CITY OF

ARDEN HILLS

ARDEN HILLS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

Comprehensive Annual Financial Report
for Year Ended
December 31, 2009

DEPARTMENT OF FINANCE

Susan K. Iverson, Finance Director

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

Table of Contents

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

Table of Contents (continued)

INTRODUCTORY SECTION

ARDEN HILLS

July 28, 2010

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, 2009.

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, 2009. 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 10,137. 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

Phone 651.792.7800 ♦ Fax 651.634.5137 ♦ www.ci.arden-hills.mn.us

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 2.9 percent in 2000 to a current rate of 5.0 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 3 percent of total revenues in the General Fund and special revenue funds for the current fiscal year.

LONG-TERM FINANCIAL PLANNING

Total General Fund balances (54 percent of total General Fund expenditures) are 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 $24,304 reserve for prepaid items, leaving $1,797,956 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 is expected to be held in late summer of 2010. The current site is approximately 585 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, 2008. This is the third 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
Finance Director/Treasurer

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, 2008

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, 2009

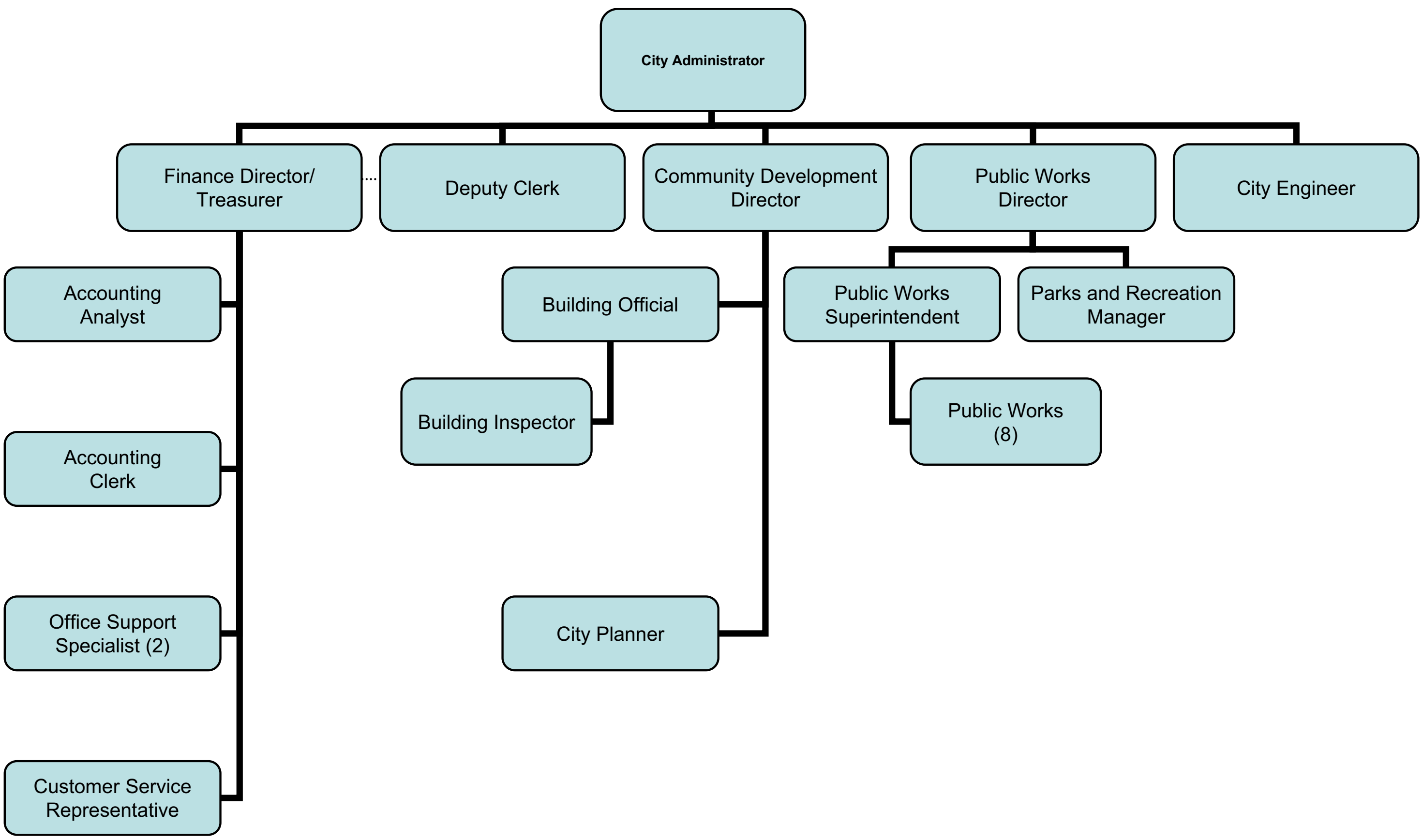
CITY COUNCIL

		Term Expires
Stan Harpstead	Mayor	December 31, 2010
David Grant	Councilmember	December 31, 2012
Brenda Holden	Councilmember	December 31, 2012
Fran Holmes	Councilmember	December 31, 2010
David McClung	Councilmember	December 31, 2010

APPOINTED OFFICIALS

Susan K. Iverson	Acting City Administrator/Finance Director/Treasurer
Jerome Filla	City Attorney

City of Arden Hills Organization Chart



FINANCIAL SECTION

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, 2009, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2009, and the respective changes in financial position, and, where applicable, cash flows 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 July 28, 2010 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.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Telephone: 952-545-0424 • Telefax: 952-545-0569 • www.mmkr.com

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, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 a required part of the basic financial statements.

The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

July 28, 2010

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, 2009. 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 $37,706,202 (net assets). Of this amount, $11,348,594 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $1,278,967.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $10,861,379. Of this total amount, $1,087,391 is reserved, leaving an unreserved – undesignated balance of $9,773,988.
- At the end of the current fiscal year, the General Fund has a fund balance of $1,822,260. The total General Fund balance is equal to 54 percent of total General Fund expenditures.
- The City's total long-term debt decreased by $209,493 during the current fiscal year, from $1,924,674 to $1,715,181. The decrease is due to scheduled debt payments of $225,000 for tax increment bonds and compensated absences balance increases of $15,507.

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 funds 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 funds Balance Sheet and the governmental funds 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 funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, TCAAP, 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 funds 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 funds financial statements provide separate information for the water, sewer, surface water management, and recycling operations. The Water, Sewer, and Surface Water Management Funds are considered to be major funds of the City.

The basic proprietary funds financial statements can be found in the financial section of this report immediately following the governmental funds 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 funds 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 $37,706,202 at the close of the most recent fiscal year.

The largest portion of the City's net assets ($25,296,635 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, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	$ 12,387,889	$ 12,373,391	$ 2,539,406	$ 2,328,254	$ 14,927,295	$ 14,701,645
Capital assets	14,789,291	13,859,332	10,507,344	10,449,932	25,296,635	24,309,264
Total assets	$ 27,177,180	$ 26,232,723	$ 13,046,750	$ 12,778,186	$ 40,223,930	$ 39,010,909
Liabilities						
Long-term liabilities outstanding	$ 1,657,082	$ 1,868,122	$ 58,099	$ 56,552	$ 1,715,181	$ 1,924,674
Other liabilities	493,182	364,466	309,365	294,534	802,547	659,000
Total liabilities	$ 2,150,264	$ 2,232,588	$ 367,464	$ 351,086	$ 2,517,728	$ 2,583,674
Net assets						
Invested in capital assets, net of related debt	$ 14,789,291	$ 13,859,332	$ 10,507,344	$ 10,449,932	$ 25,296,635	$ 24,309,264
Restricted	1,060,973	836,195	–	–	1,060,973	836,195
Unrestricted	9,176,652	9,304,608	2,171,942	1,977,168	11,348,594	11,281,776
Total net assets	$ 25,026,916	$ 24,000,135	$ 12,679,286	$ 12,427,100	$ 37,706,202	$ 36,427,235

An additional portion of the City's net assets ($1,060,973 or 3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets $11,348,594 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City 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 $1,026,781, accounting for 80 percent of the total growth in net assets. Key elements of this increase are as follows:

