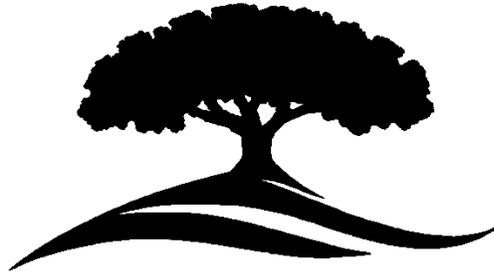


CITY OF



ARDEN HILLS

ARDEN HILLS, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

Annual Comprehensive
Financial Report

For the Fiscal Year Ended
December 31, 2024

REPORT PREPARED BY
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

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May 19, 2025

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, 2024.

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.

LB Carlson, LLP, 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, 2024. 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 9,879. 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 special revenue funds.

The City's capital improvement program (covering five years), the pavement management plan (covering five years), and the Rice Creek Commons (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, Delkor, Intricon, Venture Solutions, Gradient Financial, 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 7.0 percent in 2020, to a low of 2.6 percent in 2022. The current rate is 2.9 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 1.9 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 \$3,050,074 (45.4 percent of total subsequent year General Fund expenditures budgeted) is less than the 50.0 percent target set by the City Council for budgetary and planning purposes. The total General Fund balance also includes \$44,761 considered nonspendable for prepaid items, \$103,919 assigned for compensated absences, and \$122,009 assigned fund balance 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. 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 and has cleaned it to residential standards. The City completed the Rice Creek Commons Redevelopment Code, which guides the land use on the site. 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 Rice Creek Commons 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 Rice Creek Commons 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, 2023. This is the 18th 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, LB Carlson, LLP. 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,



Jessica Jagoe
City Administrator



Joua Yang
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, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF ARDEN HILLS
RAMSEY COUNTY, MINNESOTA

City Council and Appointed Officials
December 31, 2024

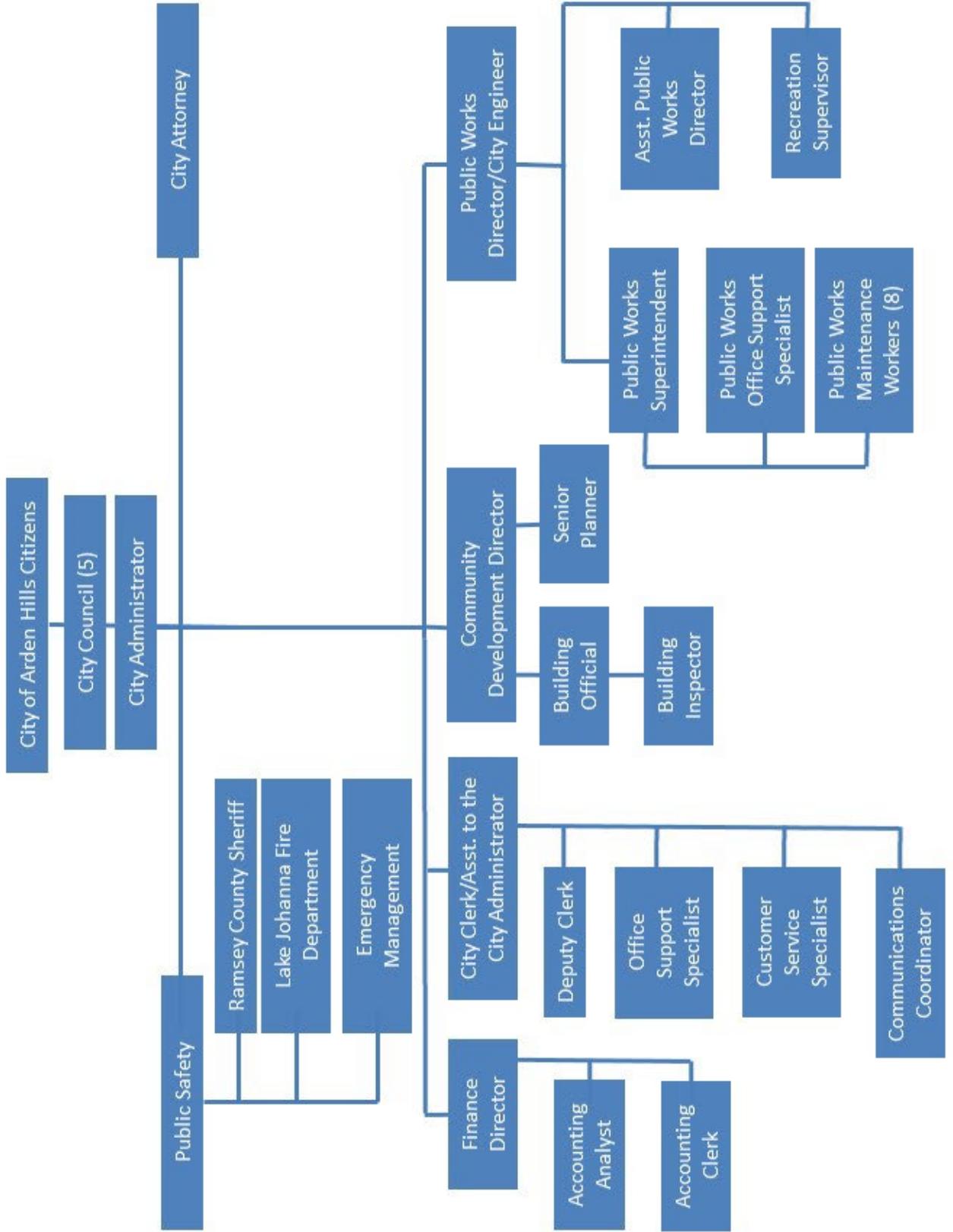
CITY COUNCIL

		<u>Term Expires</u>
David Grant	Mayor	December 31, 2026
Thomas Fabel	Councilmember	December 31, 2024
Brenda Holden	Councilmember	December 31, 2024
Tena Monson	Councilmember	December 31, 2026
Emily Rousseau	Councilmember	December 31, 2026

APPOINTED OFFICIALS

Jessica Jagoe	City Administrator
Joua Yang	Finance Director

2024 City of Arden Hills Organization Chart



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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, 2024, 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, 2024, 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.

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.

(continued)

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 judgment 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 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 May 19, 2025 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.

Respectfully submitted,


LB CARLSON, LLP
Minneapolis, Minnesota

May 19, 2025

CITY OF ARDEN HILLS

Management's Discussion and Analysis Year Ended December 31, 2024

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, 2024. 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 \$67,849,393 (*net position*). Of this amount, \$16,570,237 (*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 \$2,032,838 in 2024.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,456,373. Of this total amount, \$49,266 is nonspendable and \$1,506,861 is restricted, leaving an unrestricted (committed, assigned, and unassigned) balance of \$7,900,246.
- At the end of the current fiscal year, the General Fund has a total fund balance of \$3,320,763. At December 31, 2024, the unassigned fund balance of the General Fund was \$3,050,074, or 45.4 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 states 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 special revenue 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 \$67,849,393 at December 31, 2024.

The largest portion of the City's net position, \$49,772,295, or 73.4 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	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 14,219,437	\$ 16,187,151	\$ 7,376,687	\$ 7,147,691	\$ 21,596,124	\$ 23,334,842
Capital assets	31,712,214	28,274,898	21,194,544	20,526,445	52,906,758	48,801,343
Total assets	<u>\$ 45,931,651</u>	<u>\$ 44,462,049</u>	<u>\$ 28,571,231</u>	<u>\$ 27,674,136</u>	<u>\$ 74,502,882</u>	<u>\$ 72,136,185</u>
Deferred outflows of resources	<u>\$ 148,140</u>	<u>\$ 260,510</u>	<u>\$ 100,667</u>	<u>\$ 199,510</u>	<u>\$ 248,807</u>	<u>\$ 460,020</u>
Liabilities						
Other liabilities	\$ 2,921,349	\$ 1,620,818	\$ 423,562	\$ 376,534	\$ 3,344,911	\$ 1,997,352
Long-term liabilities outstanding	<u>655,217</u>	<u>903,488</u>	<u>1,837,344</u>	<u>2,314,462</u>	<u>2,492,561</u>	<u>3,217,950</u>
Total liabilities	<u>\$ 3,576,566</u>	<u>\$ 2,524,306</u>	<u>\$ 2,260,906</u>	<u>\$ 2,690,996</u>	<u>\$ 5,837,472</u>	<u>\$ 5,215,302</u>
Deferred inflows of resources	<u>\$ 798,530</u>	<u>\$ 1,348,321</u>	<u>\$ 266,294</u>	<u>\$ 216,027</u>	<u>\$ 1,064,824</u>	<u>\$ 1,564,348</u>
Net position						
Net investment in capital assets	\$ 29,966,362	\$ 28,247,394	\$ 19,805,933	\$ 18,887,277	\$ 49,772,295	\$ 47,134,671
Restricted	1,506,861	2,103,290	-	-	1,506,861	2,103,290
Unrestricted	<u>10,231,472</u>	<u>10,499,248</u>	<u>6,338,765</u>	<u>6,079,346</u>	<u>16,570,237</u>	<u>16,578,594</u>
Total net position	<u>\$ 41,704,695</u>	<u>\$ 40,849,932</u>	<u>\$ 26,144,698</u>	<u>\$ 24,966,623</u>	<u>\$ 67,849,393</u>	<u>\$ 65,816,555</u>

Restricted net position of \$1,506,861 comprises 2.2 percent of net position at the close of the fiscal year ended December 31, 2024. These resources are subject to external restrictions on how they may be used.

The balance of unrestricted net position, \$16,570,237, or approximately 24.4 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. Positive operating results in the City's utility operations also increased current and other assets in the current year for business-type activities. Other liabilities for governmental activities were up compared to the prior year, primarily due to more ongoing construction in the current year and an increase in amounts due to other governments on joint projects.

The following table provides a condensed version of the Statement of Activities for the year ended December 31, 2024, with comparative amounts for the year ended December 31, 2023:

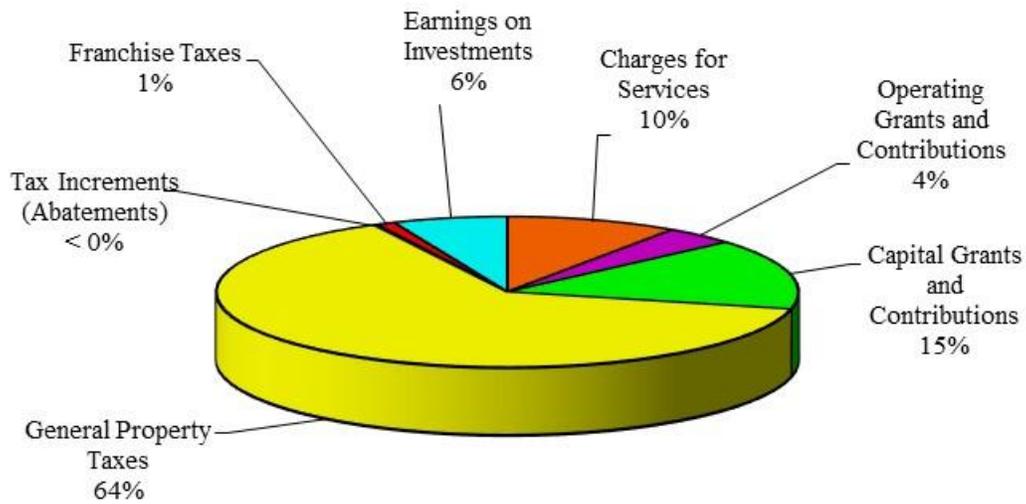
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 805,282	\$ 814,081	\$ 6,290,760	\$ 6,559,319	\$ 7,096,042	\$ 7,373,400
Operating grants and contributions	333,628	805,615	42,325	29,253	375,953	834,868
Capital grants and contributions	1,275,811	597,246	250,294	129,949	1,526,105	727,195
General revenues						
General property taxes	5,364,181	4,570,332	-	-	5,364,181	4,570,332
Tax increments (abatements)	(15,968)	36,365	-	-	(15,968)	36,365
Franchise taxes	85,074	92,096	-	-	85,074	92,096
Earnings on investments	545,643	649,693	282,404	277,586	828,047	927,279
Total revenues	<u>8,393,651</u>	<u>7,565,428</u>	<u>6,865,783</u>	<u>6,996,107</u>	<u>15,259,434</u>	<u>14,561,535</u>
Expenses						
General government	1,662,855	1,505,270	-	-	1,662,855	1,505,270
Public safety	3,305,431	2,889,826	-	-	3,305,431	2,889,826
Public works	1,445,074	1,327,617	-	-	1,445,074	1,327,617
Parks and recreation	1,061,167	1,136,248	-	-	1,061,167	1,136,248
Economic development	364,361	140,255	-	-	364,361	140,255
Water	-	-	2,558,358	2,677,247	2,558,358	2,677,247
Sewer	-	-	1,982,052	1,864,808	1,982,052	1,864,808
Surface water management	-	-	678,340	673,556	678,340	673,556
Recycling	-	-	168,958	154,519	168,958	154,519
Total expenses	<u>7,838,888</u>	<u>6,999,216</u>	<u>5,387,708</u>	<u>5,370,130</u>	<u>13,226,596</u>	<u>12,369,346</u>
Increase in net position before transfers	554,763	566,212	1,478,075	1,625,977	2,032,838	2,192,189
Transfers	<u>300,000</u>	<u>300,000</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>
Increase in net position	854,763	866,212	1,178,075	1,325,977	2,032,838	2,192,189
Net position – beginning	<u>40,849,932</u>	<u>39,983,720</u>	<u>24,966,623</u>	<u>23,640,646</u>	<u>65,816,555</u>	<u>63,624,366</u>
Net position – ending	<u>\$ 41,704,695</u>	<u>\$ 40,849,932</u>	<u>\$ 26,144,698</u>	<u>\$ 24,966,623</u>	<u>\$ 67,849,393</u>	<u>\$ 65,816,555</u>

Governmental Activities – Current year operating results of governmental activities increased net position by \$854,763, compared to an increase of \$866,212 in the prior year. Revenues were up in the current year, largely with the City Council approved increase in the City tax levy and greater capital contributions from benefiting properties on current year’s street projects. Expenses were up over the prior year with natural inflationary increases and more contract spending on public safety.

