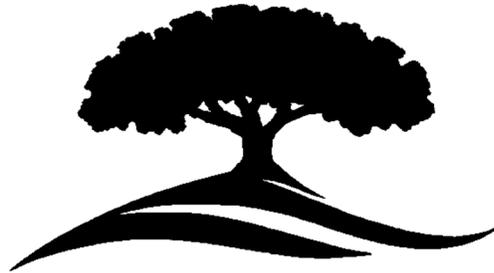


CITY OF



ARDEN HILLS

ARDEN HILLS, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

Annual Comprehensive Financial Report
Year Ended
December 31, 2022

FINANCE DEPARTMENT

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CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

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CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

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INTRODUCTORY SECTION



April 26, 2023

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, 2022.

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, Radosovich & Co., P.A. (MMKR), Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Arden Hills, Minnesota’s (the City) financial statements for the year ended December 31, 2022. 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 9.65 square miles and serves an estimated population of 9,996. 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.

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 management, and recycling systems; community development, building inspection, and planning; and general government operations, including administration, finance/accounting, community information (newsletter), and general government buildings. The City contracts with Ramsey County for police services, Lake Johanna Fire Department for fire services, and Metro-INET for information 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 may be amended by the City Council. Governmental funds with annually adopted budgets include the General Fund and most special revenue funds. A budget was not legally adopted for the two special revenue funds established for specific short-term projects: Karth Lake Improvement District and American Rescue Plan Act Funds.

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, Intricon, Delkor, Venture Solutions, and Presbyterian Homes, 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 a high of 7.1 percent in 2020, to a low of 2.2 percent in 2022. The current rate is 2.2 percent.

During the past 10 years, property taxes have remained a stable and significant source of total General Fund and special revenue fund revenues. Intergovernmental makes up approximately 3.0 percent of total revenues in the General Fund and special revenue funds for the current fiscal year.

LONG-TERM FINANCIAL PLANNING

The unassigned General Fund balance of \$3,072,714 (55.6 percent of total subsequent year General Fund expenditures budgeted) meets the 50.0 percent target set by the City Council for budgetary and planning purposes. The total General Fund balance also includes \$34,508 of nonspendable equity for prepaid items, \$98,255 of assigned equity for compensated absences, and \$160,760 assigned equity for the subsequent year's budget.

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 2012, the City entered into a Joint Powers Agreement with Ramsey County to form a Joint Development Authority to acquire and develop a portion of the Army property, formerly known as TCAAP. Ramsey County officially acquired this property April 15, 2013, and has cleaned it to residential standards. The City completed the TCAAP Redevelopment Code in late 2016, which guides the land use on the site. In 2019, Ramsey County brought litigation against the City; however, that litigation was resolved in 2021 in the City's favor. The land remains shovel ready, pending future development agreements; any future development on the site is expected to add to the City's tax base and could include commercial/industrial, residential, and civic uses. The site is approximately 430 acres.

RELEVANT FINANCIAL POLICIES

The City utilizes various financial and budget policies to guide the City Council and staff when making financial decisions. The primary objective of these policies is to guarantee effective delivery of city services to residents and businesses, and to ensure protection of the City's financial strength and flexibility through a revenue structure and long-term planning effort that is consistent with City Council goals and working capital targets. The City uses a conservative approach in making ongoing revenue assumptions by utilizing growth patterns and knowledge of the developing areas. As part of the annual budget process, the City reviews its financial and budget policies. There have been no significant changes to these policies from the previous year.

MAJOR INITIATIVES

The largest initiative on the City's horizon is the TCAAP project, as previously mentioned. This project is a joint effort between the City, Ramsey County, and a master developer. When completed, this project will represent almost a 40 percent population increase to the City, as well as a significant increase to the commercial and industrial sectors. City representatives are working hard to ensure the development is a long-term, sustainable project that adds to the City's diverse residents, businesses, and open space without burdening the existing city taxpayer. The TCAAP project is expected to be a destination site for the region and serve as a model for future developments.

ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2021. This is the 16th 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 ACFR 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 ACFR 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 and City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Dave Perrault
City Administrator



Gayle Bauman
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Arden Hills
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

City Council and Appointed Officials
December 31, 2022

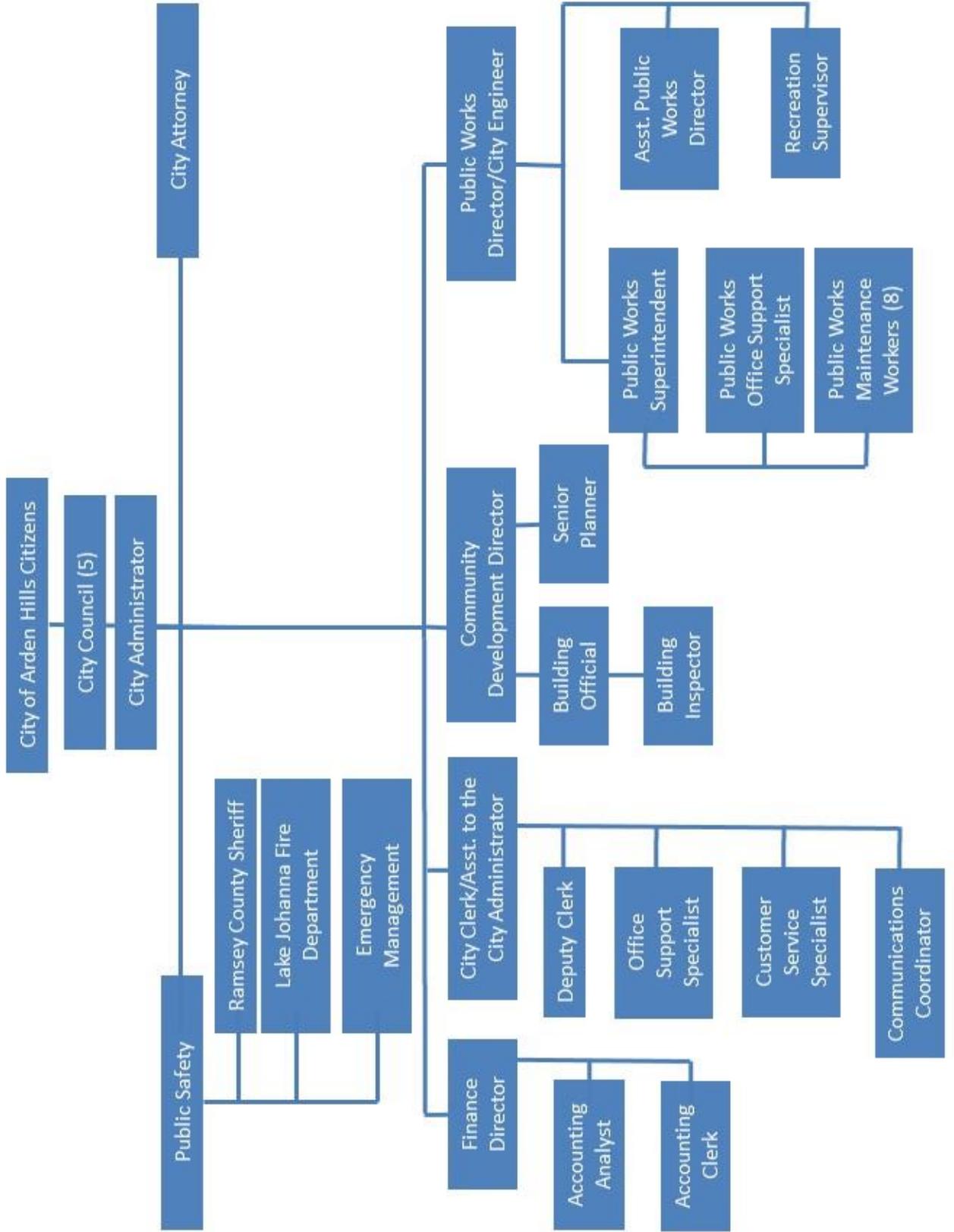
CITY COUNCIL

		<u>Term Expires</u>
David Grant	Mayor	December 31, 2026
Brenda Holden	Councilmember	December 31, 2024
Fran Holmes	Councilmember	December 31, 2022
David Radziej	Councilmember	December 31, 2022
Steve Scott	Councilmember	December 31, 2022

APPOINTED OFFICIALS

Dave Perrault	City Administrator
Gayle Bauman	Finance Director
Julie Hanson	City Clerk
Joel Jamnik	City Attorney

2022 City of Arden Hills Organization Chart



FINANCIAL SECTION



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

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

OPINIONS

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 to the basic financial statements, in fiscal 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
April 26, 2023

CITY OF ARDEN HILLS

Management's Discussion and Analysis Year Ended December 31, 2022

As the management of the City of Arden Hills, Minnesota (the City), we offer readers of the City's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. 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 and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$63,624,366 (*net position*). Of this amount, \$14,703,815 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,834,798 in 2022.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,663,705. Of this total amount, \$38,579 is nonspendable and \$1,641,192 is restricted, leaving an unrestricted (committed, assigned, and unassigned) balance of \$8,983,934.
- At the end of the current fiscal year, the General Fund has a total fund balance of \$3,366,237. At December 31, 2022, the unassigned fund balance of the General Fund was \$3,072,714, or 55.6 percent, of the subsequent year's budgeted expenditures.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City 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 government's near-term financing decisions. Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City reports two individual major governmental funds. Information is presented separately in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Permanent Improvement Revolving Fund, 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 most special revenue funds. A budget was not legally adopted for the two special revenues funds established for specific short-term projects: Karth Lake Improvement District and American Rescue Plan Act Funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the 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 two different types of proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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. Water, sewer, and surface water management are considered to be major funds of the City.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains internal service funds for risk management, engineering, central garage, and technology. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The 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 – In addition to the basic financial statements and accompanying notes, the financial section also presents required supplementary information, and the combining and individual fund statements and schedules (presented as supplementary information) referred to earlier in connection with nonmajor governmental funds and internal service funds, which are presented immediately following the basic financial statements.

Further, a statistical section has been included as part of the ACFR to facilitate additional analysis, and is the third and final section of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes in net position. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth, and new regulations.

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. As presented in the following condensed version of the Statement of Net Position, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,624,366 at December 31, 2022.

The largest portion of the City's net position, \$47,279,345, or 74.3 percent, reflects its net investment in capital assets (e.g., land, construction in progress, buildings and structures, infrastructure and improvements, distribution and collection systems, machinery and equipment, office furniture and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources; since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 17,097,598	\$ 16,693,237	\$ 5,696,668	\$ 4,822,482	\$ 22,794,266	\$ 21,515,719
Capital assets	28,400,370	27,614,215	20,840,566	20,492,122	49,240,936	48,106,337
Total assets	<u>\$ 45,497,968</u>	<u>\$ 44,307,452</u>	<u>\$ 26,537,234</u>	<u>\$ 25,314,604</u>	<u>\$ 72,035,202</u>	<u>\$ 69,622,056</u>
Deferred outflows of resources						
Pension plan deferments – PERA	\$ 320,433	\$ 449,603	\$ 245,804	\$ 328,796	\$ 566,237	\$ 778,399
Liabilities						
Long-term liabilities						
outstanding	\$ 1,142,549	\$ 701,569	\$ 2,758,202	\$ 2,633,009	\$ 3,900,751	\$ 3,334,578
Other liabilities	3,155,831	3,074,562	356,573	311,995	3,512,404	3,386,557
Total liabilities	<u>\$ 4,298,380</u>	<u>\$ 3,776,131</u>	<u>\$ 3,114,775</u>	<u>\$ 2,945,004</u>	<u>\$ 7,413,155</u>	<u>\$ 6,721,135</u>
Deferred inflows of resources						
Pension plan deferments – PERA	\$ 36,000	\$ 551,655	\$ 27,617	\$ 403,427	\$ 63,617	\$ 955,082
Lease revenues for subsequent years	894,171	–	–	–	894,171	–
State aid received for subsequent years	606,130	934,670	–	–	606,130	934,670
Total deferred inflows of resources	<u>\$ 1,536,301</u>	<u>\$ 1,486,325</u>	<u>\$ 27,617</u>	<u>\$ 403,427</u>	<u>\$ 1,563,918</u>	<u>\$ 1,889,752</u>
Net position						
Net investment in capital assets	\$ 28,318,503	\$ 27,474,959	\$ 18,960,842	\$ 18,373,335	\$ 47,279,345	\$ 45,848,294
Restricted	1,641,206	1,220,301	–	–	1,641,206	1,220,301
Unrestricted	10,024,011	10,799,339	4,679,804	3,921,634	14,703,815	14,720,973
Total net position	<u>\$ 39,983,720</u>	<u>\$ 39,494,599</u>	<u>\$ 23,640,646</u>	<u>\$ 22,294,969</u>	<u>\$ 63,624,366</u>	<u>\$ 61,789,568</u>

Restricted net position of \$1,641,206 comprises 2.6 percent of net position at the close of the fiscal year ended December 31, 2022. These assets are subject to external restrictions on how they may be used.

The balance of unrestricted net position, \$14,703,815, or approximately 23.1 percent, may be used to meet the City's ongoing obligations to citizens and creditors. Certain balances within unrestricted net position may have internally imposed commitments or limitations, which may further limit the purpose for which such net position may be used.

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

Both governmental activities and business-type activities experienced changes in deferred outflows of resources, deferred inflows of resources, and long-term liabilities as a result of the City's participation in a state-wide defined benefit pension plan. The City reported an increase in current and other assets and deferred inflows of resources, with a change in reporting for lease receivables in the current year with the implementation of new Governmental Accounting Standards Board reporting requirements. Positive operating results in the City's utility operations also increased current and other assets in the current year.

The following table provides a condensed version of the Statement of Activities for the year ended December 31, 2022, with comparative amounts for the year ended December 31, 2021:

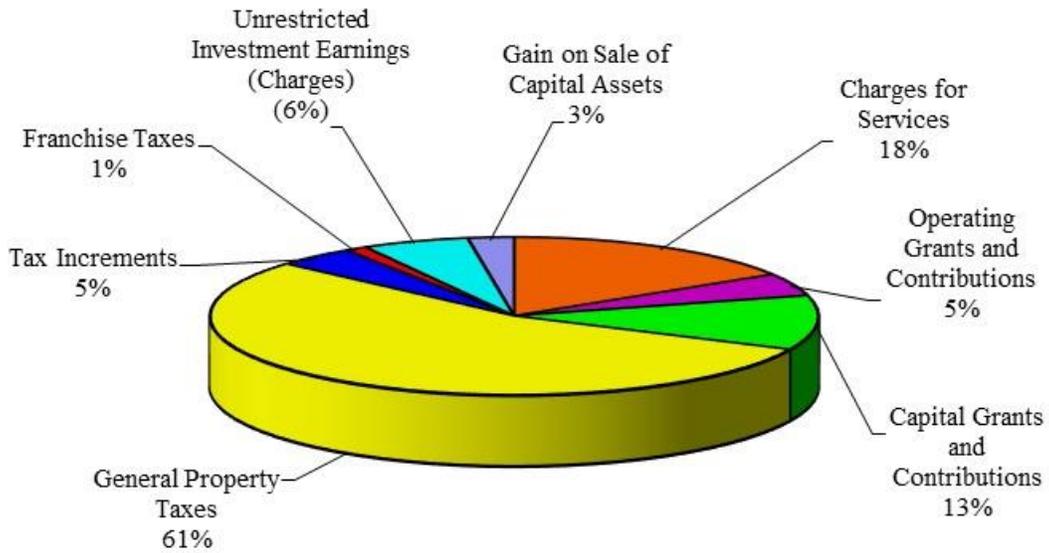
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 1,307,456	\$ 1,212,170	\$ 6,140,224	\$ 5,979,339	\$ 7,447,680	\$ 7,191,509
Operating grants and contributions	375,965	565,106	30,323	27,213	406,288	592,319
Capital grants and contributions	902,926	1,263,520	651,490	1,024,414	1,554,416	2,287,934
General revenues						
General property taxes	4,404,477	4,293,895	-	-	4,404,477	4,293,895
Tax increments	338,899	396,891	-	-	338,899	396,891
Franchise taxes	94,320	97,549	-	-	94,320	97,549
Unrestricted investment earnings (charges)	(460,213)	(30,940)	(100,660)	(10,642)	(560,873)	(41,582)
Gain on sale of capital assets	197,910	-	-	-	197,910	-
Total revenues	<u>7,161,740</u>	<u>7,798,191</u>	<u>6,721,377</u>	<u>7,020,324</u>	<u>13,883,117</u>	<u>14,818,515</u>
Expenses						
General government	1,299,419	1,283,605	-	-	1,299,419	1,283,605
Public safety	2,663,521	2,804,933	-	-	2,663,521	2,804,933
Public works	1,796,184	1,310,895	-	-	1,796,184	1,310,895
Parks and recreation	1,013,507	883,155	-	-	1,013,507	883,155
Economic development	199,988	411,016	-	-	199,988	411,016
Water	-	-	2,473,906	2,166,362	2,473,906	2,166,362
Sewer	-	-	1,817,972	1,754,753	1,817,972	1,754,753
Surface water management	-	-	610,730	599,084	610,730	599,084
Recycling	-	-	173,092	154,611	173,092	154,611
Total expenses	<u>6,972,619</u>	<u>6,693,604</u>	<u>5,075,700</u>	<u>4,674,810</u>	<u>12,048,319</u>	<u>11,368,414</u>
Increase in net position before transfers	189,121	1,104,587	1,645,677	2,345,514	1,834,798	3,450,101
Transfers	300,000	300,000	(300,000)	(300,000)	-	-
Increase in net position	489,121	1,404,587	1,345,677	2,045,514	1,834,798	3,450,101
Net position – beginning	<u>39,494,599</u>	<u>38,090,012</u>	<u>22,294,969</u>	<u>20,249,455</u>	<u>61,789,568</u>	<u>58,339,467</u>
Net position – ending	<u>\$ 39,983,720</u>	<u>\$ 39,494,599</u>	<u>\$ 23,640,646</u>	<u>\$ 22,294,969</u>	<u>\$ 63,624,366</u>	<u>\$ 61,789,568</u>

Governmental Activities – Current year operating results of governmental activities increased net position by \$489,121, compared to an increase of \$1,404,587 in the prior year. Revenues were down in the current year with less capital grants and contributions from capital-related assessments. The City recognized fewer operating grants and contributions, with more park contributions last year. Market value adjustments recorded on investments in the current year reduced unrestricted investment earnings. Expenses were up largely in public works, with more street maintenance and in parks and recreation, with more programing costs in the current year.