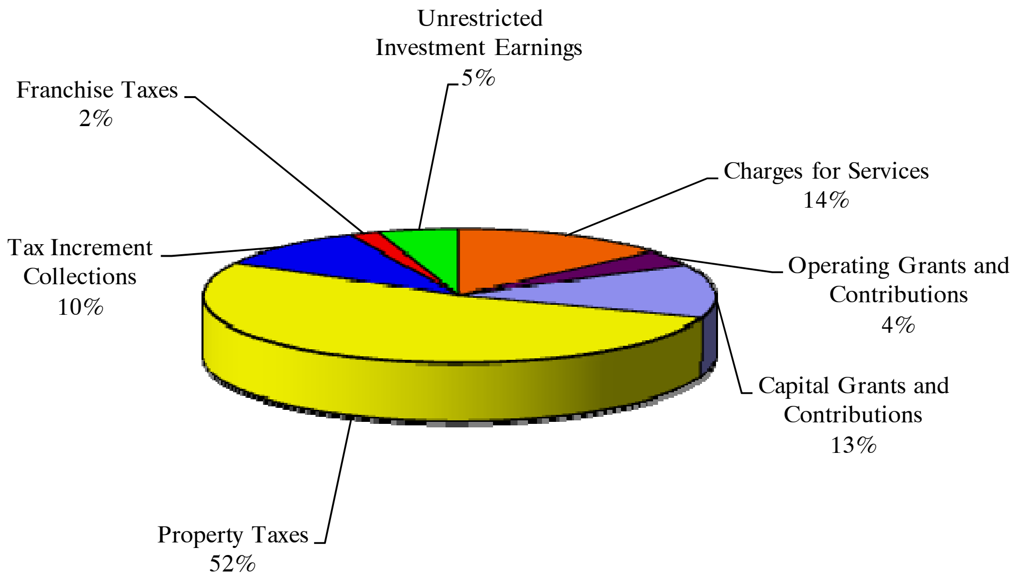
Table 2
Changes in Net Assets
for the Years Ended December 31, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	$ 740,347	$ 614,302	$ 3,614,306	$ 3,005,354	$ 4,354,653	$ 3,619,656
Operating grants and contributions	210,140	599,862	19,866	20,301	230,006	620,163
Capital grants and contributions	705,858	141,325	–	–	705,858	141,325
General revenues						
Property taxes	2,860,820	2,727,372	–	–	2,860,820	2,727,372
Tax increment collections	540,408	506,808	–	–	540,408	506,808
Franchise taxes	104,148	60,520	–	–	104,148	60,520
Unrestricted investment earnings	275,500	433,894	55,106	72,307	330,606	506,201
Total revenues	5,437,221	5,084,083	3,689,278	3,097,962	9,126,499	8,182,045
Expenses						
General government	1,622,425	1,640,599	–	–	1,622,425	1,640,599
Public safety	1,648,349	1,582,531	–	–	1,648,349	1,582,531
Public works	436,200	538,869	–	–	436,200	538,869
Parks and recreation	734,148	710,298	–	–	734,148	710,298
Economic development	48,322	43,791	–	–	48,322	43,791
Interest on long-term debt	53,496	60,233	–	–	53,496	60,233
Water	–	–	1,648,815	1,510,998	1,648,815	1,510,998
Sewer	–	–	1,268,018	1,143,557	1,268,018	1,143,557
Recycling	–	–	118,197	113,709	118,197	113,709
Surface water management	–	–	269,562	219,483	269,562	219,483
Total expenses	4,542,940	4,576,321	3,304,592	2,987,747	7,847,532	7,564,068
Changes in net assets before transfers	894,281	507,762	384,686	110,215	1,278,967	617,977
Transfers	132,500	–	(132,500)	–	–	–
Change in net assets	1,026,781	507,762	252,186	110,215	1,278,967	617,977
Net assets – beginning	24,000,135	23,492,373	12,427,100	12,316,885	36,427,235	35,809,258
Net assets – ending	$ 25,026,916	$ 24,000,135	$ 12,679,286	$ 12,427,100	$ 37,706,202	$ 36,427,235

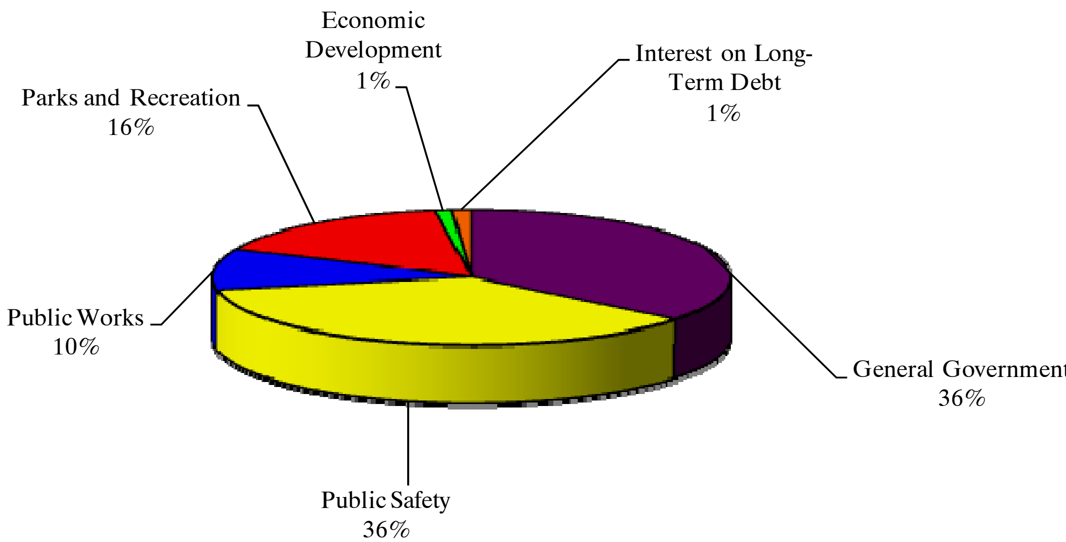
The current year increase in governmental net assets of $1,026,781 was $519,019 more than the $507,762 increase in the prior year. Charges for services increased $126,045 primarily due to building permit revenue as Northwestern College constructed a new Student Life Commons building. Capital grants and contributions increased by $564,533 due to prepaid special assessments from the 2009 Pavement Management Program as there were no major construction projects in 2008. Property tax collections were up due to an increase in the property tax levy in 2009 over 2008 by the City and tax increment collections were greater than anticipated due to property values. Franchise taxes also increased. Decreases in operating grants and contributions are a result of the Twin Cities Army Ammunition Plant developer pulling out of the agreement due to economic conditions; there were no developer reimbursements as in 2008. Interest earning decreased as a result of the current economic conditions. Transfers from the utility funds were made to the Equipment, Building, and Replacement Fund for equipment reserves in the amount of $132,500. Expenses stayed relatively flat.

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

Governmental Activities – Revenue

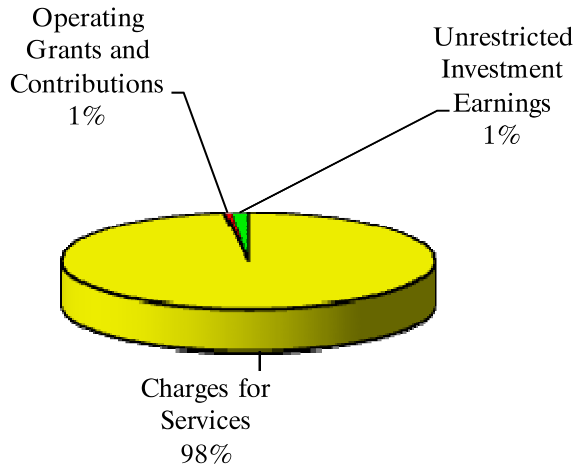


Governmental Activities – Expenses

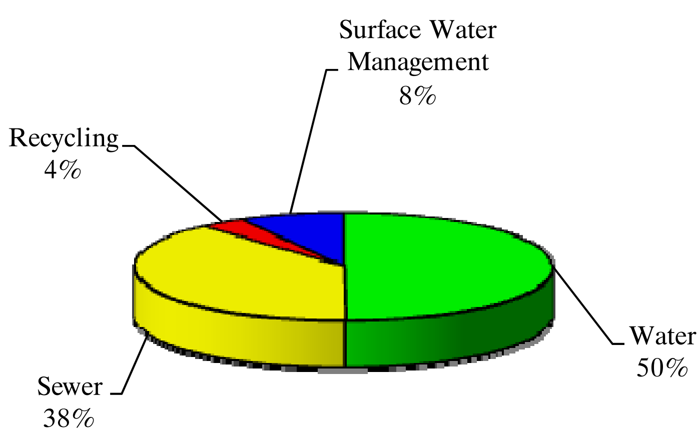


Business-Type Activities – Business-type activities increased the City's net assets by $252,186. Below are graphs showing the business-type activities revenue and expense comparisons:

Business-Type Activities – Revenue



Business-Type Activities – Expenses



Increases in utility rates as a result of implementing new rate structures account for $608,952 in increased revenues. Increased operating costs such as water purchases, Metropolitan Council Sanitary Sewer charges, and recycling costs resulted in an increase in costs of $316,845. These combined result in an increase in business-type activities of $252,186, which was $141,971 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 city'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 $10,861,379, a decrease of $366,988 in comparison with the prior year. Approximately 10 percent of this amount ($1,087,391) is reserved because it has been committed 1) to pay debt service ($2,114), 2) for tax increment purposes ($1,060,973), or 3) is reserved for prepaid items ($24,304). The remaining balance of $9,773,988 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 $1,822,260. 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 54 percent of total General Fund expenditures.

The City's General Fund equity balance decreased by $28,505 during the current fiscal year; this was due to a transfer to the TCAAP Fund of $123,696, and favorable variances in expenditures on top of the approved budget amendment.

The TCAAP Fund decreased by $18,297 as both developer reimbursements and planned expenditures were less than expected.

The Economic Development Authority (EDA) Operating Fund increased by $31,328, with favorable variances in both revenues and expenditures in the current year.

The Tax Increment Bonds Debt Service Fund increased by $1 as planned with scheduled debt payments and transfer amounts.

The Permanent Improvement Revolving Fund decreased by $297,761 as expenditures exceeded actual revenues and transfers based on 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 $922,785 for water, $656,585 for sewer, $563,475 for surface water management, and $29,097 for recycling. Water net assets increased $42,682, sewer net assets decreased $706, surface water management net assets increased $219,876, and recycling net assets decreased $9,666 during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total General Fund revenues were $36,004 less than estimated in the budget. The largest variance was in tax revenues which fell short of anticipated levels by $141,241 as there was an increase in delinquent taxes. Expenditures within the General Fund were less than budget by $90,350 spread across several functions. These favorable variances were due to vacant positions filled during the year or not at all. The final budget was amended during the year and reflects a supplemental appropriation increasing budgeted transfers out by $123,696 while reducing expenditures by $18,092.