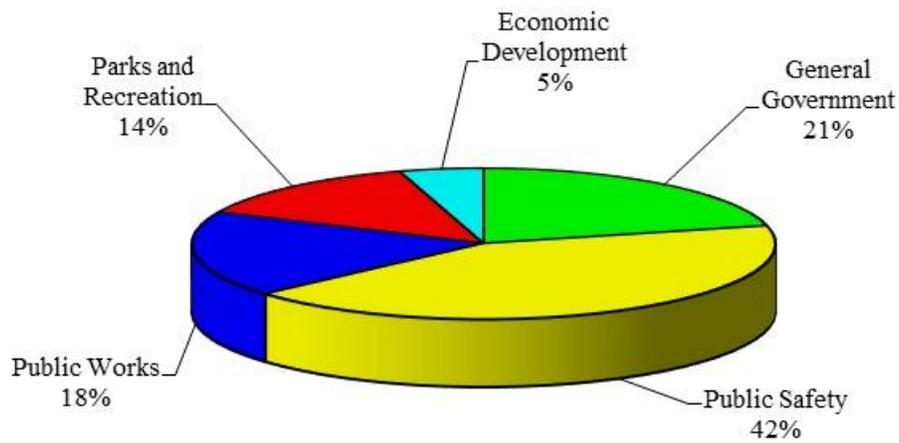
Business-Type Activities – Current year operating results of business-type activities increased net position by \$1,178,075, due to overall positive results of the utility operations of the City and earnings on investments. Program revenues exceeded program expenses for each of the City’s business-type activities. Investment earnings remained at prior year levels benefiting business-type activities in fiscal 2024. Expenses increased slightly over the prior year with the largest increase in sewer utility operation costs.

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

Governmental Activities – Revenue

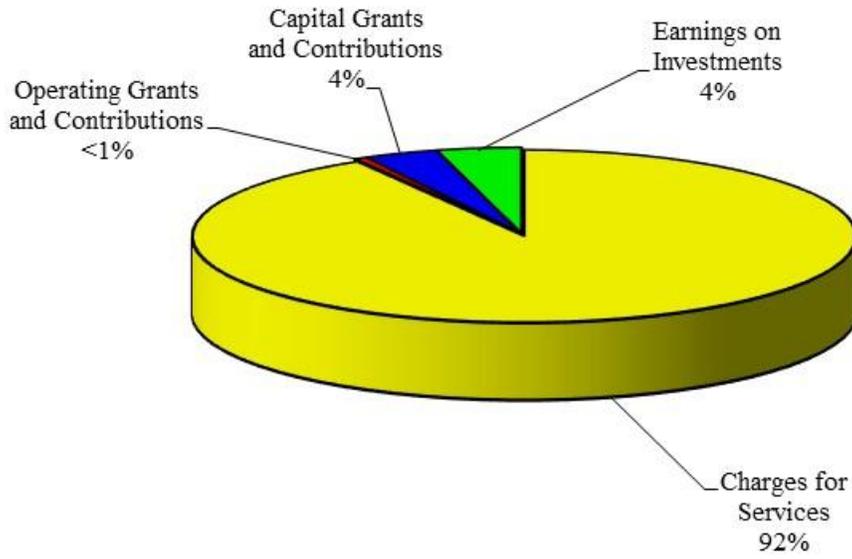


Governmental Activities – Expenses

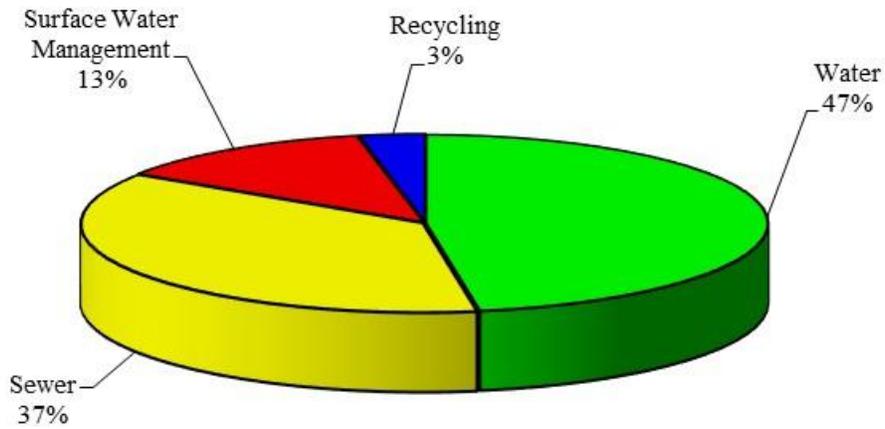


Below are specific graphs that provide comparisons of the business-type activities' revenue and expenses:

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 \$9,456,373, a decrease of \$2,708,154 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 \$7,900,246 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 (\$1,291,623), 2) for park improvements (\$215,238), or 3) is not in spendable form for prepaid items (\$49,266).

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 \$3,050,074, while total fund balance equaled \$3,320,763. 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 45.4 percent of the total subsequent year's General Fund expenditures.

General Fund revenues exceeded the current year's expenditures. The City Council approved a transfer to the Cable Special Revenue Fund of \$50,000 to help support operations. After making this transfer in the current year, the fund balance of the City's General Fund increased by \$115,028 compared to a decrease of \$182,070 anticipated in the final budget. A discussion of these actual results, compared to budget, is presented later in this report.

Fund balance in the Permanent Improvement Revolving Fund decreased by \$2,486,710 in the current year. The expenditures in this fund will fluctuate based on the timing and completion of street and trail projects. Revenues tend to be more consistent from year to year, as the City utilizes an annual levy and other sources that are accumulated over several years, along with other funding sources to complete larger capital-related projects. The current year revenues of taxes, special assessments, grants, investments, and other sources exceeded capital spending for public works and parks and recreation in the current year. The City was in the middle of multiple street projects in the current year, including a joint street project with Ramsey County. The tax levy and capital plan allow the City to continue to complete larger capital street, park, and trail projects without requiring significant debt.

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: \$3,692,197 for water, \$1,541,119 for sewer, \$839,582 for surface water management, and \$265,867 for recycling. Water net position increased \$405,129, sewer net position increased \$459,396, surface water management net position increased \$288,106, and recycling net position increased \$25,444 during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total General Fund revenues were \$46,845 less than estimated in the budget. Licenses and permits were \$103,433 under budget as development activity was less than anticipated in the current year. Intergovernmental revenues were less than anticipated by \$59,100, largely due to changes in recording components of the county contract for police services. Investment earnings were over budget by \$113,638 due to conservative budgeting for this source partially offsetting the negative variances in the previously mentioned sources.

During the year, no budget adjustments were approved to modify the original budget.

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, 2024, amounts to \$52,906,758 (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	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,669,467	\$ 2,669,467	\$ –	\$ –	\$ 2,669,467	\$ 2,669,467
Construction in progress	5,334,149	1,624,492	1,690,447	614,676	7,024,596	2,239,168
Buildings and structures	3,431,508	3,327,046	413,973	455,517	3,845,481	3,782,563
Infrastructure and improvements	18,982,725	19,318,012	–	–	18,982,725	19,318,012
Distribution and collection systems	–	–	18,863,059	19,204,518	18,863,059	19,204,518
Machinery and equipment	336,032	319,016	227,065	251,734	563,097	570,750
Office furniture and equipment	–	3,909	–	–	–	3,909
Vehicles	958,333	1,012,956	–	–	958,333	1,012,956
Total	<u>\$31,712,214</u>	<u>\$28,274,898</u>	<u>\$21,194,544</u>	<u>\$20,526,445</u>	<u>\$52,906,758</u>	<u>\$48,801,343</u>

Increases in the current year included ongoing projects for park improvements, pedestrian trails, 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 \$1,325,000, which is secured by specified revenue sources.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Utility revenue bonds	\$ –	\$ –	\$ 1,325,000	\$ 1,560,000	\$ 1,325,000	\$ 1,560,000
Premium	–	–	63,611	79,168	63,611	79,168
Compensated absences	103,919	105,483	74,102	64,143	178,021	169,626
Net pension liability	551,298	798,005	374,631	611,151	925,929	1,409,156
Total	<u>\$ 655,217</u>	<u>\$ 903,488</u>	<u>\$ 1,837,344</u>	<u>\$ 2,314,462</u>	<u>\$ 2,492,561</u>	<u>\$ 3,217,950</u>

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

Outstanding debt for utility revenue bonds was anticipated with scheduled bond payments as approved at the time of originally issuing these obligations.

The decrease in the net pension liability, compared to the prior year, was 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 2024 level.
- The 2025 budget approved for the General Fund anticipates expenditures and other financing uses to exceed revenues and other financing sources by \$122,009, which is included in assigned fund balance at December 31, 2024.
- All of these factors were considered in preparing the City’s budget for the 2025 fiscal year.

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

CITY OF ARDEN HILLS

Statement of Net Position
as of December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 12,371,874	\$ 5,411,381	\$ 17,783,255
Accrued interest receivable	56,697	24,854	81,551
Accounts receivable	47,830	1,609,312	1,657,142
Taxes receivable	58,450	-	58,450
Special assessments receivable	1,210,427	-	1,210,427
Leases receivable	406,660	-	406,660
Due from other governmental units	17,108	24,829	41,937
Prepaid items	50,391	293,349	343,740
Inventory	-	12,962	12,962
Capital assets			
Nondepreciable	8,003,616	1,690,447	9,694,063
Depreciable, net of accumulated depreciation	23,708,598	19,504,097	43,212,695
Total assets	<u>45,931,651</u>	<u>28,571,231</u>	<u>74,502,882</u>
Deferred outflows of resources			
Pension plan deferments – PERA	148,140	100,667	248,807
Liabilities			
Accounts payable	291,892	50,286	342,178
Salaries payable	116,046	-	116,046
Deposits payable	828,080	2,000	830,080
Due to other governmental units	1,621,867	351,525	1,973,392
Accrued interest payable	-	19,751	19,751
Unearned revenue	63,464	-	63,464
Long-term liabilities (bonds and compensated absences)			
Due within one year	77,939	300,409	378,348
Due in more than one year	25,980	1,162,304	1,188,284
Net pension liability			
Due in more than one year	551,298	374,631	925,929
Total liabilities	<u>3,576,566</u>	<u>2,260,906</u>	<u>5,837,472</u>
Deferred inflows of resources			
Pension plan deferments – PERA	391,870	266,294	658,164
Lease revenues for subsequent years	406,660	-	406,660
Total deferred inflows of resources	<u>798,530</u>	<u>266,294</u>	<u>1,064,824</u>
Net position			
Net investment in capital assets	29,966,362	19,805,933	49,772,295
Restricted for			
Tax increment purposes	1,291,623	-	1,291,623
Park improvements	215,238	-	215,238
Unrestricted	10,231,472	6,338,765	16,570,237
Total net position	<u>\$ 41,704,695</u>	<u>\$ 26,144,698</u>	<u>\$ 67,849,393</u>

CITY OF ARDEN HILLS

Balance Sheet
Governmental Funds
as of December 31, 2024

	General	Permanent Improvement Revolving	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
Assets					
Cash and investments	\$ 4,349,451	\$ 4,626,619	\$ 3,178,564	\$ -	\$ 12,154,634
Accrued interest receivable	20,204	21,249	14,369	-	55,822
Accounts receivable	21,190	-	26,640	-	47,830
Taxes receivable	58,450	-	-	-	58,450
Special assessments receivable	3,628	1,206,799	-	-	1,210,427
Interfund receivable	-	194,879	63,129	(258,008)	-
Leases receivable	406,660	-	-	-	406,660
Due from other governmental units	4,786	12,322	-	-	17,108
Prepaid items	44,761	-	4,505	-	49,266
Total assets	\$ 4,909,130	\$ 6,061,868	\$ 3,287,207	\$ (258,008)	\$ 14,000,197
Liabilities					
Accounts payable	\$ 110,916	\$ 163,684	\$ 11,246	\$ -	\$ 285,846
Salaries payable	116,046	-	-	-	116,046
Deposits payable	828,080	-	-	-	828,080
Interfund payable	-	-	258,008	(258,008)	-
Due to other governmental units	18,237	1,582,168	838	-	1,601,243
Unearned revenue	63,464	-	-	-	63,464
Total liabilities	1,136,743	1,745,852	270,092	(258,008)	2,894,679
Deferred inflows of resources					
Unavailable revenue – taxes	41,336	-	-	-	41,336
Unavailable revenue – special assessments	3,628	1,197,521	-	-	1,201,149
Lease revenues for subsequent years	406,660	-	-	-	406,660
Total deferred inflows of resources	451,624	1,197,521	-	-	1,649,145
Fund balances (deficits)					
Nonspendable	44,761	-	4,505	-	49,266
Restricted	-	-	1,506,861	-	1,506,861
Committed	-	-	835,010	-	835,010
Assigned	225,928	3,118,495	919,761	-	4,264,184
Unassigned	3,050,074	-	(249,022)	-	2,801,052
Total fund balances	3,320,763	3,118,495	3,017,115	-	9,456,373
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,909,130	\$ 6,061,868	\$ 3,287,207	\$ (258,008)	\$ 14,000,197
Fund balances reported above					\$ 9,456,373
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					8,003,616
Depreciable, net of accumulated depreciation					23,708,598
Internal service funds are used to allocate costs to individual funds. Net position is included in governmental activities in the Statement of Net Position.					
					192,570
Certain long-term obligations are not payable with current financial resources and, therefore, are not reported in governmental funds.					
Compensated absences					(103,919)
Net pension liability					(551,298)
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					148,140
Deferred inflows of resources – pension plans					(391,870)
Deferred inflows of resources – unavailable revenues (taxes, special assessments, and long-term receivable)					1,242,485
Net position of governmental activities					\$ 41,704,695

