,000
Total other financing sources	183,000	25,000	208,000
Net change in fund balances	(15,803)	17,609	1,806
Fund balances – beginning	104,396	499,735	604,131
Fund balances – ending	$ 88,593	$ 517,344	$ 605,937

CITY OF ARDEN HILLS

Special Revenue Fund – Community Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ –	$ –	$ 254	$ 254
Other	50,000	50,000	33,381	(16,619)
Total revenues	50,000	50,000	33,635	(16,365)
Other financing sources (uses)				
Transfer to Public Safety Capital Equipment Fund	(25,000)	(25,000)	(25,000)	–
Net change in fund balances	$ 25,000	$ 25,000	8,635	$ (16,365)
Fund balances – beginning			4,327	
Fund balances – ending			$ 12,962	

CITY OF ARDEN HILLS

Special Revenue Fund – TCAAP Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Miscellaneous reimbursements				
Developer reimbursements	$ 70,000	$ 70,000	$ –	$ (70,000)
Expenditures				
Current				
General government				
Personal services	–	–	18	(18)
Other services and charges	70,000	70,000	17,354	52,646
Total expenditures	70,000	70,000	17,372	52,628
Revenue over (under) expenditures	–	–	(17,372)	(122,628)
Other financing sources (uses)				
Transfer from General Fund	–	–	17,666	17,666
Net change in fund balances	$ –	$ –	294	$ (104,962)
Fund balances – beginning			–	
Fund balances – ending			$ 294	

CITY OF ARDEN HILLS

Special Revenue Fund – Cable Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ 7,000	$ 7,000	$ 5,948	$ (1,052)
Franchise fees	76,000	76,000	85,131	9,131
Total revenues	83,000	83,000	91,079	8,079
Expenditures				
Current				
General government				
Personal services	30,552	30,552	33,307	(2,755)
Other services and charges	46,796	46,796	59,356	(12,560)
Capital outlay				
General government	3,000	3,000	2,750	250
Total expenditures	80,348	80,348	95,413	(15,065)
Net change in fund balances	$ 2,652	$ 2,652	(4,334)	$ (6,986)
Fund balances – beginning			281,614	
Fund balances – ending			$ 277,280	

CITY OF ARDEN HILLS

Special Revenue Fund – Risk Management Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ 10,000	$ 10,000	$ 7,849	$ (2,151)
Other				
Insurance dividends	5,000	5,000	40,528	35,528
Total revenues	15,000	15,000	48,377	33,377
Expenditures				
Current				
General government				
Other services and charges	27,000	27,000	7,523	19,477
Net change in fund balances	$ (12,000)	$ (12,000)	40,854	$ 52,854
Fund balances – beginning			295,817	
Fund balances – ending			$ 336,671	

CITY OF ARDEN HILLS

Special Revenue Fund – EDA Revolving Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ 4,000	$ 4,000	$ 3,392	$ (608)
Net change in fund balances	$ 4,000	$ 4,000	3,392	$ (608)
Fund balances – beginning			146,499	
Fund balances – ending			$ 149,891	

CITY OF ARDEN HILLS

Special Revenue Fund – EDA TIF District No. 2 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes				
Tax increments	$ 425,000	$ 425,000	$ 493,112	$ 68,112
Earnings on investments	10,000	10,000	18,627	8,627
Total revenues	435,000	435,000	511,739	76,739
Expenditures				
Current				
Economic development				
Other services and charges	1,300	1,300	1,094	206
Revenue over expenditures	433,700	433,700	510,645	76,945
Other financing sources (uses)				
Transfer to debt service funds	(281,575)	(281,575)	(281,525)	50
Net change in fund balances	$ 152,125	$ 152,125	229,120	$ 76,995
Fund balances – beginning			972,727	
Fund balances – ending			$ 1,201,847	

CITY OF ARDEN HILLS

Special Revenue Fund – EDA TIF District No. 3 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes				
Tax increments	$ –	$ –	$ 38,363	$ 38,363
Intergovernmental	–	–	64	64
Earnings on investments	–	–	2,245	2,245
Total revenues	–	–	40,672	40,672
Expenditures				
Current				
Economic development				
Other services and charges	1,000	1,000	1,673	(673)
Net change in fund balances	$ (1,000)	$ (1,000)	38,999	$ 39,999
Fund balances – beginning			88,246	
Fund balances – ending			$ 127,245	

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION

(UNAUDITED)

This part of the City's comprehensive annual financial report (CAFR) presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

The contents of the statistical section include:

Financial Trends – These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.