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, 2009 amounts to $25,296,635 (net of accumulated depreciation). This investment in capital assets includes 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 4.1 percent (a 3.8 percent increase for governmental activities and a 0.3 percent increase for business-type activities).

Table 3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 2,435,238	$ 2,435,238	$ –	$ –	$ 2,435,238	$ 2,435,238
Construction in progress	1,582,585	2,514,484	503,604	1,115,594	2,086,189	3,630,078
Buildings and structures	4,577,286	4,777,849	1,024	1,233	4,578,310	4,779,082
Infrastructure and improvements	5,817,617	3,913,997	–	–	5,817,617	3,913,997
Distribution and collection systems	–	–	9,866,777	9,183,625	9,866,777	9,183,625
Machinery and equipment	127,288	152,561	95,792	98,377	223,080	250,938
Office furniture and equipment	33,126	13,885	–	–	33,126	13,885
Vehicles	216,151	51,318	40,147	51,103	256,298	102,421
Total	$ 14,789,291	$ 13,859,332	$ 10,507,344	$ 10,449,932	$ 25,296,635	$ 24,309,264

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 $1,545,000, a decrease of $225,000 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 $170,181, which is an increase of $15,507 from the December 31, 2008 liability balance.

Table 4
Outstanding Debt
Summary of Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation tax increment bonds	$ 1,545,000	$ 1,770,000	$ –	$ –	$ 1,545,000	$ 1,770,000
Compensated absences payable	112,082	98,122	58,099	56,552	170,181	154,674
Total	$ 1,657,082	$ 1,868,122	$ 58,099	$ 56,552	$ 1,715,181	$ 1,924,674

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 $36,885,897. 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 5.0 percent, which is an increase from a rate of 4.7 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 2009 level of 98.0 percent.

All of these factors were considered in preparing the City's budget for the 2010 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 Finance Director, 1245 West Highway 96, Arden Hills, Minnesota 55112.

BASIC FINANCIAL STATEMENTS

CITY OF ARDEN HILLS

Statement of Net Assets
as of December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 10,769,564	$ 1,936,196	$ 12,705,760
Accrued interest receivable	44,151	9,864	54,015
Accounts receivable	379,747	527,905	907,652
Taxes receivable	93,930	–	93,930
Special assessments receivable	961,688	–	961,688
Due from other governmental units	100,088	–	100,088
Inventory	–	7,681	7,681
Prepaid items	24,304	57,760	82,064
Unamortized discount	14,417	–	14,417
Capital assets – net of accumulated depreciation			
Nondepreciable	4,017,823	503,604	4,521,427
Depreciable	10,771,468	10,003,740	20,775,208
Total assets	27,177,180	13,046,750	40,223,930
Liabilities			
Accounts payable	169,184	83,432	252,616
Salaries payable	69,500	25,186	94,686
Contracts payable	40,530	–	40,530
Accrued bond interest payable	20,667	–	20,667
Deposits payable	111,441	–	111,441
Due to other governmental units	48,167	200,747	248,914
Unearned revenue	33,693	–	33,693
Compensated absences payable			
Due within one year	84,061	43,576	127,637
Due in more than one year	28,021	14,523	42,544
Bonds payable			
Due within one year	235,000	–	235,000
Due in more than one year	1,310,000	–	1,310,000
Total liabilities	2,150,264	367,464	2,517,728
Net assets			
Invested in capital assets	14,789,291	10,507,344	25,296,635
Restricted for			
Tax increment purposes	1,060,973	–	1,060,973
Unrestricted	9,176,652	2,171,942	11,348,594
Total net assets	$ 25,026,916	$ 12,679,286	$ 37,706,202

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Activities
Year Ended December 31, 2009

		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	$ 1,622,425	$ 341,736	$ 109,906	$ –	$ (1,170,783)	$ –	$ (1,170,783)
Public safety	1,648,349	307,306	90,234	–	(1,250,809)	–	(1,250,809)
Public works	436,200	–	–	705,858	269,658	–	269,658
Parks and recreation	734,148	91,305	10,000	–	(632,843)	–	(632,843)
Economic development	48,322	–	–	–	(48,322)	–	(48,322)
Interest on long-term debt	53,496	–	–	–	(53,496)	–	(53,496)
Total governmental activities	4,542,940	740,347	210,140	705,858	(2,886,595)	–	(2,886,595)
Business-type activities							
Water	1,648,815	1,709,639	–	–	–	60,824	60,824
Sewer	1,268,018	1,313,897	–	–	–	45,879	45,879
Recycling	118,197	87,700	19,866	–	–	(10,631)	(10,631)
Surface water management	269,562	503,070	–	–	–	233,508	233,508
Total business-type activities	3,304,592	3,614,306	19,866	–	–	329,580	329,580
Total primary government	$ 7,847,532	$ 4,354,653	$ 230,006	$ 705,858	(2,886,595)	329,580	(2,557,015)
		General revenues					
		Property taxes			2,860,820	–	2,860,820
		Tax increment collections			540,408	–	540,408
		Franchise taxes			104,148	–	104,148
		Unrestricted investment earnings			275,500	55,106	330,606
		Transfers			132,500	(132,500)	–
		Total general revenues and transfers			3,913,376	(77,394)	3,835,982
		Change in net assets			1,026,781	252,186	1,278,967
		Net assets – beginning			24,000,135	12,427,100	36,427,235
		Net assets – ending			$ 25,026,916	$ 12,679,286	$ 37,706,202

See notes to basic financial statements

CITY OF ARDEN HILLS

Balance Sheet
Governmental Funds
as of December 31, 2009

	General	TCAAP	EDA Operating	Tax Increment Bonds	Permanent Improvement Revolving	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
Assets								
Cash and investments	$ 1,663,415	$ –	$ 20,431	$ 2,114	$ 6,627,854	$ 2,455,750	$ –	$ 10,769,564
Accrued interest receivable	6,783	–	71	–	26,886	10,411	–	44,151
Accounts receivable	32,178	324,293	–	–	–	23,276	–	379,747
Taxes receivable	93,930	–	–	–	–	–	–	93,930
Special assessments receivable	–	–	–	–	961,688	–	–	961,688
Interfund receivable	322,065	–	–	–	–	–	(322,065)	–
Due from other governmental units	57,197	–	–	–	42,891	–	–	100,088
Prepaid items	24,304	–	–	–	–	–	–	24,304
Total assets	$ 2,199,872	$ 324,293	$ 20,502	$ 2,114	$ 7,659,319	$ 2,489,437	$ (322,065)	$ 12,373,472
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ 51,309	$ 5,508	$ 205	$ –	$ 9,670	$ 102,492	$ –	$ 169,184
Salaries payable	68,204	–	–	–	–	1,296	–	69,500
Contracts payable	–	–	–	–	40,530	–	–	40,530
Deposits payable	111,441	–	–	–	–	–	–	111,441
Interfund payable	–	318,752	–	–	–	3,313	(322,065)	–
Due to other governmental units	34,601	33	–	–	9,630	3,903	–	48,167
Unearned revenue	33,693	–	–	–	–	–	–	33,693
Deferred revenue	78,364	–	–	–	961,214	–	–	1,039,578
Total liabilities	377,612	324,293	205	–	1,021,044	111,004	(322,065)	1,512,093
Fund balances (deficits)								
Reserved for								
Prepaid items	24,304	–	–	–	–	–	–	24,304
Debt service	–	–	–	2,114	–	–	–	2,114
Tax increment purposes	–	–	–	–	–	1,060,973	–	1,060,973
Unreserved, undesignated reported in								
General Fund	1,797,956	–	–	–	–	–	–	1,797,956
Special revenue funds	–	–	20,297	–	–	713,329	–	733,626
Capital project funds	–	–	–	–	6,638,275	604,131	–	7,242,406
Total fund balances (deficits)	1,822,260	–	20,297	2,114	6,638,275	2,378,433	–	10,861,379
Total liabilities and fund balances	$ 2,199,872	$ 324,293	$ 20,502	$ 2,114	$ 7,659,319	$ 2,489,437	$ (322,065)	$ 12,373,472

Fund balance reported above	$ 10,861,379
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	4,017,823
Depreciable	10,771,468
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,039,578
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.	(1,663,332)
Net assets of governmental activities	$ 25,026,916