CITY OF ARDEN HILLS

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2024

	General	Permanent Improvement Revolving	Other Governmental Funds	Intra-Activity Eliminations	Total Governmental Funds
Revenues					
Property taxes					
General property taxes	\$ 4,622,580	\$ 250,000	\$ 473,529	\$ –	\$ 5,346,109
Tax increments (abatements)	–	–	(15,968)	–	(15,968)
Special assessments	–	686,330	–	–	686,330
Licenses and permits	448,587	–	–	–	448,587
Intergovernmental	116,870	474,739	–	–	591,609
Charges for services	356,689	–	–	–	356,689
Fines and forfeits	27,298	–	–	–	27,298
Earnings on investments	163,638	217,964	157,334	–	538,936
Franchise taxes	–	–	85,074	–	85,074
Antenna lease rental fees	147,444	–	–	–	147,444
Miscellaneous reimbursements	986	–	–	–	986
Other	8,263	15,000	32,728	–	55,991
Total revenues	5,892,355	1,644,033	732,697	–	8,269,085
Expenditures					
Current					
General government	1,435,047	–	163,521	–	1,598,568
Public safety	2,824,305	–	–	–	2,824,305
Public works	716,140	–	–	–	716,140
Parks and recreation	751,835	–	–	–	751,835
Economic development	–	–	307,334	–	307,334
Capital outlay					
Public safety	–	–	478,515	–	478,515
Public works	–	3,057,344	467,781	–	3,525,125
Parks and recreation	–	1,073,399	65,418	–	1,138,817
Total expenditures	5,727,327	4,130,743	1,482,569	–	11,340,639
Revenues over (under) expenditures	165,028	(2,486,710)	(749,872)	–	(3,071,554)
Other financing sources (uses)					
Sale of capital assets	–	–	63,400	–	63,400
Transfers in	–	–	350,000	(50,000)	300,000
Transfers out	(50,000)	–	–	50,000	–
Total other financing sources (uses)	(50,000)	–	413,400	–	363,400
Net changes in fund balances	115,028	(2,486,710)	(336,472)	–	(2,708,154)
Fund balances – beginning	3,205,735	5,605,205	3,353,587	–	12,164,527
Fund balances – ending	<u>\$ 3,320,763</u>	<u>\$ 3,118,495</u>	<u>\$ 3,017,115</u>	<u>\$ –</u>	<u>\$ 9,456,373</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, 2024

Net changes in fund balances – total governmental funds \$ (2,708,154)

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	4,521,883
Depreciation expense	(1,084,567)

Adjustments are made between the governmental funds and the Statement of Activities for the long-term liability activity of the net pension liability.	246,707
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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	(112,370)
Deferred inflows of resources – pension plans	(109,796)
Deferred inflows of resources – unavailable revenues	92,112

Internal service funds are used to allocate costs to individual funds. The net revenue of the internal service funds is reported with governmental activities in the government-wide financial statements.	7,384
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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	<u>1,564</u>
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Change in net position of governmental activities	<u><u>\$ 854,763</u></u>
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CITY OF ARDEN HILLS

Statement of Net Position
Proprietary Funds
as of December 31, 2024

	Business-Type Activities – Enterprise Funds				Totals	Internal Service Funds
	Water	Sewer	Surface Water Management	Nonmajor Recycling		
Assets						
Current assets						
Cash and investments	\$ 3,333,039	\$ 1,091,975	\$ 738,045	\$ 248,322	\$ 5,411,381	\$ 217,240
Accrued interest receivable	15,308	5,015	3,390	1,141	24,854	875
Accounts receivable						
Customers	621,304	630,242	257,234	–	1,508,780	–
Customer accounts certified to county	40,867	49,160	6,532	3,973	100,532	–
Due from other governments	2,788	–	–	22,041	24,829	–
Prepaid items	238,944	46,347	8,058	–	293,349	1,125
Inventory	12,962	–	–	–	12,962	–
Total current assets	<u>4,265,212</u>	<u>1,822,739</u>	<u>1,013,259</u>	<u>275,477</u>	<u>7,376,687</u>	<u>219,240</u>
Noncurrent assets						
Capital assets						
Construction in progress	481,857	715,545	493,045	–	1,690,447	–
Buildings and structures	818,476	16,564	–	–	835,040	–
Distribution and collection systems	13,570,931	11,316,472	6,328,915	–	31,216,318	–
Machinery and equipment	301,210	337,852	–	–	639,062	–
Total capital assets	<u>15,172,474</u>	<u>12,386,433</u>	<u>6,821,960</u>	<u>–</u>	<u>34,380,867</u>	<u>–</u>
Less accumulated depreciation	(6,435,154)	(5,168,696)	(1,582,473)	–	(13,186,323)	–
Total capital assets (net of accumulated depreciation)	<u>8,737,320</u>	<u>7,217,737</u>	<u>5,239,487</u>	<u>–</u>	<u>21,194,544</u>	<u>–</u>
Total assets	<u>13,002,532</u>	<u>9,040,476</u>	<u>6,252,746</u>	<u>275,477</u>	<u>28,571,231</u>	<u>219,240</u>
Deferred outflows of resources						
Pension plan deferments – PERA	33,763	38,789	28,115	–	100,667	–
Liabilities						
Current liabilities						
Accounts and contracts payable	17,240	23,981	22	9,043	50,286	6,046
Deposits payable	2,000	–	–	–	2,000	–
Due to other governmental units	330,730	17,395	3,400	–	351,525	20,624
Accrued interest payable	17,063	2,688	–	–	19,751	–
Bonds payable	210,000	35,000	–	–	245,000	–
Compensated absences payable	18,587	22,039	14,525	258	55,409	–
Total current liabilities	<u>595,620</u>	<u>101,103</u>	<u>17,947</u>	<u>9,301</u>	<u>723,971</u>	<u>26,670</u>
Noncurrent liabilities						
Bonds payable (net of premium)	990,028	153,583	–	–	1,143,611	–
Compensated absences payable	6,196	7,346	4,842	309	18,693	–
Net pension liability	125,649	144,352	104,630	–	374,631	–
Total noncurrent liabilities	<u>1,121,873</u>	<u>305,281</u>	<u>109,472</u>	<u>309</u>	<u>1,536,935</u>	<u>–</u>
Total liabilities	<u>1,717,493</u>	<u>406,384</u>	<u>127,419</u>	<u>9,610</u>	<u>2,260,906</u>	<u>26,670</u>
Deferred inflows of resources						
Pension plan deferments – PERA	89,313	102,608	74,373	–	266,294	–
Net position						
Net investment in capital assets	7,537,292	7,029,154	5,239,487	–	19,805,933	–
Unrestricted	3,692,197	1,541,119	839,582	265,867	6,338,765	192,570
Total net position	<u>\$ 11,229,489</u>	<u>\$ 8,570,273</u>	<u>\$ 6,079,069</u>	<u>\$ 265,867</u>	<u>\$ 26,144,698</u>	<u>\$ 192,570</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, 2024

	Business-Type Activities – Enterprise Funds					Internal Service Funds
	Water	Sewer	Surface Water Management	Nonmajor Recycling	Totals	
Operating revenues						
Charges for services	\$ 2,691,665	\$ 2,424,391	\$ 989,702	\$ 155,505	\$ 6,261,263	\$ 519,429
Permit fees	–	2,190	–	–	2,190	–
Miscellaneous	17,166	3,313	451	6,377	27,307	7,965
Total operating revenues	2,708,831	2,429,894	990,153	161,882	6,290,760	527,394
Operating expenses						
Personal services	415,109	489,158	336,957	34,349	1,275,573	–
Supplies and maintenance	56,729	19,877	6,094	–	82,700	102,211
Other services and charges	272,986	228,797	143,433	12,225	657,441	67,149
Rent	35,061	35,061	15,583	–	85,705	–
Insurance	16,329	26,981	2,721	428	46,459	–
Utilities	12,280	20,115	–	–	32,395	–
Purchased services	22,707	26,997	9,311	7,391	66,406	357,357
Purchased water	1,316,298	–	–	–	1,316,298	–
Recycling charges	–	–	–	114,565	114,565	–
Sewer charges	–	901,683	–	–	901,683	–
Depreciation	382,684	228,932	164,241	–	775,857	–
Total operating expenses	2,530,183	1,977,601	678,340	168,958	5,355,082	526,717
Operating income (loss)	178,648	452,293	311,813	(7,076)	935,678	677
Nonoperating revenues (expenses)						
Intergovernmental revenue	8,656	6,742	4,886	22,041	42,325	–
Earnings on investments	163,334	63,184	45,407	10,479	282,404	6,707
Interest and fiscal charges	(28,175)	(4,451)	–	–	(32,626)	–
Total nonoperating revenues (expenses)	143,815	65,475	50,293	32,520	292,103	6,707
Income before contributions and transfers	322,463	517,768	362,106	25,444	1,227,781	7,384
Capital contributions – connection fees	46,230	28,403	–	–	74,633	–
Capital contributions – capital grants	136,436	39,225	–	–	175,661	–
Transfers out	(100,000)	(126,000)	(74,000)	–	(300,000)	–
Change in net position	405,129	459,396	288,106	25,444	1,178,075	7,384
Net position						
Beginning of year	10,824,360	8,110,877	5,790,963	240,423	24,966,623	185,186
End of year	\$ 11,229,489	\$ 8,570,273	\$ 6,079,069	\$ 265,867	\$ 26,144,698	\$ 192,570

CITY OF ARDEN HILLS

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities – Enterprise Funds				Totals	Internal Service Funds
	Water	Sewer	Surface Water Management	Nonmajor Recycling		
Cash flows from operating activities						
Receipts from customers and users	\$ 2,805,609	\$ 2,433,865	\$ 989,703	\$ 140,804	\$ 6,369,981	\$ 527,394
Payments to suppliers	(1,850,822)	(1,202,872)	(117,745)	(125,002)	(3,296,441)	(515,394)
Payments to employees	(441,017)	(518,158)	(358,912)	(34,937)	(1,353,024)	–
Payments for interfund services used	(79,791)	(82,281)	(56,773)	(9,620)	(228,465)	–
Net cash flows from operating activities	<u>433,979</u>	<u>630,554</u>	<u>456,273</u>	<u>(28,755)</u>	<u>1,492,051</u>	<u>12,000</u>
Cash flows from noncapital financing activities						
Grants received	8,656	6,742	4,886	22,041	42,325	–
Transfers out	(100,000)	(126,000)	(74,000)	–	(300,000)	–
Net cash flows from noncapital financing activities	<u>(91,344)</u>	<u>(119,258)</u>	<u>(69,114)</u>	<u>22,041</u>	<u>(257,675)</u>	<u>–</u>
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(304,061)	(738,321)	(401,574)	–	(1,443,956)	–
Capital contributions – connection fees received	46,230	28,403	–	–	74,633	–
Capital contributions – capital grants received	136,436	39,225	–	–	175,661	–
Principal payments on bonds	(205,000)	(30,000)	–	–	(235,000)	–
Interest paid	(45,048)	(7,051)	–	–	(52,099)	–
Net cash flows from capital and related financing activities	<u>(371,443)</u>	<u>(707,744)</u>	<u>(401,574)</u>	<u>–</u>	<u>(1,480,761)</u>	<u>–</u>
Cash flows from investing activities						
Earnings on investments	164,115	65,040	46,298	10,532	285,985	6,702
Net change in cash and cash equivalents	<u>135,307</u>	<u>(131,408)</u>	<u>31,883</u>	<u>3,818</u>	<u>39,600</u>	<u>18,702</u>
Cash and cash equivalents – beginning	<u>3,197,732</u>	<u>1,223,383</u>	<u>706,162</u>	<u>244,504</u>	<u>5,371,781</u>	<u>198,538</u>
Cash and cash equivalents – ending	<u>\$ 3,333,039</u>	<u>\$ 1,091,975</u>	<u>\$ 738,045</u>	<u>\$ 248,322</u>	<u>\$ 5,411,381</u>	<u>\$ 217,240</u>
Reconciliation of operating income (loss) to net cash flows from operating activities						
Operating income (loss)	\$ 178,648	\$ 452,293	\$ 311,813	\$ (7,076)	\$ 935,678	\$ 677
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation	382,684	228,932	164,241	–	775,857	–
Decrease (increase) in accounts receivables	94,778	3,971	(450)	(21,078)	77,221	–
Decrease (increase) in prepaid items	(231,270)	(38,673)	(384)	–	(270,327)	(32)
Decrease (increase) in inventory	129	–	–	–	129	–
Decrease (increase) in deferred outflows	33,216	38,034	27,593	–	98,843	–
Increase (decrease) in accounts payable	(36,013)	13,031	(392)	(13)	(23,387)	2,365
Increase (decrease) in due to other governments	68,931	–	3,400	–	72,331	8,990
Increase (decrease) in deposits payable	2,000	–	–	–	2,000	–
Increase (decrease) in compensated absences payable	3,611	4,518	2,418	(588)	9,959	–
Increase (decrease) in net pension liability	(79,524)	(90,977)	(66,019)	–	(236,520)	–
Increase (decrease) in deferred inflows	16,789	19,425	14,053	–	50,267	–
Total adjustments	<u>255,331</u>	<u>178,261</u>	<u>144,460</u>	<u>(21,679)</u>	<u>556,373</u>	<u>11,323</u>
Net cash flows from operating activities	<u>\$ 433,979</u>	<u>\$ 630,554</u>	<u>\$ 456,273</u>	<u>\$ (28,755)</u>	<u>\$ 1,492,051</u>	<u>\$ 12,000</u>
Noncash investing, capital, and financing activities						
Amortization of bond premium/discount	\$ 13,457	\$ 2,100	\$ –	\$ –	\$ 15,557	\$ –

See notes to basic financial statements

CITY OF ARDEN HILLS

Notes to Basic Financial Statements
December 31, 2024

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 special revenue 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.