Revenue Capacity – These schedules contain information to assist the reader in assessing the City's most significant local revenue source—property taxes.

Debt Capacity – These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These tables offer economic and demographic indicators that are commonly used for financial analysis and that can assist the reader in understanding the City's present and ongoing financial status.

Operating Information – These tables contain service and infrastructure indicators that can assist the reader in understanding how the information in the City's financial report relates to the services the City provides and the activities it performs.

Source – Unless otherwise noted, the information in these tables is derived from the CAFR for the relevant year. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 34 in calendar year 2004; therefore, tables presenting government-wide financial data include information beginning in that year. The City started the CAFR in the format prescribed by the Government Finance Officers Association of the United States and Canada in its Certificate of Achievement for Excellence in Financial Reporting in the calendar year 2006; therefore, some data was not available for past years, but will be reported from 2006 forward. The City implemented GASB Statement No. 44 in calendar year 2006; therefore, some data was not available for past years, but will be reported from 2006 forward.

CITY OF ARDEN HILLS

Net Assets by Component
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	$ 6,245,206	$ 9,881,335	$ 13,300,454	$ 13,832,891	$ 13,859,332	$ 14,789,291	$ 16,341,354
Restricted	2,342,323	–	459,194	630,255	836,195	1,060,973	1,329,092
Unrestricted	9,234,880	10,164,226	7,730,510	9,029,227	9,304,608	9,176,652	9,008,528
Total governmental activities net assets	$ 17,822,409	$ 20,045,561	$ 21,490,158	$ 23,492,373	$ 24,000,135	$ 25,026,916	$ 26,678,974
Business-type activities							
Invested in capital assets, net of related debt	$ 9,444,977	$ 10,393,723	$ 10,804,213	$ 10,701,103	$ 10,449,932	$ 10,507,344	$ 10,530,204
Unrestricted	2,023,594	1,163,456	1,073,804	1,615,782	1,977,168	2,171,942	2,621,579
Total business-type activities net assets	$ 11,468,571	$ 11,557,179	$ 11,878,017	$ 12,316,885	$ 12,427,100	$ 12,679,286	$ 13,151,783
Primary government							
Invested in capital assets, net of related debt	$ 15,690,183	$ 20,275,058	$ 24,104,667	$ 24,533,994	$ 24,309,264	$ 25,296,635	$ 26,871,558
Restricted	2,342,323	–	459,194	630,255	836,195	1,060,973	1,329,092
Unrestricted	11,258,474	11,327,682	8,804,314	10,645,009	11,281,776	11,348,594	11,630,107
Total primary government net assets	$ 29,290,980	$ 31,602,740	$ 33,368,175	$ 35,809,258	$ 36,427,235	$ 37,706,202	$ 39,830,757