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, 2009

	General	TCAAP	EDA Operating	Tax Increment Bonds	Permanent Improvement Revolving	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
Revenues								
Taxes								
General property taxes	$ 2,835,253	$ –	$ –	$ –	$ –	$ –	$ –	$ 2,835,253
Tax increments	–	–	18,218	–	–	522,190	–	540,408
Special assessments	–	–	–	–	410,935	–	–	410,935
Licenses and permits	318,849	–	–	–	–	–	–	318,849
Intergovernmental	130,557	–	–	–	–	65	–	130,622
Charges for services	332,358	–	–	–	–	–	–	332,358
Fines and forfeits	26,111	–	–	–	–	–	–	26,111
Earnings on investments	31,941	–	294	1	179,890	63,374	–	275,500
Franchise fees	–	–	–	–	–	104,148	–	104,148
Antenna rental fees	63,009	–	–	–	–	–	–	63,009
Miscellaneous reimbursements	4,286	64,557	–	–	–	–	–	68,843
Other	6,694	–	–	–	–	71,650	–	78,344
Total revenues	3,749,058	64,557	18,512	1	590,825	761,427	–	5,184,380
Expenditures								
Current								
General government	983,207	206,550	–	–	–	93,510	–	1,283,267
Public safety	1,526,819	–	–	–	–	–	–	1,526,819
Public works	282,019	–	–	–	–	–	–	282,019
Parks and recreation	606,822	–	–	–	–	–	–	606,822
Economic development	–	–	2,184	–	–	46,138	–	48,322
Capital outlay								
General government	–	–	–	–	–	285,028	–	285,028
Public safety	–	–	–	–	–	156,543	–	156,543
Public works	–	–	–	–	1,088,586	–	–	1,088,586
Parks and recreation	–	–	–	–	–	128,037	–	128,037
Debt service								
Principal	–	–	–	225,000	–	–	–	225,000
Interest and paying agent fees	–	–	–	53,425	–	–	–	53,425
Total expenditures	3,398,867	206,550	2,184	278,425	1,088,586	709,256	–	5,683,868
Revenues over (under) expenditures	350,191	(141,993)	16,328	(278,424)	(497,761)	52,171	–	(499,488)
Other financing sources (uses)								
Transfers in	–	123,696	15,000	278,425	200,000	192,500	(677,121)	132,500
Transfers out	(378,696)	–	–	–	–	(298,425)	677,121	–
Total other financing sources (uses)	(378,696)	123,696	15,000	278,425	200,000	(105,925)	–	132,500
Net change in fund balances	(28,505)	(18,297)	31,328	1	(297,761)	(53,754)	–	(366,988)
Fund balances (deficits) – beginning	1,850,765	18,297	(11,031)	2,113	6,936,036	2,432,187	–	11,228,367
Fund balances (deficits) – ending	$ 1,822,260	$ –	$ 20,297	$ 2,114	$ 6,638,275	$ 2,378,433	$ –	$ 10,861,379

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, 2009

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

Net changes in fund balances – total governmental funds	$ (366,988)
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	1,413,594
Depreciation expense	(483,635)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	252,841
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	225,000
Unamortized discount	(2,883)
Interest payable	2,812
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	(13,960)
Change in net assets of governmental activities	$ 1,026,781

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Net Assets
Proprietary Funds
as of December 31, 2009

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals
Assets					
Current assets					
Cash and investments	$ 923,393	$ 456,415	$ 522,164	$ 34,224	$ 1,936,196
Accrued interest receivable	3,965	2,365	3,361	173	9,864
Accounts receivable					
Customers	180,829	204,695	62,753	–	448,277
Customer accounts certified to county	36,620	34,972	5,710	2,326	79,628
Prepaid items	2,194	53,410	2,156	–	57,760
Inventory	7,681	–	–	–	7,681
Total current assets	1,154,682	751,857	596,144	36,723	2,539,406
Noncurrent assets					
Capital assets					
Buildings and structures	2,220	1,950	–	–	4,170
Machinery and equipment	270,263	597,771	1,187	–	869,221
Distribution and collection systems	7,322,297	5,842,224	1,868,191	–	15,032,712
Office equipment and furnishings	6,951	5,024	–	–	11,975
Vehicles	91,239	53,078	49,633	–	193,950
Construction in progress	8,336	191,380	303,888	–	503,604
Total capital assets	7,701,306	6,691,427	2,222,899	–	16,615,632
Less accumulated depreciation	(2,714,341)	(3,210,768)	(183,179)	–	(6,108,288)
Total capital assets (net of accumulated depreciation)	4,986,965	3,480,659	2,039,720	–	10,507,344
Total assets	6,141,647	4,232,516	2,635,864	36,723	13,046,750
Liabilities					
Current liabilities					
Accounts payable	7,370	54,774	14,922	6,366	83,432
Salaries payable	9,347	10,413	4,869	557	25,186
Due to other governmental units	193,252	4,837	2,658	–	200,747
Compensated absences payable	16,446	18,936	7,665	529	43,576
Total current liabilities	226,415	88,960	30,114	7,452	352,941
Noncurrent liabilities					
Compensated absences payable (net of current portion)	5,482	6,312	2,555	174	14,523
Total liabilities	231,897	95,272	32,669	7,626	367,464
Net assets					
Invested in capital assets	4,986,965	3,480,659	2,039,720	–	10,507,344
Unrestricted	922,785	656,585	563,475	29,097	2,171,942
Total net assets	$ 5,909,750	$ 4,137,244	$ 2,603,195	$ 29,097	$ 12,679,286

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, 2009

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals
Operating revenues					
Charges for services	$ 1,702,821	$ 1,312,391	$ 503,023	$ 84,544	$ 3,602,779
Permit fees	2,193	1,193	–	–	3,386
Miscellaneous	4,625	313	47	3,156	8,141
Total operating revenues	1,709,639	1,313,897	503,070	87,700	3,614,306
Operating expenses					
Personal services	228,881	276,197	120,399	12,849	638,326
Supplies and maintenance	44,006	31,637	13,803	–	89,446
Other services and charges	124,785	166,118	50,026	13,829	354,758
Rent	19,700	19,700	8,755	–	48,155
Insurance	22,285	22,285	22,285	–	66,855
Utilities	11,445	1,603	–	–	13,048
Purchased services	17,381	22,292	20,271	7,606	67,550
Purchased water	1,025,023	–	–	–	1,025,023
Recycling charges	–	–	–	83,913	83,913
Sewer charges	–	601,751	–	–	601,751
Depreciation	155,309	126,435	34,023	–	315,767
Total operating expenses	1,648,815	1,268,018	269,562	118,197	3,304,592
Operating income (loss)	60,824	45,879	233,508	(30,497)	309,714
Nonoperating revenues					
Intergovernmental revenue	–	–	–	19,866	19,866
Earnings on investments	21,358	11,915	20,868	965	55,106
Total nonoperating revenues	21,358	11,915	20,868	20,831	74,972
Income (loss) before transfers	82,182	57,794	254,376	(9,666)	384,686
Transfers out	(39,500)	(58,500)	(34,500)	–	(132,500)
Change in net assets	42,682	(706)	219,876	(9,666)	252,186
Net assets – beginning	5,867,068	4,137,950	2,383,319	38,763	12,427,100
Net assets – ending	$ 5,909,750	$ 4,137,244	$ 2,603,195	$ 29,097	$ 12,679,286

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2009

	Business-Type Activities – Enterprise Funds				
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals
Cash flows from operating activities					
Receipts from customers and users	$ 1,679,558	$ 1,302,982	$ 502,335	$ 86,883	$ 3,571,758
Payments to suppliers	(1,277,759)	(835,712)	(106,538)	(95,252)	(2,315,261)
Payments to employees	(227,661)	(274,018)	(118,579)	(12,643)	(632,901)
Payments for interfund services used	(32,359)	(31,544)	(1,801)	(11,282)	(76,986)
Net cash provided (used) by operating activities	141,779	161,708	275,417	(32,294)	546,610
Cash flows from noncapital financing activities					
Grants received	–	–	–	19,866	19,866
Transfers out	(39,500)	(58,500)	(34,500)	–	(132,500)
Net cash provided (used) by noncapital financing activities	(39,500)	(58,500)	(34,500)	19,866	(112,634)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(8,336)	(72,973)	(291,871)	–	(373,180)
Cash flows from investing activities					
Earnings on investments	21,241	11,893	20,118	893	54,145
Net increase (decrease) in cash and cash equivalents	115,184	42,128	(30,836)	(11,535)	114,941
Cash and cash equivalents – beginning	808,209	414,287	553,000	45,759	1,821,255
Cash and cash equivalents – ending	$ 923,393	$ 456,415	$ 522,164	$ 34,224	$ 1,936,196
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ 60,825	$ 45,879	$ 233,508	$ (30,497)	$ 309,715
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	155,309	126,435	34,023	–	315,767
Decrease (increase) in customer receivables	(30,082)	(10,915)	(735)	(817)	(42,549)
Decrease (increase) in prepaid items	(2,068)	(53,283)	(2,100)	–	(57,451)
Decrease (increase) in inventory	4,750	–	–	–	4,750
Increase (decrease) in accounts payable	(48,175)	51,413	8,901	(1,186)	10,953
Increase (decrease) in salaries payable	467	1,421	1,752	238	3,878
Increase (decrease) in compensated absences payable	753	758	68	(32)	1,547
Total adjustments	80,954	115,829	41,909	(1,797)	236,895
Net cash provided (used) by operating activities	$ 141,779	$ 161,708	$ 275,417	$ (32,294)	$ 546,610

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.

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

Economic Development Authority (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.

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.

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 2009 totaled $244,684. 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.

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.