For the year ended December 31, 2024, actual expenditures exceeded budgeted expenditures in the Cable Special Revenue Fund by \$21,511 and in the EDA TIF District No. 4 Special Revenue Fund by \$223,985.

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 4M Term Series investments are intended to be held until maturity; a participant's withdrawal prior to maturity will require 7-days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series Portfolio to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

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, and leases.

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, because they are not available to finance current expenditures. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

J. Special Assessments Receivable

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. At year-end, the City has recorded \$21,585 of delinquent special assessments receivable.

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 but are not reported in the governmental fund financial statements. Such assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Groups of similar assets acquired at or near the same time for a single objective, with individual costs below this threshold, are also capitalized if the aggregate cost of the assets is considered significant. 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 more than 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.

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

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. The liability for compensated absences is reported as incurred in government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

It is the City's policy to permit employees to accumulate earned, but unused, PTO/ESST and Comp/Flex time. At termination of employment, employees in good standing are paid all accrued time for PTO/ESST and Comp/Flex time.

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 in the applicable governmental activities, business-type activities, or proprietary fund-type Statement of Net Position. Bond premiums and discounts, when material, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

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 may report separate financial statement elements called 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 reported deferred outflows and inflows of resources related to pensions in the government-wide and proprietary 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.

The City reports deferred inflows of resources related to leases receivable in the government-wide Statement of Net Position and governmental funds Balance Sheet, 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.

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 two sources: property taxes and special assessment receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.
- **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, or enabling legislation.
- **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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Classifications and Flow Assumptions

In the governmental fund financial statements, fund balance is reported 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 where there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments, or enabling legislation.
- **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 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	Greater Than 10 Years	
U.S. government agency securities								
U.S. treasuries	N/A	N/A	Level 2	\$ –	\$ –	\$ 491,080	\$ –	\$ 491,080
Federal Home Loan Bank	AA	S&P	Level 2	–	930,390	1,139,979	–	2,070,369
Federal Farm Credit Bank	AA	S&P	Level 2	–	298,014	1,047,066	–	1,345,080
Municipal bonds	AAA	S&P	Level 2	–	626,459	434,694	–	1,061,153
Municipal bonds	Aaa	Moody's	Level 2	–	243,803	–	–	243,803
Municipal bonds	AA	S&P	Level 2	–	295,410	3,131,705	374,196	3,801,311
Municipal bonds	Aa	Moody's	Level 2	–	392,920	1,384,723	–	1,777,643
Municipal bonds	A	S&P	Level 2	–	197,016	–	–	197,016
Municipal bonds	A	Moody's	Level 2	–	347,858	326,844	–	674,702
Negotiable certificates of deposit	N/R	N/A	Level 2	–	482,403	246,505	–	728,908
Investment pools/mutual funds								
4M Fund	AAA	S&P	Amortized Cost	4,874,672	–	–	–	4,874,672
4M Term Series	N/R	N/A	Amortized Cost	500,000	–	–	–	500,000
Wells Fargo Money Market Advantage	AAA	S&P	Level 1	17,018	–	–	–	17,018
Total investments				<u>\$ 5,391,690</u>	<u>\$ 3,814,273</u>	<u>\$ 8,202,596</u>	<u>\$ 374,196</u>	<u>17,782,755</u>
Petty cash								500
Total cash and investments								<u>\$17,783,255</u>

N/R – Not Rated

N/A – Not Applicable

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2024, the City’s investment in Federal Home Loan Bank and Federal Farm Credit Bank represented 11.6 percent and 7.6 percent, respectively, of the total investments of the City.

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 interest 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 \$147,444.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

A. Governmental Activities

	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Primary government					
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 2,669,467	\$ –	\$ –	\$ –	\$ 2,669,467
Construction in progress	1,624,492	4,326,213	–	(616,556)	5,334,149
Total capital assets, not being depreciated	4,293,959	4,326,213	–	(616,556)	8,003,616
Capital assets, being depreciated					
Buildings and structures	7,583,468	–	–	340,606	7,924,074
Infrastructure and improvements	25,693,930	–	–	275,950	25,969,880
Machinery and equipment	1,081,083	66,656	–	–	1,147,739
Office furniture and equipment	153,553	–	–	–	153,553
Vehicles	2,360,906	129,014	(122,422)	–	2,367,498
Total capital assets, being depreciated	36,872,940	195,670	(122,422)	616,556	37,562,744
Less accumulated depreciation for					
Buildings and structures	4,256,422	236,144	–	–	4,492,566
Infrastructure and improvements	6,375,918	611,237	–	–	6,987,155
Machinery and equipment	762,067	49,640	–	–	811,707
Office furniture and equipment	149,644	3,909	–	–	153,553
Vehicles	1,347,950	183,637	(122,422)	–	1,409,165
Total accumulated depreciation	12,892,001	1,084,567	(122,422)	–	13,854,146
Total capital assets being depreciated – net	23,980,939	(888,897)	–	616,556	23,708,598
Governmental activities capital assets – net	\$ 28,274,898	\$ 3,437,316	\$ –	\$ –	\$ 31,712,214

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	\$ 614,676	\$ 1,443,956	\$ –	\$ (368,185)	\$ 1,690,447
Capital assets, being depreciated					
Buildings and structures	835,040	–	–	–	835,040
Distribution and collection systems	30,848,133	–	–	368,185	31,216,318
Machinery and equipment	639,062	–	–	–	639,062
Total capital assets, being depreciated	32,322,235	–	–	368,185	32,690,420
Less accumulated depreciation for					
Buildings and structures	379,523	41,544	–	–	421,067
Distribution and collection systems	11,643,615	709,644	–	–	12,353,259
Machinery and equipment	387,328	24,669	–	–	411,997
Total accumulated depreciation	12,410,466	775,857	–	–	13,186,323
Total capital assets, being depreciated – net	19,911,769	(775,857)	–	368,185	19,504,097
Business-type activities capital assets – net	\$ 20,526,445	\$ 668,099	\$ –	\$ –	\$ 21,194,544

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Depreciation expense was charged to the following functions:

Governmental activities	
General government	\$ 107,881
Public safety	6,562
Public works	723,304
Parks and recreation	188,648
Economic development	58,172
	<u>\$ 1,084,567</u>
Business-type activities	
Water	\$ 382,684
Sewer	228,932
Surface water management	164,241
	<u>\$ 775,857</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	\$ 1,325,000

These bonds were issued to finance acquisition, construction, and/or improvements of utility infrastructure. 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	\$ 105,483	\$ 140,641	\$ 142,205	\$ 103,919	\$ 77,939
Business-type activities					
Utility revenue bonds	1,560,000	–	235,000	1,325,000	245,000
Premium	79,168	–	15,557	63,611	–
Total bonds	1,639,168	–	250,557	1,388,611	245,000
Compensated absences	64,143	108,995	99,036	74,102	55,409
Total business-type activities	1,703,311	108,995	349,593	1,462,713	300,409
Total government-wide	<u>\$ 1,808,794</u>	<u>\$ 249,636</u>	<u>\$ 491,798</u>	<u>\$ 1,566,632</u>	<u>\$ 378,348</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
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
Total	<u>\$ 1,325,000</u>	<u>\$ 114,050</u>

E. Revenue Pledged

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

Debt Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	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	\$ 1,439,050	\$ 287,099	\$ 5,213,358

NOTE 6 – NET POSITION/FUND BALANCES

A. Net Investment in Capital Assets

The government-wide Statement of Net Position on December 31, 2024 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	\$ 8,003,616	\$ 1,690,447	\$ 9,694,063
Depreciable, net of accumulated depreciation	23,708,598	19,504,097	43,212,695
Less capital-related long-term debt outstanding	–	(1,388,611)	(1,388,611)
Less capital-related accounts/contracts payable	(163,684)	–	(163,684)
Less capital-related due to other governmental units	(1,582,168)	–	(1,582,168)
	<u>\$ 29,966,362</u>	<u>\$ 19,805,933</u>	<u>\$ 49,772,295</u>
Total net investment in capital assets			

B. Governmental Fund Balance Classifications

At December 31, 2024, a summary of the City’s governmental fund balance classifications are as follows:

	General	Permanent Improvement Revolving	Other Governmental Funds	Total
Nonspendable				
Prepaid items	\$ 44,761	\$ –	\$ 4,505	\$ 49,266
Restricted for				
Tax increment purposes	–	–	1,291,623	1,291,623
Park improvements	–	–	215,238	215,238
Total restricted	<u>–</u>	<u>–</u>	<u>1,506,861</u>	<u>1,506,861</u>
Committed for				
Economic development authority	–	–	835,010	835,010
Assigned for				
Compensated absences	103,919	–	–	103,919
Subsequent year’s budget	122,009	–	–	122,009
Capital improvements	–	3,118,495	–	3,118,495
Public safety capital equipment	–	–	919,761	919,761
Total assigned	<u>225,928</u>	<u>3,118,495</u>	<u>919,761</u>	<u>4,264,184</u>
Unassigned	<u>3,050,074</u>	<u>–</u>	<u>(249,022)</u>	<u>2,801,052</u>
Total	<u>\$ 3,320,763</u>	<u>\$ 3,118,495</u>	<u>\$ 3,017,115</u>	<u>\$ 9,456,373</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 that the City will strive to maintain an unassigned General Fund balance of 50.0 percent of the subsequent year’s General Fund budgeted expenditures. On December 31, 2024, the unassigned fund balance of the General Fund was 45.4 percent of the subsequent year’s budgeted expenditures.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – STATE-WIDE

A. Plan Description

The City participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA of Minnesota. These plan provisions are established and administered according to Minnesota Statutes, Chapters 353 and 356. Minnesota Statutes Chapter 356 defines each plan's financial reporting requirements. The PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the IRC.

General Employees Retirement Fund (GERF)

Membership in the GERF includes employees of counties, cities, townships, schools in noncertified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

GERF Benefits

The GERF requires three years of service to vest. 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 GERF members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, GERF members receive 1.2 percent of the highest average salary for each of the first 10 years of service, and 1.7 percent for each additional year. Under the Level formula, GERF members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90, and normal retirement age is 65. Members can receive a reduced retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows GERF members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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. The 2024 annual increase was 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 prorated increase.

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

C. Contributions

Minnesota Statutes, Chapter 353 and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

GERF Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.50 percent for General Plan members. The City’s contributions to the GERF for the year ended December 31, 2024, were \$164,785. The City’s contributions were equal to the required contributions as set by state statutes.

D. Pension Costs

GERF Pension Costs

At December 31, 2024, the City reported a liability of \$925,929 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 \$23,943.

City’s proportionate share of the net pension liability	\$ 925,929
State’s proportionate share of the net pension liability associated with the City	<u>23,943</u>
Total	<u>\$ 949,872</u>

The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of the PERA’s participating employers. The City’s proportionate share was 0.0250 percent at the end of the measurement period and 0.0252 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$95,641 for its proportionate share of the GERF’s pension expense. In addition, the City recognized an additional \$642 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16.0 million to the GERF.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$42,601 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the General Employees Fund.

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

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 86,820	\$ –
Changes in actuarial assumptions	4,204	352,024
Net difference between projected and actual earnings		
on pension plan investments	–	287,937
Changes in proportion	75,241	18,203
Employer contributions subsequent to the measurement date	<u>82,542</u>	<u>–</u>
Total	<u>\$ 248,807</u>	<u>\$ 658,164</u>

The \$82,542 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2025	\$ (276,840)
2026	\$ (28,306)
2027	\$ (115,786)
2028	\$ (70,967)

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:

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

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

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the 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 7.00 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 investment return rates considered reasonable by the actuary. An investment return of 7.00 percent is within that range.

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.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 General Mortality Table, with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

CHANGES IN PLAN PROVISIONS

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors were updated to reflect the changes in assumptions.

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00 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 is 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.

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

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 section, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City’s proportionate share of the GERF net pension liability	\$ 2,022,378	\$ 925,929	\$ 24,000

I. Pension Plan Fiduciary Net Position

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

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivable and Payable

Interfund receivable and payable balances at December 31, 2024 are as follows:

Fund	Receivable	Payable
Governmental funds		
Permanent Improvement Revolving	\$ 194,879	\$ –
Nonmajor – other governmental	63,129	258,008
Total governmental funds	<u>\$ 258,008</u>	<u>\$ 258,008</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.

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

B. Transfers In and Transfers Out

Transfers Out	Transfers In	
	Governmental Funds	Nonmajor – Other
	Governmental	
Governmental Funds		
General	\$	50,000
Proprietary Funds		
Water		100,000
Sewer		126,000
Surface Water Management		74,000
Total proprietary		300,000
Total	\$	350,000

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.

Transfers out of proprietary funds were made to finance current and future capital equipment, building, and replacement expenditures of the City. The General Fund transferred \$50,000 to support Cable Special Revenue Fund operations as authorized by the City Council.

Interfund receivables, payables, and transfers are eliminated to the extent possible with the government-wide financial statement presentation.