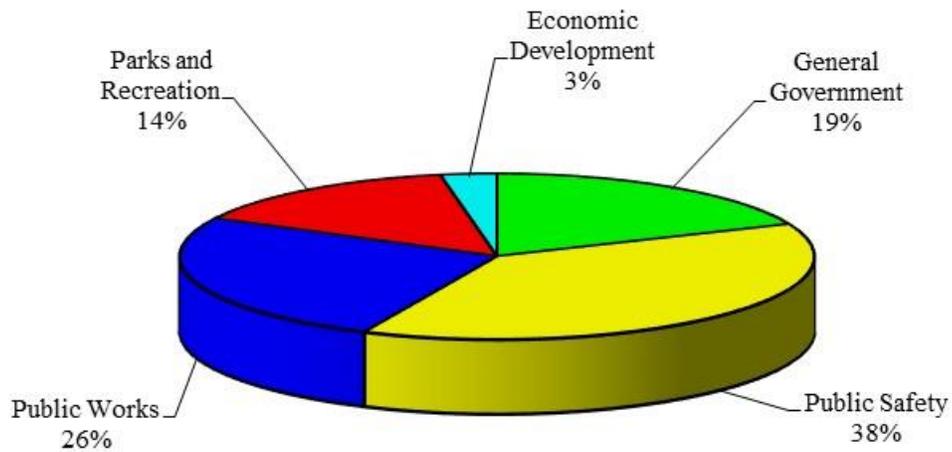
Business-Type Activities – Current year operating results of business-type activities increased net position by \$1,345,677, due to positive results of the utility operations of the City. Program revenues exceeded program expenses for each of the City’s business-type activities. A decrease in water and sewer access charges reduced capital grants and contributions in the business-type activities in the current year. Market value adjustments recorded on investments in the current year reduced unrestricted investment earnings. An increase in pension charges and purchased water contributed to the change in current year spending.

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

Governmental Activities – Revenue

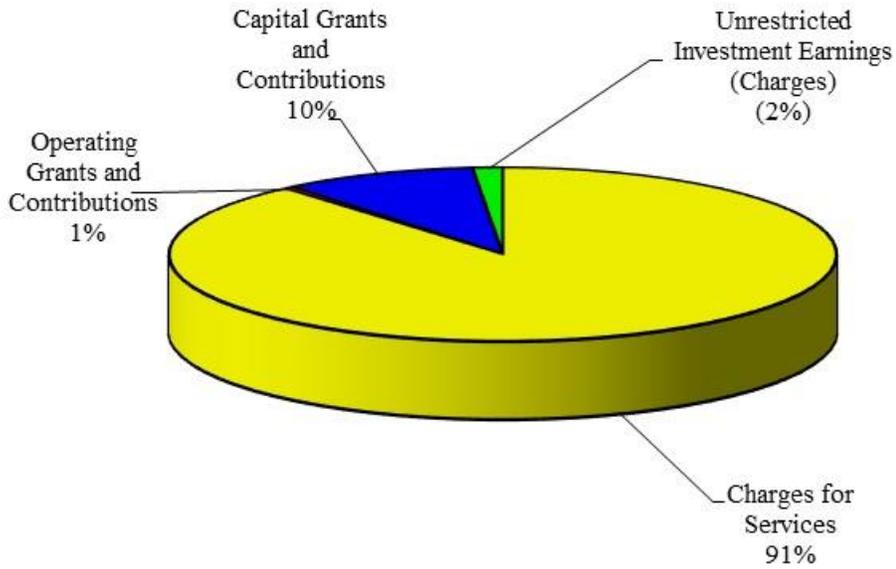


Governmental Activities – Expenses

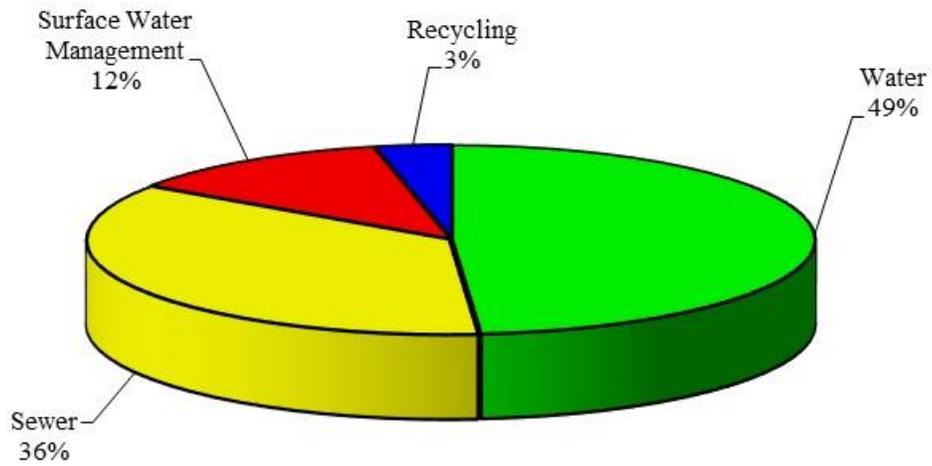


Below are specific graphs that provide comparisons of the business-type activities' revenue and expenses:

Business-Type Activities – Revenue



Business-Type Activities – Expenses



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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,663,705, a decrease of \$151,023 in comparison with the prior year. Committed, assigned, and unassigned fund balance, which are available for spending at the government's discretion, have a total balance of \$8,983,934 at year-end. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been obligated: 1) for tax increment purposes (\$1,366,532), 2) for cable TV purposes (\$56,621), 3) for park improvements (\$218,039), or 4) is not in spendable form for prepaid items (\$38,579).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,072,714, while total fund balance equaled \$3,366,237. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to expenditures. Unassigned fund balance represents 55.6 percent of the total subsequent year General Fund expenditures.

The City's General Fund equity increased by \$196,425 during the current fiscal year, compared to a \$420,460 decrease approved in the final budget. This increase was due to favorable variances in revenues, other financing sources, and expenditures. The City's receipt of licenses and permits and proceeds on the sale of capital assets surpassed budgetary expectations. Spending was under budget in several functions. These favorable variances more than covered the deficit spending approved in the original budget.

Fund balance in the Permanent Improvement Revolving Fund decreased by \$288,093 in the current year. Total current year revenues and transfers from other funds were less than capital expenditures, which fluctuate based on the timing of street and trail 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 position in the respective proprietary funds includes: \$2,799,399 for water, \$1,242,364 for sewer, \$431,542 for surface water management, and \$206,499 for recycling. Water net position increased \$480,537, sewer net position increased \$521,334, surface water management net position increased \$327,502, and recycling net position increased \$16,304 during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total General Fund revenues were \$206,186 more than estimated in the budget. Licenses and permits exceeded budgeted levels by \$326,066, primarily due to building permit fees with more than anticipated construction activity in the City. Expenditures within the General Fund were less than budget by \$215,158, spread across several functions. The City's sale of capital assets for \$195,541 was not included in the final budget also contributing to the favorable change in fund balances in the General Fund.

During the year, the City Council approved budget amendments, which slightly increased revenues by \$740 and increased expenditures and transfers out by \$281,200, providing supplemental appropriations and moving available resources to other funds.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$49,240,936 (net of accumulated depreciation). This investment in capital assets includes items such as land, construction in progress, buildings and structures, infrastructure and improvements, distribution and collection systems, machinery and equipment, office furniture and equipment, and vehicles.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,669,467	\$ 2,679,818	\$ –	\$ –	\$ 2,669,467	\$ 2,679,818
Construction in progress	2,090,423	2,369,392	735,625	1,585,722	2,826,048	3,955,114
Buildings and structures	3,564,010	3,467,247	497,060	538,604	4,061,070	4,005,851
Infrastructure and improvements	18,697,408	17,656,824	–	–	18,697,408	17,656,824
Distribution and collection systems	–	–	19,331,477	18,065,524	19,331,477	18,065,524
Machinery and equipment	299,262	286,054	276,404	302,272	575,666	588,326
Office furniture and equipment	8,857	13,805	–	–	8,857	13,805
Vehicles	1,070,943	1,141,075	–	–	1,070,943	1,141,075
Total	<u>\$ 28,400,370</u>	<u>\$ 27,614,215</u>	<u>\$ 20,840,566</u>	<u>\$ 20,492,122</u>	<u>\$ 49,240,936</u>	<u>\$ 48,106,337</u>

Increases in the current year included ongoing projects for streets and related utility infrastructure contributing to the changes in the table above as of year-end.

Additional information on the City's capital assets can be found in Note 4 of the notes to basic financial statements.

Long-Term Liabilities – At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,785,000, which is secured by specified revenue sources.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Utility revenue bonds	\$ –	\$ –	\$ 1,785,000	\$ 2,005,000	\$ 1,785,000	\$ 2,005,000
Premium	–	–	94,724	110,281	94,724	110,281
Compensated absences	98,255	99,716	77,404	77,592	175,659	177,308
Net pension liability	1,044,294	601,853	801,074	440,136	1,845,368	1,041,989
Total	\$ 1,142,549	\$ 701,569	\$ 2,758,202	\$ 2,633,009	\$ 3,900,751	\$ 3,334,578

State statutes limit the amount of net debt a Minnesota city may issue to 3 percent of total estimated market value.

The net pension liability increased from the prior year, due to the change in the City’s proportionate share of pension obligations for the Public Employees Retirement Association – General Employees Retirement Fund state-wide pension plan.

Additional information on the City’s long-term liabilities can be found in Note 5 of the notes to basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- Dramatic increases in local government aids and other state sources are not anticipated based on legislation at the time of writing this report.
- Property tax collection rates are expected to remain strong, at or near the 2022 level.
- The 2023 budget approved for the General Fund anticipates expenditures to exceed revenues by \$160,760, which is included in assigned fund balance at December 31, 2022.

REQUESTS FOR INFORMATION

This ACFR 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 finance department, 1245 West Highway 96, Arden Hills, Minnesota 55112.

BASIC FINANCIAL STATEMENTS

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CITY OF ARDEN HILLS

Statement of Net Position
as of December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 14,385,692	\$ 4,106,337	\$ 18,492,029
Accrued interest receivable	59,843	15,085	74,928
Accounts receivable	204,503	1,531,392	1,735,895
Taxes receivable	37,459	-	37,459
Special assessments receivable	1,423,150	-	1,423,150
Leases receivable	894,171	-	894,171
Due from other governmental units	53,438	-	53,438
Prepaid items	39,342	21,921	61,263
Inventory	-	21,933	21,933
Capital assets			
Nondepreciable	4,759,890	735,625	5,495,515
Depreciable, net of accumulated depreciation	23,640,480	20,104,941	43,745,421
Total assets	<u>45,497,968</u>	<u>26,537,234</u>	<u>72,035,202</u>
Deferred outflows of resources			
Pension plan deferments – PERA	320,433	245,804	566,237
Liabilities			
Accounts payable	392,929	41,262	434,191
Salaries payable	92,545	-	92,545
Deposits payable	2,147,375	4,000	2,151,375
Due to other governmental units	307,257	283,894	591,151
Accrued interest payable	-	27,417	27,417
Unearned revenue	215,725	-	215,725
Long-term liabilities (bonds and compensated absences)			
Due within one year	73,691	283,053	356,744
Due in more than one year	24,564	1,674,075	1,698,639
Net pension liability			
Due in more than one year	1,044,294	801,074	1,845,368
Total liabilities	<u>4,298,380</u>	<u>3,114,775</u>	<u>7,413,155</u>
Deferred inflows of resources			
Pension plan deferments – PERA	36,000	27,617	63,617
Lease revenues for subsequent years	894,171	-	894,171
State aid received for subsequent years	606,130	-	606,130
Total deferred inflows of resources	<u>1,536,301</u>	<u>27,617</u>	<u>1,563,918</u>
Net position			
Net investment in capital assets	28,318,503	18,960,842	47,279,345
Restricted for			
Tax increment purposes	1,366,532	-	1,366,532
Cable TV	56,635	-	56,635
Park improvements	218,039	-	218,039
Unrestricted	10,024,011	4,679,804	14,703,815
Total net position	<u>\$ 39,983,720</u>	<u>\$ 23,640,646</u>	<u>\$ 63,624,366</u>

CITY OF ARDEN HILLS

Statement of Activities
Year Ended December 31, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	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	\$ 1,299,419	\$ 241,534	\$ 151,883	\$ -	\$ (906,002)	\$ -	\$ (906,002)
Public safety	2,663,521	957,785	96,073	28,381	(1,581,282)	-	(1,581,282)
Public works	1,796,184	7,040	111,414	837,339	(840,391)	-	(840,391)
Parks and recreation	1,013,507	101,097	13,095	37,206	(862,109)	-	(862,109)
Economic development	199,988	-	3,500	-	(196,488)	-	(196,488)
Total governmental activities	6,972,619	1,307,456	375,965	902,926	(4,386,272)	-	(4,386,272)
Business-type activities							
Water	2,473,906	2,823,414	1,214	296,691	-	647,413	647,413
Sewer	1,817,972	2,209,253	1,413	273,111	-	665,805	665,805
Surface water management	610,730	937,652	886	81,688	-	409,496	409,496
Recycling	173,092	169,905	26,810	-	-	23,623	23,623
Total business-type activities	5,075,700	6,140,224	30,323	651,490	-	1,746,337	1,746,337
Total primary government	<u>\$ 12,048,319</u>	<u>\$ 7,447,680</u>	<u>\$ 406,288</u>	<u>\$ 1,554,416</u>	(4,386,272)	1,746,337	(2,639,935)
General revenues							
General property taxes					4,404,477	-	4,404,477
Tax increments					338,899	-	338,899
Franchise taxes					94,320	-	94,320
Unrestricted investment earnings (charges)					(460,213)	(100,660)	(560,873)
Gain on sale of capital assets					197,910	-	197,910
Transfers					300,000	(300,000)	-
Total general revenues and transfers					<u>4,875,393</u>	<u>(400,660)</u>	<u>4,474,733</u>
Change in net position					489,121	1,345,677	1,834,798
Net position – beginning					<u>39,494,599</u>	<u>22,294,969</u>	<u>61,789,568</u>
Net position – ending					<u>\$ 39,983,720</u>	<u>\$ 23,640,646</u>	<u>\$ 63,624,366</u>

CITY OF ARDEN HILLS

Balance Sheet
Governmental Funds
as of December 31, 2022

	General	Permanent Improvement Revolving	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
Assets					
Cash and investments	\$ 5,667,878	\$ 5,577,529	\$ 2,943,396	\$ -	\$ 14,188,803
Accrued interest receivable	23,474	23,909	11,725	-	59,108
Accounts receivable	25,773	150,000	28,730	-	204,503
Taxes receivable	37,329	-	130	-	37,459
Special assessments receivable	3,628	1,419,522	-	-	1,423,150
Interfund receivable	-	194,879	23,747	(218,626)	-
Leases receivable	894,171	-	-	-	894,171
Due from other governmental units	53,438	-	-	-	53,438
Prepaid items	34,508	-	4,071	-	38,579
Total assets	\$ 6,740,199	\$ 7,365,839	\$ 3,011,799	\$ (218,626)	\$ 16,899,211
Liabilities					
Accounts payable	\$ 88,825	\$ 238,591	\$ 61,296	\$ -	\$ 388,712
Salaries payable	92,545	-	-	-	92,545
Deposits payable	2,147,375	-	-	-	2,147,375
Interfund payable	-	-	218,626	(218,626)	-
Due to other governmental units	32,120	259,146	-	-	291,266
Unearned revenue	79,289	-	136,436	-	215,725
Total liabilities	2,440,154	497,737	416,358	(218,626)	3,135,623
Deferred inflows of resources					
Unavailable revenue – taxes	36,009	-	-	-	36,009
Unavailable revenue – special assessments	3,628	1,409,945	-	-	1,413,573
Unavailable revenue – long-term receivable	-	150,000	-	-	150,000
Lease revenues for subsequent years	894,171	-	-	-	894,171
State aid received for subsequent years	-	606,130	-	-	606,130
Total deferred inflows of resources	933,808	2,166,075	-	-	3,099,883
Fund balances (deficits)					
Nonspendable	34,508	-	4,071	-	38,579
Restricted	-	-	1,641,192	-	1,641,192
Committed	-	-	658,457	-	658,457
Assigned	259,015	4,702,027	510,217	-	5,471,259
Unassigned	3,072,714	-	(218,496)	-	2,854,218
Total fund balances (deficits)	3,366,237	4,702,027	2,595,441	-	10,663,705
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,740,199	\$ 7,365,839	\$ 3,011,799	\$ (218,626)	\$ 16,899,211
Fund balances reported above					\$ 10,663,705
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Nondepreciable					4,759,890
Depreciable, net of accumulated depreciation					23,640,480
Internal service funds are used to allocate costs to individual funds. Net position is included in governmental activities in the Statement of Net Position.					
					178,179
Certain long-term obligations are not payable with current financial resources and, therefore, are not reported in governmental funds.					
Compensated absences					(98,255)
Net pension liability					(1,044,294)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.					
Deferred outflows of resources – pension plans					320,433
Deferred inflows of resources – pension plans					(36,000)
Deferred inflows of resources – unavailable revenues (taxes, special assessments, and long-term receivable)					1,599,582
Net position of governmental activities					\$ 39,983,720