Pursuant to GASB Statement No. 34, 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, 2009, 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
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 ($1,663,332) difference are as follows:

Bonds payable	$ (1,545,000)
Accrued interest payable	(20,667)
Unamortized discounts	14,417
Compensated absences payable	(112,082)
	$ (1,663,332)

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 $1,387,105. The entire bank balance was properly collateralized.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2009, 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	$ –	$ –	$ 300,000	$ 300,000
Federal Home Loan Mortgage Corporation	AAA	–	652,103	–	652,103
Federal Home Loan Bank	AAA	–	1,402,908	1,496,173	2,899,081
Municipal bonds	AAA	504,045	692,860	267,807	1,464,712
Municipal bonds	AA	–	223,457	–	223,457
Municipal bonds	Aa3	–	715,862	–	715,862
Negotiable certificates of deposit	N/R	1,560,152	1,037,170	–	2,597,322
Investment pools/mutual funds					
External Investment Pool – 4M Fund	N/R	2,196,165	–	–	2,196,165
Money market funds				–	
Wells Fargo Advantage Government	AAA	269,453	–	–	269,453
Total investments		$ 4,529,815	$ 4,724,360	$ 2,063,980	11,318,155
Deposits					1,387,105
Petty cash					500
Total cash and investments					$ 12,705,760

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 U.S. 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 U.S. 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 U.S. 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 Home Loan Mortgage Corporation investments represented 6 percent, and Federal Home Loan Bank represented 26 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, 2009 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	2,514,484	1,184,322	–	(2,116,221)	1,582,585
Total capital assets, not being depreciated	4,949,722	1,184,322	–	(2,116,221)	4,017,823
Capital assets, being depreciated					
Building and structures	6,285,466	–	–	–	6,285,466
Infrastructure and improvements	4,848,317	16,632	–	2,116,221	6,981,170
Machinery and equipment	391,353	11,059	–	–	402,412
Office furniture and equipment	20,870	21,328	–	–	42,198
Vehicles	250,427	180,253	–	–	430,680
Total capital assets, being depreciated	11,796,433	229,272	–	2,116,221	14,141,926
Less accumulated depreciation for					
Building and structures	1,507,617	200,563	–	–	1,708,180
Infrastructure and improvements	934,320	229,233	–	–	1,163,553
Machinery and equipment	238,792	36,332	–	–	275,124
Office furniture and equipment	6,985	2,087	–	–	9,072
Vehicles	199,109	15,420	–	–	214,529
Total accumulated depreciation	2,886,823	483,635	–	–	3,370,458
Total capital assets being depreciated – net	8,909,610	(254,363)	–	2,116,221	10,771,468
Governmental activities capital assets – net	$ 13,859,332	$ 929,959	$ –	$ –	$ 14,789,291

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	$ 1,115,594	$ 373,179	$ –	$ (985,169)	$ 503,604
Capital assets, being depreciated					
Building and structures	4,170	–	–	–	4,170
Distribution and collection systems	14,047,543	–	–	985,169	15,032,712
Machinery and equipment	869,221	–	–	–	869,221
Office furniture and equipment	11,975	–	–	–	11,975
Vehicles	193,950	–	–	–	193,950
Total capital assets, being depreciated	15,126,859	–	–	985,169	16,112,028
Less accumulated depreciation for					
Building and structures	2,937	209	–	–	3,146
Distribution and collection systems	4,863,918	302,017	–	–	5,165,935
Machinery and equipment	770,844	2,585	–	–	773,429
Office furniture and equipment	11,975	–	–	–	11,975
Vehicles	142,847	10,956	–	–	153,803
Total accumulated depreciation	5,792,521	315,767	–	–	6,108,288
Total capital assets, being depreciated – net	9,334,338	(315,767)	–	985,169	10,003,740
Business-type activities capital assets – net	$ 10,449,932	$ 57,412	$ –	$ –	$ 10,507,344

NOTE 3 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Depreciation expense was charged to functions as follows:

Governmental activities		
General government	$	105,941
Public safety		2,948
Public works		235,191
Parks and recreation		139,555
	$	483,635
Business-type activities		
Water	$	155,309
Sewer		126,435
Surface water management		34,023
	$	315,767

D. Construction Commitments

At December 31, 2009, the City had a construction project contract in progress. The commitment related to the remaining contract is summarized as follows:

Project	Amount
2009 Pavement Management Program	$ 140,937

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, 2009, 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, 2009
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	$ 1,545,000
Compensated absences payable	N/A	N/A	N/A	N/A	112,082
Total city indebtedness – governmental activities					$ 1,657,082
Business-type activities					
Compensated absences payable	N/A	N/A	N/A	N/A	$ 58,099

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
2010	$ 235,000	$ 46,075
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	$ 1,545,000	$ 158,490

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, 2009, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. tax increment bonds	$ 1,770,000	$ –	$ 225,000	$ 1,545,000	$ 235,000
Compensated absences payable	98,122	112,241	98,281	112,082	84,061
Total governmental activity long-term liabilities	$ 1,868,122	$ 112,241	$ 323,281	$ 1,657,082	$ 319,061
Business-type activities					
Compensated absences payable	$ 56,552	$ 59,327	$ 57,780	$ 58,099	$ 43,576

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, 2009 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 Public Employees' Retirement Fund (PERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF 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 statute, 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 PERF 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 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 PERF. That report may be obtained on the internet at www.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 Statute, 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. PERF 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 2009. The City was required to contribute the following percentages of annual covered payroll in 2009: 11.78 percent for Basic Plan PERF members, 6.75 percent for Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan will increase to 7.00 percent, effective January 1, 2010. The City's contributions for the years ended December 31, 2009, 2008, and 2007 were $90,585, $83,350, and $76,526, 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, 2009 are as follows:

Fund	Receivable	Payable
General	$ 322,065	$ –
TCAAP	–	318,752
Nonmajor governmental fund		
Parks Fund	–	3,313
Total	$ 322,065	$ 322,065

Interfund receivables and payables are used for temporary cash deficits. These balances will be eliminated with developer reimbursements in the TCAAP Fund, and future reimbursements in the Parks Fund.

B. Transfers In and Transfers Out

	Transfers In					
Transfers Out	TCAAP	EDA Operating	Tax Increment Bonds Fund	Permanent Improvement Revolving Fund	Nonmajor Governmental Funds	Total
General Fund	$ 123,696	$ 15,000	$ –	$ 200,000	$ 40,000	$ 378,696
Nonmajor governmental funds	–	–	278,425	–	20,000	298,425
Water	–	–	–	–	39,500	39,500
Sewer	–	–	–	–	58,500	58,500
Surface Water Management	–	–	–	–	34,500	34,500
Total	$ 123,696	$ 15,000	$ 278,425	$ 200,000	$ 192,500	$ 809,621

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 2009 transfers are considered routine and consistent with previous practices.

NOTE 7 – DEFICIT FUND BALANCES

The City had deficit fund balances at December 31, 2009 as follows:

	Amount
Parks – nonmajor fund	$ (14,928)

This fund deficit will be eliminated with future contributions.

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, 2009.

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 2009.

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, 2009, 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 $337,873 in 2009.

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, 2009 could not be determined; however, their original issue amounts are as follows:

Bond	Description	Amount Issued
Health Care Facility Revenue Refunding Note, Series 2001A	Skilled nursing facilities	$ 2,156,800
Housing Facility Revenue Note, Series 2001B	Senior housing facility	2,850,000
Commercial Facilities Revenue Note, Series 2008	Office facilities	5,500,000
Totals		$ 10,506,800

NOTE 10 – CONTINGENT NOTE PAYABLE

The City has issued a tax increment pay-as-you-go revenue note. This note is not a general obligation of the City and is payable solely from available tax increments. Accordingly, this note is not reflected in the financial statements of the City. Details of the pay-as-you-go revenue note are as follows:

TIF District No. 3 – Within TIF District No. 3, there is a pay-as-you-go agreement. As of December 31, 2009, future tax increment flow will be used to pay a developer note up to a maximum amount of $863,055.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
General property taxes	$ 2,976,494	$ 2,976,494	$ 2,835,253	$ (141,241)
Licenses and permits				
Business	50,500	50,500	43,981	(6,519)
Non-business	191,300	191,300	274,868	83,568
Total licenses and permits	241,800	241,800	318,849	77,049
Intergovernmental				
State				
Road maintenance	64,000	64,000	67,649	3,649
Market value homestead credit	–	–	68	68
Mobile home homestead credit	–	–	3,683	3,683
PERA aid	5,179	5,179	5,179	–
Police aid	44,000	44,000	43,978	(22)
State grants	–	–	10,000	10,000
Total intergovernmental	113,179	113,179	130,557	17,378
Charges for services				
General government	131,534	131,534	141,180	9,646
Public safety	11,200	11,200	11,187	(13)
Parks and recreation	92,500	92,500	91,305	(1,195)
Administrative charges				
Enterprise funds	45,296	45,296	76,986	31,690
Special revenue funds	14,249	14,249	11,700	(2,549)
Total charges for services	294,779	294,779	332,358	37,579
Fines and forfeits	34,000	34,000	26,111	(7,889)
Earnings on investments	40,000	40,000	31,941	(8,059)
Antenna rental fees	73,760	73,760	63,009	(10,751)
Miscellaneous reimbursements	3,450	3,450	4,286	836
Other	7,600	7,600	6,694	(906)
Total revenues	3,785,062	3,785,062	3,749,058	(36,004)
Expenditures				
Current				
General government				
City Council				
Personal services	31,186	31,186	31,176	10
Materials and supplies	500	500	–	500
Other services and charges	47,700	47,700	45,584	2,116
Total City Council	79,386	79,386	76,760	2,626
Elections				
Other services and charges	1,010	1,010	1,656	(646)

(continued)

CITY OF ARDEN HILLS

Required Supplementary Information
Budgetary Comparison Schedule – General Fund (continued)
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Expenditures (continued)				
Current (continued)				
General government (continued)				
Administration				
Personal services	260,199	260,199	224,971	35,228
Materials and supplies	–	–	1,903	(1,903)
Other services and charges	128,680	117,476	143,725	(26,249)
Total administration	388,879	377,675	370,599	7,076
Finance				
Personal services	72,065	72,065	65,156	6,909
Materials and supplies	22,995	22,995	24,965	(1,970)
Other services and charges	47,772	47,772	41,918	5,854
Total finance	142,832	142,832	132,039	10,793
Planning and zoning				
Personal services	158,828	158,828	156,681	2,147
Materials and supplies	1,300	1,300	500	800
Other services and charges	96,000	31,764	25,507	6,257
Total planning and zoning	256,128	191,892	182,688	9,204
General government buildings				
Personal services	33,456	33,456	30,871	2,585
Materials and supplies	7,000	7,000	5,458	1,542
Other services and charges	199,650	199,650	183,136	16,514
Total general government buildings	240,106	240,106	219,465	20,641
Total general government	1,108,341	1,032,901	983,207	49,694
Public safety				
Police and fire protection				
Other services and charges	1,217,766	1,275,114	1,272,292	2,822
Emergency management				
Personal services	5,096	5,096	5,127	(31)
Materials and supplies	–	–	226	(226)
Other services and charges	27,650	27,650	2,056	25,594
Total emergency management	32,746	32,746	7,409	25,337
Protective inspections				
Personal services	201,869	201,869	202,644	(775)
Materials and supplies	4,200	4,200	2,790	1,410
Other services and charges	37,075	37,075	41,684	(4,609)
Total protective inspections	243,144	243,144	247,118	(3,974)
Total public safety	1,493,656	1,551,004	1,526,819	24,185