NOTE 9 – DEFICIT FUND BALANCES

The City had deficit fund balances on December 31, 2024, as follows:

	Amount
Governmental funds	
Nonmajor – Cable	\$ 27,597
Nonmajor – EDA TIF District No. 5	26,511
Nonmajor – TCAAP	194,879
Total	\$ 248,987

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

NOTE 10 – 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, 2024, 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 \$833,933 in 2024. The City also made capital contributions in the current year totaling \$478,515.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

F. Construction Contract Commitments

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

Project	Amount
Permanent Improvement Revolving Fund	
Arden Manor Floral Park	\$ 103,356
Old Snelling Ave/CR-E, Lake Johanna Blvd, MVHS Trail	533,716
Lexington Avenue project	432,529
2024 pavement management program	135,256
2024 CIPP lining	230,448
	<hr/>
Total	\$ 1,435,305

NOTE 11 – 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, 2024 are as follows:

Bond	Description	Amount Outstanding
Commercial Facilities Revenue Note, Series 2008	Office facilities	\$ 1,621,719
Housing Facility Revenue Note, Series 2011A	Senior housing	6,559,602
Housing Facility Revenue Note, Series 2012A	Senior housing	6,559,602
Housing Facility Revenue Note, Series 2015	Senior housing	7,271,016
		<hr/>
Total		\$ 22,011,939

NOTE 12 – SUBSEQUENT EVENTS

The City Council approved the sale of \$2,895,000 General Obligation Capital Improvement Plan (CIP) Bonds, Series 2025A. Based upon the project's final construction bids, the City's final proportionate share is estimated to be \$2,882,506. The resources provided by the bonds will be used to finance the City's proportionate share of the construction and equipping of a new fire station within the City. The bonds have coupon rates that range from 4.000–5.000 percent.

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REQUIRED SUPPLEMENTARY INFORMATION

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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, 2024

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%	78.2%
12/31/2016	06/30/2016	0.0267%	\$ 2,167,909	\$ 28,367	\$ 2,196,276	\$ 1,669,147	129.88%	68.9%
12/31/2017	06/30/2017	0.0230%	\$ 1,468,305	\$ 18,435	\$ 1,486,740	\$ 1,479,483	99.24%	75.9%
12/31/2018	06/30/2018	0.0218%	\$ 1,209,375	\$ 39,819	\$ 1,249,194	\$ 1,467,987	82.38%	79.5%
12/31/2019	06/30/2019	0.0218%	\$ 1,205,274	\$ 37,332	\$ 1,242,606	\$ 1,540,669	78.23%	80.2%
12/31/2020	06/30/2020	0.0241%	\$ 1,444,905	\$ 44,478	\$ 1,489,383	\$ 1,715,236	84.24%	79.1%
12/31/2021	06/30/2021	0.0244%	\$ 1,041,989	\$ 31,890	\$ 1,073,879	\$ 1,758,683	59.25%	87.0%
12/31/2022	06/30/2022	0.0233%	\$ 1,845,368	\$ 53,913	\$ 1,899,281	\$ 1,741,886	105.94%	76.7%
12/31/2023	06/30/2023	0.0252%	\$ 1,409,156	\$ 38,854	\$ 1,448,010	\$ 2,003,871	70.32%	83.1%
12/31/2024	06/30/2024	0.0250%	\$ 925,929	\$ 23,943	\$ 949,872	\$ 2,119,768	43.68%	89.1%

PERA – General Employees Retirement Fund
 Schedule of City Contributions
 Year Ended December 31, 2024

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	\$ –	\$ 1,730,320	7.5%
12/31/2016	\$ 115,814	\$ 115,814	\$ –	\$ 1,544,187	7.5%
12/31/2017	\$ 106,513	\$ 106,513	\$ –	\$ 1,420,174	7.5%
12/31/2018	\$ 111,628	\$ 111,628	\$ –	\$ 1,488,376	7.5%
12/31/2019	\$ 121,063	\$ 121,063	\$ –	\$ 1,614,175	7.5%
12/31/2020	\$ 134,798	\$ 134,798	\$ –	\$ 1,797,307	7.5%
12/31/2021	\$ 123,572	\$ 123,572	\$ –	\$ 1,647,630	7.5%
12/31/2022	\$ 143,623	\$ 143,623	\$ –	\$ 1,914,968	7.5%
12/31/2023	\$ 154,657	\$ 154,657	\$ –	\$ 2,062,098	7.5%
12/31/2024	\$ 164,785	\$ 164,785	\$ –	\$ 2,197,128	7.5%

CITY OF ARDEN HILLS

Required Supplementary Information
 Budgetary Comparison Schedule – General Fund
 Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
General property taxes	\$ 4,638,460	\$ 4,622,580	\$ (15,880)
Special assessments	3,090	–	(3,090)
Licenses and permits			
Business	80,840	75,815	(5,025)
Nonbusiness	471,180	372,772	(98,408)
Total licenses and permits	<u>552,020</u>	<u>448,587</u>	<u>(103,433)</u>
Intergovernmental			
State			
Road maintenance	108,480	116,870	8,390
Police aid	67,490	–	(67,490)
Total intergovernmental	<u>175,970</u>	<u>116,870</u>	<u>(59,100)</u>
Charges for services			
General government	19,060	22,590	3,530
Public safety	135,290	88,532	(46,758)
Parks and recreation	96,670	79,917	(16,753)
Administrative charges	125,940	165,650	39,710
Total charges for services	<u>376,960</u>	<u>356,689</u>	<u>(20,271)</u>
Fines and forfeits	19,250	27,298	8,048
Earnings on investments	50,000	163,638	113,638
Antenna lease rental fees	112,530	147,444	34,914
Miscellaneous reimbursements	5,800	986	(4,814)
Other	5,120	8,263	3,143
Total revenues	<u>5,939,200</u>	<u>5,892,355</u>	<u>(46,845)</u>
Expenditures			
Current			
General government			
City Council			
Personal services	37,240	37,139	101
Other services and charges	51,130	42,894	8,236
Total City Council	<u>88,370</u>	<u>80,033</u>	<u>8,337</u>
Elections			
Other services and charges	40,300	32,141	8,159
Administration			
Personal services	301,980	266,024	35,956
Other services and charges	197,750	241,761	(44,011)
Total administration	<u>499,730</u>	<u>507,785</u>	<u>(8,055)</u>

CITY OF ARDEN HILLS

Required Supplementary Information
 Budgetary Comparison Schedule – General Fund (continued)
 Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures (continued)			
Current (continued)			
General government (continued)			
Finance			
Personal services	84,850	76,767	8,083
Materials and supplies	15,000	9,815	5,185
Other services and charges	91,960	76,492	15,468
Total finance	<u>191,810</u>	<u>163,074</u>	<u>28,736</u>
TCAAP			
Personal services	43,900	36,673	7,227
Other services and charges	71,000	83,025	(12,025)
Total TCAAP	<u>114,900</u>	<u>119,698</u>	<u>(4,798)</u>
Planning and zoning			
Personal services	239,180	228,095	11,085
Other services and charges	85,760	79,399	6,361
Total planning and zoning	<u>324,940</u>	<u>307,494</u>	<u>17,446</u>
General government buildings			
Personal services	38,100	34,835	3,265
Materials and supplies	9,180	8,044	1,136
Other services and charges	185,620	181,943	3,677
Total general government buildings	<u>232,900</u>	<u>224,822</u>	<u>8,078</u>
Total general government	1,492,950	1,435,047	57,903
Public safety			
Police and animal control			
Other services and charges	1,585,240	1,583,188	2,052
Dispatch			
Other services and charges	70,390	70,394	(4)
Fire protection			
Other services and charges	833,930	833,933	(3)
Emergency management			
Personal services	7,710	4,323	3,387
Other services and charges	1,550	812	738
Total emergency management	<u>9,260</u>	<u>5,135</u>	<u>4,125</u>
Protective inspections			
Personal services	319,670	281,613	38,057
Materials and supplies	1,250	1,226	24
Other services and charges	75,200	48,816	26,384
Total protective inspections	<u>396,120</u>	<u>331,655</u>	<u>64,465</u>
Total public safety	2,894,940	2,824,305	70,635

CITY OF ARDEN HILLS

Required Supplementary Information
 Budgetary Comparison Schedule – General Fund (continued)
 Year Ended December 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures (continued)			
Current (continued)			
Public works			
Street maintenance			
Personal services	383,380	364,124	19,256
Materials and supplies	65,500	26,243	39,257
Other services and charges	404,500	325,773	78,727
Total public works	<u>853,380</u>	<u>716,140</u>	<u>137,240</u>
Parks and recreation			
Park maintenance			
Personal services	402,170	379,389	22,781
Materials and supplies	44,900	56,037	(11,137)
Other services and charges	140,960	121,308	19,652
Total park maintenance	<u>588,030</u>	<u>556,734</u>	<u>31,296</u>
Recreation			
Personal services	161,380	141,167	20,213
Materials and supplies	23,400	17,172	6,228
Other services and charges	57,190	36,762	20,428
Total recreation	<u>241,970</u>	<u>195,101</u>	<u>46,869</u>
Total parks and recreation	<u>830,000</u>	<u>751,835</u>	<u>78,165</u>
Total expenditures	<u>6,071,270</u>	<u>5,727,327</u>	<u>343,943</u>
Revenues over (under) expenditures	(132,070)	165,028	297,098
Other financing sources (uses)			
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>–</u>
Net change in fund balance	<u>\$ (182,070)</u>	115,028	<u>\$ 297,098</u>
Fund balance – beginning		<u>3,205,735</u>	
Fund balance – ending		<u>\$ 3,320,763</u>	

CITY OF ARDEN HILLS

Notes to Required Supplementary Information
December 31, 2024

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

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 General Mortality Table, with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

2024 CHANGES IN PLAN PROVISIONS

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors were updated to reflect the changes in assumptions.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

2023 CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

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

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.

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.

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

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.

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.

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

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.

SUPPLEMENTARY INFORMATION

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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, 2024

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and investments	\$ 2,054,673	\$ 1,123,891	\$ 3,178,564
Accrued interest receivable	9,207	5,162	14,369
Accounts receivable	20,694	5,946	26,640
Interfund receivable	63,129	-	63,129
Prepaid items	4,505	-	4,505
	<u>4,505</u>	<u>-</u>	<u>4,505</u>
Total assets	<u>\$ 2,152,208</u>	<u>\$ 1,134,999</u>	<u>\$ 3,287,207</u>
Liabilities			
Accounts payable	\$ 11,246	\$ -	\$ 11,246
Interfund payable	63,129	194,879	258,008
Due to other governmental units	838	-	838
Total liabilities	<u>75,213</u>	<u>194,879</u>	<u>270,092</u>
Fund balances (deficits)			
Nonspendable	4,505	-	4,505
Restricted	1,291,623	215,238	1,506,861
Committed	835,010	-	835,010
Assigned	-	919,761	919,761
Unassigned	(54,143)	(194,879)	(249,022)
Total fund balances	<u>2,076,995</u>	<u>940,120</u>	<u>3,017,115</u>
Total liabilities and fund balances	<u>\$ 2,152,208</u>	<u>\$ 1,134,999</u>	<u>\$ 3,287,207</u>

CITY OF ARDEN HILLS

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2024

	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Property taxes			
General property taxes	\$ 163,529	\$ 310,000	\$ 473,529
Tax increments (abatements)	(15,968)	-	(15,968)
Earnings on investments	98,319	59,015	157,334
Franchise taxes	85,074	-	85,074
Other	806	31,922	32,728
Total revenues	<u>331,760</u>	<u>400,937</u>	<u>732,697</u>
Expenditures			
Current			
General government	163,521	-	163,521
Economic development	307,334	-	307,334
Capital outlay			
Public safety	-	478,515	478,515
Public works	-	467,781	467,781
Parks and recreation	-	65,418	65,418
Total expenditures	<u>470,855</u>	<u>1,011,714</u>	<u>1,482,569</u>
Revenues over (under) expenditures	(139,095)	(610,777)	(749,872)
Other financing sources			
Sale of capital assets	-	63,400	63,400
Transfers in	50,000	300,000	350,000
Total other financing sources	<u>50,000</u>	<u>363,400</u>	<u>413,400</u>
Net change in fund balances	(89,095)	(247,377)	(336,472)
Fund balances – beginning	<u>2,166,090</u>	<u>1,187,497</u>	<u>3,353,587</u>
Fund balances – ending	<u>\$ 2,076,995</u>	<u>\$ 940,120</u>	<u>\$ 3,017,115</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.

CITY OF ARDEN HILLS

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 as of December 31, 2024

	Cable	EDA Operating	EDA TIF District No. 3	EDA TIF District No. 4	EDA TIF District No. 5	Total Nonmajor Special Revenue Funds
Assets						
Cash and investments	\$ -	\$ 794,801	\$ 829,639	\$ 430,233	\$ -	\$ 2,054,673
Accrued interest receivable	-	3,129	3,810	2,268	-	9,207
Accounts receivable	20,694	-	-	-	-	20,694
Interfund receivable	-	37,080	26,049	-	-	63,129
Prepaid items	35	4,470	-	-	-	4,505
Total assets	\$ 20,729	\$ 839,480	\$ 859,498	\$ 432,501	\$ -	\$ 2,152,208
Liabilities						
Accounts payable	\$ 11,246	\$ -	\$ -	\$ -	\$ -	\$ 11,246
Interfund payable	37,080	-	-	-	26,049	63,129
Due to other governments	-	-	188	188	462	838
Total liabilities	48,326	-	188	188	26,511	75,213
Fund balances (deficits)						
Nonspendable	35	4,470	-	-	-	4,505
Restricted	-	-	859,310	432,313	-	1,291,623
Committed	-	835,010	-	-	-	835,010
Unassigned	(27,632)	-	-	-	(26,511)	(54,143)
Total fund balances (deficits)	(27,597)	839,480	859,310	432,313	(26,511)	2,076,995
Total liabilities and fund balances	\$ 20,729	\$ 839,480	\$ 859,498	\$ 432,501	\$ -	\$ 2,152,208

CITY OF ARDEN HILLS

Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Year Ended December 31, 2024