CITY OF ARDEN HILLS

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2022

	General	Permanent Improvement Revolving	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
Revenues					
Property taxes					
General property taxes	\$ 3,829,079	\$ 250,000	\$ 326,612	\$ -	\$ 4,405,691
Tax increments	-	-	338,899	-	338,899
Special assessments	-	432,885	-	-	432,885
Licenses and permits	830,866	-	-	-	830,866
Intergovernmental	174,405	368,568	-	-	542,973
Charges for services	476,574	-	-	-	476,574
Fines and forfeits	22,662	-	-	-	22,662
Earnings on investments (charges)	(186,632)	(179,564)	(87,967)	-	(454,163)
Franchise taxes	-	-	94,320	-	94,320
Antenna lease rental fees	139,304	-	-	-	139,304
Miscellaneous reimbursements	10,442	-	-	-	10,442
Other	9,736	150,000	69,236	-	228,972
Total revenues	5,306,436	1,021,889	741,100	-	7,069,425
Expenditures					
Current					
General government	1,077,037	-	127,582	-	1,204,619
Public safety	2,546,051	-	-	-	2,546,051
Public works	914,148	-	-	-	914,148
Parks and recreation	665,776	-	-	-	665,776
Economic development	-	-	138,251	-	138,251
Capital outlay					
General government	-	-	210,148	-	210,148
Public safety	-	-	98,396	-	98,396
Public works	-	1,594,329	114,224	-	1,708,553
Parks and recreation	-	133,193	140,004	-	273,197
Total expenditures	5,203,012	1,727,522	828,605	-	7,759,139
Revenues over (under) expenditures	103,424	(705,633)	(87,505)	-	(689,714)
Other financing sources (uses)					
Sale of capital assets	195,541	-	43,150	-	238,691
Transfers in	-	417,540	300,000	(417,540)	300,000
Transfers out	(102,540)	-	(315,000)	417,540	-
Total other financing sources (uses)	93,001	417,540	28,150	-	538,691
Net changes in fund balances	196,425	(288,093)	(59,355)	-	(151,023)
Fund balances – beginning	3,169,812	4,990,120	2,654,796	-	10,814,728
Fund balances – ending	<u>\$ 3,366,237</u>	<u>\$ 4,702,027</u>	<u>\$ 2,595,441</u>	<u>\$ -</u>	<u>\$ 10,663,705</u>

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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, 2022

Net changes in fund balances – total governmental funds \$ (151,023)

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

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.

Capital outlay	1,814,259
Depreciation expense	(987,323)

A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balance.

(40,781)

Adjustments are made between the governmental funds and the Statement of Activities for the long-term liability activity of the net pension liability.

(442,441)

The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.

Deferred outflows of resources – pension plans	(129,170)
Deferred inflows of resources – pension plans	515,655
Deferred inflows of resources – unavailable revenues	(104,122)

Internal service funds are used to allocate costs to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities in the government-wide financial statements.

13,226

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	841
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Change in net position of governmental activities \$ 489,121

CITY OF ARDEN HILLS

Statement of Net Position
Proprietary Funds
as of December 31, 2022

	Business-Type Activities – Enterprise Funds					Internal Service Funds
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals	
Assets						
Current assets						
Cash and investments	\$ 2,623,227	\$ 931,302	\$ 339,121	\$ 212,687	\$ 4,106,337	\$ 196,889
Accrued interest receivable	9,907	2,892	1,405	881	15,085	735
Accounts receivable						
Customers	628,469	579,655	245,845	–	1,453,969	–
Customer accounts certified to county	32,826	35,703	4,482	4,412	77,423	–
Interfund receivable	–	–	–	–	–	150
Prepaid items	7,307	7,307	7,307	–	21,921	763
Inventory	21,933	–	–	–	21,933	–
Total current assets	<u>3,323,669</u>	<u>1,556,859</u>	<u>598,160</u>	<u>217,980</u>	<u>5,696,668</u>	<u>198,537</u>
Noncurrent assets						
Capital assets						
Buildings and structures	818,476	16,564	–	–	835,040	–
Distribution and collection systems	13,318,678	10,828,183	6,132,798	–	30,279,659	–
Machinery and equipment	301,210	337,852	–	–	639,062	–
Construction in progress	415,792	90,215	229,618	–	735,625	–
Total capital assets	<u>14,854,156</u>	<u>11,272,814</u>	<u>6,362,416</u>	<u>–</u>	<u>32,489,386</u>	<u>–</u>
Less accumulated depreciation	<u>(5,675,828)</u>	<u>(4,718,197)</u>	<u>(1,254,795)</u>	<u>–</u>	<u>(11,648,820)</u>	<u>–</u>
Total capital assets (net of accumulated depreciation)	<u>9,178,328</u>	<u>6,554,617</u>	<u>5,107,621</u>	<u>–</u>	<u>20,840,566</u>	<u>–</u>
Total assets	<u>12,501,997</u>	<u>8,111,476</u>	<u>5,705,781</u>	<u>217,980</u>	<u>26,537,234</u>	<u>198,537</u>
Deferred outflows of resources						
Pension plan deferments – PERA	84,936	98,865	62,003	–	245,804	–
Liabilities						
Current liabilities						
Accounts payable	20,152	12,111	235	8,764	41,262	4,217
Deposits payable	4,000	–	–	–	4,000	–
Interfund payable	–	–	–	–	–	150
Due to other governmental units	249,278	34,616	–	–	283,894	15,991
Accrued interest payable	23,729	3,688	–	–	27,417	–
Bonds payable	195,000	30,000	–	–	225,000	–
Compensated absences payable	19,274	22,227	14,514	2,038	58,053	–
Total current liabilities	<u>511,433</u>	<u>102,642</u>	<u>14,749</u>	<u>10,802</u>	<u>639,626</u>	<u>20,358</u>
Noncurrent liabilities						
Bonds payable (net of premium)	1,431,942	222,782	–	–	1,654,724	–
Compensated absences payable	6,425	7,409	4,838	679	19,351	–
Net pension liability	276,805	322,201	202,068	–	801,074	–
Total noncurrent liabilities	<u>1,715,172</u>	<u>552,392</u>	<u>206,906</u>	<u>679</u>	<u>2,475,149</u>	<u>–</u>
Total liabilities	<u>2,226,605</u>	<u>655,034</u>	<u>221,655</u>	<u>11,481</u>	<u>3,114,775</u>	<u>20,358</u>
Deferred inflows of resources						
Pension plan deferments – PERA	9,543	11,108	6,966	–	27,617	–
Net position						
Net investment in capital assets	7,551,386	6,301,835	5,107,621	–	18,960,842	–
Unrestricted	<u>2,799,399</u>	<u>1,242,364</u>	<u>431,542</u>	<u>206,499</u>	<u>4,679,804</u>	<u>178,179</u>
Total net position	<u>\$ 10,350,785</u>	<u>\$ 7,544,199</u>	<u>\$ 5,539,163</u>	<u>\$ 206,499</u>	<u>\$ 23,640,646</u>	<u>\$ 178,179</u>

See notes to basic financial statements

CITY OF ARDEN HILLS

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2022

	Business-Type Activities – Enterprise Funds					Internal Service Funds
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals	
Operating revenues						
Charges for services	\$ 2,817,859	\$ 2,204,932	\$ 937,249	\$ 149,721	\$ 6,109,761	\$ 525,826
Permit fees	2,070	1,395	–	–	3,465	–
Miscellaneous	3,485	2,926	403	20,184	26,998	6,903
Total operating revenues	<u>2,823,414</u>	<u>2,209,253</u>	<u>937,652</u>	<u>169,905</u>	<u>6,140,224</u>	<u>532,729</u>
Operating expenses						
Personal services	412,690	491,921	292,328	32,190	1,229,129	–
Supplies and maintenance	85,969	13,543	3,825	–	103,337	113,174
Other services and charges	291,396	171,158	123,135	26,872	612,561	74,378
Rent	32,379	30,963	13,761	–	77,103	–
Insurance	18,924	37,512	3,364	505	60,305	–
Utilities	16,602	22,351	–	–	38,953	–
Purchased services	32,404	28,050	22,759	6,784	89,997	325,901
Purchased water	1,175,535	–	–	–	1,175,535	–
Recycling charges	–	–	–	106,741	106,741	–
Sewer charges	–	817,179	–	–	817,179	–
Depreciation	363,882	198,444	151,558	–	713,884	–
Total operating expenses	<u>2,429,781</u>	<u>1,811,121</u>	<u>610,730</u>	<u>173,092</u>	<u>5,024,724</u>	<u>513,453</u>
Operating income (loss)	393,633	398,132	326,922	(3,187)	1,115,500	19,276
Nonoperating revenues (expenses)						
Intergovernmental revenue	1,214	1,413	886	26,810	30,323	–
Earnings on investments (charges)	(66,876)	(18,471)	(7,994)	(7,319)	(100,660)	(6,050)
Interest and fiscal charges	(44,125)	(6,851)	–	–	(50,976)	–
Total nonoperating revenues (expenses)	<u>(109,787)</u>	<u>(23,909)</u>	<u>(7,108)</u>	<u>19,491</u>	<u>(121,313)</u>	<u>(6,050)</u>
Income (loss) before contributions and transfers	283,846	374,223	319,814	16,304	994,187	13,226
Capital contributions – connection fees	65,480	40,008	–	–	105,488	–
Capital contributions – capital grants	231,211	233,103	81,688	–	546,002	–
Transfers out	(100,000)	(126,000)	(74,000)	–	(300,000)	–
Change in net position	<u>480,537</u>	<u>521,334</u>	<u>327,502</u>	<u>16,304</u>	<u>1,345,677</u>	<u>13,226</u>
Net position						
Beginning of year	<u>9,870,248</u>	<u>7,022,865</u>	<u>5,211,661</u>	<u>190,195</u>	<u>22,294,969</u>	<u>164,953</u>
End of year	<u>\$ 10,350,785</u>	<u>\$ 7,544,199</u>	<u>\$ 5,539,163</u>	<u>\$ 206,499</u>	<u>\$ 23,640,646</u>	<u>\$ 178,179</u>

CITY OF ARDEN HILLS

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities – Enterprise Funds				Internal Service Funds	
	Water	Sewer	Surface Water Management	Nonmajor Recycling		Totals
Cash flows from operating activities						
Receipts from customers and users	\$ 2,763,307	\$ 2,179,856	\$ 922,948	\$ 172,770	\$ 6,038,881	\$ 532,835
Payments to suppliers	(1,564,337)	(1,023,674)	(129,148)	(126,390)	(2,843,549)	(538,259)
Payments to employees	(390,183)	(463,244)	(275,634)	(32,136)	(1,161,197)	(620)
Payments for interfund services used	(67,115)	(69,675)	(45,097)	(5,801)	(187,688)	–
Net cash flows from operating activities	741,672	623,263	473,069	8,443	1,846,447	(6,044)
Cash flows from noncapital financing activities						
Cash received from other funds	–	–	–	–	–	150
Cash paid to other funds	–	–	–	–	–	(150)
Grants received	1,214	1,413	886	26,810	30,323	–
Transfers out	(100,000)	(126,000)	(74,000)	–	(300,000)	–
Net cash flows from noncapital financing activities	(98,786)	(124,587)	(73,114)	26,810	(269,677)	–
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(359,979)	(524,563)	(177,786)	–	(1,062,328)	–
Capital contributions – connection fees received	65,480	40,008	–	–	105,488	–
Capital contributions – capital grants received	231,211	233,103	81,688	–	546,002	–
Principal payments on bonds	(190,000)	(30,000)	–	–	(220,000)	–
Interest paid	(60,750)	(9,450)	–	–	(70,200)	–
Net cash flows from capital and related financing activities	(314,038)	(290,902)	(96,098)	–	(701,038)	–
Cash flows from investing activities						
Earnings on investments (charges)	(72,499)	(19,597)	(9,245)	(7,768)	(109,109)	(6,400)
Net change in cash and cash equivalents	256,349	188,177	294,612	27,485	766,623	(12,444)
Cash and cash equivalents – beginning	2,366,878	743,125	44,509	185,202	3,339,714	209,333
Cash and cash equivalents – ending	\$ 2,623,227	\$ 931,302	\$ 339,121	\$ 212,687	\$ 4,106,337	\$ 196,889
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	\$ 393,633	\$ 398,132	\$ 326,922	\$ (3,187)	\$ 1,115,500	\$ 19,276
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation	363,882	198,444	151,558	–	713,884	–
Decrease (increase) in accounts receivables	(56,107)	(29,397)	(14,704)	2,865	(97,343)	106
Decrease (increase) in prepaid items	219	(51)	(51)	–	117	(494)
Decrease (increase) in inventory	(1,888)	–	–	–	(1,888)	–
Decrease (increase) in deferred outflows	29,333	32,373	21,286	–	82,992	–
Increase (decrease) in accounts payable	(13,134)	10,237	(3,525)	8,711	2,289	(24,949)
Increase (decrease) in deposits payable	(4,000)	–	–	–	(4,000)	–
Increase (decrease) in due to other governments	36,560	17,221	(3,825)	–	49,956	637
Increase (decrease) in net pension liability	123,841	146,522	90,575	–	360,938	–
Increase (decrease) in compensated absences payable	(4)	(299)	61	54	(188)	(620)
Increase (decrease) in deferred inflows	(130,663)	(149,919)	(95,228)	–	(375,810)	–
Total adjustments	348,039	225,131	146,147	11,630	730,947	(25,320)
Net cash flows from operating activities	\$ 741,672	\$ 623,263	\$ 473,069	\$ 8,443	\$ 1,846,447	\$ (6,044)
Noncash investing, capital, and financing activities						
Due from other governmental units						
Amortization of bond premium (discount)	\$ 13,458	\$ 2,099	\$ –	\$ –	\$ 15,557	\$ –

See notes to basic financial statements

CITY OF ARDEN HILLS

Notes to Basic Financial Statements
December 31, 2022

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 provides the following municipal services: public safety (police, fire, civil defense, protective inspections, 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 as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component unit. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

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 and the City has operational responsibility for the component unit. 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 Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which significantly rely upon sales, fees, and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and special assessments are recognized as revenues in the fiscal year for which they are certified for levy. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year-end. 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. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Proceeds of long-term debt and acquisitions under leases, when applicable, are reported as other financing sources.

Major revenue that is susceptible to accrual includes property taxes, special assessments, intergovernmental revenue, charges for services, franchise taxes, antenna lease rental fees, and interest earned on investments. Major revenue that is not susceptible to accrual includes licenses and permits, fees, fines and forfeits, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term obligations, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. 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 and internal service funds are charges to customers for sales and services. The operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenues and expenses.

Aggregated information for the internal service funds is reported in a single column in the proprietary fund financial statements. Because the principal user of the internal services is the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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.

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

The City reports the following major enterprise 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 enterprise fund:

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fund type:

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments on a cost-reimbursement basis. The City’s internal service funds account for risk management, engineering, central garage, and technology services.

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 most special revenue funds. A budget was not legally adopted for the two special revenue funds established for specific short-term projects: Karth Lake Improvement District and American Rescue Plan Act Funds. Budgeted expenditure appropriations lapse at year-end, but may be adopted in the subsequent year.

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. Budgetary control for capital projects funds is accomplished through the use of project controls, not legally enacted budgets. The appropriations are not reflected in the financial statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments

Cash and investments include balances that are combined and invested to the extent available in various securities as authorized by state law. Allocations of pooled investment earnings to the respective funds is based on participation by each fund.

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

The City generally reports investments at fair value. The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but follows the same regulatory rules of the SEC. The fair value of the position in the pool is the same as the value of the pool shares, which is based on an amortized cost method that approximates fair value. The 4M Fund is sponsored by the League of Minnesota Cities. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the Liquid Class; the redemption notice period is 14 days for the Plus Class.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the City's recurring fair value measurements as of year-end.

G. Interfund 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 "advances 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."

H. Receivables

Property taxes and special assessments receivable 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. The only receivables not expected to be collected within one year are taxes, special assessments, leases, and the long-term receivable in the Permanent Improvement Revolving Fund.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

Property tax levies are set by the City Council in December of each year, and are certified to Ramsey County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads the levies over all taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts three times a year: in July, December, and January.