(continued)

Required Supplementary Information
Budgetary Comparison Schedule – General Fund (continued)
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Expenditures (continued)				
Current (continued)				
Public works				
Street maintenance				
Personal services	172,714	172,714	179,245	(6,531)
Materials and supplies	69,755	69,755	60,488	9,267
Other services and charges	40,250	40,250	42,286	(2,036)
Total public works	282,719	282,719	282,019	700
Parks and recreation				
Park maintenance				
Personal services	265,534	265,534	262,695	2,839
Materials and supplies	51,980	51,980	51,847	133
Other services and charges	90,122	90,122	83,210	6,912
Total park maintenance	407,636	407,636	397,752	9,884
Recreation				
Personal services	147,132	147,132	141,768	5,364
Materials and supplies	16,275	16,275	14,729	1,546
Other services and charges	51,550	51,550	52,573	(1,023)
Total recreation	214,957	214,957	209,070	5,887
Total parks and recreation	622,593	622,593	606,822	15,771
Total expenditures	3,507,309	3,489,217	3,398,867	90,350
Revenues over expenditures	277,753	295,845	350,191	54,346
Other financing sources (uses)				
Transfers out	(255,000)	(378,696)	(378,696)	–
Net change in fund balance	$ 22,753	$ (82,851)	(28,505)	$ 54,346
Fund balance – beginning			1,850,765	
Fund balance – ending			$ 1,822,260	

CITY OF ARDEN HILLS

Required Supplementary Information
Budgetary Comparison Schedule – TCAAP Fund
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ 1,000	$ 1,000	$ –	$ (1,000)
Miscellaneous reimbursements				
Developer reimbursements	1,000,000	1,000,000	64,557	(935,443)
Total revenues	1,001,000	1,001,000	64,557	(936,443)
Expenditures				
Current				
General government				
Personal services	12,947	12,947	5,024	7,923
Other services and charges	996,062	996,062	201,526	794,536
Total expenditures	1,009,009	1,009,009	206,550	802,459
Net change in fund balances	(8,009)	(8,009)	(141,993)	(133,984)
Other financing sources (uses)				
Transfers in	–	–	123,696	123,696
Net change in fund balances	$ (8,009)	$ (8,009)	(18,297)	$ (10,288)
Fund balances – beginning			18,297	
Fund balances – ending			$ –	

CITY OF ARDEN HILLS

Required Supplementary Information
Budgetary Comparison Schedule – EDA Operating Fund
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes – tax increments	$ 5,000	$ 5,000	$ 18,218	$ 13,218
Earnings on investments	–	–	294	294
Total revenues	5,000	5,000	18,512	13,512
Expenditures				
Economic development				
Current				
Materials and supplies	–	–	977	(977)
Other services and charges	10,500	10,500	1,207	9,293
Capital outlay				
Economic development	10,000	10,000	–	10,000
Total expenditures	20,500	20,500	2,184	18,316
Revenue over (under) expenditures	(15,500)	(15,500)	16,328	31,828
Other financing sources (uses)				
Transfers in	25,000	15,000	15,000	–
Net change in fund balances	$ 9,500	$ (500)	31,328	$ 31,828
Fund balance (deficits) – beginning			(11,031)	
Fund balance (deficits) – ending			$ 20,297	

Note to Required Supplementary Information
December 31, 2009

NOTE – LEGAL COMPLIANCE – BUDGETS

The General, TCAAP, 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, 2009, all funds operated within budgeted appropriations.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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).

CITY OF ARDEN HILLS

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2009

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
Assets			
Cash and investments	$ 1,824,646	$ 631,104	$ 2,455,750
Accrued interest receivable	8,180	2,231	10,411
Accounts receivable	23,276	–	23,276
Total assets	$ 1,856,102	$ 633,335	$ 2,489,437
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 73,288	$ 29,204	$ 102,492
Salaries payable	1,296	–	1,296
Interfund payable	3,313	–	3,313
Due to other governmental units	3,903	–	3,903
Total liabilities	81,800	29,204	111,004
Fund balances			
Reserved for			
Tax increment purposes	1,060,973	–	1,060,973
Unreserved – undesignated	713,329	604,131	1,317,460
Total fund balances	1,774,302	604,131	2,378,433
Total liabilities and fund balances	$ 1,856,102	$ 633,335	$ 2,489,437

CITY OF ARDEN HILLS

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2009

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Tax increments	$ 522,190	$ –	$ 522,190
Intergovernmental	65	–	65
Earnings on investments	48,803	14,571	63,374
Franchise fees	104,148	–	104,148
Other	71,650	–	71,650
Total revenues	746,856	14,571	761,427
Expenditures			
Current			
General government	93,510	–	93,510
Economic development	46,138	–	46,138
Capital outlay			
General government	1,144	283,884	285,028
Public safety	–	156,543	156,543
Parks and recreation	128,037	–	128,037
Total expenditures	268,829	440,427	709,256
Revenues over (under) expenditures	478,027	(425,856)	52,171
Other financing sources (uses)			
Transfer from General Fund	–	40,000	40,000
Transfer from special revenue funds	–	20,000	20,000
Transfer from enterprise funds	–	132,500	132,500
Transfer to debt service funds	(278,425)	–	(278,425)
Transfer to capital project funds	(20,000)	–	(20,000)
Total other financing sources (uses)	(298,425)	192,500	(105,925)
Net change in fund balances	179,602	(233,356)	(53,754)
Fund balances – beginning	1,594,700	837,487	2,432,187
Fund balances – ending	$ 1,774,302	$ 604,131	$ 2,378,433

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.

Parks Fund – This 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.

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, 2009

	Community Services	Parks	Cable	Risk Management	EDA Revolving	EDA TIF District No. 2	EDA TIF District No. 3	Total Nonmajor Special Revenue Funds
Assets								
Cash and investments	$ 1,829	$ 5	$ 261,786	$ 341,489	$ 145,870	$ 968,443	$ 105,224	$ 1,824,646
Accrued interest receivable	170	5	1,179	1,439	629	4,284	474	8,180
Accounts receivable	2,328	–	20,948	–	–	–	–	23,276
Total assets	$ 4,327	$ 10	$ 283,913	$ 342,928	$ 146,499	$ 972,727	$ 105,698	$ 1,856,102
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ –	$ 7,722	$ 1,003	$ 47,111	$ –	$ –	$ 17,452	$ 73,288
Salaries payable	–	–	1,296	–	–	–	–	1,296
Interfund payable	–	3,313	–	–	–	–	–	3,313
Due to other governmental units	–	3,903	–	–	–	–	–	3,903
Total liabilities	–	14,938	2,299	47,111	–	–	17,452	81,800
Fund balances								
Reserved for								
Tax increment purposes	–	–	–	–	–	972,727	88,246	1,060,973
Unreserved – undesignated	4,327	(14,928)	281,614	295,817	146,499	–	–	713,329
Total fund balances	4,327	(14,928)	281,614	295,817	146,499	972,727	88,246	1,774,302
Total liabilities and fund balances	$ 4,327	$ 10	$ 283,913	$ 342,928	$ 146,499	$ 972,727	$ 105,698	$ 1,856,102

CITY OF ARDEN HILLS

Nonmajor Special Revenue Funds
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2009

	Community Services	Parks	Cable	Risk Management	EDA Revolving	EDA TIF District No. 2	EDA TIF District No. 3	Total Nonmajor Special Revenue Funds
Revenues								
Tax increments	$ –	$ –	$ –	$ –	$ –	$ 486,563	$ 35,627	$ 522,190
Intergovernmental	–	–	–	–	–	–	65	65
Earnings on investments	864	669	7,102	9,084	3,998	24,237	2,849	48,803
Franchise fees	–	–	104,148	–	–	–	–	104,148
Other	43,174	10,000	–	18,476	–	–	–	71,650
Total revenues	44,038	10,669	111,250	27,560	3,998	510,800	38,541	746,856
Expenditures								
Current								
General government	–	–	66,912	26,598	–	–	–	93,510
Economic development	–	–	–	–	–	591	45,547	46,138
Capital outlay								
General government	–	–	1,144	–	–	–	–	1,144
Parks and recreation	–	128,037	–	–	–	–	–	128,037
Total expenditures	–	128,037	68,056	26,598	–	591	45,547	268,829
Revenues over (under) expenditures	44,038	(117,368)	43,194	962	3,998	510,209	(7,006)	478,027
Other financing sources (uses)								
Transfer to debt service funds	–	–	–	–	–	(278,425)	–	(278,425)
Transfer to capital project funds	(20,000)	–	–	–	–	–	–	(20,000)
Total other financing sources (uses)	(20,000)	–	–	–	–	(278,425)	–	(298,425)
Net change in fund balances	24,038	(117,368)	43,194	962	3,998	231,784	(7,006)	179,602
Fund balances – beginning	(19,711)	102,440	238,420	294,855	142,501	740,943	95,252	1,594,700
Fund balances – ending	$ 4,327	$ (14,928)	$ 281,614	$ 295,817	$ 146,499	$ 972,727	$ 88,246	$ 1,774,302