	Cable	EDA Operating	EDA TIF District No. 3	EDA TIF District No. 4	EDA TIF District No. 5	Total Nonmajor Special Revenue Funds
Revenues						
Property taxes						
General property taxes	\$ -	\$ 163,529	\$ -	\$ -	\$ -	\$ 163,529
Tax increments (abatements)	-	-	-	(15,968)	-	(15,968)
Earnings on investments	9	34,895	39,804	23,611	-	98,319
Franchise taxes	85,074	-	-	-	-	85,074
Other	-	806	-	-	-	806
Total revenues	<u>85,083</u>	<u>199,230</u>	<u>39,804</u>	<u>7,643</u>	<u>-</u>	<u>331,760</u>
Expenditures						
Current						
General government	163,521	-	-	-	-	163,521
Economic development	-	77,995	1,644	225,885	1,810	307,334
Total expenditures	<u>163,521</u>	<u>77,995</u>	<u>1,644</u>	<u>225,885</u>	<u>1,810</u>	<u>470,855</u>
Revenues over (under) expenditures	(78,438)	121,235	38,160	(218,242)	(1,810)	(139,095)
Other financing sources						
Transfers in	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net changes in fund balances	(28,438)	121,235	38,160	(218,242)	(1,810)	(89,095)
Fund balances (deficits) – beginning	<u>841</u>	<u>718,245</u>	<u>821,150</u>	<u>650,555</u>	<u>(24,701)</u>	<u>2,166,090</u>
Fund balances (deficits) – ending	<u>\$ (27,597)</u>	<u>\$ 839,480</u>	<u>\$ 859,310</u>	<u>\$ 432,313</u>	<u>\$ (26,511)</u>	<u>\$ 2,076,995</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, 2024

	Equipment, Building, and Replacement	Parks	Public Safety Capital Equipment	TCAAP	Total Nonmajor Capital Project Funds
Assets					
Cash and investments	\$ 508,221	\$ 214,254	\$ 401,416	\$ -	\$ 1,123,891
Accrued interest receivable	2,334	984	1,844	-	5,162
Accounts receivable	-	-	5,946	-	5,946
	<u>510,555</u>	<u>215,238</u>	<u>409,206</u>	<u>-</u>	<u>1,134,999</u>
Total assets	\$ 510,555	\$ 215,238	\$ 409,206	\$ -	\$ 1,134,999
Liabilities					
Interfund payable	\$ -	\$ -	\$ -	\$ 194,879	\$ 194,879
Fund balances (deficits)					
Restricted	-	215,238	-	-	215,238
Assigned	510,555	-	409,206	-	919,761
Unassigned	-	-	-	(194,879)	(194,879)
Total fund balances (deficits)	510,555	215,238	409,206	(194,879)	940,120
Total liabilities and fund balances	\$ 510,555	\$ 215,238	\$ 409,206	\$ -	\$ 1,134,999

CITY OF ARDEN HILLS

Nonmajor Capital Project Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Year Ended December 31, 2024

	Equipment, Building, and Replacement	Parks	Public Safety Capital Equipment	TCAAP	Total Nonmajor Capital Project Funds
Revenues					
Property taxes					
General property taxes	\$ 270,000	\$ -	\$ 40,000	\$ -	\$ 310,000
Earnings on investments	21,557	9,984	27,474	-	59,015
Other	-	12,721	19,201	-	31,922
Total revenues	<u>291,557</u>	<u>22,705</u>	<u>86,675</u>	<u>-</u>	<u>400,937</u>
Expenditures					
Capital outlay					
Public safety	-	-	478,515	-	478,515
Public works	467,781	-	-	-	467,781
Parks and recreation	60,303	5,115	-	-	65,418
Total expenditures	<u>528,084</u>	<u>5,115</u>	<u>478,515</u>	<u>-</u>	<u>1,011,714</u>
Revenues over (under) expenditures	(236,527)	17,590	(391,840)	-	(610,777)
Other financing sources					
Sale of capital assets	63,400	-	-	-	63,400
Transfers in	300,000	-	-	-	300,000
Total other financing sources	<u>363,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,400</u>
Net changes in fund balances	126,873	17,590	(391,840)	-	(247,377)
Fund balances (deficits) – beginning	<u>383,682</u>	<u>197,648</u>	<u>801,046</u>	<u>(194,879)</u>	<u>1,187,497</u>
Fund balances (deficits) – ending	<u>\$ 510,555</u>	<u>\$ 215,238</u>	<u>\$ 409,206</u>	<u>\$ (194,879)</u>	<u>\$ 940,120</u>

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, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Earnings on investments	\$ –	\$ 9	\$ 9
Franchise taxes	<u>94,500</u>	<u>85,074</u>	<u>(9,426)</u>
Total revenues	94,500	85,083	(9,417)
Expenditures			
Current			
General government			
Personal services	46,970	64,259	(17,289)
Other services and charges	<u>95,040</u>	<u>99,262</u>	<u>(4,222)</u>
Total expenditures	<u>142,010</u>	<u>163,521</u>	<u>(21,511)</u>
Revenues over (under) expenditures	(47,510)	(78,438)	(30,928)
Other financing sources			
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>–</u>
Net change in fund balances	<u>\$ 2,490</u>	<u>(28,438)</u>	<u>\$ (30,928)</u>
Fund balances – beginning		<u>841</u>	
Fund balances (deficits) – ending		<u>\$ (27,597)</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, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Property taxes			
General property taxes	\$ 100,000	\$ 163,529	\$ 63,529
Earnings on investments	–	34,895	34,895
Other	–	806	806
Total revenues	<u>100,000</u>	<u>199,230</u>	<u>99,230</u>
Expenditures			
Economic development			
Current			
Personal services	62,410	55,725	6,685
Materials and supplies	–	374	(374)
Other services and charges	25,930	21,896	4,034
Total expenditures	<u>88,340</u>	<u>77,995</u>	<u>10,345</u>
Net change in fund balances	<u>\$ 11,660</u>	121,235	<u>\$ 109,575</u>
Fund balance – beginning		<u>718,245</u>	
Fund balance – ending		<u>\$ 839,480</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, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Earnings on investments	\$ –	\$ 39,804	\$ 39,804
Expenditures			
Current			
Economic development			
Other services and charges	<u> 1,900</u>	<u> 1,644</u>	<u> 256</u>
Net change in fund balances	<u>\$ (1,900)</u>	38,160	<u>\$ 40,060</u>
Fund balances – beginning		<u>821,150</u>	
Fund balances – ending		<u>\$ 859,310</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, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Property taxes			
Tax increments (abatements)	\$ –	\$ (15,968)	\$ (15,968)
Earnings on investments	–	23,611	23,611
Total revenues	<u>–</u>	<u>7,643</u>	<u>7,643</u>
Expenditures			
Current			
Economic development			
Other services and charges	<u>1,900</u>	<u>225,885</u>	<u>(223,985)</u>
Net change in fund balances	<u>\$ (1,900)</u>	<u>(218,242)</u>	<u>\$ (216,342)</u>
Fund balances – beginning		<u>650,555</u>	
Fund balances – ending		<u>\$ 432,313</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, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues	\$ –	\$ –	\$ –
Expenditures			
Current			
Economic development			
Other services and charges	<u>1,900</u>	<u>1,810</u>	<u>90</u>
Net change in fund balances	<u>\$ (1,900)</u>	<u>(1,810)</u>	<u>\$ 90</u>
Fund balances (deficits) – beginning		<u>(24,701)</u>	
Fund balances (deficits) – ending		<u>\$ (26,511)</u>	

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, 2024

	Risk Management	Engineering	Central Garage	Technology	Total Internal Service Funds
Assets					
Current assets					
Cash and investments	\$ 190,570	\$ -	\$ 25,919	\$ 751	\$ 217,240
Accrued interest receivable	875	-	-	-	875
Prepaid items	-	1,125	-	-	1,125
Total assets	<u>191,445</u>	<u>1,125</u>	<u>25,919</u>	<u>751</u>	<u>219,240</u>
Liabilities					
Current liabilities					
Accounts payable	-	-	6,046	-	6,046
Due to other governmental units	-	-	19,873	751	20,624
Total liabilities	<u>-</u>	<u>-</u>	<u>25,919</u>	<u>751</u>	<u>26,670</u>
Net position					
Unrestricted	<u>\$ 191,445</u>	<u>\$ 1,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,570</u>

CITY OF ARDEN HILLS

Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2024

	Risk Management	Engineering	Central Garage	Technology	Total Internal Service Funds
Operating revenues					
Charges for services	\$ 166,238	\$ 3,472	\$ 171,647	\$ 178,072	\$ 519,429
Miscellaneous	7,965	-	-	-	7,965
Total operating revenues	<u>174,203</u>	<u>3,472</u>	<u>171,647</u>	<u>178,072</u>	<u>527,394</u>
Operating expenses					
Supplies and maintenance	-	-	102,026	185	102,211
Other services and charges	2,467	2,866	60,332	1,484	67,149
Purchased services	171,091	-	9,863	176,403	357,357
Total operating expenses	<u>173,558</u>	<u>2,866</u>	<u>172,221</u>	<u>178,072</u>	<u>526,717</u>
Operating income (loss)	645	606	(574)	-	677
Nonoperating revenues					
Earnings on investments	<u>6,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,707</u>
Change in net position	7,352	606	(574)	-	7,384
Net position – beginning	<u>184,093</u>	<u>519</u>	<u>574</u>	<u>-</u>	<u>185,186</u>
Net position – ending	<u>\$ 191,445</u>	<u>\$ 1,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,570</u>

CITY OF ARDEN HILLS

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2024

	<u>Risk Management</u>	<u>Engineering</u>	<u>Central Garage</u>	<u>Technology</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities					
Receipts from customers and users	\$ 174,203	\$ 3,472	\$ 171,647	\$ 178,072	\$ 527,394
Payments to suppliers	(173,558)	(4,456)	(159,308)	(178,072)	(515,394)
Net cash flows from operating activities	<u>645</u>	<u>(984)</u>	<u>12,339</u>	<u>–</u>	<u>12,000</u>
Cash flows from investing activities					
Earnings on investments	<u>6,702</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,702</u>
Net change in cash and cash equivalents	7,347	(984)	12,339	–	18,702
Cash and cash equivalents – beginning	<u>183,223</u>	<u>984</u>	<u>13,580</u>	<u>751</u>	<u>198,538</u>
Cash and cash equivalents – ending	<u>\$ 190,570</u>	<u>\$ –</u>	<u>\$ 25,919</u>	<u>\$ 751</u>	<u>\$ 217,240</u>
Reconciliation of operating income (loss) to net cash flows from operating activities					
Operating income (loss)	\$ 645	\$ 606	\$ (574)	\$ –	\$ 677
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Decrease (increase) in prepaid items	–	(605)	573	–	(32)
Increase (decrease) in accounts payable	–	(985)	3,350	–	2,365
Increase (decrease) in due to other governments	–	–	8,990	–	8,990
Total adjustments	<u>–</u>	<u>(1,590)</u>	<u>12,913</u>	<u>–</u>	<u>11,323</u>
Net cash flows from operating activities	<u>\$ 645</u>	<u>\$ (984)</u>	<u>\$ 12,339</u>	<u>\$ –</u>	<u>\$ 12,000</u>

STATISTICAL SECTION

(UNAUDITED)

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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			
	2015	2016	2017	2018
Governmental activities				
Investment in capital assets	\$ 24,909,453	\$ 25,178,721	\$ 22,750,377	\$ 26,972,898
Restricted	675,052	786,678	898,739	1,010,521
Unrestricted	8,765,793	8,249,560	10,678,219	8,736,913
Total governmental activities net position	<u>\$ 34,350,298</u>	<u>\$ 34,214,959</u>	<u>\$ 34,327,335</u>	<u>\$ 36,720,332</u>
Business-type activities				
Investment in capital assets	\$ 16,167,536	\$ 16,306,381	\$ 16,292,000	\$ 17,295,916
Unrestricted	238,381	1,116,957	1,298,744	1,329,268
Total business-type activities net position	<u>\$ 16,405,917</u>	<u>\$ 17,423,338</u>	<u>\$ 17,590,744</u>	<u>\$ 18,625,184</u>
Primary government				
Investment in capital assets	\$ 41,076,989	\$ 41,485,102	\$ 39,042,377	\$ 44,268,814
Restricted	675,052	786,678	898,739	1,010,521
Unrestricted	9,004,174	9,366,517	11,976,963	10,066,181
Total primary government net position	<u>\$ 50,756,215</u>	<u>\$ 51,638,297</u>	<u>\$ 51,918,079</u>	<u>\$ 55,345,516</u>

2019	2020	2021	2022	2023	2024
\$ 26,988,912	\$ 26,418,066	\$ 27,474,959	\$ 28,318,503	\$ 28,247,394	\$ 29,966,362
1,096,698	1,137,740	1,220,301	1,641,206	2,103,290	1,506,861
9,070,332	10,534,206	10,799,339	10,024,011	10,499,248	10,231,472
<u>\$ 37,155,942</u>	<u>\$ 38,090,012</u>	<u>\$ 39,494,599</u>	<u>\$ 39,983,720</u>	<u>\$ 40,849,932</u>	<u>\$ 41,704,695</u>
\$ 17,452,137	\$ 17,248,962	\$ 18,373,335	\$ 18,960,842	\$ 18,887,277	\$ 19,805,933
2,025,812	3,000,493	3,921,634	4,679,804	6,079,346	6,338,765
<u>\$ 19,477,949</u>	<u>\$ 20,249,455</u>	<u>\$ 22,294,969</u>	<u>\$ 23,640,646</u>	<u>\$ 24,966,623</u>	<u>\$ 26,144,698</u>
\$ 44,441,049	\$ 43,667,028	\$ 45,848,294	\$ 47,279,345	\$ 47,134,671	\$ 49,772,295
1,096,698	1,137,740	1,220,301	1,641,206	2,103,290	1,506,861
11,096,144	13,534,699	14,720,973	14,703,815	16,578,594	16,570,237
<u>\$ 56,633,891</u>	<u>\$ 58,339,467</u>	<u>\$ 61,789,568</u>	<u>\$ 63,624,366</u>	<u>\$ 65,816,555</u>	<u>\$ 67,849,393</u>