CITY OF ARDEN HILLS

Changes in Net Assets
Last Seven Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities							
General government	$ 934,322	$ 978,463	$ 1,300,163	$ 1,778,811	$ 1,640,599	$ 1,622,425	$ 1,232,225
Public safety	1,147,225	1,153,493	1,388,756	1,348,220	1,582,531	1,648,349	1,585,447
Public works	1,677,910	530,829	239,026	484,983	538,869	436,200	636,406
Parks and recreation	467,154	668,885	610,008	644,137	710,298	734,148	732,824
Economic development	213,804	465,467	962,061	128,709	43,791	48,322	3,311
Interest on long-term debt	122,259	181,257	72,758	66,820	60,233	53,496	46,470
Miscellaneous	269,111	87,080	–	–	–	–	–
Total governmental activities expenses	4,831,785	4,065,474	4,572,772	4,451,680	4,576,321	4,542,940	4,236,683
Business-type activities							
Water	1,201,108	1,321,076	1,395,983	1,461,455	1,510,998	1,648,815	1,678,954
Sewer	975,768	1,113,189	1,167,629	1,280,486	1,143,557	1,268,018	1,367,429
Recycling	78,761	78,538	81,630	81,582	113,709	118,197	129,139
Surface water management	97,515	110,022	115,872	147,395	219,483	269,562	321,693
Total business-type activities expenses	2,353,152	2,622,825	2,761,114	2,970,918	2,987,747	3,304,592	3,497,215
Total primary government expenses	$ 7,184,937	$ 6,688,299	$ 7,333,886	$ 7,422,598	$ 7,564,068	$ 7,847,532	$ 7,733,898
Program revenues							
Governmental activities							
Charges for services							
General government	$ 157,284	$ 363,706	$ 295,708	$ 302,501	$ 298,395	$ 341,736	$ 271,972
Public safety	538,455	339,305	310,703	357,460	221,614	307,306	207,876
Parks and recreation	81,158	146,118	91,492	89,912	94,293	91,305	98,395
Miscellaneous	34,857	29,594	–	–	–	–	–
Operating grants and contributions	183,727	315,649	940,864	1,542,972	599,862	210,140	275,869
Capital grants and contributions	260,058	803,339	918,211	512,589	141,325	705,858	1,171,451
Total governmental activities program revenues	1,255,539	1,997,711	2,556,978	2,805,434	1,355,489	1,656,345	2,025,563
Business-type activities							
Charges for services							
Water	1,000,507	1,139,980	1,283,944	1,416,406	1,327,075	1,709,639	1,824,086
Sewer	829,907	1,017,970	1,062,748	1,344,716	1,121,188	1,313,897	1,574,493
Recycling	73,492	73,454	71,199	66,304	83,235	87,700	121,892
Surface water management	191,346	372,683	401,739	456,047	473,856	503,070	518,672
Operating grants and contributions	18,489	17,869	18,076	57,342	20,301	19,866	20,114
Capital grants and contributions	–	37,700	225,000	–	–	–	–
Total business-type activities program revenues	2,113,741	2,659,656	3,062,706	3,340,815	3,025,655	3,634,172	4,059,257
Total primary government program revenues	$ 3,369,280	$ 4,657,367	$ 5,619,684	$ 6,146,249	$ 4,381,144	$ 5,290,517	$ 6,084,820

(continued)

CITY OF ARDEN HILLS

Changes in Net Assets
Last Seven Fiscal Years (continued)
(Accrual Basis of Accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Net (expense) revenue							
Governmental activities	$ (3,576,246)	$ (2,067,763)	$ (2,015,794)	$ (1,646,246)	$ (3,220,832)	$ (2,886,595)	$ (2,211,120)
Business-type activities	(239,411)	36,831	301,592	369,897	37,908	329,580	562,042
Total primary government net expense	$ (3,815,657)	$ (2,030,932)	$ (1,714,202)	$ (1,276,349)	$ (3,182,924)	$ (2,557,015)	$ (1,649,078)
General revenues and other changes in net assets							
Governmental activities							
Taxes							
Property taxes	$ 2,480,338	$ 2,303,598	$ 2,476,537	$ 2,626,669	$ 2,727,372	$ 2,860,820	$ 2,836,982
Tax increments	377,400	449,274	462,468	470,419	506,808	540,408	566,725
Franchise taxes	56,593	63,428	95,148	75,620	60,520	104,148	85,131
Unrestricted grants and contributions	31,146	33,300	11,396	–	–	–	–
Investment earnings	283,525	265,029	428,625	475,753	433,894	275,500	231,340
Gain on sale of capital assets	–	274,508	–	–	–	–	–
Transfers	(30,762)	–	(13,783)	–	–	132,500	143,000
Total governmental activities	3,198,240	3,389,137	3,460,391	3,648,461	3,728,594	3,913,376	3,863,178
Business-type activities							
Property tax	–	–	13,735	13,746	–	–	–
Investment earnings	58,944	51,777	65,121	55,225	72,307	55,106	53,455
Transfers	30,762	–	13,783	–	–	(132,500)	(143,000)
Total business-type activities	89,706	51,777	92,639	68,971	72,307	(77,394)	(89,545)
Total primary government	$ 3,287,946	$ 3,440,914	$ 3,553,030	$ 3,717,432	$ 3,800,901	$ 3,835,982	$ 3,773,633
Change in net assets							
Governmental activities	$ (378,006)	$ 1,321,374	$ 1,444,597	$ 2,002,215	$ 507,762	$ 1,026,781	$ 1,652,058
Business-type activities	(149,705)	– 88,608	394,231	438,868	110,215	252,186	472,497
Total primary government	$ (527,711)	$ 1,409,982	$ 1,838,828	$ 2,441,083	$ 617,977	$ 1,278,967	$ 2,124,555

CITY OF ARDEN HILLS

Governmental Activities Tax Revenues by Source
Last Seven Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Tax	Tax Increments	Franchise Tax	Total
2004	$ 2,480,338	$ 377,400	$ 56,593	$ 2,914,331
2005	2,303,598	449,274	63,428	2,816,300
2006	2,476,537	462,468	95,148	3,034,153
2007	2,626,669	470,419	75,620	3,172,708
2008	2,727,372	506,808	60,520	3,294,700
2009	2,860,820	540,408	104,148	3,505,376
2010	2,836,982	566,725	85,131	3,488,838