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, 2009

	Equipment, Building, and Replacement	Public Safety Capital Equipment	Total Nonmajor Capital Project Funds
Assets			
Cash and investments	$ 107,826	$ 523,278	$ 631,104
Accrued interest receivable	–	2,231	2,231
Total assets	$ 107,826	$ 525,509	$ 633,335
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 3,430	$ 25,774	$ 29,204
Fund balances			
Unreserved – undesignated	104,396	499,735	604,131
Total liabilities and fund balances	$ 107,826	$ 525,509	$ 633,335

CITY OF ARDEN HILLS

Nonmajor Capital Project Funds
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2009

	Equipment, Building, and Replacement	Public Safety Capital Equipment	Total Nonmajor Capital Project Funds
Revenues			
Earnings on investments	$ –	$ 14,571	$ 14,571
Expenditures			
Capital outlay			
General government	283,884	–	283,884
Public safety	–	156,543	156,543
Total expenditures	283,884	156,543	440,427
Revenues over (under) expenditures	(283,884)	(141,972)	(425,856)
Other financing sources			
Transfer from General Fund	40,000	–	40,000
Transfer from special revenue funds	–	20,000	20,000
Transfer from enterprise funds	132,500	–	132,500
Total other financing sources	172,500	20,000	192,500
Net change in fund balances	(111,384)	(121,972)	(233,356)
Fund balances – beginning	215,780	621,707	837,487
Fund balances – ending	$ 104,396	$ 499,735	$ 604,131

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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ 500	$ 500	$ 864	$ 364
Other	50,000	50,000	43,174	(6,826)
Total revenues	50,500	50,500	44,038	(6,462)
Other financing sources (uses)				
Transfer to Public Safety Capital Equipment Fund	(50,000)	(20,000)	(20,000)	–
Net change in fund balances	$ 500	$ 30,500	24,038	$ (6,462)
Fund balances – beginning			(19,711)	
Fund balances – ending			$ 4,327	

CITY OF ARDEN HILLS

Special Revenue Fund – Parks Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Intergovernmental	$ 199,000	$ 199,000	$ –	$ (199,000)
Earnings on investments	5,000	5,000	669	(4,331)
Other	–	–	10,000	10,000
Total revenues	204,000	204,000	10,669	(193,331)
Expenditures				
Capital outlay				
Parks and recreation	161,895	161,895	128,037	33,858
Net change in fund balances	$ 42,105	$ 42,105	(117,368)	$ (159,473)
Fund balances – beginning			102,440	
Fund balances – ending			$ (14,928)	

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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ 7,000	$ 7,000	$ 7,102	$ 102
Franchise fees	76,000	76,000	104,148	28,148
Total revenues	83,000	83,000	111,250	28,250
Expenditures				
Current				
General government				
Personal services	36,780	36,780	28,436	8,344
Other services and charges	42,374	42,374	38,476	3,898
Capital outlay				
General government	4,000	4,000	1,144	2,856
Total expenditures	83,154	83,154	68,056	15,098
Net change in fund balances	$ (154)	$ (154)	43,194	$ 43,348
Fund balances – beginning			238,420	
Fund balances – ending			$ 281,614	

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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ 10,000	$ 10,000	$ 9,084	$ (916)
Other				
Insurance dividends	–	–	18,476	18,476
Total revenues	10,000	10,000	27,560	17,560
Expenditures				
Current				
General government				
Other services and charges	27,000	27,000	26,598	402
Net change in fund balances	$ (17,000)	$ (17,000)	962	$ 17,962
Fund balances – beginning			294,855	
Fund balances – ending			$ 295,817	

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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Earnings on investments	$ 5,000	$ 5,000	$ 3,998	$ (1,002)
Net change in fund balances	$ 5,000	$ 5,000	3,998	$ (1,002)
Fund balances – beginning			142,501	
Fund balances – ending			$ 146,499	

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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes				
Tax increments	$ 425,000	$ 425,000	$ 486,563	$ 61,563
Earnings on investments	10,000	10,000	24,237	14,237
Total revenues	435,000	435,000	510,800	75,800
Expenditures				
Current				
Economic development				
Other services and charges	1,300	1,300	591	709
Revenue over expenditures	433,700	433,700	510,209	76,509
Other financing sources (uses)				
Transfer to debt service funds	(278,475)	(278,475)	(278,425)	50
Net change in fund balances	$ 155,225	$ 155,225	231,784	$ 76,559
Fund balances – beginning			740,943	
Fund balances – ending			$ 972,727	

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, 2009

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Taxes				
Tax increments	$ 48,000	$ 48,000	$ 35,627	$ (12,373)
Intergovernmental	–	–	65	65
Earnings on investments	3,000	3,000	2,849	(151)
Total revenues	51,000	51,000	38,541	(12,459)
Expenditures				
Current				
Economic development				
Other services and charges	44,200	44,200	45,547	(1,347)
Net change in fund balances	$ 6,800	$ 6,800	(7,006)	$ (13,806)
Fund balances – beginning			95,252	
Fund balances – ending			$ 88,246	

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 Six Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
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
Restricted	2,342,323	–	459,194	630,255	836,195	1,060,973
Unrestricted	9,234,880	10,164,226	7,730,510	9,029,227	9,304,608	9,176,652
Total governmental activities net assets	$ 17,822,409	$ 20,045,561	$ 21,490,158	$ 23,492,373	$ 24,000,135	$ 25,026,916
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
Unrestricted	2,023,594	1,163,456	1,073,804	1,615,782	1,977,168	2,171,942
Total business-type activities net assets	$ 11,468,571	$ 11,557,179	$ 11,878,017	$ 12,316,885	$ 12,427,100	$ 12,679,286
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
Restricted	2,342,323	–	459,194	630,255	836,195	1,060,973
Unrestricted	11,258,474	11,327,682	8,804,314	10,645,009	11,281,776	11,348,594
Total primary government net assets	$ 29,290,980	$ 31,602,740	$ 33,368,175	$ 35,809,258	$ 36,427,235	$ 37,706,202

CITY OF ARDEN HILLS

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

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

(continued)

CITY OF ARDEN HILLS

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

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

CITY OF ARDEN HILLS

Governmental Activities Tax Revenues by Source
Last Six 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

CITY OF ARDEN HILLS

Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	$ 36,238	$ 39,207	$ 87,068	$ 92,925	$ 116,730	$ 12,508	$ 149,183	$ 17,356	$ 16,586	$ 24,304
Unreserved	599,052	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
Total General Fund	$ 635,290	$ 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
All other governmental funds										
Reserved	$ 970,050	$ 710,050	$ 650,075	$ 797,141	$ 3,212,744	$ 1,962	$ 461,213	$ 632,316	$ 838,308	$ 1,063,087
Unreserved, reported in										
Special revenue funds	298,277	655,267	746,537	612,674	433,128	1,145,991	714,613	974,546	765,771	733,626
Capital project funds	10,296,740	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
Total all other governmental funds	$ 11,565,067	$ 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

CITY OF ARDEN HILLS

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes										
General property tax	$ 1,972,822	$ 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
Tax increments	473,418	574,976	–	–	377,400	449,274	462,468	470,419	506,808	540,408
Special assessments	136,133	102,585	70,894	334,491	235,803	397,980	625,190	493,986	223,155	410,935
Licenses and permits	345,841	493,771	299,719	655,550	510,963	325,109	384,333	365,185	228,776	318,849
Intergovernmental	377,633	366,543	202,990	823,770	77,826	330,914	1,003,142	253,687	145,288	130,622
Charges for services	138,471	141,707	151,985	157,577	144,869	157,694	254,060	289,923	282,553	332,358
Fines and forfeits	29,981	31,193	41,782	31,334	43,055	45,993	47,347	28,653	30,189	26,111
Earnings on investments	928,425	731,729	454,802	270,196	283,525	265,029	428,625	475,753	433,894	275,500
Franchise fees	–	–	–	–	56,593	63,428	95,148	75,620	60,520	104,148
Antenna rental fees	–	–	–	–	–	–	58,772	53,256	72,784	63,009
Miscellaneous/others	235,486	335,043	452,776	468,223	259,539	374,202	116,826	1,369,401	519,154	147,187
Total revenues	4,638,210	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
Expenditures										
Current										
General government	588,463	703,979	768,987	751,899	823,980	861,906	1,274,640	1,689,801	1,504,149	1,283,267
Public safety	1,040,375	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
Public works	245,064	285,862	338,627	989,506	386,427	488,668	213,353	246,530	265,448	282,019
Parks and recreation	463,297	505,629	452,255	436,908	428,135	595,904	480,153	501,993	562,283	606,822
Economic development	119,898	82,124	82,817	67,949	152,165	407,646	857,786	128,709	43,791	48,322
Miscellaneous	100,835	28,702	163,569	159,246	269,111	181,641	–	–	–	–
Capital outlay										
General government	1,073,613	3,175,930	482,286	2,752,133	2,472,767	57,219	36,023	65,351	331,650	285,028
Public safety	–	–	–	–	–	13,539	111,641	27,266	157,451	156,543
Public works	–	–	–	–	–	896,616	1,300,670	944,352	123,080	1,088,586
Parks and recreation	–	–	–	–	–	61,343	153	5,364	110,544	128,037
Debt service										
Principal	–	70,000	155,000	160,000	170,000	175,000	190,000	215,000	220,000	225,000
Interest	136,997	135,668	131,318	125,093	141,582	113,203	72,250	66,625	60,100	53,425
Total expenditures	3,768,542	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
Excess of revenues over (under) expenditures	869,668	(1,287,683)	441,074	(1,260,993)	(1,464,144)	(171,739)	142,670	1,291,452	410,585	(499,488)
Other financing sources (uses)										
Transfers in	2,146,503	981,204	584,660	1,241,334	520,140	2,084,969	596,005	734,441	1,045,100	809,621
Transfers out	(2,089,154)	(981,204)	(584,660)	(1,241,334)	(520,140)	(2,084,969)	(609,788)	(734,441)	(1,045,100)	(677,121)
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)	57,349	–	–	–	2,395,000	(1,573,700)	(13,783)	–	–	132,500
Net change in fund balances	$ 927,017	$ (1,287,683)	$ 441,074	$ (1,260,993)	$ 930,856	$ (1,745,439)	$ 128,887	$ 1,291,452	$ 410,585	$ (366,988)
Debt service as a percentage of noncapital expenditures	5.08 %	7.05 %	9.24 %	7.57 %	8.90 %	7.27 %	6.01 %	6.76 %	6.56 %	6.92 %

