

City of Arden Hills, Minnesota



August 2013

Popular Annual Financial Report To The Community

For the fiscal year ended December 31, 2012

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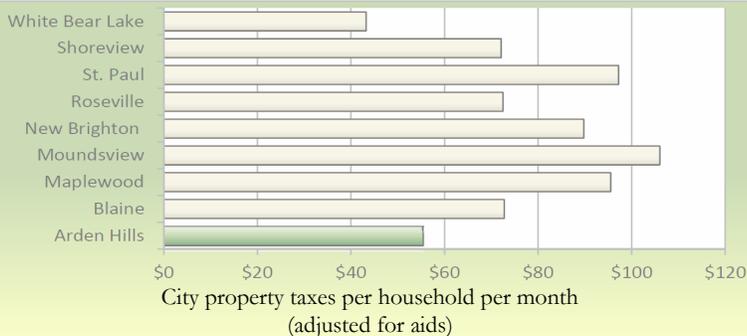
Making Cents

The City of Arden Hills presents its Popular Annual Financial Report [PAFR]. The purpose of this report is to inform the community of the City's financial activity in a simple, easy-to-read format for the fiscal year ending December 31, 2012. These highlights are based upon the City's Comprehensive Annual Financial Report [CAFR] which is a more inclusive, audited document.

Arden Hills Ranked Well Against Surrounding Areas

Tax Rate Comparison

In a 2012 comparison of nine communities in and around Ramsey County, the average cost of services on a \$272,800 homestead in terms of property taxes and property tax aids showed Arden Hills ranking as one of the lowest. A \$272,800 homestead in Arden Hills paid \$55.37 per month in property taxes to the City.



Arden Hills' Six Basic Fund Types

In order for Arden Hills to manage the community finances smoothly, it divides various activities into several different funds.

- The **General Fund** accounts for revenues and expenses that provide for *basic operations of the City*, i.e., police and fire protection and street maintenance.
- **Enterprise Funds** account for activities restricted to *specific purposes* like economic development.
- **Debt Service Funds** track revenues and expenses related to *repayment of long term debt*.
- The **Capital Fund** collects revenues from special assessments, state, and county aids and allots them toward *construction or major capital expenses*.
- **Enterprise Funds** account for activities that operate as *public enterprises* which are paid for by user fees, i.e., water, recycling, sewer & surface water management.
- **Internal Service Funds** account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominately self-supporting by user charges.

Dividing Up Your Property Tax Dollar

Your tax dollar is divided up into several governmental entities. Arden Hills collects 20 cents of every tax dollar for City services. The remaining portions are divided among Ramsey County, the school district and other agencies.

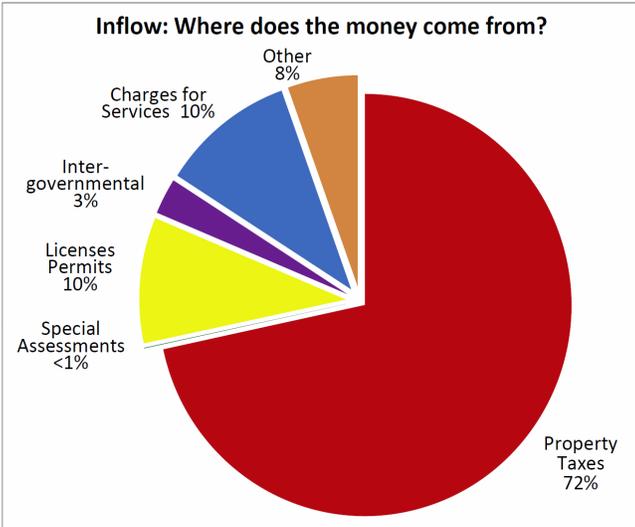


49¢ Ramsey County
20¢ City of Arden Hills
23¢ School District
8¢ Other agencies



General Fund Revenue

The City's General Fund is the largest fund and also one of the most vital to the City's operation. The General Fund is the primary fund that accounts for everyday general expenditures like park maintenance, police protection, and fire protection while at the same time supplementing portions of the other funds. Like most funds, the General Fund relies on the inflow of cash, shown as revenues and subsequently the outflow listed as expenditures. The primary revenue for the General Fund is property taxes. Intergovernmental revenues are items like state/county aids and grants. For the year end of 2012, the City's revenue total was \$4,309,627 which was a \$104,330 (2.5%) increase from the previous year. This was largely due to increased license and permit revenue as a result of development within the City and conduit debt fees.