CITY OF ARDEN HILLS

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

	Fiscal Year			
	2015	2016	2017	2018
Expenses				
Governmental activities				
General government	\$ 1,281,557	\$ 1,384,908	\$ 1,322,106	\$ 1,286,845
Public safety	1,978,210	2,047,961	2,158,835	2,248,540
Public works	194,667	800,157	3,512,218	1,695,449
Parks and recreation	711,181	751,910	759,737	765,843
Economic development	733,528	361,029	276,841	391,156
Interest on long-term debt	817	-	-	-
Total governmental activities	<u>4,899,960</u>	<u>5,345,965</u>	<u>8,029,737</u>	<u>6,387,833</u>
Business-type activities				
Water	1,803,405	1,833,468	2,159,874	2,147,359
Sewer	1,587,808	1,513,219	1,780,260	1,654,079
Surface water management	489,377	468,965	481,026	499,049
Recycling	239,727	141,190	147,919	168,145
Total business-type activities	<u>4,120,317</u>	<u>3,956,842</u>	<u>4,569,079</u>	<u>4,468,632</u>
Total primary government	<u>\$ 9,020,277</u>	<u>\$ 9,302,807</u>	<u>\$ 12,598,816</u>	<u>\$ 10,856,465</u>
Program revenues				
Governmental activities				
Charges for services				
General government	\$ 271,991	\$ 299,692	\$ 314,166	\$ 214,833
Public safety	628,573	735,730	915,632	619,406
Public works	5,205	4,535	7,029	6,150
Parks and recreation	119,338	134,579	123,550	113,968
Operating grants and contributions	389,219	308,900	2,031,474	840,634
Capital grants and contributions	3,080,749	462,105	448,945	2,494,823
Total governmental activities	<u>4,495,075</u>	<u>1,945,541</u>	<u>3,840,796</u>	<u>4,289,814</u>
Business-type activities				
Charges for services				
Water	2,099,242	2,165,773	2,127,452	2,256,859
Sewer	1,855,802	1,989,066	1,796,144	1,769,466
Surface water management	782,501	812,044	834,973	839,499
Recycling	129,030	134,739	151,272	134,228
Operating grants and contributions	124,228	26,323	24,655	27,429
Capital grants and contributions	-	59,248	-	735,220
Total business-type activities	<u>4,990,803</u>	<u>5,187,193</u>	<u>4,934,496</u>	<u>5,762,701</u>
Total primary government	<u>\$ 9,485,878</u>	<u>\$ 7,132,734</u>	<u>\$ 8,775,292</u>	<u>\$ 10,052,515</u>

2019	2020	2021	2022	2023	2024
\$ 1,337,262	\$ 1,460,627	\$ 1,283,605	\$ 1,299,419	\$ 1,505,270	\$ 1,662,855
2,471,567	2,737,348	2,804,933	2,663,521	2,889,826	3,305,431
1,416,785	1,267,480	1,310,895	1,796,184	1,327,617	1,445,074
798,717	634,195	883,155	1,013,507	1,136,248	1,061,167
369,256	480,307	411,016	199,988	140,255	364,361
—	—	—	—	—	—
<u>6,393,587</u>	<u>6,579,957</u>	<u>6,693,604</u>	<u>6,972,619</u>	<u>6,999,216</u>	<u>7,838,888</u>
2,295,820	1,996,083	2,166,362	2,473,906	2,677,247	2,558,358
1,663,498	1,665,146	1,754,753	1,817,972	1,864,808	1,982,052
513,209	546,365	599,084	610,730	673,556	678,340
172,232	139,840	154,611	173,092	154,519	168,958
<u>4,644,759</u>	<u>4,347,434</u>	<u>4,674,810</u>	<u>5,075,700</u>	<u>5,370,130</u>	<u>5,387,708</u>
<u>\$ 11,038,346</u>	<u>\$ 10,927,391</u>	<u>\$ 11,368,414</u>	<u>\$ 12,048,319</u>	<u>\$ 12,369,346</u>	<u>\$ 13,226,596</u>
\$ 250,643	\$ 198,708	\$ 189,138	\$ 241,534	\$ 270,989	\$ 275,626
817,238	431,830	926,665	957,785	449,995	442,564
5,250	3,900	5,735	7,040	4,725	7,175
106,317	13,114	90,632	101,097	88,372	79,917
347,823	409,403	565,106	375,965	805,615	333,628
613,263	634,369	1,263,520	902,926	597,246	1,275,811
<u>2,140,534</u>	<u>1,691,324</u>	<u>3,040,796</u>	<u>2,586,347</u>	<u>2,216,942</u>	<u>2,414,721</u>
2,286,542	2,316,891	2,789,472	2,823,414	3,054,674	2,708,831
1,892,740	1,870,850	2,110,766	2,209,253	2,394,498	2,429,894
850,971	876,527	902,044	937,652	958,807	990,153
140,149	136,865	177,057	169,905	151,340	161,882
24,752	25,365	27,213	30,323	29,253	42,325
332,092	60,661	1,024,414	651,490	129,949	250,294
<u>5,527,246</u>	<u>5,287,159</u>	<u>7,030,966</u>	<u>6,822,037</u>	<u>6,718,521</u>	<u>6,583,379</u>
<u>\$ 7,667,780</u>	<u>\$ 6,978,483</u>	<u>\$ 10,071,762</u>	<u>\$ 9,408,384</u>	<u>\$ 8,935,463</u>	<u>\$ 8,998,100</u>

CITY OF ARDEN HILLS

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

	Fiscal Year			
	2015	2016	2017	2018
Net (expense) revenue				
Governmental activities	\$ (404,885)	\$ (3,400,424)	\$ (4,188,941)	\$ (2,098,019)
Business-type activities	870,486	1,230,351	365,417	1,294,069
Total primary government	<u>\$ 465,601</u>	<u>\$ (2,170,073)</u>	<u>\$ (3,823,524)</u>	<u>\$ (803,950)</u>
General revenues and other changes in net position				
Governmental activities				
General property taxes	\$ 3,191,426	\$ 3,278,287	\$ 3,526,347	\$ 3,578,894
Tax increments (abatements)	697,898	242,544	295,788	351,569
Franchise taxes	72,837	132,548	109,070	101,237
Unrestricted grants and contributions	-	-	-	-
Earnings on investments (charges)	245,540	155,191	139,347	159,316
Gain on sale of capital assets	-	-	-	-
Transfers	230,765	230,765	230,765	300,000
Total governmental activities	<u>4,438,466</u>	<u>4,039,335</u>	<u>4,301,317</u>	<u>4,491,016</u>
Business-type activities				
Earnings on investments (charges)	35,857	17,835	32,754	40,371
Transfers	(230,765)	(230,765)	(230,765)	(300,000)
Total business-type activities	<u>(194,908)</u>	<u>(212,930)</u>	<u>(198,011)</u>	<u>(259,629)</u>
Total primary government	<u>\$ 4,243,558</u>	<u>\$ 3,826,405</u>	<u>\$ 4,103,306</u>	<u>\$ 4,231,387</u>
Change in net position				
Governmental activities	\$ 4,033,581	\$ 638,911	\$ 112,376	\$ 2,392,997
Business-type activities	675,578	1,017,421	167,406	1,034,440
Total primary government	<u>\$ 4,709,159</u>	<u>\$ 1,656,332</u>	<u>\$ 279,782</u>	<u>\$ 3,427,437</u>

2019	2020	2021	2022	2023	2024
\$ (4,253,053)	\$ (4,888,633)	\$ (3,652,808)	\$ (4,386,272)	\$ (4,782,274)	\$ (5,424,167)
882,487	939,725	2,356,156	1,746,337	1,348,391	1,195,671
<u>\$ (3,370,566)</u>	<u>\$ (3,948,908)</u>	<u>\$ (1,296,652)</u>	<u>\$ (2,639,935)</u>	<u>\$ (3,433,883)</u>	<u>\$ (4,228,496)</u>
\$ 3,793,754	\$ 4,100,177	\$ 4,293,895	\$ 4,404,477	\$ 4,570,332	\$ 5,364,181
388,697	273,043	396,891	338,899	36,365	(15,968)
100,464	101,057	97,549	94,320	92,096	85,074
–	745,040	–	–	–	–
322,346	348,886	(30,940)	(460,213)	649,693	545,643
–	17,500	–	197,910	–	–
83,402	237,000	300,000	300,000	300,000	300,000
4,688,663	5,822,703	5,057,395	4,875,393	5,648,486	6,278,930
53,680	68,781	(10,642)	(100,660)	277,586	282,404
(83,402)	(237,000)	(300,000)	(300,000)	(300,000)	(300,000)
<u>(29,722)</u>	<u>(168,219)</u>	<u>(310,642)</u>	<u>(400,660)</u>	<u>(22,414)</u>	<u>(17,596)</u>
<u>\$ 4,658,941</u>	<u>\$ 5,654,484</u>	<u>\$ 4,746,753</u>	<u>\$ 4,474,733</u>	<u>\$ 5,626,072</u>	<u>\$ 6,261,334</u>
\$ 435,610	\$ 934,070	\$ 1,404,587	\$ 489,121	\$ 866,212	\$ 854,763
852,765	771,506	2,045,514	1,345,677	1,325,977	1,178,075
<u>\$ 1,288,375</u>	<u>\$ 1,705,576</u>	<u>\$ 3,450,101</u>	<u>\$ 1,834,798</u>	<u>\$ 2,192,189</u>	<u>\$ 2,032,838</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>General Property Taxes</u>	<u>Tax Increments (Abatements)</u>	<u>Franchise Taxes</u>	<u>Total</u>
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
2023	4,570,332	36,365	92,096	4,698,793
2024	5,364,181	(15,968)	85,074	5,433,287

CITY OF ARDEN HILLS

Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 23,983	\$ 26,271	\$ 288,519	\$ 25,482
Assigned	251,497	257,771	285,548	262,805
Unassigned	<u>2,806,930</u>	<u>2,660,771</u>	<u>3,065,250</u>	<u>3,052,082</u>
Total General Fund	<u>\$ 3,082,410</u>	<u>\$ 2,944,813</u>	<u>\$ 3,639,317</u>	<u>\$ 3,340,369</u>
All other governmental funds				
Nonspendable	\$ 845	\$ 214	\$ 664	\$ 214
Restricted	675,052	786,678	898,739	1,010,521
Committed	449,898	450,433	471,996	508,241
Assigned	3,902,898	3,872,938	6,138,393	2,873,879
Unassigned	<u>(216,521)</u>	<u>(217,607)</u>	<u>(439,147)</u>	<u>(189,404)</u>
Total all other governmental funds	<u>\$ 4,812,172</u>	<u>\$ 4,892,656</u>	<u>\$ 7,070,645</u>	<u>\$ 4,203,451</u>
Total all governmental funds	<u>\$ 7,894,582</u>	<u>\$ 7,837,469</u>	<u>\$ 10,709,962</u>	<u>\$ 7,543,820</u>

2019	2020	2021	2022	2023	2024
\$ 22,438	\$ 28,782	\$ 31,152	\$ 34,508	\$ 39,554	\$ 44,761
205,962	196,467	239,096	259,015	287,553	225,928
<u>2,987,183</u>	<u>3,155,257</u>	<u>2,899,564</u>	<u>3,072,714</u>	<u>2,878,628</u>	<u>3,050,074</u>
<u>\$ 3,215,583</u>	<u>\$ 3,380,506</u>	<u>\$ 3,169,812</u>	<u>\$ 3,366,237</u>	<u>\$ 3,205,735</u>	<u>\$ 3,320,763</u>
\$ 214	\$ 3,680	\$ 3,878	\$ 4,071	\$ 4,293	\$ 4,505
1,096,484	1,137,740	1,220,287	1,641,192	2,103,255	1,506,861
580,243	619,013	654,042	658,457	713,987	835,010
4,057,047	5,762,592	5,990,247	5,212,244	6,356,837	4,038,256
<u>(227,892)</u>	<u>(230,101)</u>	<u>(223,538)</u>	<u>(218,496)</u>	<u>(219,580)</u>	<u>(249,022)</u>
<u>\$ 5,506,096</u>	<u>\$ 7,292,924</u>	<u>\$ 7,644,916</u>	<u>\$ 7,297,468</u>	<u>\$ 8,958,792</u>	<u>\$ 6,135,610</u>
<u>\$ 8,721,679</u>	<u>\$ 10,673,430</u>	<u>\$ 10,814,728</u>	<u>\$ 10,663,705</u>	<u>\$ 12,164,527</u>	<u>\$ 9,456,373</u>

CITY OF ARDEN HILLS

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

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Property taxes				
General property taxes	\$ 3,203,004	\$ 3,260,537	\$ 3,541,705	\$ 3,578,628
Tax increments (abatements)	697,898	242,544	295,788	351,569
Special assessments	908,964	373,415	308,990	735,369
Licenses and permits	518,846	598,686	729,197	526,444
Intergovernmental	1,396,269	396,275	2,124,414	1,003,685
Charges for services	496,908	577,041	590,141	427,905
Fines and forfeits	32,792	31,868	29,989	37,080
Earnings on investments (charges)	236,947	148,679	133,231	154,369
Franchise taxes	72,837	132,548	109,070	101,237
Antenna lease rental fees	189,534	123,815	128,765	57,067
Miscellaneous/other	241,463	94,442	164,256	249,322
Total revenues	<u>7,995,462</u>	<u>5,979,850</u>	<u>8,155,546</u>	<u>7,222,675</u>
Expenditures				
Current				
General government	1,143,037	1,194,579	1,189,500	1,164,657
Public safety	1,920,280	1,981,506	2,058,037	2,088,345
Public works	336,398	479,814	443,633	579,535
Parks and recreation	573,587	621,832	618,614	653,977
Economic development	249,484	229,688	264,905	324,548
Capital outlay				
General government	-	-	-	13,770
Public safety	52,936	47,880	100,215	233,301
Public works	6,198,264	786,873	734,411	2,916,604
Parks and recreation	-	-	337,808	2,783,238
Economic development	502,842	151,306	7,520	-
Debt service				
Principal	280,000	-	-	-
Interest and paying agent fees	4,900	-	-	-
Total expenditures	<u>11,261,728</u>	<u>5,493,478</u>	<u>5,754,643</u>	<u>10,757,975</u>
Revenues over (under) expenditures	(3,266,266)	486,372	2,400,903	(3,535,300)
Other financing sources (uses)				
Sale of capital assets	-	-	-	69,158
Transfers in	230,765	230,765	471,590	300,000
Total other financing sources (uses)	<u>230,765</u>	<u>230,765</u>	<u>471,590</u>	<u>369,158</u>
Net change in fund balances	<u>\$ (3,035,501)</u>	<u>\$ 717,137</u>	<u>\$ 2,872,493</u>	<u>\$ (3,166,142)</u>
Debt service as a percentage of noncapital expenditures	<u>6.20%</u>	<u>-%</u>	<u>-%</u>	<u>-%</u>