CITY OF ARDEN HILLS

Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	$ 39,207	$ 87,068	$ 92,925	$ 116,730	$ 12,508	$ 149,183	$ 17,356	$ 16,586	$ 24,304	$ 32,587
Unreserved	674,497	666,104	1,021,914	1,198,199	1,502,272	1,437,255	2,153,575	1,834,179	1,797,956	1,730,605
Total General Fund	$ 713,704	$ 753,172	$ 1,114,839	$ 1,314,929	$ 1,514,780	$ 1,586,438	$ 2,170,931	$ 1,850,765	$ 1,822,260	$ 1,763,192
All other governmental funds										
Reserved	$ 710,050	$ 650,075	$ 797,141	$ 3,212,744	$ 1,962	$ 461,213	$ 632,316	$ 838,308	$ 1,063,087	$ 1,331,259
Unreserved, reported in										
Special revenue funds	655,267	746,537	612,674	433,128	1,145,991	714,613	974,546	765,771	733,626	468,786
Capital project funds	8,928,663	9,321,298	7,685,451	6,182,081	6,734,710	6,764,066	7,039,989	7,773,523	7,242,406	7,212,442
Total all other governmental funds	$ 10,293,980	$ 10,717,910	$ 9,095,266	$ 9,827,953	$ 7,882,663	$ 7,939,892	$ 8,646,851	$ 9,377,602	$ 9,039,119	$ 9,012,487

CITY OF ARDEN HILLS

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes										
General property tax	$ 2,029,591	$ 2,348,102	$ 2,516,610	$ 2,521,369	$ 2,409,065	$ 2,477,595	$ 2,624,566	$ 2,706,745	$ 2,835,253	$ 2,867,028
Tax increments	574,976	–	–	377,400	449,274	462,468	470,419	506,808	540,408	566,725
Special assessments	102,585	70,894	334,491	235,803	397,980	625,190	493,986	223,155	410,935	388,768
Licenses and permits	493,771	299,719	655,550	510,963	325,109	384,333	365,185	228,776	318,849	255,265
Intergovernmental	366,543	202,990	823,770	77,826	330,914	1,003,142	253,687	145,288	130,622	878,944
Charges for services	141,707	151,985	157,577	144,869	157,694	254,060	289,923	282,553	332,358	322,978
Fines and forfeits	31,193	41,782	31,334	43,055	45,993	47,347	28,653	30,189	26,111	27,013
Earnings on investments	731,729	454,802	270,196	283,525	265,029	428,625	475,753	433,894	275,500	231,340
Franchise fees	–	–	–	56,593	63,428	95,148	75,620	60,520	104,148	85,131
Antenna rental fees	–	–	–	–	–	58,772	53,256	72,784	63,009	65,759
Miscellaneous/others	335,043	452,776	468,223	259,539	374,202	116,826	1,369,401	519,154	147,187	118,096
Total revenues	4,807,138	4,023,050	5,257,751	4,510,942	4,818,688	5,953,506	6,500,449	5,209,866	5,184,380	5,807,047
Expenditures										
Current										
General government	703,979	768,987	751,899	823,980	861,906	1,274,640	1,689,801	1,504,149	1,283,267	1,127,726
Public safety	1,106,927	1,007,117	1,076,010	1,130,919	1,137,742	1,274,167	1,318,006	1,420,785	1,526,819	1,561,046
Public works	285,862	338,627	989,506	386,427	488,668	213,353	246,530	265,448	282,019	322,793
Parks and recreation	505,629	452,255	436,908	428,135	595,904	480,153	501,993	562,283	606,822	605,210
Economic development	82,124	82,817	67,949	152,165	407,646	857,786	128,709	43,791	48,322	3,311
Miscellaneous	28,702	163,569	159,246	269,111	181,641	–	–	–	–	–
Capital outlay										
General government	3,175,930	482,286	2,752,133	2,472,767	57,219	36,023	65,351	331,650	285,028	108,575
Public safety	–	–	–	–	13,539	111,641	27,266	157,451	156,543	18,927
Public works	–	–	–	–	896,616	1,300,670	944,352	123,080	1,088,586	865,334
Parks and recreation	–	–	–	–	61,343	153	5,364	110,544	128,037	1,141,300
Debt service										
Principal	70,000	155,000	160,000	170,000	175,000	190,000	215,000	220,000	225,000	235,000
Interest	135,668	131,318	125,093	141,582	113,203	72,250	66,625	60,100	53,425	46,525
Total expenditures	6,094,821	3,581,976	6,518,744	5,975,086	4,990,427	5,810,836	5,208,997	4,799,281	5,683,868	6,035,747
Excess of revenues over (under) expenditures	(1,287,683)	441,074	(1,260,993)	(1,464,144)	(171,739)	142,670	1,291,452	410,585	(499,488)	(228,700)
Other financing sources (uses)										
Transfers in	981,204	584,660	1,241,334	520,140	2,084,969	596,005	734,441	1,045,100	809,621	719,791
Transfers out	(981,204)	(584,660)	(1,241,334)	(520,140)	(2,084,969)	(609,788)	(734,441)	(1,045,100)	(677,121)	(576,791)
Bond proceeds	–	–	–	2,395,000	–	–	–	–	–	–
Payments to refunded bond escrow agent	–	–	–	–	(2,370,000)	–	–	–	–	–
Sales of capital assets	–	–	–	–	796,300	–	–	–	–	–
Total other financing sources (uses)	–	–	–	2,395,000	(1,573,700)	(13,783)	–	–	132,500	143,000
Net change in fund balances	$ (1,287,683)	$ 441,074	$ (1,260,993)	$ 930,856	$ (1,745,439)	$ 128,887	$ 1,291,452	$ 410,585	$ (366,988)	$ (85,700)
Debt service as a percentage of noncapital expenditures	7.05 %	9.24 %	7.57 %	8.90 %	7.27 %	6.01 %	6.70 %	6.56 %	6.52 %	7.12 %