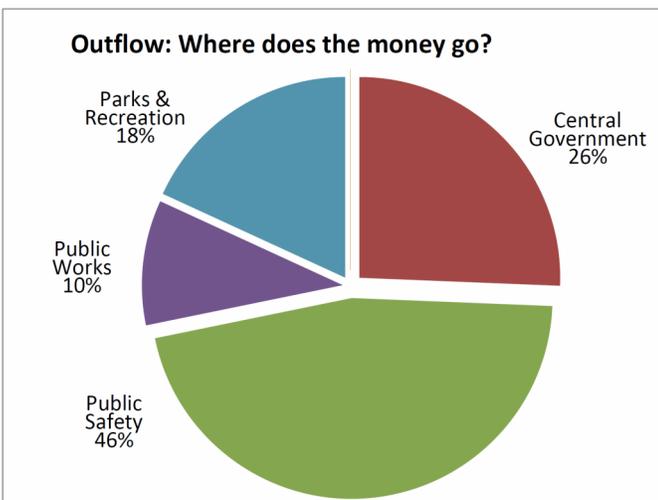


	2011	2012
Property Taxes	\$2,913,248	\$3,087,160
Special Assessments	\$0	\$1,771
Licenses/Permits	\$429,991	\$415,070
Intergovernmental	\$126,691	\$118,800
Charges for Services	\$419,197	\$450,589
Other	\$316,170	\$236,237
Total General Fund Revenues	\$4,205,297	\$4,309,627

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General Fund Expenditure

The City's total General Fund expenditures for 2012 were \$3,745,088 which was \$59,038 (2%) under the final budget. Overall, General Fund expenditures increased \$180,240 (5%) from 2011. Public safety cost increased as all contracts increased in 2012. Parks and recreation increased due to increased registration and programs. General government expenditures decreased as a result of budget cuts and economic conditions. The chart below highlights the amount funded to each of the City's functions.



	2011	2012
Central Government	\$989,136	\$960,036
Public Safety	\$1,640,801	\$1,728,669
Public Works	\$273,165	\$377,101
Parks and Recreation	\$661,746	\$679,282
Other	\$0	\$0
Total General Fund Expenditures	\$3,564,848	\$3,745,088

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City Departments

Administration: This department provides the overall direction for the City as determined by the City Council. It is responsible for maintaining City records; issuing licenses; administering Council policies; and election procedures.

Finance: This department conducts the financial affairs of the City of Arden Hills in accordance with the Government Accounting Standards Board (GASB) and Generally Accepted Accounting Principals (GAAP).

Community Development: This department is responsible for ensuring that laws, ordinances, and zoning codes are enforced. It is also responsible for Economic Development within the City.

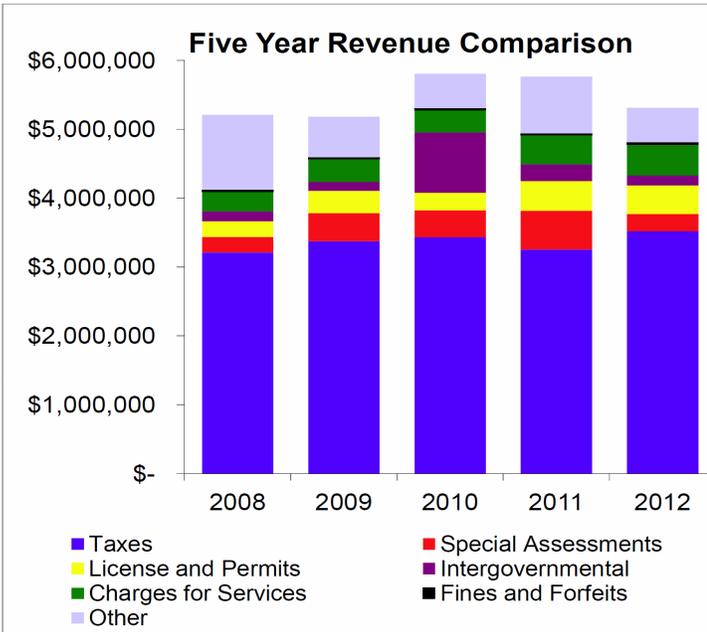
Public Works: This department manages the City's infrastructure as it relates to roadways, water, sewer, and surface water management.

Parks & Recreation: This department is responsible to provide recreation activities in the City and maintain the City's parks and trails.