2019	2020	2021	2022	2023	2024
\$ 3,795,624	\$ 4,099,819	\$ 4,289,994	\$ 4,405,691	\$ 4,583,077	\$ 5,346,109
388,697	273,043	396,891	338,899	36,365	(15,968)
828,487	329,781	660,411	432,885	358,438	686,330
714,530	431,628	752,532	830,866	471,742	448,587
603,966	1,231,252	505,585	542,973	1,096,916	591,609
440,616	215,918	459,638	476,574	342,339	356,689
34,512	13,581	21,500	22,662	24,681	27,298
310,607	338,444	(29,384)	(454,163)	642,853	538,936
100,464	101,057	97,549	94,320	92,096	85,074
134,505	140,707	146,101	139,304	143,305	147,444
157,122	432,118	474,889	239,414	215,885	56,977
<u>7,509,130</u>	<u>7,607,348</u>	<u>7,775,706</u>	<u>7,069,425</u>	<u>8,007,697</u>	<u>8,269,085</u>
1,195,335	1,201,143	1,137,188	1,204,619	1,384,179	1,598,568
2,399,296	2,435,773	2,708,137	2,546,051	2,704,012	2,824,305
632,531	675,739	618,236	914,148	682,510	716,140
679,589	547,787	626,629	665,776	721,291	751,835
300,052	415,839	349,341	138,251	81,788	307,334
115,924	107,865	290,193	210,148	47,249	—
69,666	299,107	111,065	98,396	168,558	478,515
713,156	204,169	1,993,539	1,708,553	418,226	3,525,125
549,812	22,675	133,150	273,197	610,787	1,138,817
3,300	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
<u>6,658,661</u>	<u>5,910,097</u>	<u>7,967,478</u>	<u>7,759,139</u>	<u>6,818,600</u>	<u>11,340,639</u>
850,469	1,697,251	(191,772)	(689,714)	1,189,097	(3,071,554)
27,390	17,500	33,070	238,691	11,725	63,400
300,000	237,000	300,000	300,000	300,000	300,000
<u>327,390</u>	<u>254,500</u>	<u>333,070</u>	<u>538,691</u>	<u>311,725</u>	<u>363,400</u>
<u>\$ 1,177,859</u>	<u>\$ 1,951,751</u>	<u>\$ 141,298</u>	<u>\$ (151,023)</u>	<u>\$ 1,500,822</u>	<u>\$ (2,708,154)</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)

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Tax Increments (Abatements)</u>	<u>Franchise Taxes</u>	<u>Total</u>
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
2023	4,583,077	36,365	92,096	4,711,538
2024	5,346,109	(15,968)	85,074	5,415,215

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>
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
2023	20,983,351	132,519	21,115,870	–	2,778,653
2024	23,151,240	135,929	23,287,169	–	3,037,636

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>
\$ 11,398,510	27.294 %	\$ 1,122,428,000	1.02 %
12,112,891	26.539	1,144,221,600	1.06
12,313,318	27.211	1,173,397,600	1.05
13,578,580	25.532	1,260,228,800	1.08
14,194,197	25.555	1,313,244,900	1.08
14,959,723	25.414	1,406,207,500	1.06
15,681,109	25.089	1,460,289,500	1.07
15,397,772	26.543	1,463,478,400	1.05
18,337,217	23.632	1,655,788,100	1.11
20,249,533	24.491	1,804,120,100	1.12

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	
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
2023	23.632	44.901	25.533	8.740	102.806
2024	24.491	45.455	25.030	8.964	103.940

(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	2024			2015		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Cardiac Pacemakers, Inc.	\$ 1,160,772	1	5.73 %	\$ 1,599,250	1	14.03 %
St. Paul Fire and Marine Insurance Company	789,098	2	3.90	350,784	3	3.08
Space Center Arden Hills, LLC	719,306	3	3.55	286,350	5	2.51
Land O'Lakes, Inc.	520,146	4	2.57	360,146	2	3.16
Alatus Gateway, LLC	499,250	5	2.47	-	-	-
Presbyterian Homes, Inc.	495,680	6	2.45	200,000	9	1.75
Caliber Lodging, Inc.	329,024	7	1.62	-	-	-
NSP	262,876	8	1.30	313,103	4	2.75
PNL Invest, LLC	262,020	9	1.29	-	-	-
Sup I Shannon Square, LLC	245,534	10	1.21	-	-	-
Northpark CC, LLC	-	-	-	-	-	-
IRET Properties, LP	-	-	-	280,030	6	2.46
CSM Corporation	-	-	-	251,496	7	2.21
Pharmacia Deltec, Inc.	-	-	-	203,214	8	1.78
RAM Development, LLC	-	-	-	162,654	10	1.43
Total	<u>\$ 5,283,706</u>		<u>26.09 %</u>	<u>\$ 4,007,027</u>		<u>35.15 %</u>
Total capacity value	<u>\$ 20,249,533</u>			<u>\$ 11,398,510</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 (Refunds) in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy			Amount	Percentage of Levy
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)	12,200	3,641,290	100.00
2018	3,786,942	3,710,786	97.99	(58,021)	18,036	3,786,843	100.00
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)	(22,553)	4,135,340	100.00
2021	4,280,080	4,218,186	98.55	(49,422)	12,472	4,280,080	100.00
2022	4,472,680	4,454,078	99.58	(5,070)	13,532	4,472,680	100.00
2023	4,718,680	4,616,384	97.83	(87,994)	14,302	4,718,680	100.00
2024	5,310,950	5,247,701	98.81	(30,678)	–	5,278,379	99.39

Source: Ramsey County Assessor

CITY OF ARDEN HILLS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Business-Type Activities			Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds	Premium	Total		
2015	\$ -	\$ -	\$ -	- %	\$ -
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	2,415,000	156,952	2,571,952	0.71	260
2019	2,415,000	141,394	2,556,394	0.69	255
2020	2,215,000	125,838	2,340,838	0.62	236
2021	2,005,000	110,281	2,115,281	0.53	214
2022	1,785,000	94,724	1,879,724	0.42	194
2023	1,560,000	79,168	1,639,168	0.33	166
2024	1,325,000	63,611	1,388,611	0.28	141

(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, 2024

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ramsey County	\$ 209,473,917	2.50 %	\$ 5,242,373
County library	15,778,542	4.93	777,991
Independent School District No. 621	198,083,990	13.41	26,565,143
Independent School District No. 623	158,953,581	0.72	1,137,098
Metropolitan Council	1,426,258,136	0.34	<u>4,910,409</u>
Total overlapping debt			38,633,014
City of Arden Hills	-	100.00	<u>-</u>
Total direct and overlapping debt			<u><u>\$ 38,633,014</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 33,672,840	\$ 34,326,648	\$ 35,201,928	\$ 37,806,864
Total net debt applicable to limit	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Legal debt margin	<u>\$ 33,672,840</u>	<u>\$ 34,326,648</u>	<u>\$ 35,201,928</u>	<u>\$ 37,806,864</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.

2019	2020	2021	2022	2023	2024
\$ 39,397,347	\$ 42,186,225	\$ 43,808,685	\$ 43,904,352	\$ 49,673,643	\$ 54,123,603
—	—	—	—	—	—
<u>\$ 39,397,347</u>	<u>\$ 42,186,225</u>	<u>\$ 43,808,685</u>	<u>\$ 43,904,352</u>	<u>\$ 49,673,643</u>	<u>\$ 54,123,603</u>

— — — — —

Legal Debt Margin Calculation for Fiscal Year 2024

Total estimated market value	\$1,804,120,100
Debt limit (3% of market value)	54,123,603
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>\$ 54,123,603</u>

CITY OF ARDEN HILLS

Pledged Revenue Coverage
Last Seven 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
2023	5,449,172	3,901,853	1,547,319	225,000	61,299	5.4
2024	5,138,725	3,896,168	1,242,557	235,000	52,099	4.3

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>
2015	9,847	\$ 35,222	\$ 346,831,034	36.0	11,011	3.6 %
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	2.8
2019	10,008	36,989	370,185,912	36.4	11,957	3.0
2020	9,939	37,932	377,006,148	36.2	12,061	7.0
2021	9,897	40,539	401,214,483	36.2	11,806	4.2
2022	9,682	46,623	451,403,886	36.2	11,747	2.6
2023	9,854	51,074	503,283,196	36.1	11,792	2.7
2024	9,879	51,074	504,541,404	35.9	11,632	2.9

Sources:

- (1) Population data is obtained from the Metropolitan Council website. Fiscal year 2024 is estimated by city staff.
- (2) Unemployment rate information is from DEED for Ramsey County.
- (3) Per capita personal income prior to 2023 is obtained from the Metropolitan Council website. Per capita personal income for 2023 and 2024 is the 2023 data obtained from www.census.gov.
- (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	2024 Employees	2015 (1) Employees
Boston Scientific	3,000–3,500	2,200
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	160
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
Country and MSI Insurance	–	236
International Paper	–	120
Streamworks	–	120
 Total employees in the City	 9,182 (2)	 11,835

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

(2) This is an estimate from 2022. Information for subsequent years 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			
	2015	2016	2017	2018
Police				
Total calls for service	4,892	4,413	5,152	5,331
Fire				
Number of calls answered	804	930	986	1,039
Highways and streets				
Street resurfacing (miles)	2.84	0.25	0.20	1.00
Potholes repaired	600	600	700	800
Sanitation (residential) – (see Note 2)				
Refuse collected (tons/day)	8.76	8.75	8.80	N/A
Recyclables collected (tons/day)	2.16	2.06	2.22	2.17
Recycling clean up days	N/A	N/A	N/A	2
Tons collected during clean up days	N/A	N/A	N/A	73.7
Parks and recreation				
Athletic field permits issued	22	22	30	25
Water				
New connections	7	8	8	8
Water main breaks	10	6	7	8
Average daily consumption (thousands of gallons)	857	812	853	869

N/A – Not Applicable

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

Note 2: 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 3: Fire information provided by Lake Johanna Fire Department, which is contracted out by the City.

Source: Various city departments

2019	2020	2021	2022	2023	2024
5,253	3,924	4,232	4,102	4,468	4,278
1,138	1,044	1,178	1,077	1,255	1,535
0.30	2.32	4.42	7.10	0.65	0.65
750	1,000	700	600	350	350
N/A	N/A	N/A	N/A	N/A	N/A
2.20	2.19	2.71	1.85	1.76	1.61
2	–	1	1	1	1
44.8	–	7.3	7.4	4.6	4.0
20	2	8	6	5	7
2	3	7	1	2	1
4	2	3	6	9	5
841	855	914	981	1,051	888

CITY OF ARDEN HILLS

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

Function	Fiscal Year			
	2015	2016	2017	2018
General government	6.37	4.56	4.10	4.61
Public safety	2.70	2.47	2.19	2.39
Public works	4.22	3.47	2.70	3.08
Parks and recreation	6.74	6.09	5.58	5.96
Water	3.69	3.46	3.42	3.24
Sewer	4.43	4.24	4.21	3.99
Recycling	0.18	0.16	0.15	0.23
Surface water management	2.64	2.64	2.43	2.30
Total	30.97	27.09	24.78	25.80

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

2019	2020	2021	2022	2023	2024
5.10	5.61	4.46	4.82	5.43	5.38
2.34	2.66	1.85	2.63	2.52	2.59
2.86	2.64	2.54	3.03	2.78	3.02
6.13	5.14	5.30	5.11	4.77	4.86
3.39	3.54	3.37	3.66	3.45	3.61
4.11	4.20	4.04	4.48	4.12	4.39
0.32	0.29	0.27	0.27	0.24	0.25
2.35	2.53	2.31	2.48	2.69	2.73
<u>26.60</u>	<u>26.61</u>	<u>24.14</u>	<u>26.48</u>	<u>26.00</u>	<u>26.83</u>

CITY OF ARDEN HILLS

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2015	2016	2017	2018
Highways and streets				
Streets (miles)	57	57	57	57
Streetlights	250	250	252	252
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)	21	21	21	22
Tennis courts	6	5	4	4
Softball/baseball fields	8	8	7	7
Basketball courts	10	10	10	10
Hockey/skating rinks	6	6	6	6
Permanent restrooms	3	3	3	3
Water				
Water mains (miles)	43	43	43	44
Fire hydrants	537	537	537	537
Maximum daily capacity (thousands of gallons)	1,500	1,500	1,500	1,500
Sewer				
Sanitary sewers (miles)	52	52	52	52
Storm sewers (miles)	25	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

2019	2020	2021	2022	2023	2024
57	57	57	57	57	57
254	254	254	254	254	254
18	18	18	19	19	19
111	111	111	111	115	115
14	14	14	14	15	16
54	54	54	55	55	55
22	22	22	23	23	23
4	4	4	4	4	4
7	7	7	7	7	7
10	10	10	10	10	10
6	6	6	6	6	6
4	4	4	4	4	4
44	44	44	44	44	44
537	537	540	540	540	540
2,160	2,160	2,160	2,160	2,160	2,160
52	52	52	52	52	52
25	25	25	25	25	25

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