CITY OF ARDEN HILLS

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax		Franchise Tax	Total
	General	Tax Increment		
2001	$ 2,029,591	$ 574,976	$ –	$ 2,604,567
2002	2,348,102	–	–	2,348,102
2003	2,516,610	–	–	2,516,610
2004	2,521,369	377,400	56,593	2,955,362
2005	2,409,065	449,274	63,428	2,921,767
2006	2,477,595	462,468	95,148	3,035,211
2007	2,624,566	470,419	75,620	3,170,605
2008	2,706,745	506,808	60,520	3,274,073
2009	2,835,253	540,408	104,148	3,479,809
2010	2,867,028	566,725	85,131	3,518,884

Note: Franchise tax not applicable prior to 2004.

CITY OF ARDEN HILLS

Tax Capacity Value and Estimated Market Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Residential Property	Commercial/ Industrial Property	All Other	Total Tax Capacity	Less Tax Increment District	Less Fiscal Disparity Contribution	Adjusted Tax Capacity (ATC) Value	Total Direct Tax Rate	Estimated Market Value (EMV)	ATC as a Percentage of EMV
2001	$ 5,547,374	$ 7,486,398	$ 596,014	$ 13,629,786	$ 599,832	$ 1,363,376	$ 11,666,578	17.36 %	$ 681,727,900	1.71 %
2002	4,431,830	5,189,579	430,995	10,052,404	406,885	982,445	8,663,074	25.41	757,398,100	1.14
2003	4,852,184	5,815,069	487,490	11,154,743	466,274	1,253,781	9,434,688	24.01	885,830,200	1.07
2004	5,364,165	5,848,518	632,114	11,844,797	469,376	1,408,482	9,966,939	21.49	947,607,400	1.05
2005	6,077,869	6,334,160	735,924	13,147,953	482,822	1,348,079	11,317,052	19.94	1,039,955,700	1.09
2006	6,809,286	6,828,553	859,522	14,497,361	516,184	1,526,487	12,454,690	20.19	1,093,124,000	1.14
2007	7,222,459	7,242,448	911,841	15,376,748	524,628	1,611,881	13,240,239	20.21	1,166,210,900	1.14
2008	7,682,107	7,703,369	969,872	16,355,349	562,501	1,555,117	14,237,731	19.59	1,232,098,300	1.16
2009	7,781,733	7,803,271	982,450	16,567,454	583,017	2,865,756	13,118,681	20.53	1,229,529,900	1.07
2010	7,531,731	7,704,757	587,523	15,824,011	590,269	3,096,380	12,137,362	22.67	1,171,068,100	1.04

Source: Ramsey County Board of Equalization and Assessment.