Property taxes are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, taxes are recognized as revenue when received in cash or within 60 days after year-end. Taxes which remain unpaid on December 31 are classified as delinquent taxes receivable, and are offset by a deferred inflow of resources in the governmental fund financial statements.

J. Special Assessments

Special assessments primarily represent the financing for public improvements paid for by benefiting property owners. As previously mentioned under receivables, the City is also generally able to certify delinquent amounts to the county for collection as special assessments. Special assessments are recorded as receivables upon certification to the county. Special assessments are recognized as revenue in the year levied in the government-wide financial statements and proprietary fund financial statements. In the governmental fund financial statements, special assessments are recognized as revenue when received in cash or within 60 days after year-end. Governmental fund special assessments receivable which remain unpaid on December 31 are offset by a deferred inflow of resources in the governmental fund financial statements.

K. Inventories

The original cost of materials and supplies has been recorded as expenses/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 expenses/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. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value on the date of donation. The City defines capital assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. 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.

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

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

Land and construction in progress are not depreciated.

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. 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, to be paid at separation.

O. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, if material, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the period incurred.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. State-Wide Pension Plans

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets, will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The City reports deferred outflows and inflows of resources related to pensions in the government-wide and enterprise funds Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, net collective difference between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

Unavailable revenue arises only under the modified accrual basis of accounting and, therefore, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Imposed nonexchange revenue transactions, state aid received for subsequent years, is deferred and recognized as an inflow of resources in the period that the resources are appropriated. This item is reported both in the governmental funds Balance Sheet and the government-wide Statement of Net Position as a deferred inflow of resources.

The City reports deferred inflows of resources related to leases receivable, which requires lessors to recognize deferred inflows of resources to correspond to lease receivables. These amounts are deferred and amortized in a systematic and rationale manner over the term of the lease. This item is reported both in the governmental funds Balance Sheet and the government-wide Statement of Net Position as a deferred inflow of resources.

R. Net Position Classifications and Flow Assumptions

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other elements of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

S. Fund Balance Classifications and Flow Assumptions

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints for amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council resolution, the finance director and/or the city administrator is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

T. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Change in Accounting Principle

During the year ended December 31, 2022, the City implemented GASB Statement No. 87, *Leases*. This statement included major changes in recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Certain amounts necessary to fully restate fiscal year 2021 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new GASB statement in the current year resulted in the City reporting a new lease receivable and deferred inflows of resources, but did not require a restatement of net position in the current year. See Note 3 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

The City had the following cash and investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years			Total
	Rating	Agency		Less Than 1 Year	1 to 5 Years	6 to 10 Years	
U.S. government treasuries	N/A	N/A	Level 2	\$ –	\$ 744,823	\$ –	\$ 744,823
U.S. government agency securities							
Federal Home Loan Bank	AA	S&P	Level 2	–	864,930	1,085,258	1,950,188
Federal Farm Credit Bank	AA	S&P	Level 2	–	273,558	607,542	881,100
Municipal bonds	AAA	S&P	Level 2	–	220,250	712,037	932,287
Municipal bonds	AAA	Moody's	Level 2	–	221,615	–	221,615
Municipal bonds	AA	S&P	Level 2	–	1,024,674	2,501,663	3,526,337
Municipal bonds	AA	Moody's	Level 2	–	961,569	833,733	1,795,302
Municipal bonds	A	Moody's	Level 2	–	500,157	–	500,157
Negotiable certificates of deposit	N/R	N/A	Level 2	–	2,368,886	237,969	2,606,855
Investment pools/mutual funds							
4M Fund	N/R	N/A	N/A	4,327,606	–	–	4,327,606
4M Term Series	N/R	N/A	N/A	1,000,000	–	–	1,000,000
Wells Fargo Money Market Advantage	AAA	S&P	Level 1	5,259	–	–	5,259
Total investments				\$ 5,332,865	\$ 7,180,462	\$ 5,978,202	18,491,529
Petty cash							500
Total cash and investments							\$18,492,029

N/R – Not Rated

N/A – Not Applicable

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

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 deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping 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. The City has no additional deposit policies addressing custodial credit risk.

At year-end, the carrying amount of the City’s deposits and the bank balance was \$0, with the use of a depository sweep account. Any bank balance during the year was covered by federal deposit insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. 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’s investment policies do not further address this risk, but typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

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’s investment policies do not mandate a limit on the duration of investments.

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5.0 percent or more) in the securities of a single issuer, excluding United States guaranteed investments (such as treasuries), investment pools, and mutual funds. The City’s investment policies state that no more than 5.0 percent of the overall portfolio may be invested in the securities of a single issuer, except for the securities of the United States government, or a maximum of 25.0 percent with any individual counterparty in an external investment pool. At December 31, 2022, the City’s investment in Federal Home Loan Bank represented 10.5 percent of the total investments of the City.

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 limit the City’s investments to direct obligations or obligations guaranteed by the United States or its agencies; 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 statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; 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; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government 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. The City’s investment policies do not further address credit risk.

NOTE 3 – LEASE RECEIVABLE

The City has entered into lease receivable agreements for cell tower rental space on city property. The leases are reported using an incremental rate of 3.25 percent with a final maturity through fiscal 2030. During the current year, the City received principal and interest payments on these leases of \$139,304.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

A. Governmental Activities

	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Primary government					
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 2,679,818	\$ –	\$ (10,351)	\$ –	\$ 2,669,467
Construction in progress	2,369,392	1,625,442	–	(1,904,411)	2,090,423
Total capital assets, not being depreciated	5,049,210	1,625,442	(10,351)	(1,904,411)	4,759,890
Capital assets, being depreciated					
Buildings and structures	7,261,277	–	–	322,191	7,583,468
Infrastructure and improvements	22,909,914	–	–	1,582,220	24,492,134
Machinery and equipment	1,000,656	83,476	(66,670)	–	1,017,462
Office furniture and equipment	153,553	–	–	–	153,553
Vehicles	2,231,816	105,341	(65,104)	–	2,272,053
Total capital assets, being depreciated	33,557,216	188,817	(131,774)	1,904,411	35,518,670
Less accumulated depreciation for					
Buildings and structures	3,794,030	225,428	–	–	4,019,458
Infrastructure and improvements	5,253,090	541,636	–	–	5,794,726
Machinery and equipment	714,602	43,391	(39,793)	–	718,200
Office furniture and equipment	139,748	4,948	–	–	144,696
Vehicles	1,090,741	171,920	(61,551)	–	1,201,110
Total accumulated depreciation	10,992,211	987,323	(101,344)	–	11,878,190
Total capital assets being depreciated – net	22,565,005	(798,506)	(30,430)	1,904,411	23,640,480
Governmental activities capital assets – net	\$ 27,614,215	\$ 826,936	\$ (40,781)	\$ –	\$ 28,400,370

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	\$ 1,585,722	\$ 1,062,328	\$ –	\$ (1,912,425)	\$ 735,625
Capital assets, being depreciated					
Buildings and structures	835,040	–	–	–	835,040
Distribution and collection systems	28,367,234	–	–	1,912,425	30,279,659
Machinery and equipment	641,298	–	(2,236)	–	639,062
Office furniture and equipment	8,415	–	(8,415)	–	–
Total capital assets, being depreciated	29,851,987	–	(10,651)	1,912,425	31,753,761
Less accumulated depreciation for					
Buildings and structures	296,436	41,544	–	–	337,980
Distribution and collection systems	10,301,710	646,472	–	–	10,948,182
Machinery and equipment	339,026	25,868	(2,236)	–	362,658
Office furniture and equipment	8,415	–	(8,415)	–	–
Total accumulated depreciation	10,945,587	713,884	(10,651)	–	11,648,820
Total capital assets, being depreciated – net	18,906,400	(713,884)	–	1,912,425	20,104,941
Business-type activities capital assets – net	\$ 20,492,122	\$ 348,444	\$ –	\$ –	\$ 20,840,566

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Depreciation expense was charged to the following functions:

Governmental activities	
General government	\$ 92,811
Public safety	6,562
Public works	581,549
Parks and recreation	245,015
Economic development	61,386
	<u>\$ 987,323</u>
Business-type activities	
Water	\$ 363,882
Sewer	198,444
Surface water management	151,558
	<u>\$ 713,884</u>

NOTE 5 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The City currently has the following general obligation bonds payable outstanding:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Balance – End of Year</u>
Business-type activities					
General Obligation Bonds					
Utility Revenue Bonds of 2018A	07/18/2018	02/01/2029	3.00–4.00 %	\$ 2,415,000	\$ 1,785,000

These bonds were issued to finance acquisition, construction, and/or improvements of capital facilities. Water and Sewer Enterprise Fund revenues will be used to repay this debt. The liability is recorded in the applicable enterprise fund.

B. Other Long-Term Liabilities

- **Compensated Absences** – This liability represents vested benefits earned by employees through the end of the year, which will be paid or used in future periods. The General, special revenue, enterprise, and internal service funds will be used to liquidate this liability.
- **Net Pension Liability** – This liability represents the City’s pension benefit obligations as further described later in these notes. The General, special revenue, Water, Sewer, and Surface Water Management Funds will be used to liquidate this liability.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

C. Changes in General Obligation Bonds and Compensated Absences Payable

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 99,716	\$ 123,153	\$ 124,614	\$ 98,255	\$ 73,691
Business-type activities					
Utility revenue bonds	2,005,000	–	220,000	1,785,000	225,000
Premium	110,281	–	15,557	94,724	–
Total bonds	2,115,281	–	235,557	1,879,724	225,000
Compensated absences	77,592	94,380	94,568	77,404	58,053
Total business-type activities	2,192,873	94,380	305,437	1,957,128	283,053
Total government-wide	<u>\$ 2,292,589</u>	<u>\$ 217,533</u>	<u>\$ 430,051</u>	<u>\$ 2,055,383</u>	<u>\$ 356,744</u>

D. Minimum Debt Payments

Minimum annual payments required to retire bonds are as follows:

Year Ending December 31,	Business-Type Activities	
	Utility Revenue Bonds	
	Principal	Interest
2023	\$ 225,000	\$ 61,300
2024	235,000	52,100
2025	245,000	42,500
2026	255,000	32,500
2027	265,000	22,100
2028	275,000	12,675
2029	285,000	4,275
	<u>\$ 1,785,000</u>	<u>\$ 227,450</u>

E. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Debt Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Utility Revenue Bonds of 2018A	Utility improvements	Utility charges	100%	2018–2029	\$ 2,012,450	\$ 290,200	\$ 5,138,155

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide Statement of Net Position at December 31, 2022 includes the City's net investment in capital assets calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets			
Capital assets			
Nondepreciable	\$ 4,759,890	\$ 735,625	\$ 5,495,515
Depreciable, net of accumulated depreciation	23,640,480	20,104,941	43,745,421
Less capital related long-term debt outstanding	–	(1,879,724)	(1,879,724)
Less capital related accounts/contracts payable	(81,867)	–	(81,867)
	<u>\$ 28,318,503</u>	<u>\$ 18,960,842</u>	<u>\$ 47,279,345</u>

B. Governmental Fund Balance Classifications

At December 31, 2022, a summary of the City's governmental fund balance classifications are as follows:

	General	Permanent Improvement Revolving	Other Governmental Funds	Total
Nonspendable				
Prepaid items	\$ 34,508	\$ –	\$ 4,071	\$ 38,579
Restricted for				
Tax increment purposes	–	–	1,366,532	1,366,532
Cable TV	–	–	56,621	56,621
Park improvements	–	–	218,039	218,039
Total restricted	<u>–</u>	<u>–</u>	<u>1,641,192</u>	<u>1,641,192</u>
Committed for				
Economic development authority	–	–	658,457	658,457
Assigned for				
Compensated absences	98,255	–	–	98,255
Subsequent year's budget	160,760	–	–	160,760
Capital improvements	–	4,702,027	245,914	4,947,941
Public safety capital equipment	–	–	264,303	264,303
Total assigned	<u>259,015</u>	<u>4,702,027</u>	<u>510,217</u>	<u>5,471,259</u>
Unassigned	<u>3,072,714</u>	<u>–</u>	<u>(218,496)</u>	<u>2,854,218</u>
Total	<u>\$ 3,366,237</u>	<u>\$ 4,702,027</u>	<u>\$ 2,595,441</u>	<u>\$ 10,663,705</u>

C. Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the City will strive to maintain an unassigned General Fund balance of 50.0 percent of the subsequent year's General Fund budgeted expenditures. At December 31, 2022, the unassigned fund balance of the General Fund was 55.6 percent of the subsequent year's budgeted expenditures.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE

A. Plan Descriptions

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

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the GERF. The GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated Plan members is 1.2 percent for each of the first 10 years of service, and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. Recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

GERF Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022, and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2022, were \$143,623. The City's contributions were equal to the required contributions as set by state statutes.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

D. Pension Costs

GERF Pension Costs

At December 31, 2022, the City reported a liability of \$1,845,368 for its proportionate share of the GERF’s net pension liability. The City’s net pension liability reflected a reduction, due to the state of Minnesota’s contribution of \$16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$53,913. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA’s participating employers. The City’s proportionate share was 0.0233 percent at the end of the measurement period and 0.0244 percent for the beginning of the period.

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City’s proportionate share of the net pension liability	\$ 1,845,368
State’s proportionate share of the net pension liability associated with the City	\$ 53,913

For the year ended December 31, 2022, the City recognized pension expense of \$268,071 for its proportionate share of the GERF’s pension expense. In addition, the City recognized an additional \$8,090 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16.0 million to the GERF.

At December 31, 2022, the City reported its proportionate share of the GERF’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 15,414	\$ 20,621
Changes in actuarial assumptions	436,762	7,763
Net collective difference between projected and actual investment earnings	904	–
Changes in proportion	40,784	35,233
Contributions paid to the PERA subsequent to the measurement date	<u>72,373</u>	<u>–</u>
Total	<u>\$ 566,237</u>	<u>\$ 63,617</u>

NOTE 7 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

A total of \$72,373 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2023	\$ 184,579
2024	\$ 160,432
2025	\$ (81,648)
2026	\$ 166,884

E. Long-Term Expected Return on Investments

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Fixed income	25.00	0.75 %
Private markets	25.00	5.90 %
Total	<u>100.00 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE (CONTINUED)

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit the PERA’s experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following change in actuarial assumptions occurred in 2022:

GERF – CHANGE IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following table presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate 5.50%	Current Discount Rate 6.50%	1% Increase in Discount Rate 7.50%
City’s proportionate share of the GERF net pension liability	\$ 2,914,855	\$ 1,845,368	\$ 968,223

I. Pension Plan Fiduciary Net Position

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

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivable and Payable

Interfund receivable and payable balances at December 31, 2022 are as follows:

Fund	Receivable	Payable
Governmental funds		
Permanent Improvement Revolving	\$ 194,879	\$ –
Nonmajor – other governmental	23,747	218,626
Intra-activity eliminations	<u>(218,626)</u>	<u>(218,626)</u>
Total governmental funds	<u>\$ –</u>	<u>\$ –</u>
Proprietary funds		
Internal Service Funds		
Risk Management	\$ 150	\$ –
Engineering	<u>–</u>	<u>150</u>
Total proprietary funds	<u>\$ 150</u>	<u>\$ 150</u>

Interfund receivables and payables are used for temporary cash deficits. These balances will be eliminated with park dedication fees, future charges for services, grants, and other internal fund transfers, if needed.

B. Transfers In and Transfers Out

Transfers Out	Transfers In		
	Governmental Funds		Total
	Permanent Improvement Revolving	Nonmajor – Other Governmental	
Governmental funds			
General Fund	\$ 102,540	\$ –	\$ 102,540
Nonmajor – other governmental	315,000	–	315,000
Proprietary funds			
Water	–	100,000	100,000
Sewer	–	126,000	126,000
Surface Water Management	<u>–</u>	<u>74,000</u>	<u>74,000</u>
Total	<u>\$ 417,540</u>	<u>\$ 300,000</u>	<u>\$ 717,540</u>

Transfers are made in accordance with budget appropriations or as approved by the City Council for special funding of city activities. All of the transfers presented above were approved by the City Council to finance current and future capital expenditures of the City.

NOTE 9 – DEFICIT FUND BALANCES/NET POSITION

The City had deficit fund balances/net position at December 31, 2022 as follows:

	<u>Amount</u>
Governmental funds	
Nonmajor – EDA TIF District No. 5	\$ 23,617
Nonmajor – TCAAP	<u>194,879</u>
 Total	 <u>\$ 218,496</u>

These fund deficits will be eliminated with future contributions, grants, and internal fund transfers, if needed.

NOTE 10 – TAX ABATEMENT AGREEMENTS

The City, in order to spur economic development and redevelopment, will enter into private development and redevelopment agreements to encourage a developer to construct, expand, or improve new or existing properties and buildings or clean-up and redevelop blighted areas. These agreements may in substance be a tax abatement, but will depend on their individual circumstances. The City had one agreement that would be considered a tax abatement under GASB Statement No. 77.