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
2000	$ 2,446,240	$ –	$ 2,446,240
2001	2,604,567	–	2,604,567
2002	2,348,102	–	2,348,102
2003	2,516,610	–	2,516,610
2004	2,898,769	56,593	2,955,362
2005	2,858,339	63,428	2,921,767
2006	2,940,063	95,148	3,035,211
2007	3,094,985	75,620	3,170,605
2008	3,213,553	60,520	3,274,073
2009	3,375,661	104,148	3,479,809

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
2000	$ 5,184,000	$ 6,355,117	$ 445,672	$ 11,984,789	$ 514,917	$ 1,096,927	$ 10,372,945	19.05 %	$ 593,898,200	1.75 %
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	14,420,355	20.53	1,229,529,900	1.17

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
2000	19.047 %	44.839 %	46.421 %	110.307 %
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

(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 Nine Years Ago

Taxpayer	2009 Taxable Capacity Value	2009 Rank	2009 Percentage of Total City Capacity Value	1997 (1) Taxable Capacity Value	1997 (1) Rank	1997 (1) Percentage of Total City Capacity Value
Cardiac Pacemakers, Inc.	$ 1,999,250	1	13.86 %	$ 620,450	2	6.02 %
CSM Corporation	471,730	2	3.27	140,625	10	1.36
Arden Hills Industrial, LLC	436,234	3	3.03	–	–	–
St. Paul Fire and Marine Insurance Company	401,342	4	2.78	–	–	–
Mutual Service Life Insurance Company	399,250	5	2.77	258,812	7	2.51
Land O'Lakes, Inc.	390,146	6	2.71	644,360	1	6.25
Inland Shannon Square Cub, LLC	363,602	7	2.52	–	–	–
IRET Properties, LP	359,250	8	2.49	–	–	–
Pharmacia Deltec, Inc.	273,250	9	1.89	300,620	6	2.91
NSP	262,674	10	1.82	–	–	–
Control Data Corporation	–	–	–	556,118	3	5.39
St. Paul Properties, Inc.	–	–	–	470,352	4	4.56
NorthPark Commercial Properties	–	–	–	325,000	5	3.15
Trinet Essential Facilities VII, Inc.	–	–	–	168,296	8	1.63
International Paper Company	–	–	–	155,449	9	1.51
Total	$ 5,356,728		37.15 %	$ 3,640,082		35.29 %
Total capacity value	$ 14,420,355			$ 10,313,870		

(1) Nine year information is not available. Information from 1997 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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 1,975,700	$ 1,951,159	98.76 %	$ 24,541	$ 1,975,700	100.00 %
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	14,129	2,523,045	99.97
2007	2,634,851	2,615,411	99.26	17,091	2,632,502	99.91
2008	2,744,767	2,709,036	98.70	27,284	2,736,320	99.69
2009	2,892,774	2,834,582	97.99	–	2,834,582	97.99

Note: Data source – Ehlers Bond Issue Summary book 2004 and annual financial reports.

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)
2000	$ 3,100,000	1.08 %	$ 321
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

(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, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ramsey County	$ 169,667,000	2.51 %	$ 4,258,642
Independent School District No. 621, Mounds View	165,963,495	10.94	18,156,406
Northeast Metropolitan Intermediate School District No. 916	8,380,000	1.61	134,918
Metropolitan Council	1,149,065,500	0.31	3,562,103
Metropolitan Airport Commission	291,492,000	0.31	903,625
Total overlapping debt			27,015,695
City of Arden Hills	1,545,000	100.00	1,545,000
Total direct and overlapping debt			$ 28,560,695

(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 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	$ 11,877,964	$ 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
Total net debt applicable to limit	–	–	–	–	–	–	–	–	–	–
Legal debt margin	$ 11,877,964	$ 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
Total net debt applicable to the limit as a percentage of debt limit	–	–	–	–	–	–	–	–	–	–

Legal Debt Margin Calculation for Fiscal Year 2009	
Market value	$ 1,229,529,900
Debt limit (3% of market value)	36,885,897
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	$ 36,885,897

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)
2000	9,652	$ 29,609	$ 285,786,068	36.2	11,426	2.9
2001	9,671	30,201	292,084,793	36.2	11,095	3.6
2002	9,696	30,805	298,701,098	36.2	10,742	4.5
2003	9,722	31,421	305,467,275	36.2	10,316	4.9
2004	9,620	32,050	308,318,439	36.2	10,228	4.6
2005	9,787	32,691	319,944,160	36.2	9,968	3.9
2006	9,812	33,345	327,191,535	36.2	9,929	3.8
2007	9,838	34,011	334,603,078	35.0	9,693	4.4
2008	9,864	34,692	342,182,507	35.0	9,757	4.7
2009	10,137	35,385	358,697,745	35.0	9,662	5.0

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: 2000 entries are from Ehlers Bond Issue Summary book 2004.
Note 4: Per capita personal income: 2000 Census, 2001–2007 estimate based off of 2000 census with 2 percent inflation.
Note 5: Personal income: calculated based on the population and per capita personal income.
Note 6: Enrollment numbers are based off of Independent School District No. 621, Mounds View – enrollment by grade provided by Mounds View District Center.
Note 7: 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) State Department of Labor
(3) State Department of Commerce
(4) School district

CITY OF ARDEN HILLS

Principal Employers
Current Year and Nine Years Ago

Employer	2009 Employees	2009 Rank	2009 Percentage of Total City Employees	1998 (1) Employees	1998 (1) Rank	1998 (1) Percentage of Total City Employees
Boston Scientific	2,000	1	14.1 %	2,000	1	16.3 %
Land O'Lakes, Inc.	800	2	5.6	700	3	5.7
Country and MSI Insurance	640	3	4.5	691	4	5.6
Presbyterian Homes of Arden Hills	500	4	3.5	500	8	4.1
Fair Isaac & Co.	500	5	3.5	–	–	–
Smiths Medical M.D., Inc.	500	6	3.5	–	–	–
Alliant Techsystems	–	–	–	1,220	2	10.0
Control Data Systems	–	–	–	600	5	4.9
Bethel University	–	–	–	600	6	4.9
Manufacturers Service, Ltd.	–	–	–	500	7	4.1
Dynamark, Inc.	–	–	–	335	9	2.7
Independent School District No. 621, Mounds View	–	–	–	307	10	2.5
*	–	7	–	–	–	–
*	–	8	–	–	–	–
*	–	9	–	–	–	–
*	–	10	–	–	–	–
Total	4,940		34.9 %	7,453		60.8 %
Total city employees	14,173			12,250		

* Information not available

(1) Nine year information is not available. Information from 1998 was used as the best information available for comparison.

Source: County Board of Equalization and Assessment

CITY OF ARDEN HILLS

Operating Indicators by Function
Last Six Fiscal Years

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

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). The numbers for recyclables are 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.

Note 5: The City implemented GASB Statement No. 44 in fiscal 2006. Information is not available for the past 10 years.

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function										
General government	5.427	5.427	5.427	5.667	5.667	5.667	5.705	6.500	6.400	6.572
Public safety										
General public safety	2.568	2.568	2.568	2.568	2.568	2.568	2.550	2.500	2.700	2.718
Highways and streets										
General highways and streets	2.325	2.325	2.325	2.506	2.554	2.542	2.500	2.300	2.300	2.385
Community development	0.900	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	6.308	6.483	6.655	6.577	6.873	7.200	7.500	8.318
Water	3.383	3.383	3.383	3.564	3.611	3.599	3.557	3.400	3.400	3.402
Sewer	3.883	3.883	3.883	4.126	4.174	4.162	4.120	3.900	3.900	4.013
Recycling	0.143	0.143	0.143	0.143	0.143	0.143	0.143	0.100	0.100	0.142
Surface water management	1.736	1.736	1.736	1.843	1.890	1.878	1.836	1.700	1.800	1.573
Total	26.671	26.671	26.671	27.800	28.161	28.035	28.184	29.100	29.700	29.143

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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	102	111	111
Parks	13	13	13	13	13	13	13	13	14	14
Trails acreage	52	52	52	52	52	52	52	52	52	53
Trails (miles)	2	2	2	2	2	2	2	2	11	13
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	2
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	42	44
Storm sewers (miles)	20	20	20	20	20	20	20	20	20	20

* Information used for the culture 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