CITY OF ARDEN HILLS

Property Tax Rates
Direct and Overlapping (1) Governments
Last Ten Fiscal Years

	Direct Rate	Overlapping Rates		
Fiscal Year	City Operating Rate	Ramsey County	Independent School District No. 623	Total
2001	17.358 %	42.166 %	49.899 %	109.423 %
2002	25.407	55.366	25.379	106.152
2003	24.014	54.603	21.984	100.601
2004	21.493	53.140	21.930	96.563
2005	19.941	49.210	22.112	91.263
2006	20.191	44.943	23.264	88.398
2007	20.206	44.940	22.910	88.056
2008	19.585	44.023	20.030	83.638
2009	20.534	46.546	22.937	90.017
2010	22.672	50.248	24.560	97.480

(1) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners (e.g. the rates for special districts apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district).

Source: County Board of Equalization and Assessment

CITY OF ARDEN HILLS

Principal Property Taxpayers
Current Year and Four Years Ago

	2010			2006 (1)		
Taxpayer	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Cardiac Pacemakers, Inc.	$ 1,799,250	1	14.82 %	$ 1,699,250	1	13.64 %
Arden Hills Industrial, LLC	436,234	2	3.59	386,152	3	3.10
Land O'Lakes, Inc.	390,146	3	3.21	385,250	4	3.09
CSM Corporation	369,250	4	3.04	404,234	2	3.25
Inland Shannon Square Cub, LLC	363,602	5	3.00	329,726	7	2.65
IRET Properties, LP	359,250	6	2.96	292,226	8	2.35
Mutual Service Insurance Company	305,508	7	2.52	330,422	6	2.65
Pharmacia Deltec, Inc.	273,250	8	2.25	221,824	10	1.78
NSP	262,674	9	2.16	249,852	9	2.01
Northwoods, LLC	229,250	10	1.89	–	–	–
St. Paul Properties, Inc.	–	–	–	333,254	5	2.68
Total	$ 4,788,414		39.45 %	$ 4,632,190		37.19 %
Total capacity value	$ 12,137,362			$ 12,454,690		

(1) Nine year information is not available. Information from 2006 was used as the best information available for comparison.

Source: County Board of Equalization and Assessment

CITY OF ARDEN HILLS

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Additions/ (Abatements)	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2001	$ 2,025,092	$ 2,006,251	99.07 %	$ –	$ 18,841	$ 2,025,092	100.00 %
2002	2,201,002	2,182,275	99.15	–	18,727	2,201,002	100.00
2003	2,265,712	2,265,712	100.00	–	–	2,265,712	100.00
2004	2,243,081	2,229,909	99.41	–	13,172	2,243,081	100.00
2005	2,353,044	2,339,226	99.41	–	13,818	2,353,044	100.00
2006	2,523,737	2,508,916	99.41	–	14,275	2,523,191	99.98
2007	2,634,851	2,615,411	99.26	(4,529)	12,906	2,632,846	99.92
2008	2,744,767	2,709,036	98.70	(24,859)	3,149	2,737,044	99.72
2009	2,892,774	2,829,900	97.83	(47,523)	1,244	2,878,667	99.51
2010	2,953,128	2,890,946	97.89	(21,508)	–	2,912,454	98.62

Sources: Ramsey County Board of Equalization and Assessment and Ramsey County Department

CITY OF ARDEN HILLS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities General Obligation TIF Bonds	Percentage of Personal Income	Per Capita (1)
2001	$ 3,030,000	1.04 %	$ 313
2002	2,875,000	0.96	297
2003	2,715,000	0.89	279
2004	4,940,000	1.60	514
2005	2,395,000	0.75	245
2006	2,205,000	0.67	225
2007	1,990,000	0.59	202
2008	1,770,000	0.52	179
2009	1,545,000	0.43	152
2010	1,310,000	0.36	137

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the City's outstanding debt can be found in the notes to basic financial statements.

CITY OF ARDEN HILLS

Direct and Overlapping Governmental Activities Debt
as of December 31, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ramsey County	$ 173,057,000	2.23 %	$ 3,867,459
County Library	21,735,000	4.22	917,499
Independent School District No. 621	179,793,495	13.14	23,622,383
Independent School District No. 623	48,160,000	0.74	354,299
Intermediate School District No. 916	7,395,000	4.84	358,034
Metropolitan Council	1,279,490,536	0.36	4,584,614
Metropolitan Airports Commission	241,225,000	0.28	677,307
Total overlapping debt			34,381,595
City of Arden Hills	1,310,000	100.00	1,310,000
Total direct and overlapping debt			$ 35,691,595

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

Note: 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.