In 2013, the City entered into a development agreement with Presbyterian Homes of Arden Hills, Inc. to aid in financing certain public development costs and administrative costs of a project undertaken. For this agreement, the City used an economic development vehicle known as tax increment financing, whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created. The City agreed to abate 75 percent of the incremental taxes received through February 2028, through execution of a tax increment revenue note to be retired in 2028. The outstanding principal balance as of December 31, 2022 is \$0, and the City rebated \$53,853 in the current year, to retire this agreement in advance of the originally scheduled payment date. The City is no longer obligated under this agreement as of December 31, 2022.

The City is authorized to create a tax increment financing plan under Minnesota Statutes, Chapter 469.175. The criteria that must be met under the statutes are that, in the opinion of the municipality:

- The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;
- The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing, would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;
- The tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole; and
- The tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

NOTE 11 – 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 other governmental units. The City pays an annual premium to the 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 has the usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes that the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

C. Federal and State Funds

Amounts recorded or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of claims which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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. 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 and expires December 31, 2023, with an extension option through December 31, 2038. 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 \$696,675 in 2022.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

F. Construction Contract Commitments

At year-end, the City had the following construction project commitments:

Project	Amount
Permanent Improvement Revolving Fund	
2022 pavement management program	\$ 272,721
Lexington Avenue project	432,529
Nonmajor – Equipment, Building, and Replacement Fund	
City Hall parking lot	37,304
Sewer Fund	
Lift station 14 rehabilitation	116,200
Total	<u>\$ 858,754</u>

NOTE 12 – 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, 2022 are as follows:

Bond	Description	Amount Outstanding
Commercial Facilities Revenue Note, Series 2008	Office facilities	\$ 2,293,144
Housing Facility Revenue Note, Series 2011A	Senior housing	7,275,762
Housing Facility Revenue Note, Series 2012A	Senior housing	7,275,762
Housing Facility Revenue Note, Series 2015	Senior housing	7,994,772
Total		<u>\$ 24,839,440</u>

NOTE 13 – SUBSEQUENT EVENTS

New Accounting Standards

A new standard was issued by the GASB for Subscription Based Information Technology Arrangements (SBITAs). An SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset. This standard will be adopted by the City beginning in 2023, and will require the restatement of certain balances reported as of December 31, 2022. The effects of this change have not yet been determined and are not reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ARDEN HILLS

PERA – General Employees Retirement Fund
 Schedule of City’s and Nonemployer Proportionate Share of Net Pension Liability
 Year Ended December 31, 2022

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City’s Proportion of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Proportionate Share of the Minnesota’s Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City’s Share of the State of Minnesota’s Share of the Net Pension Liability	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.0283%	\$ 1,466,653	\$ –	\$ 1,466,653	\$ 1,662,826	88.20%	78.20%
12/31/2016	06/30/2016	0.0267%	\$ 2,167,909	\$ 28,367	\$ 2,196,276	\$ 1,669,147	129.88%	68.90%
12/31/2017	06/30/2017	0.0230%	\$ 1,468,305	\$ 18,435	\$ 1,486,740	\$ 1,479,483	99.24%	75.90%
12/31/2018	06/30/2018	0.0218%	\$ 1,209,375	\$ 39,819	\$ 1,249,194	\$ 1,467,987	82.38%	79.50%
12/31/2019	06/30/2019	0.0218%	\$ 1,205,274	\$ 37,332	\$ 1,242,606	\$ 1,540,669	78.23%	80.20%
12/31/2020	06/30/2020	0.0241%	\$ 1,444,905	\$ 44,478	\$ 1,489,383	\$ 1,715,236	84.24%	79.10%
12/31/2021	06/30/2021	0.0244%	\$ 1,041,989	\$ 31,890	\$ 1,073,879	\$ 1,758,683	59.25%	87.00%
12/31/2022	06/30/2022	0.0233%	\$ 1,845,368	\$ 53,913	\$ 1,899,281	\$ 1,741,886	105.94%	76.70%

PERA – General Employees Retirement Fund
 Schedule of City Contributions
 Year Ended December 31, 2022

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 129,774	\$ 129,774	\$ –	\$ 1,731,651	7.49%
12/31/2016	\$ 115,814	\$ 115,814	\$ –	\$ 1,553,950	7.45%
12/31/2017	\$ 106,513	\$ 106,513	\$ –	\$ 1,420,174	7.50%
12/31/2018	\$ 111,628	\$ 111,628	\$ –	\$ 1,488,376	7.50%
12/31/2019	\$ 121,063	\$ 121,063	\$ –	\$ 1,614,175	7.50%
12/31/2020	\$ 134,798	\$ 134,798	\$ –	\$ 1,797,307	7.50%
12/31/2021	\$ 123,572	\$ 123,572	\$ –	\$ 1,647,630	7.50%
12/31/2022	\$ 143,623	\$ 143,623	\$ –	\$ 1,914,968	7.50%

Note: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

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CITY OF ARDEN HILLS

Required Supplementary Information
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
General property taxes	\$ 3,858,370	\$ 3,858,370	\$ 3,829,079	\$ (29,291)
Special assessments	1,510	1,510	–	(1,510)
Licenses and permits				
Business	70,600	70,600	82,270	11,670
Nonbusiness	434,200	434,200	748,596	314,396
Total licenses and permits	<u>504,800</u>	<u>504,800</u>	<u>830,866</u>	<u>326,066</u>
Intergovernmental				
State				
Road maintenance	96,610	96,610	109,514	12,904
Police aid	61,640	61,640	64,891	3,251
Total intergovernmental	<u>158,250</u>	<u>158,250</u>	<u>174,405</u>	<u>16,155</u>
Charges for services				
General government	17,450	17,450	22,113	4,663
Public safety	144,690	144,690	226,966	82,276
Parks and recreation	110,430	110,430	101,097	(9,333)
Administrative charges	107,640	107,640	126,398	18,758
Total charges for services	<u>380,210</u>	<u>380,210</u>	<u>476,574</u>	<u>96,364</u>
Fines and forfeits	23,750	23,750	22,662	(1,088)
Earnings on investments (charges)	19,500	19,500	(186,632)	(206,132)
Antenna lease rental fees	139,300	139,300	139,304	4
Miscellaneous reimbursements	13,710	13,710	10,442	(3,268)
Other	110	850	9,736	8,886
Total revenues	<u>5,099,510</u>	<u>5,100,250</u>	<u>5,306,436</u>	<u>206,186</u>
Expenditures				
Current				
General government				
City Council				
Personal services	37,220	37,220	37,225	(5)
Other services and charges	17,850	17,850	15,836	2,014
Total City Council	<u>55,070</u>	<u>55,070</u>	<u>53,061</u>	<u>2,009</u>
Elections				
Other services and charges	32,350	32,350	33,947	(1,597)
Administration				
Personal services	246,340	247,720	247,989	(269)
Materials and supplies	650	650	–	650
Other services and charges	154,080	154,080	137,186	16,894
Total administration	<u>401,070</u>	<u>402,450</u>	<u>385,175</u>	<u>17,275</u>

CITY OF ARDEN HILLS

Required Supplementary Information
 Budgetary Comparison Schedule – General Fund (continued)
 Year Ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Expenditures (continued)				
Current (continued)				
General government (continued)				
Finance				
Personal services	73,370	73,370	62,082	11,288
Materials and supplies	18,000	18,000	10,477	7,523
Other services and charges	92,850	92,850	71,157	21,693
Total finance	<u>184,220</u>	<u>184,220</u>	<u>143,716</u>	<u>40,504</u>
TCAAP				
Personal services	36,260	36,260	37,021	(761)
Other services and charges	51,000	51,000	10,797	40,203
Total TCAAP	<u>87,260</u>	<u>87,260</u>	<u>47,818</u>	<u>39,442</u>
Planning and zoning				
Personal services	200,230	200,230	115,216	85,014
Other services and charges	41,780	41,780	84,003	(42,223)
Total planning and zoning	<u>242,010</u>	<u>242,010</u>	<u>199,219</u>	<u>42,791</u>
General government buildings				
Personal services	34,000	34,000	35,823	(1,823)
Materials and supplies	9,500	9,500	8,057	1,443
Other services and charges	160,340	160,340	170,221	(9,881)
Total general government buildings	<u>203,840</u>	<u>203,840</u>	<u>214,101</u>	<u>(10,261)</u>
Total general government	1,205,820	1,207,200	1,077,037	130,163
Public safety				
Police and animal control				
Other services and charges	1,396,130	1,396,130	1,452,262	(56,132)
Dispatch				
Other services and charges	61,810	61,810	61,808	2
Fire protection				
Other services and charges	696,670	696,670	696,675	(5)
Emergency management				
Personal services	5,200	5,200	5,162	38
Other services and charges	1,000	1,000	1,462	(462)
Total emergency management	<u>6,200</u>	<u>6,200</u>	<u>6,624</u>	<u>(424)</u>
Protective inspections				
Personal services	283,960	283,960	268,552	15,408
Materials and supplies	1,000	1,000	1,553	(553)
Other services and charges	64,900	64,900	58,577	6,323
Total protective inspections	<u>349,860</u>	<u>349,860</u>	<u>328,682</u>	<u>21,178</u>
Total public safety	2,510,670	2,510,670	2,546,051	(35,381)

CITY OF ARDEN HILLS

Required Supplementary Information
 Budgetary Comparison Schedule – General Fund (continued)
 Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Expenditures (continued)				
Current (continued)				
Public works				
Street maintenance				
Personal services	323,320	323,320	318,700	4,620
Materials and supplies	50,000	50,000	66,754	(16,754)
Other services and charges	385,720	563,000	528,694	34,306
Total public works	<u>759,040</u>	<u>936,320</u>	<u>914,148</u>	<u>22,172</u>
Parks and recreation				
Park maintenance				
Personal services	338,180	338,180	347,217	(9,037)
Materials and supplies	37,600	37,600	33,577	4,023
Other services and charges	153,460	153,460	106,173	47,287
Total park maintenance	<u>529,240</u>	<u>529,240</u>	<u>486,967</u>	<u>42,273</u>
Recreation				
Personal services	150,490	150,490	123,796	26,694
Materials and supplies	24,250	24,250	14,553	9,697
Other services and charges	60,000	60,000	40,460	19,540
Total recreation	<u>234,740</u>	<u>234,740</u>	<u>178,809</u>	<u>55,931</u>
Total parks and recreation	<u>763,980</u>	<u>763,980</u>	<u>665,776</u>	<u>98,204</u>
Total expenditures	<u>5,239,510</u>	<u>5,418,170</u>	<u>5,203,012</u>	<u>215,158</u>
Revenues over (under) expenditures	(140,000)	(317,920)	103,424	421,344
Other financing sources (uses)				
Sale of capital assets	–	–	195,541	195,541
Transfers out	–	(102,540)	(102,540)	–
Total other financing sources (uses)	<u>–</u>	<u>(102,540)</u>	<u>93,001</u>	<u>195,541</u>
Net change in fund balance	<u>\$ (140,000)</u>	<u>\$ (420,460)</u>	196,425	<u>\$ 616,885</u>
Fund balance – beginning			<u>3,169,812</u>	
Fund balance – ending			<u>\$ 3,366,237</u>	

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CITY OF ARDEN HILLS

Notes to Required Supplementary Information
December 31, 2022

NOTE 1 – LEGAL COMPLIANCE – BUDGETS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

NOTE 2 – PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

CITY OF ARDEN HILLS

Notes to Required Supplementary Information (continued)
December 31, 2022

NOTE 2 – PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state’s special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CITY OF ARDEN HILLS

Notes to Required Supplementary Information (continued)
December 31, 2022

NOTE 2 – PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

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SUPPLEMENTARY INFORMATION

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 statutes, 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
 as of December 31, 2022

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and investments	\$ 2,165,969	\$ 777,427	\$ 2,943,396
Accrued interest receivable	8,505	3,220	11,725
Accounts receivable	23,604	5,126	28,730
Taxes receivable	130	-	130
Interfund receivable	23,747	-	23,747
Prepaid items	4,071	-	4,071
	<u>4,071</u>	<u>-</u>	<u>4,071</u>
Total assets	<u>\$ 2,226,026</u>	<u>\$ 785,773</u>	<u>\$ 3,011,799</u>
Liabilities			
Accounts payable	\$ 3,779	\$ 57,517	\$ 61,296
Interfund payable	23,747	194,879	218,626
Unearned revenue	136,436	-	136,436
Total liabilities	<u>163,962</u>	<u>252,396</u>	<u>416,358</u>
Fund balances (deficits)			
Nonspendable	4,071	-	4,071
Restricted	1,423,153	218,039	1,641,192
Committed	658,457	-	658,457
Assigned	-	510,217	510,217
Unassigned	(23,617)	(194,879)	(218,496)
Total fund balances	<u>2,062,064</u>	<u>533,377</u>	<u>2,595,441</u>
Total liabilities and fund balances	<u>\$ 2,226,026</u>	<u>\$ 785,773</u>	<u>\$ 3,011,799</u>

CITY OF ARDEN HILLS

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2022

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Property taxes			
General property taxes	\$ 106,612	\$ 220,000	\$ 326,612
Tax increments	338,899	-	338,899
Earnings on investments (charges)	(64,982)	(22,985)	(87,967)
Franchise taxes	94,320	-	94,320
Other	3,500	65,736	69,236
Total revenues	<u>478,349</u>	<u>262,751</u>	<u>741,100</u>
Expenditures			
Current			
General government	127,582	-	127,582
Economic development	138,251	-	138,251
Capital outlay			
General government	-	210,148	210,148
Public safety	-	98,396	98,396
Public works	-	114,224	114,224
Parks and recreation	-	140,004	140,004
Total expenditures	<u>265,833</u>	<u>562,772</u>	<u>828,605</u>
Revenues over (under) expenditures	212,516	(300,021)	(87,505)
Other financing sources (uses)			
Sale of capital assets	-	43,150	43,150
Transfers in	-	300,000	300,000
Transfers out	-	(315,000)	(315,000)
Total other financing sources (uses)	<u>-</u>	<u>28,150</u>	<u>28,150</u>
Net change in fund balances	212,516	(271,871)	(59,355)
Fund balances – beginning	<u>1,849,548</u>	<u>805,248</u>	<u>2,654,796</u>
Fund balances – ending	<u>\$ 2,062,064</u>	<u>\$ 533,377</u>	<u>\$ 2,595,441</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

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.

EDA Operating Fund – The EDA Operating Fund accounts for revenue sources, including tax increments and other sources, that are legally restricted or committed to expenditures for specified purposes (not including major capital projects).

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 expenditures. This tax increment district was decertified in 2019.

EDA TIF District No. 4 Fund – This fund was established as a redevelopment plan for Presbyterian Homes of Arden Hills, Inc. in 2010. The revenue is derived from tax increment and expenditures are for developer reimbursements and administrative expenditures.

EDA TIF District No. 5 Fund – This fund was established as a redevelopment district in 2019 pursuant to special legislation for the TCAAP property. The revenue is derived from tax increment and expenditures are for economic development and administrative expenditures.

Karth Lake Improvement District Fund – This fund accounts for revenue sources, including taxes, that are restricted to finance capital and other improvements within the Karth Lake Improvement District.

American Rescue Plan Act Fund – This fund was established in 2021. The funding is derived from federal appropriations distributed to the City for lost public sector revenue, investments in water, sewer, broadband infrastructure, and other purposes identified in the act.

CITY OF ARDEN HILLS

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 as of December 31, 2022

	Cable	EDA Operating	EDA TIF District No. 3	EDA TIF District No. 4	EDA TIF District No. 5
Assets					
Cash and investments	\$ 36,644	\$ 655,611	\$ 755,696	\$ 581,582	\$ -
Accrued interest receivable	152	2,716	3,228	2,409	-
Accounts receivable	23,604	-	-	-	-
Taxes receivable	-	-	-	-	-
Interfund receivable	-	130	23,617	-	-
Prepaid items	14	4,057	-	-	-
	<u>14</u>	<u>4,057</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 60,414</u>	<u>\$ 662,514</u>	<u>\$ 782,541</u>	<u>\$ 583,991</u>	<u>\$ -</u>
Liabilities					
Accounts payable	\$ 3,779	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-	23,617
Unearned revenue	-	-	-	-	-
Total liabilities	<u>3,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,617</u>
Fund balances (deficits)					
Nonspendable	14	4,057	-	-	-
Restricted	56,621	-	782,541	583,991	-
Committed	-	658,457	-	-	-
Unassigned	-	-	-	-	(23,617)
Total fund balances (deficits)	<u>56,635</u>	<u>662,514</u>	<u>782,541</u>	<u>583,991</u>	<u>(23,617)</u>
Total liabilities and fund balances	<u>\$ 60,414</u>	<u>\$ 662,514</u>	<u>\$ 782,541</u>	<u>\$ 583,991</u>	<u>\$ -</u>

Karth Lake Improvement District	American Rescue Plan Act	Total Nonmajor Special Revenue Funds
\$ -	\$ 136,436	\$ 2,165,969
-	-	8,505
-	-	23,604
130	-	130
-	-	23,747
-	-	4,071
<u>\$ 130</u>	<u>\$ 136,436</u>	<u>\$ 2,226,026</u>
\$ -	\$ -	\$ 3,779
130	-	23,747
-	136,436	136,436
<u>130</u>	<u>136,436</u>	<u>163,962</u>
-	-	4,071
-	-	1,423,153
-	-	658,457
-	-	(23,617)
<u>-</u>	<u>-</u>	<u>2,062,064</u>
<u>\$ 130</u>	<u>\$ 136,436</u>	<u>\$ 2,226,026</u>

CITY OF ARDEN HILLS

Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Year Ended December 31, 2022

	Cable	EDA Operating	EDA TIF District No. 3	EDA TIF District No. 4	EDA TIF District No. 5
Revenues					
Property taxes					
General property taxes	\$ -	\$ 100,000	\$ -	\$ -	\$ -
Tax increments	-	-	-	338,899	-
Earnings on investments (charges)	(846)	(20,311)	(23,592)	(20,233)	-
Franchise taxes	94,320	-	-	-	-
Other	-	3,500	-	-	-
Total revenues	<u>93,474</u>	<u>83,189</u>	<u>(23,592)</u>	<u>318,666</u>	<u>-</u>
Expenditures					
Current					
General government	127,582	-	-	-	-
Economic development	-	78,581	1,354	56,746	1,570
Total expenditures	<u>127,582</u>	<u>78,581</u>	<u>1,354</u>	<u>56,746</u>	<u>1,570</u>
Revenues over (under) expenditures	(34,108)	4,608	(24,946)	261,920	(1,570)
Fund balances (deficits) – beginning	<u>90,743</u>	<u>657,906</u>	<u>807,487</u>	<u>322,071</u>	<u>(22,047)</u>
Fund balances (deficits) – ending	<u>\$ 56,635</u>	<u>\$ 662,514</u>	<u>\$ 782,541</u>	<u>\$ 583,991</u>	<u>\$ (23,617)</u>

Karth Lake Improvement District	American Rescue Plan Act	Total Nonmajor Special Revenue Funds
\$ 6,612	\$ -	\$ 106,612
-	-	338,899
-	-	(64,982)
-	-	94,320
-	-	3,500
<u>6,612</u>	<u>-</u>	<u>478,349</u>
-	-	127,582
<u>-</u>	<u>-</u>	<u>138,251</u>
<u>-</u>	<u>-</u>	<u>265,833</u>
6,612	-	212,516
<u>(6,612)</u>	<u>-</u>	<u>1,849,548</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,062,064</u>

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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.

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.

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 Volunteer Fire Department, Inc. and Ramsey County Sheriff's Department.

TCAAP Fund – This fund was established to account for resources designated to be used for the City's share of capital costs related to the approximately 430-acre TCAAP site purchased by Ramsey County.

CITY OF ARDEN HILLS

Nonmajor Capital Project Funds
 Combining Balance Sheet
 as of December 31, 2022

	Equipment, Building, and Replacement	Parks	Public Safety Capital Equipment	TCAAP	Total Nonmajor Capital Project Funds
Assets					
Cash and investments	\$ 254,676	\$ 264,643	\$ 258,108	\$ -	\$ 777,427
Accrued interest receivable	1,055	1,096	1,069	-	3,220
Accounts receivable	-	-	5,126	-	5,126
Total assets	\$ 255,731	\$ 265,739	\$ 264,303	\$ -	\$ 785,773
Liabilities					
Accounts payable	\$ 9,817	\$ 47,700	\$ -	\$ -	\$ 57,517
Interfund payable	-	-	-	194,879	194,879
Total liabilities	9,817	47,700	-	194,879	252,396
Fund balances (deficits)					
Restricted	-	218,039	-	-	218,039
Assigned	245,914	-	264,303	-	510,217
Unassigned	-	-	-	(194,879)	(194,879)
Total fund balances (deficits)	245,914	218,039	264,303	(194,879)	533,377
Total liabilities and fund balances	\$ 255,731	\$ 265,739	\$ 264,303	\$ -	\$ 785,773

CITY OF ARDEN HILLS

Nonmajor Capital Project Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Year Ended December 31, 2022

	Equipment, Building, and Replacement	Parks	Public Safety Capital Equipment	TCAAP	Total Nonmajor Capital Project Funds
Revenues					
Property taxes					
General property taxes	\$ 50,000	\$ -	\$ 170,000	\$ -	\$ 220,000
Earnings on investments (charges)	(10,162)	(4,074)	(8,749)	-	(22,985)
Other	-	37,355	28,381	-	65,736
Total revenues	<u>39,838</u>	<u>33,281</u>	<u>189,632</u>	<u>-</u>	<u>262,751</u>
Expenditures					
Capital outlay					
General government	210,148	-	-	-	210,148
Public safety	-	-	98,396	-	98,396
Public works	114,224	-	-	-	114,224
Parks and recreation	74,593	65,411	-	-	140,004
Total expenditures	<u>398,965</u>	<u>65,411</u>	<u>98,396</u>	<u>-</u>	<u>562,772</u>
Revenues over (under) expenditures	(359,127)	(32,130)	91,236	-	(300,021)
Other financing sources (uses)					
Sale of capital assets	43,150	-	-	-	43,150
Transfers in	300,000	-	-	-	300,000
Transfers out	-	(315,000)	-	-	(315,000)
Total other financing sources (uses)	<u>343,150</u>	<u>(315,000)</u>	<u>-</u>	<u>-</u>	<u>28,150</u>
Net changes in fund balances	(15,977)	(347,130)	91,236	-	(271,871)
Fund balances (deficits) – beginning	<u>261,891</u>	<u>565,169</u>	<u>173,067</u>	<u>(194,879)</u>	<u>805,248</u>
Fund balances (deficits) – ending	<u>\$ 245,914</u>	<u>\$ 218,039</u>	<u>\$ 264,303</u>	<u>\$ (194,879)</u>	<u>\$ 533,377</u>

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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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues				
Earnings on investments (charges)	\$ 500	\$ 500	\$ (846)	\$ (1,346)
Franchise taxes	98,340	98,340	94,320	(4,020)
Total revenues	<u>98,840</u>	<u>98,840</u>	<u>93,474</u>	<u>(5,366)</u>
Expenditures				
Current				
General government				
Personal services	47,570	48,440	48,208	232
Other services and charges	81,370	81,370	79,374	1,996
Total expenditures	<u>128,940</u>	<u>129,810</u>	<u>127,582</u>	<u>2,228</u>
Net change in fund balances	<u>\$ (30,100)</u>	<u>\$ (30,970)</u>	(34,108)	<u>\$ (3,138)</u>
Fund balances – beginning			<u>90,743</u>	
Fund balances – ending			<u>\$ 56,635</u>	

CITY OF ARDEN HILLS

Special Revenue Fund – EDA Operating Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues				
Property taxes				
General property taxes	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Earnings on investments (charges)	2,850	2,850	(20,311)	(23,161)
Other	-	-	3,500	3,500
Total revenues	<u>102,850</u>	<u>102,850</u>	<u>83,189</u>	<u>(19,661)</u>
Expenditures				
Economic development				
Current				
Personal services	53,780	53,880	55,108	(1,228)
Materials and supplies	400	400	-	400
Other services and charges	<u>32,990</u>	<u>32,990</u>	<u>23,473</u>	<u>9,517</u>
Total expenditures	<u>87,170</u>	<u>87,270</u>	<u>78,581</u>	<u>8,689</u>
Net change in fund balances	<u>\$ 15,680</u>	<u>\$ 15,580</u>	4,608	<u>\$ (10,972)</u>
Fund balance – beginning			<u>657,906</u>	
Fund balance – ending			<u>\$ 662,514</u>	

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues				
Earnings on investments (charges)	\$ 3,600	\$ 3,600	\$ (23,592)	\$ (27,192)
Expenditures				
Current				
Economic development				
Other services and charges	<u>1,900</u>	<u>1,900</u>	<u>1,354</u>	<u>546</u>
Net change in fund balances	<u>\$ 1,700</u>	<u>\$ 1,700</u>	(24,946)	<u>\$ (26,646)</u>
Fund balances – beginning			<u>807,487</u>	
Fund balances – ending			<u>\$ 782,541</u>	

CITY OF ARDEN HILLS

Special Revenue Fund – EDA TIF District No. 4 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues				
Property taxes				
Tax increments	\$ 377,180	\$ 377,180	\$ 338,899	\$ (38,281)
Earnings on investments (charges)	<u>1,500</u>	<u>1,500</u>	<u>(20,233)</u>	<u>(21,733)</u>
Total revenues	378,680	378,680	318,666	(60,014)
Expenditures				
Current				
Economic development				
Other services and charges	<u>284,780</u>	<u>284,780</u>	<u>56,746</u>	<u>228,034</u>
Net change in fund balances	<u>\$ 93,900</u>	<u>\$ 93,900</u>	261,920	<u>\$ 168,020</u>
Fund balances – beginning			<u>322,071</u>	
Fund balances – ending			<u>\$ 583,991</u>	

CITY OF ARDEN HILLS

Special Revenue Fund – EDA TIF District No. 5 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current				
Economic development				
Other services and charges	<u>1,900</u>	<u>1,900</u>	<u>1,570</u>	<u>330</u>
Net change in fund balances	<u>\$ (1,900)</u>	<u>\$ (1,900)</u>	<u>(1,570)</u>	<u>\$ 330</u>
Fund balances (deficits) – beginning			<u>(22,047)</u>	
Fund balances (deficits) – ending			<u>\$ (23,617)</u>	

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INTERNAL SERVICE FUNDS

The City had the following internal service funds during the year:

Risk Management Fund – This fund was established to account for the payment of property, liability, and workers' compensation insurance deductibles, and funds wellness activities for all departments.

Engineering Fund – This fund was established to account for the costs related to engineering services. All costs are compiled in this fund and charged out to the departments based on usage.

Central Garage Fund – This fund was established to account for certain public works department costs related to streets, parks, water, sanitary sewer, and surface water management. All costs are compiled in this fund and charged out to the departments based on usage.

Technology Fund – This fund was established to account for costs related to technology. All costs are compiled in this fund and charged out to the departments based on usage.

CITY OF ARDEN HILLS

Combining Statement of Net Position
 Internal Service Funds
 as of December 31, 2022

	Risk Management	Engineering	Central Garage	Technology	Total Internal Service Funds
Assets					
Current assets					
Cash and investments	\$ 177,294	\$ -	\$ 18,774	\$ 821	\$ 196,889
Accrued interest receivable	735	-	-	-	735
Interfund receivable	150	-	-	-	150
Prepaid items	-	485	278	-	763
Total assets	<u>178,179</u>	<u>485</u>	<u>19,052</u>	<u>821</u>	<u>198,537</u>
Liabilities					
Current liabilities					
Accounts payable	-	335	3,882	-	4,217
Interfund payable	-	150	-	-	150
Due to other governmental units	-	-	15,170	821	15,991
Total liabilities	<u>-</u>	<u>485</u>	<u>19,052</u>	<u>821</u>	<u>20,358</u>
Net position					
Unrestricted	<u>\$ 178,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,179</u>

CITY OF ARDEN HILLS

Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2022

	Risk Management	Engineering	Central Garage	Technology	Total Internal Service Funds
Operating revenues					
Charges for services	\$ 147,583	\$ 26,526	\$ 184,355	\$ 167,362	\$ 525,826
Miscellaneous	6,903	-	-	-	6,903
Total operating revenues	<u>154,486</u>	<u>26,526</u>	<u>184,355</u>	<u>167,362</u>	<u>532,729</u>
Operating expenses					
Supplies and maintenance	-	-	113,067	107	113,174
Other services and charges	3,197	611	69,459	1,111	74,378
Purchased services	131,238	25,915	1,829	166,919	325,901
Total operating expenses	<u>134,435</u>	<u>26,526</u>	<u>184,355</u>	<u>168,137</u>	<u>513,453</u>
Operating income (loss)	20,051	-	-	(775)	19,276
Nonoperating revenues (expenses)					
Earnings on investments (charges)	<u>(6,040)</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(6,050)</u>
Change in net position	14,011	-	-	(785)	13,226
Net position – beginning	<u>164,168</u>	<u>-</u>	<u>-</u>	<u>785</u>	<u>164,953</u>
Net position – ending	<u>\$ 178,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,179</u>

CITY OF ARDEN HILLS

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2022

	Risk Management	Engineering	Central Garage	Technology	Total Internal Service Funds
Cash flows from operating activities					
Receipts from customers and users	\$ 154,486	\$ 26,526	\$ 184,461	\$ 167,362	\$ 532,835
Payments to suppliers	(134,435)	(49,278)	(184,119)	(170,427)	(538,259)
Payments to employees	-	-	-	(620)	(620)
Net cash flows from operating activities	<u>20,051</u>	<u>(22,752)</u>	<u>342</u>	<u>(3,685)</u>	<u>(6,044)</u>
Cash flows from noncapital financing activities					
Cash received from other funds	-	150	-	-	150
Cash paid to other funds	(150)	-	-	-	(150)
Net cash flows from noncapital financing activities	<u>(150)</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities					
Earnings (charges) on investments	(6,400)	-	-	-	(6,400)
Net change in cash and cash equivalents	13,501	(22,602)	342	(3,685)	(12,444)
Cash and cash equivalents – beginning	<u>163,793</u>	<u>22,602</u>	<u>18,432</u>	<u>4,506</u>	<u>209,333</u>
Cash and cash equivalents – ending	<u>\$ 177,294</u>	<u>\$ -</u>	<u>\$ 18,774</u>	<u>\$ 821</u>	<u>\$ 196,889</u>
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	\$ 20,051	\$ -	\$ -	\$ (775)	\$ 19,276
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Decrease (increase) in accounts receivable	-	-	106	-	106
Decrease (increase) in prepaid items	-	(485)	(9)	-	(494)
Increase (decrease) in accounts payable	-	(22,267)	(321)	(2,361)	(24,949)
Increase (decrease) in due to other governments	-	-	566	71	637
Increase (decrease) in compensated absences payable	-	-	-	(620)	(620)
Total adjustments	<u>-</u>	<u>(22,752)</u>	<u>342</u>	<u>(2,910)</u>	<u>(25,320)</u>
Net cash flows from operating activities	<u>\$ 20,051</u>	<u>\$ (22,752)</u>	<u>\$ 342</u>	<u>\$ (3,685)</u>	<u>\$ (6,044)</u>

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION

(UNAUDITED)

This part of the City's Annual Comprehensive Financial Report (ACFR) 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 ACFR 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 ACFR for the relevant year.

CITY OF ARDEN HILLS

Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

				Fiscal Year
	2013	2014	2015	2016
Governmental activities				
Investment in capital assets	\$ 17,435,976	\$ 18,837,904	\$ 24,909,453	\$ 25,178,721
Restricted	896,106	917,300	675,052	786,678
Unrestricted	10,274,835	11,472,102	8,765,793	8,249,560
Total governmental activities net position	<u>\$ 28,606,917</u>	<u>\$ 31,227,306</u>	<u>\$ 34,350,298</u>	<u>\$ 34,214,959</u>
Business-type activities				
Investment in capital assets	\$ 14,356,782	\$ 14,464,713	\$ 16,167,536	\$ 16,306,381
Unrestricted	1,158,470	1,793,112	238,381	1,116,957
Total business-type activities net position	<u>\$ 15,515,252</u>	<u>\$ 16,257,825</u>	<u>\$ 16,405,917</u>	<u>\$ 17,423,338</u>
Primary government				
Investment in capital assets	\$ 31,792,758	\$ 33,302,617	\$ 41,076,989	\$ 41,485,102
Restricted	896,106	917,300	675,052	786,678
Unrestricted	11,433,305	13,265,214	9,004,174	9,366,517
Total primary government net position	<u>\$ 44,122,169</u>	<u>\$ 47,485,131</u>	<u>\$ 50,756,215</u>	<u>\$ 51,638,297</u>

Note: The City implemented GASB Statement No. 68 in fiscal 2015. The City reported a change in accounting principle, as a result of implementing this standard, which decreased unrestricted net position. Prior year information has not been restated.