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county.

CITY OF ARDEN HILLS

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	$ 13,490,514	$ 15,147,962	$ 17,716,604	$ 17,952,148	$ 20,799,114	$ 21,862,480	$ 23,324,218	$ 36,962,949	$ 36,885,897	$ 35,132,043
Total net debt applicable to limit	–	–	–	–	–	–	–	–	–	–
Legal debt margin	$ 13,490,514	$ 15,147,962	$ 17,716,604	$ 17,952,148	$ 20,799,114	$ 21,862,480	$ 23,324,218	$ 36,962,949	$ 36,885,897	$ 35,132,043
Total net debt applicable to the limit as a percentage of debt limit	–	–	–	–	–	–	–	–	–	–

Legal Debt Margin Calculation for Fiscal Year 2010	
Market value	$ 1,171,068,100
Debt limit (3% of market value)	35,132,043
Debt applicable to limit	
General obligation bonds	–
Less amount set aside for repayment of general obligation debt	–
Total net debt applicable to limit	–
Legal debt margin	$ 35,132,043

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 3 percent of total market value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. Tax increment bonds are not subject to the debt limit; therefore, they are not included.

CITY OF ARDEN HILLS

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Arden Hills Total Personal Income	Median Age (3)	School Enrollment (4)	Unemployment Rate (2)
2001	9,671	$ 30,201	$ 292,073,871	36.2	11,095	3.6
2002	9,696	30,805	298,689,928	36.2	10,742	4.5
2003	9,721	31,421	305,455,853	36.2	10,316	4.9
2004	9,620	32,050	308,316,602	36.2	10,228	4.6
2005	9,787	32,691	319,942,253	36.2	9,968	3.9
2006	9,812	33,344	327,189,585	36.2	9,929	3.8
2007	9,838	34,011	334,601,083	35.0	9,693	4.4
2008	9,864	34,691	342,180,467	35.0	9,757	4.7
2009	10,137	35,385	358,697,745	35.0	9,662	5.0
2010	9,552	37,900	362,020,800	36.2	9,662	6.4

Note 1: Population data for 2001–2007 is based off of MNPRO estimates.
Note 2: Unemployment rate information from DEED, based off of Ramsey County statistics.
Note 3: Per capita personal income: 2010 Census, 2001–2007 estimate based off of 2000 census with 2 percent inflation.
Note 4: Personal income: calculated based on the population and per capita personal income.
Note 5: Enrollment numbers are based off of Independent School District No. 621, Mounds View – enrollment by grade provided by Mounds View District Center.
Note 6: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Sources:
(1) Bureau of the Census/County Regional Planning Commission
(2) US Bureau of Labor Statistics
(3) State Department of Commerce
(4) School district

CITY OF ARDEN HILLS

Principal Employers
Current Year and Four Years Ago

	2010			2006 (1)		
Employer	Employees	Rank	Percentage of Total City Employees	Employees	Rank	Percentage of Total City Employees
Boston Scientific	2,000	1	14.1 %	–	–	– %
Land O'Lakes, Inc.	800	2	5.6	850	2	6.0
Fair Isaac & Co.	500	3	3.5	250	10	–
Presbyterian Homes of Arden Hills	500	4	3.5	482	5	3.4
Smiths Medical M.D., Inc.	500	5	3.5	450	6	–
Country and MSI Insurance	300	6	2.1	326	7	2.3
Guidant Corporation	–	–	–	3,000	1	21.2
Bethel University	–	–	–	800	3	5.6
Celestica	–	–	–	600	4	4.2
First Student, Inc.	–	–	–	295	8	2.1
Independent School District No. 621	–	–	–	255	9	1.8
*	–	7	–	–	–	–
*	–	8	–	–	–	–
*	–	9	–	–	–	–
*	–	10	–	–	–	–
Total	4,600		32.5 %	7,308		46.6 %
Total city employees	14,173			14,173		

* Information not available

(1) Nine year information is not available. Information from 2006 was used as the best information available for comparison. Used 2010 total city employees to calculate percent.