2017	2018	2019	2020	2021	2022
\$ 22,750,377	\$ 26,972,898	\$ 26,988,912	\$ 26,418,066	\$ 27,474,959	\$ 28,318,503
898,739	1,010,521	1,096,698	1,137,740	1,220,301	1,641,206
10,678,219	8,736,913	9,070,332	10,534,206	10,799,339	10,024,011
<u>\$ 34,327,335</u>	<u>\$ 36,720,332</u>	<u>\$ 37,155,942</u>	<u>\$ 38,090,012</u>	<u>\$ 39,494,599</u>	<u>\$ 39,983,720</u>
\$ 16,292,000	\$ 17,295,916	\$ 17,452,137	\$ 17,248,962	\$ 18,373,335	\$ 18,960,842
1,298,744	1,329,268	2,025,812	3,000,493	3,921,634	4,679,804
<u>\$ 17,590,744</u>	<u>\$ 18,625,184</u>	<u>\$ 19,477,949</u>	<u>\$ 20,249,455</u>	<u>\$ 22,294,969</u>	<u>\$ 23,640,646</u>
\$ 39,042,377	\$ 44,268,814	\$ 44,441,049	\$ 43,667,028	\$ 45,848,294	\$ 47,279,345
898,739	1,010,521	1,096,698	1,137,740	1,220,301	1,641,206
11,976,963	10,066,181	11,096,144	13,534,699	14,720,973	14,703,815
<u>\$ 51,918,079</u>	<u>\$ 55,345,516</u>	<u>\$ 56,633,891</u>	<u>\$ 58,339,467</u>	<u>\$ 61,789,568</u>	<u>\$ 63,624,366</u>

CITY OF ARDEN HILLS

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 1,133,379	\$ 1,294,830	\$ 1,281,557	\$ 1,384,908
Public safety	1,956,260	1,887,877	1,978,210	2,047,961
Public works	944,104	852,109	194,667	800,157
Parks and recreation	807,363	711,174	711,181	751,910
Economic development	403,143	522,193	733,528	361,029
Interest on long-term debt	25,767	11,004	817	-
Total governmental activities	<u>5,270,016</u>	<u>5,279,187</u>	<u>4,899,960</u>	<u>5,345,965</u>
Business-type activities				
Water	1,843,530	1,893,217	1,803,405	1,833,468
Sewer	1,560,796	1,506,927	1,587,808	1,513,219
Surface water management	453,727	432,788	489,377	468,965
Recycling	144,541	150,417	239,727	141,190
Total business-type activities	<u>4,002,594</u>	<u>3,983,349</u>	<u>4,120,317</u>	<u>3,956,842</u>
Total primary government	<u>\$ 9,272,610</u>	<u>\$ 9,262,536</u>	<u>\$ 9,020,277</u>	<u>\$ 9,302,807</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 338,546	\$ 275,735	\$ 271,991	\$ 299,692
Public safety	341,114	366,452	628,573	735,730
Public works	-	4,973	5,205	4,535
Parks and recreation	113,374	116,951	119,338	134,579
Operating grants and contributions	343,486	300,536	389,219	308,900
Capital grants and contributions	326,213	2,302,439	3,080,749	462,105
Total governmental activities	<u>1,462,733</u>	<u>3,367,086</u>	<u>4,495,075</u>	<u>1,945,541</u>
Business-type activities				
Charges for services				
Water	2,271,072	2,132,191	2,099,242	2,165,773
Sewer	1,798,889	1,857,272	1,855,802	1,989,066
Surface water management	639,747	762,884	782,501	812,044
Recycling	122,666	130,369	129,030	134,739
Operating grants and contributions	19,694	19,611	124,228	26,323
Capital grants and contributions	156,585	-	-	59,248
Total business-type activities	<u>5,008,653</u>	<u>4,902,327</u>	<u>4,990,803</u>	<u>5,187,193</u>
Total primary government	<u>\$ 6,471,386</u>	<u>\$ 8,269,413</u>	<u>\$ 9,485,878</u>	<u>\$ 7,132,734</u>

2017	2018	2019	2020	2021	2022
\$ 1,322,106	\$ 1,286,845	\$ 1,337,262	\$ 1,460,627	\$ 1,283,605	\$ 1,299,419
2,158,835	2,248,540	2,471,567	2,737,348	2,804,933	2,663,521
3,512,218	1,695,449	1,416,785	1,267,480	1,310,895	1,796,184
759,737	765,843	798,717	634,195	883,155	1,013,507
276,841	391,156	369,256	480,307	411,016	199,988
—	—	—	—	—	—
8,029,737	6,387,833	6,393,587	6,579,957	6,693,604	6,972,619
2,159,874	2,147,359	2,295,820	1,996,083	2,166,362	2,473,906
1,780,260	1,654,079	1,663,498	1,665,146	1,754,753	1,817,972
481,026	499,049	513,209	546,365	599,084	610,730
147,919	168,145	172,232	139,840	154,611	173,092
4,569,079	4,468,632	4,644,759	4,347,434	4,674,810	5,075,700
<u>\$ 12,598,816</u>	<u>\$ 10,856,465</u>	<u>\$ 11,038,346</u>	<u>\$ 10,927,391</u>	<u>\$ 11,368,414</u>	<u>\$ 12,048,319</u>
\$ 314,166	\$ 214,833	\$ 250,643	\$ 198,708	\$ 189,138	\$ 241,534
915,632	619,406	817,238	431,830	926,665	957,785
7,029	6,150	5,250	3,900	5,735	7,040
123,550	113,968	106,317	13,114	90,632	101,097
2,031,474	840,634	347,823	409,403	565,106	375,965
448,945	2,494,823	613,263	634,369	1,263,520	902,926
3,840,796	4,289,814	2,140,534	1,691,324	3,040,796	2,586,347
2,127,452	2,256,859	2,286,542	2,316,891	2,789,472	2,823,414
1,796,144	1,769,466	1,892,740	1,870,850	2,110,766	2,209,253
834,973	839,499	850,971	876,527	902,044	937,652
151,272	134,228	140,149	136,865	177,057	169,905
24,655	27,429	24,752	25,365	27,213	30,323
—	735,220	332,092	60,661	1,024,414	651,490
4,934,496	5,762,701	5,527,246	5,287,159	7,030,966	6,822,037
<u>\$ 8,775,292</u>	<u>\$ 10,052,515</u>	<u>\$ 7,667,780</u>	<u>\$ 6,978,483</u>	<u>\$ 10,071,762</u>	<u>\$ 9,408,384</u>

CITY OF ARDEN HILLS

Changes in Net Position
 Last Ten Fiscal Years (continued)
 (Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Net (expense) revenue				
Governmental activities	\$ (3,807,283)	\$ (1,912,101)	\$ (404,885)	\$ (3,400,424)
Business-type activities	<u>1,006,059</u>	<u>918,978</u>	<u>870,486</u>	<u>1,230,351</u>
Total primary government	<u>\$ (2,801,224)</u>	<u>\$ (993,123)</u>	<u>\$ 465,601</u>	<u>\$ (2,170,073)</u>
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes	\$ 3,094,036	\$ 3,182,331	\$ 3,191,426	\$ 3,278,287
Tax increment collections	466,280	565,422	697,898	242,544
Franchise taxes	96,820	103,711	72,837	132,548
Unrestricted grants and contributions	-	-	-	-
Unrestricted investment earnings (charges)	(168,071)	450,261	245,540	155,191
Gain on sale of capital assets	-	-	-	-
Transfers	<u>230,765</u>	<u>230,765</u>	<u>230,765</u>	<u>230,765</u>
Total governmental activities	<u>3,719,830</u>	<u>4,532,490</u>	<u>4,438,466</u>	<u>4,039,335</u>
Business-type activities				
Investment earnings (charges)	(24,361)	54,360	35,857	17,835
Transfers	<u>(230,765)</u>	<u>(230,765)</u>	<u>(230,765)</u>	<u>(230,765)</u>
Total business-type activities	<u>(255,126)</u>	<u>(176,405)</u>	<u>(194,908)</u>	<u>(212,930)</u>
Total primary government	<u>\$ 3,464,704</u>	<u>\$ 4,356,085</u>	<u>\$ 4,243,558</u>	<u>\$ 3,826,405</u>
Change in net position				
Governmental activities	\$ (87,453)	\$ 2,620,389	\$ 4,033,581	\$ 638,911
Business-type activities	<u>750,933</u>	<u>742,573</u>	<u>675,578</u>	<u>1,017,421</u>
Total primary government	<u>\$ 663,480</u>	<u>\$ 3,362,962</u>	<u>\$ 4,709,159</u>	<u>\$ 1,656,332</u>

2017	2018	2019	2020	2021	2022
\$ (4,188,941)	\$ (2,098,019)	\$ (4,253,053)	\$ (4,888,633)	\$ (3,652,808)	\$ (4,386,272)
<u>365,417</u>	<u>1,294,069</u>	<u>882,487</u>	<u>939,725</u>	<u>2,356,156</u>	<u>1,746,337</u>
<u>\$ (3,823,524)</u>	<u>\$ (803,950)</u>	<u>\$ (3,370,566)</u>	<u>\$ (3,948,908)</u>	<u>\$ (1,296,652)</u>	<u>\$ (2,639,935)</u>
\$ 3,526,347	\$ 3,578,894	\$ 3,793,754	\$ 4,100,177	\$ 4,293,895	\$ 4,404,477
295,788	351,569	388,697	273,043	396,891	338,899
109,070	101,237	100,464	101,057	97,549	94,320
—	—	—	745,040	—	—
139,347	159,316	322,346	348,886	(30,940)	(460,213)
—	—	—	17,500	—	197,910
230,765	300,000	83,402	237,000	300,000	300,000
<u>4,301,317</u>	<u>4,491,016</u>	<u>4,688,663</u>	<u>5,822,703</u>	<u>5,057,395</u>	<u>4,875,393</u>
32,754	40,371	53,680	68,781	(10,642)	(100,660)
(230,765)	(300,000)	(83,402)	(237,000)	(300,000)	(300,000)
<u>(198,011)</u>	<u>(259,629)</u>	<u>(29,722)</u>	<u>(168,219)</u>	<u>(310,642)</u>	<u>(400,660)</u>
<u>\$ 4,103,306</u>	<u>\$ 4,231,387</u>	<u>\$ 4,658,941</u>	<u>\$ 5,654,484</u>	<u>\$ 4,746,753</u>	<u>\$ 4,474,733</u>
\$ 112,376	\$ 2,392,997	\$ 435,610	\$ 934,070	\$ 1,404,587	\$ 489,121
<u>167,406</u>	<u>1,034,440</u>	<u>852,765</u>	<u>771,506</u>	<u>2,045,514</u>	<u>1,345,677</u>
<u>\$ 279,782</u>	<u>\$ 3,427,437</u>	<u>\$ 1,288,375</u>	<u>\$ 1,705,576</u>	<u>\$ 3,450,101</u>	<u>\$ 1,834,798</u>

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CITY OF ARDEN HILLS

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Tax Increment Collections</u>	<u>Franchise Taxes</u>	<u>Total</u>
2013	\$ 3,094,036	\$ 466,280	\$ 96,820	\$ 3,657,136
2014	3,182,331	565,422	103,711	3,851,464
2015	3,191,426	697,898	72,837	3,962,161
2016	3,278,287	242,544	132,548	3,653,379
2017	3,526,347	295,788	109,070	3,931,205
2018	3,578,894	351,569	101,237	4,031,700
2019	3,793,754	388,697	100,464	4,282,915
2020	4,100,177	273,043	101,057	4,474,277
2021	4,293,895	396,891	97,549	4,788,335
2022	4,404,477	338,899	94,320	4,837,696

CITY OF ARDEN HILLS

Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 22,754	\$ 21,059	\$ 23,983	\$ 26,271
Assigned	119,440	139,721	251,497	257,771
Unassigned	<u>2,223,512</u>	<u>2,185,162</u>	<u>2,806,930</u>	<u>2,660,771</u>
Total General Fund	<u>\$ 2,365,706</u>	<u>\$ 2,345,942</u>	<u>\$ 3,082,410</u>	<u>\$ 2,944,813</u>
All other governmental funds				
Nonspendable	\$ 910	\$ 395	\$ 845	\$ 214
Restricted	888,707	917,300	675,052	786,678
Committed	421,989	471,161	449,898	450,433
Assigned	7,111,210	7,346,178	3,902,898	3,872,938
Unassigned	<u>(134,316)</u>	<u>(150,893)</u>	<u>(216,521)</u>	<u>(217,607)</u>
Total all other governmental funds	<u>\$ 8,288,500</u>	<u>\$ 8,584,141</u>	<u>\$ 4,812,172</u>	<u>\$ 4,892,656</u>
Total all governmental funds	<u>\$ 10,654,206</u>	<u>\$ 10,930,083</u>	<u>\$ 7,894,582</u>	<u>\$ 7,837,469</u>

2017	2018	2019	2020	2021	2022
\$ 288,519	\$ 25,482	\$ 22,438	\$ 28,782	\$ 31,152	\$ 34,508
285,548	262,805	205,962	196,467	239,096	259,015
<u>3,065,250</u>	<u>3,052,082</u>	<u>2,987,183</u>	<u>3,155,257</u>	<u>2,899,564</u>	<u>3,072,714</u>
<u>\$ 3,639,317</u>	<u>\$ 3,340,369</u>	<u>\$ 3,215,583</u>	<u>\$ 3,380,506</u>	<u>\$ 3,169,812</u>	<u>\$ 3,366,237</u>
\$ 664	\$ 214	\$ 214	\$ 3,680	\$ 3,878	\$ 4,071
898,739	1,010,521	1,096,484	1,137,740	1,220,287	1,641,192
471,996	508,241	580,243	619,013	654,042	658,457
6,138,393	2,873,879	4,057,047	5,762,592	5,990,247	5,212,244
<u>(439,147)</u>	<u>(189,404)</u>	<u>(227,892)</u>	<u>(230,101)</u>	<u>(223,538)</u>	<u>(218,496)</u>
<u>\$ 7,070,645</u>	<u>\$ 4,203,451</u>	<u>\$ 5,506,096</u>	<u>\$ 7,292,924</u>	<u>\$ 7,644,916</u>	<u>\$ 7,297,468</u>
<u>\$ 10,709,962</u>	<u>\$ 7,543,820</u>	<u>\$ 8,721,679</u>	<u>\$ 10,673,430</u>	<u>\$ 10,814,728</u>	<u>\$ 10,663,705</u>

CITY OF ARDEN HILLS

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

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes				
General property tax	\$ 3,086,064	\$ 3,210,025	\$ 3,203,004	\$ 3,260,537
Tax increments	466,280	565,422	697,898	242,544
Special assessments	382,366	304,315	908,964	373,415
Licenses and permits	382,039	327,727	518,846	598,686
Intergovernmental	316,859	1,408,240	1,396,269	396,275
Charges for services	410,995	400,224	496,908	577,041
Fines and forfeits	32,055	29,569	32,792	31,868
Earnings on investments	(164,535)	433,402	236,947	148,679
Franchise taxes	96,820	103,711	72,837	132,548
Antenna lease rental fees	76,574	110,144	189,534	123,815
Miscellaneous/other	43,777	89,482	241,463	94,442
Total revenues	<u>5,129,294</u>	<u>6,982,261</u>	<u>7,995,462</u>	<u>5,979,850</u>
Expenditures				
Current				
General government	1,054,852	1,155,120	1,143,037	1,194,579
Public safety	1,779,549	1,826,098	1,920,280	1,981,506
Public works	391,711	580,872	336,398	479,814
Parks and recreation	675,073	648,214	573,587	621,832
Economic development	90,222	286,991	249,484	229,688
Capital outlay				
General government	9,545	5,559	-	-
Public safety	170,511	66,079	52,936	47,880
Public works	1,017,328	1,833,535	6,198,264	786,873
Parks and recreation	68,493	18,883	-	-
Economic development	328,248	231,025	502,842	151,306
Debt service				
Principal	260,000	270,000	280,000	-
Interest and paying agent fees	23,520	14,773	4,900	-
Total expenditures	<u>5,869,052</u>	<u>6,937,149</u>	<u>11,261,728</u>	<u>5,493,478</u>
Revenues over (under) expenditures	(739,758)	45,112	(3,266,266)	486,372
Other financing sources (uses)				
Sale of capital assets	-	-	-	-
Transfers in	230,765	230,765	230,765	230,765
Total other financing sources (uses)	<u>230,765</u>	<u>230,765</u>	<u>230,765</u>	<u>230,765</u>
Net change in fund balances	<u>\$ (508,993)</u>	<u>\$ 275,877</u>	<u>\$ (3,035,501)</u>	<u>\$ 717,137</u>
Debt service as a percentage of noncapital expenditures	<u>5.82%</u>	<u>5.73%</u>	<u>6.20%</u>	<u>-%</u>

2017	2018	2019	2020	2021	2022
\$ 3,541,705	\$ 3,578,628	\$ 3,795,624	\$ 4,099,819	\$ 4,289,994	\$ 4,405,691
295,788	351,569	388,697	273,043	396,891	338,899
308,990	735,369	828,487	329,781	660,411	432,885
729,197	526,444	714,530	431,628	752,532	830,866
2,124,414	1,003,685	603,966	1,231,252	505,585	542,973
590,141	427,905	440,616	215,918	459,638	476,574
29,989	37,080	34,512	13,581	21,500	22,662
133,231	154,369	310,607	338,444	(29,384)	(454,163)
109,070	101,237	100,464	101,057	97,549	94,320
128,765	57,067	134,505	140,707	146,101	139,304
164,256	249,322	157,122	432,118	474,889	239,414
<u>8,155,546</u>	<u>7,222,675</u>	<u>7,509,130</u>	<u>7,607,348</u>	<u>7,775,706</u>	<u>7,069,425</u>
1,189,500	1,164,657	1,195,335	1,201,143	1,137,188	1,204,619
2,058,037	2,088,345	2,399,296	2,435,773	2,708,137	2,546,051
443,633	579,535	632,531	675,739	618,236	914,148
618,614	653,977	679,589	547,787	626,629	665,776
264,905	324,548	300,052	415,839	349,341	138,251
–	13,770	115,924	107,865	290,193	210,148
100,215	233,301	69,666	299,107	111,065	98,396
734,411	2,916,604	713,156	204,169	1,993,539	1,708,553
337,808	2,783,238	549,812	22,675	133,150	273,197
7,520	–	3,300	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
<u>5,754,643</u>	<u>10,757,975</u>	<u>6,658,661</u>	<u>5,910,097</u>	<u>7,967,478</u>	<u>7,759,139</u>
2,400,903	(3,535,300)	850,469	1,697,251	(191,772)	(689,714)
–	69,158	27,390	17,500	33,070	238,691
471,590	300,000	300,000	237,000	300,000	300,000
<u>471,590</u>	<u>369,158</u>	<u>327,390</u>	<u>254,500</u>	<u>333,070</u>	<u>538,691</u>
<u>\$ 2,872,493</u>	<u>\$ (3,166,142)</u>	<u>\$ 1,177,859</u>	<u>\$ 1,951,751</u>	<u>\$ 141,298</u>	<u>\$ (151,023)</u>
<u>–%</u>	<u>–%</u>	<u>–%</u>	<u>–%</u>	<u>–%</u>	<u>–%</u>