Source: County Board of Equalization and Assessment

CITY OF ARDEN HILLS

Operating Indicators by Function
Last Seven Fiscal Years

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Function							
Police							
Physical arrests (warranted)	–	–	22	4	11	18	24
Towed vehicles	–	–	11	–	–	–	2
Traffic accidents	–	–	164	335	144	281	332
Driving impaired/alcohol	–	–	27	47	29	55	13
Traffic stops	–	–	38	33	22	59	18
Traffic investigations	–	–	8	68	54	41	46
Fire							
Number of calls answered	–	–	226	248	228	214	448
Highways and streets							
Street resurfacing (miles)	0.6	1.4	1.1	1.3	–	1.4	1.8
Potholes repaired	50	50	50	100	200	250	325
Sanitation							
Refuse collected (tons/day)	7.12	7.12	7.12	7.12	7.21	8.05	7.95
Recyclables collected (tons/day)	2.53	2.75	2.86	2.58	2.68	2.05	2.34
Parks and recreation							
Athletic field permits issued	30	30	30	28	30	25	25
Water							
New connections	5	7	8	–	–	3	3
Water main breaks	3	6	5	7	7	5	7
Average daily consumption (thousands of gallons)	1,171	1,239	1,314	1,153	1,029	1,323	1,162

Note 1: Indicators are not available for the general city functions.

Note 2: Police information provided by the Ramsey County Sheriff's Department. The Ramsey County Sheriff's Department is contracted out by the City.

Note 3: Refuse approximation provided by BFI/Allied Waste (approximately 38 pounds per household per week – 2,974 households – converted to tons). Recyclables – numbers based off of yearly tonnage total divided into 365 days in the year.

Note 4: Fire information provided by Lake Johanna Fire Department, which is contracted out by the City.

Sources: Various city departments

CITY OF ARDEN HILLS

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function										
General government	5.427	5.427	5.667	5.667	5.667	5.705	6.500	6.400	6.572	7.184
Public safety										
General public safety	2.568	2.568	2.568	2.568	2.568	2.550	2.500	2.700	2.718	2.718
Highways and streets										
General highways and streets	2.325	2.325	2.506	2.554	2.542	2.500	2.300	2.300	2.385	2.443
Community development	0.900	0.900	0.900	0.900	0.900	0.900	1.500	1.600	0.020	–
Parks and recreation	6.308	6.308	6.483	6.655	6.577	6.873	7.200	7.500	8.318	6.945
Water	3.383	3.383	3.564	3.611	3.599	3.557	3.400	3.400	3.402	3.291
Sewer	3.883	3.883	4.126	4.174	4.162	4.120	3.900	3.900	4.013	3.907
Recycling	0.143	0.143	0.143	0.143	0.143	0.143	0.100	0.100	0.142	0.168
Surface water management	1.736	1.736	1.843	1.890	1.878	1.836	1.700	1.800	1.573	2.247
Total	26.671	26.671	27.800	28.161	28.035	28.184	29.100	29.700	29.143	28.901

Note: Seasonal staff are calculated by total hours worked (2,080 hours per year), added together to total an equivalent. Seasonal hours fluctuate throughout the year; 1999–2002 hours are averaged.

Source: City Budget Office

CITY OF ARDEN HILLS

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function										
Highways and streets										
Streets (miles)	57	57	57	57	57	57	57	57	57	57
Streetlights	250	250	250	250	250	250	250	250	250	250
Traffic signals	18	18	18	18	18	18	18	18	18	18
Parks and recreation*										
Parks acreage	102	102	102	102	102	102	102	111	111	111
Parks	13	13	13	13	13	13	13	14	14	14
Trails acreage	52	52	52	52	52	52	52	52	53	54
Trails (miles)	2	2	2	2	2	2	2	11	13	15
Tennis courts	4	4	4	4	4	4	4	4	4	4
Softball/baseball fields	6	6	6	6	6	6	6	6	6	6
Basketball courts	10	10	10	10	10	10	10	10	10	10
Hockey/skating rinks	5	5	5	5	5	5	5	5	5	5
Permanent restrooms	2	2	2	2	2	2	2	2	2	3
Water										
Water mains (miles)	44	44	44	44	44	44	44	44	44	44
Fire hydrants	520	520	520	520	520	520	520	520	520	520
Maximum daily capacity (thousands of gallons)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Sewer										
Sanitary sewers (miles)	42	42	42	42	42	42	42	42	44	44
Storm sewers (miles)	20	20	20	20	20	20	20	20	20	20

* Information used for the parks and recreation section was taken from the *Arden Hills Parks and Trails Guide* from the Parks and Recreation department.

Note: No capital asset indicators are available for the general city functions.

Sources: Various city departments