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CITY OF ARDEN HILLS

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

Fiscal Year	Property Tax		Franchise Tax	Total
	General	Tax Increment		
2013	\$ 3,086,064	\$ 466,280	\$ 96,820	\$ 3,649,164
2014	3,210,025	565,422	103,711	3,879,158
2015	3,203,004	697,898	72,837	3,973,739
2016	3,260,537	242,544	132,548	3,635,629
2017	3,541,705	295,788	109,070	3,946,563
2018	3,578,628	351,569	101,237	4,031,434
2019	3,795,624	388,697	100,464	4,284,785
2020	4,099,819	273,043	101,057	4,473,919
2021	4,289,994	396,891	97,549	4,784,434
2022	4,405,691	338,899	94,320	4,838,910

CITY OF ARDEN HILLS

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

<u>Fiscal Year Ended December 31,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Tax Capacity</u>	<u>Less Tax Increment District</u>	<u>Less Fiscal Disparity Contribution</u>
2013	\$ 13,262,619	\$ 213,949	\$ 13,476,568	\$ 438,897	\$ 2,474,502
2014	13,413,316	216,679	13,629,995	510,906	2,375,745
2015	14,162,432	224,125	14,386,557	684,465	2,303,582
2016	14,364,828	236,271	14,601,099	207,526	2,280,682
2017	14,671,678	262,904	14,934,582	256,243	2,365,021
2018	15,751,958	276,244	16,028,202	308,152	2,141,470
2019	16,457,522	256,847	16,714,369	345,318	2,174,854
2020	17,592,301	268,599	17,860,900	273,444	2,627,733
2021	18,379,048	290,865	18,669,913	362,116	2,626,688
2022	18,571,778	126,061	18,697,839	367,689	2,932,378

Source: Ramsey County Assessor

<u>Adjusted Tax Capacity (ATC) Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value (EMV)</u>	<u>ATC as a Percentage of EMV</u>
\$ 10,563,169	27.93 %	\$ 1,035,471,700	1.02 %
10,743,344	27.95	1,055,153,800	1.02
11,398,510	27.29	1,122,428,000	1.02
12,112,891	26.54	1,144,221,600	1.06
12,313,318	27.21	1,173,397,600	1.05
13,578,580	25.53	1,260,228,800	1.08
14,194,197	25.56	1,313,244,900	1.08
14,959,723	25.41	1,406,207,500	1.06
15,681,109	25.09	1,460,289,500	1.07
15,397,772	26.54	1,463,478,400	1.05

CITY OF ARDEN HILLS

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

Fiscal Year	Direct Rate	Overlapping Rates			Total
	City Operating Rate	Ramsey County	School District	Special Taxing Districts	
2013	27.931 %	65.240 %	29.444 %	10.200 %	132.815 %
2014	27.950	63.735	29.734	9.825	131.244
2015	27.294	58.922	27.378	9.179	122.773
2016	26.539	58.885	26.245	9.052	120.721
2017	27.211	55.850	25.305	8.558	116.924
2018	25.532	53.962	28.464	8.249	116.207
2019	25.555	52.879	26.330	8.265	113.029
2020	25.414	52.302	24.964	8.249	110.929
2021	25.089	47.760	23.863	7.822	104.534
2022	26.543	48.067	23.420	9.971	108.001

(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: Ramsey County Assessor

CITY OF ARDEN HILLS

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Cardiac Pacemakers, Inc.	\$ 1,050,406	1	6.82 %	\$ 1,549,250	1	14.67 %
Land O'Lakes, Inc.	716,830	2	4.66	360,146	2	3.41
St. Paul Fire and Marine Insurance Company	560,676	3	3.64	348,426	3	3.30
Space Center Arden Hills, LLC	535,314	4	3.48	—	—	—
Presbyterian Homes, Inc.	480,019	5	3.12	—	—	—
Caliber Lodging, Inc.	302,066	6	1.96	—	—	—
B9 Polar Arden Hills Corporate LLC	284,978	7	1.85	—	—	—
NSP	246,650	8	1.60	306,558	5	2.90
Northpark CC LLC	233,440	9	1.52	—	—	—
RAM Development, LLC	213,682	10	1.39	166,450	10	1.58
Mutual Service Insurance Company	—	—	—	327,254	4	3.10
Arden Hills Industrial, LLC	—	—	—	301,500	6	2.85
IRET Properties, LP	—	—	—	294,808	7	2.79
CSM Corporation	—	—	—	262,140	8	2.48
Pharmacia Deltec, Inc.	—	—	—	203,214	9	1.92
Total	<u>\$ 4,624,061</u>		<u>30.03 %</u>	<u>\$ 4,119,746</u>		<u>39.00 %</u>
Total capacity value	<u>\$ 15,397,772</u>			<u>\$ 10,563,169</u>		

Source: Ramsey County Assessor

CITY OF ARDEN HILLS

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Additions/ (Abatements)	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2013	\$ 3,191,230	\$ 3,117,083	97.68 %	\$ (38,542)	\$ 35,605	\$ 3,191,230	100.00 %
2014	3,257,456	3,219,641	98.84	(20,640)	17,175	3,257,456	100.00
2015	3,359,775	3,295,723	98.09	(75,019)	(10,967)	3,359,775	100.00
2016	3,478,775	3,408,642	97.98	(77,980)	(7,847)	3,478,775	100.00
2017	3,641,290	3,562,166	97.83	(66,924)	12,096	3,641,186	100.00
2018	3,786,942	3,710,786	97.99	(58,021)	17,530	3,786,337	99.98
2019	3,938,420	3,871,967	98.31	(86,658)	(20,205)	3,938,420	100.00
2020	4,135,340	4,116,483	99.54	(41,410)	(26,898)	4,130,995	99.89
2021	4,280,080	4,218,186	98.55	(49,422)	10,225	4,277,833	99.95
2022	4,472,680	4,454,078	99.58	(5,070)	–	4,459,148	99.70

Source: Ramsey County Assessor

CITY OF ARDEN HILLS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation TIF Bonds	Revenue Bonds	Premium	Total			
2013	\$ 550,000	\$ -	\$ -	\$ -	\$ 550,000	0.17 %	\$ 59
2014	280,000	-	-	-	280,000	0.08	29
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2018	-	2,415,000	156,952	2,571,952	2,571,952	0.71	260
2019	-	2,415,000	141,394	2,556,394	2,556,394	0.69	255
2020	-	2,215,000	125,838	2,340,838	2,340,838	0.62	236
2021	-	2,005,000	110,281	2,115,281	2,115,281	0.53	214
2022	-	1,785,000	94,724	1,879,724	1,879,724	0.45	188

(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.

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CITY OF ARDEN HILLS

Direct and Overlapping Governmental Activities Debt
as of December 31, 2022

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ramsey County	\$ 162,770,434	2.30 %	\$ 3,741,128
County library	16,037,406	4.62	741,402
Independent School District No. 621	181,452,685	12.59	22,841,091
Independent School District No. 623	133,937,381	0.74	993,307
Metropolitan Council	1,581,725,568	0.33	<u>5,255,559</u>
Total overlapping debt			33,572,487
City of Arden Hills	-	100.00	<u>-</u>
Total direct and overlapping debt			<u><u>\$ 33,572,487</u></u>

(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.

Source: Assessed value data used to estimate applicable percentages provided by the Ramsey County Assessor. Debt outstanding data provided by the county.

CITY OF ARDEN HILLS

Legal Debt Margin Information
Last Ten Fiscal Years

	<u>Fiscal Year</u>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 31,064,151	\$ 31,654,614	\$ 33,672,840	\$ 34,326,648
Total net debt applicable to limit	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Legal debt margin	<u>\$ 31,064,151</u>	<u>\$ 31,654,614</u>	<u>\$ 33,672,840</u>	<u>\$ 34,326,648</u>
Total net debt applicable to the limit as a percentage of debt limit	—	—	—	—

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.

2017	2018	2019	2020	2021	2022
\$ 35,201,928	\$ 37,806,864	\$ 39,397,347	\$ 42,186,225	\$ 43,808,685	\$ 43,904,352
—	—	—	—	—	—
<u>\$ 35,201,928</u>	<u>\$ 37,806,864</u>	<u>\$ 39,397,347</u>	<u>\$ 42,186,225</u>	<u>\$ 43,808,685</u>	<u>\$ 43,904,352</u>

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Legal Debt Margin Calculation for Fiscal Year 2022

Total estimated market value	\$1,463,478,400
Debt limit (3% of market value)	43,904,352
Debt applicable to limit	
General obligation bonds	—
Less amount set aside for repayment of general obligation debt	—
Total net debt applicable to the limit	<u>—</u>
Legal debt margin	<u>\$ 43,904,352</u>

CITY OF ARDEN HILLS

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 4,026,325	\$ 3,279,800	\$ 746,525	\$ -	\$ 52,333	14.3 %
2019	4,179,282	3,387,940	791,342	-	94,288	8.4
2020	4,187,741	3,085,624	1,102,117	200,000	86,998	3.8
2021	4,900,238	3,301,491	1,598,747	210,000	78,800	5.5
2022	5,032,667	3,678,576	1,354,091	220,000	70,200	4.7

Note 1: Includes Water and Sewer Funds. Operating expenses do not include depreciation.

Note 2: Fiscal year 2018 represents the first year the City pledged revenue for utility revenue bonds.

CITY OF ARDEN HILLS

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (3)</u>	<u>Arden Hills Total Personal Income (4)</u>	<u>Median Age (6)</u>	<u>School Enrollment (5)</u>	<u>Unemployment Rate (2)</u>
2013	9,359	\$ 33,688	\$ 315,285,992	34.8	10,480	4.9 %
2014	9,652	34,481	332,810,612	36.9	10,734	4.0
2015	9,847	35,222	346,831,034	36.0	11,011	3.5
2016	9,966	35,994	358,716,204	36.0	11,401	3.6
2017	9,969	37,723	376,060,587	36.3	11,556	3.3
2018	9,889	36,553	361,472,617	36.3	11,647	2.9
2019	10,008	36,989	370,185,912	36.4	11,957	3.2
2020	9,939	37,932	377,006,148	36.2	12,061	7.1
2021	9,897	40,539	401,214,483	36.2	11,806	3.8
2022	9,996	41,350	413,333,360	36.2	11,747	2.2

Sources:

- (1) Population data is obtained from the Metropolitan Council website. Fiscal year 2022 is estimated by city staff.
- (2) Unemployment rate information is from DEED for Ramsey County.
- (3) Per capita personal income is obtained from the Metropolitan Council website. Fiscal year 2022 is estimated by city staff.
- (4) Personal income is calculated based on the population and per capita personal income.
- (5) Enrollment numbers are based off of Independent School District No. 621, Mounds View from the Minnesota Department of Education website.
- (6) Median age is from www.city-data.com website.

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CITY OF ARDEN HILLS

Principal Employers
Current Year and Nine Years Ago

Employer	2022 Employees	2013 (1) Employees
Boston Scientific	3,000–3,500	2,400
Land O’Lakes, Inc.	1,250–1,750	800
University of Northwestern	1,000–1,500	–
Bethel University	750–1,250	970
Presbyterian Homes of Arden Hills	450–550	493
Delkor	300–350	–
IntriCon	250–300	–
Venture Solutions, Inc.	175–225	–
Gradient Financial	150–200	–
National Recoveries	150–200	–
Ulteig Engineers, Inc.	150–200	–
Health Partners Arden Hills Clinic	150–200	–
Smiths Medical M.D., Inc.	–	525
Fair Isaac Corporation	–	280
Country and MSI Insurance	–	236
 Total employees in the City	 9,913 (2)	 11,847

(1) Information only readily available for the listed employers.

(2) This is an estimate from 2021. Information for 2022 is not yet available.

Note: This does not purport to be a comprehensive list and is based on available data from the City’s 2018 Official Statement and updates received since then through a survey of individual employers. Some employers do not respond to inquiries for employment data.

Source: City staff research; Business License renewals; Metropolitan Council

CITY OF ARDEN HILLS

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2013	2014	2015	2016
Police (see Note 2)				
Towed vehicles	2	1	N/A	N/A
Traffic accidents	149	144	N/A	N/A
Driving impaired/alcohol	23	18	N/A	N/A
Traffic stops	78	20	N/A	N/A
Traffic investigations	78	40	N/A	N/A
Total calls for service	N/A	N/A	4,892	4,413
Fire				
Number of calls answered	561	651	804	930
Highways and streets				
Street resurfacing (miles)	4.4	–	2.84	0.25
Potholes repaired	250	250	600	600
Sanitation (residential) – (see Note 3)				
Refuse collected (tons/day)	8.05	8.65	8.76	8.75
Recyclables collected (tons/day)	2.20	2.21	2.16	2.06
Recycling clean up days	N/A	N/A	N/A	N/A
Tons collected during clean up days	N/A	N/A	N/A	N/A
Parks and recreation				
Athletic field permits issued	30	22	22	22
Water				
New connections	10	2	7	8
Water main breaks	6	2	10	6
Average daily consumption (thousands of gallons)	1,162	983	857	812

N/A – Not Applicable

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

Note 2: Information provided by the Ramsey County Sheriff’s Department. Starting in 2015, the Sheriff changed reporting standards, and information is no longer easily broken down. Total number of calls is now provided.

Note 3: Recyclables – numbers based off of yearly tonnage total divided into 365 days in the year. Starting in 2018, the refuse collected information is no longer being provided as it is not readily available. Instead, information on recycling clean up days is being provided.

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

Source: Various city departments

2017	2018	2019	2020	2021	2022
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
5,152	5,331	5,253	3,924	4,232	4,102
986	1,039	1,138	1,044	1,178	1,077
0.20	1.00	0.30	2.32	4.42	7.10
700	800	750	1,000	700	600
8.80	N/A	N/A	N/A	N/A	N/A
2.22	2.17	2.20	2.19	2.71	1.85
N/A	2	2	–	1	1
N/A	73.7	44.8	–	7.3	7.4
30	25	20	2	8	6
8	8	2	3	7	1
7	8	4	2	3	6
853	869	841	855	914	981

CITY OF ARDEN HILLS

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

Function	Fiscal Year			
	2013	2014	2015	2016
General government	6.11	6.45	6.37	4.56
Public safety	2.46	2.60	2.70	2.47
Public works	4.49	4.20	4.22	3.47
Parks and recreation	7.02	6.70	6.74	6.09
Water	3.70	3.75	3.69	3.46
Sewer	4.49	4.60	4.43	4.24
Recycling	0.20	0.20	0.18	0.16
Surface water management	2.66	2.65	2.64	2.64
Total	<u>31.13</u>	<u>31.15</u>	<u>30.97</u>	<u>27.09</u>

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.

Source: Finance and Administration

2017	2018	2019	2020	2021	2022
4.10	4.61	5.10	5.61	4.46	4.82
2.19	2.39	2.34	2.66	1.85	2.63
2.70	3.08	2.86	2.64	2.54	3.03
5.58	5.96	6.13	5.14	5.30	5.11
3.42	3.24	3.39	3.54	3.37	3.66
4.21	3.99	4.11	4.20	4.04	4.48
0.15	0.23	0.32	0.29	0.27	0.27
2.43	2.30	2.35	2.53	2.31	2.48
<u>24.78</u>	<u>25.80</u>	<u>26.60</u>	<u>26.61</u>	<u>24.14</u>	<u>26.48</u>

CITY OF ARDEN HILLS

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2013	2014	2015	2016
Highways and streets				
Streets (miles)	57	57	57	57
Streetlights	250	250	250	250
Traffic signals	18	18	18	18
Parks and recreation*				
Parks acreage	111	111	111	111
Parks	14	14	14	14
Trails acreage	54	54	54	54
Trails (miles)	15	21	21	21
Tennis courts	5	6	6	5
Softball/baseball fields	8	8	8	8
Basketball courts	10	10	10	10
Hockey/skating rinks	6	6	6	6
Permanent restrooms	2	3	3	3
Water				
Water mains (miles)	43	43	43	43
Fire hydrants	537	537	537	537
Maximum daily capacity (thousands of gallons)	1,500	1,500	1,500	1,500
Sewer				
Sanitary sewers (miles)	49	52	52	52
Storm sewers (miles)	20	25	25	25

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

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

Source: Various city departments

2017	2018	2019	2020	2021	2022
57	57	57	57	57	57
252	252	254	254	254	254
18	18	18	18	18	19
111	111	111	111	111	111
14	14	14	14	14	14
54	54	54	54	54	55
21	22	22	22	22	23
5	5	5	5	5	5
7	7	7	7	7	7
10	10	10	10	10	10
6	6	6	6	6	6
3	3	4	4	4	4
43	44	44	44	44	44
537	537	537	537	540	540
1,500	1,500	2,160	2,160	2,160	2,160
52	52	52	52	52	52
25	25	25	25	25	25

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