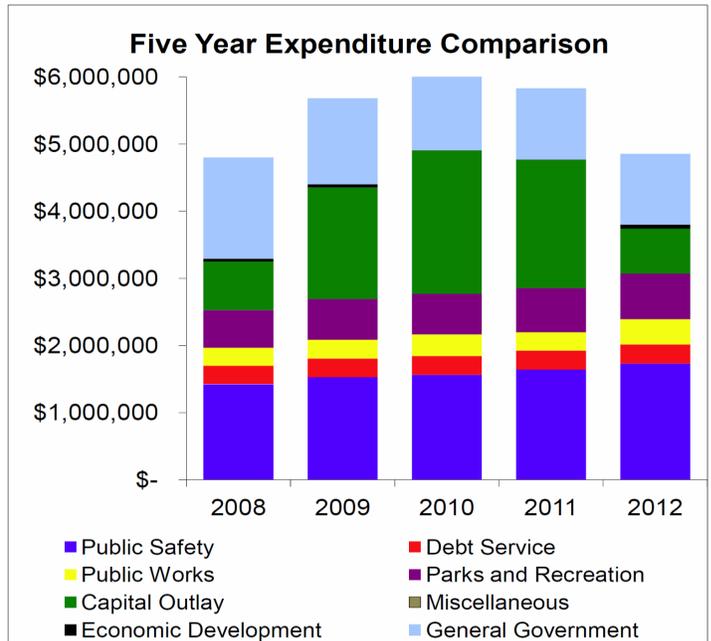
Governmental Revenue & Expenditure



The City’s revenues for 2012 (for all funds except Enterprise Funds) totaled \$5,312,405 a decrease of 7.9% from 2011. In 2011, the City received conduit debt for the Presbyterian project which were one-time revenues. The graph below illustrates the City’s various revenue sources.



The City of Arden Hills prides itself on controlling spending while providing the best services possible. In 2012, the City’s expenditures (for all funds except Enterprise Funds) totaled \$4,854,882 down 17% from 2011. The decrease was due to less capital improvement projects, i.e., no significant road improvement projects. The chart below highlights the City’s ability to control its expenditures over a several year period and demonstrates the City’s priorities over different departments within the individual year.



Special Revenue Funds

The City of Arden Hills has five special revenue funds. Special revenue funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are required by statute to finance particular functions, activities, or governments. See the 2012 CAFR for more information.

EDA=Economic Development Authority

	Revenue	Expenditures
Cable	\$100,426	\$94,626
EDA Operating	\$57,125	\$59,247
EDA Revolving	\$1,275	\$0
EDA TIF District No. 2	\$342,172	\$1,392
EDA TIF District No. 3	\$44,603	\$1,484
EDA TIF District No. 4	\$0	\$973
Total	\$545,601	\$157,722

Internal Service Funds

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.

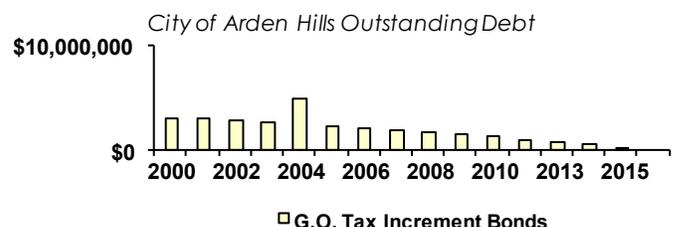
Revenue — \$750,327

Expenses — \$726,779

Long Term Debt

Arden Hills maintains an “AA+” rating from Standard & Poor’s. The City issued G.O. Tax Increment bonds in 1998, which are budgeted to be paid in full in the 2015 fiscal year. These Tax Increment Financing (TIF) districts are an important economic development tool. Arden Hills’ TIF districts are located along Round Lake Road, Cottage Villas and Presbyterian Homes.

In 2004, the City of Arden Hills decided to refinance its debt because of lower interest rates. In order to do this the City had to pay the previous bond in full, therefore causing the spike in the chart below. The chart also shows the City is committed to repaying its debt in a timely manner. The 2012 revenues were \$0 in interest, expenditures were \$286,698 and transfers in from TIF districts were \$286,698.



Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

City of Arden Hills
Minnesota

for the Fiscal Year Ended
December 31, 2011



Christopher P. Merrill
President
Jeffrey L. Esler
Executive Director



About this Report

The City of Arden Hills reports financial year-end results in the Comprehensive Annual Financial Report (CAFR). The Popular Annual Financial Report (PAFR) is an unaudited report that summarizes the most significant data from the 2012 CAFR, and is consistent with Generally Accepted Accounting Principles. The report reflects the net tax cost by service expenditure, developed by crediting related revenues against appropriate expenditures and allocating local taxes against the remaining balance.

For a complete review of the City's financial position for 2012, consult the 2012 CAFR available on the City's website at www.cityofardenhills.org, or from the Finance Department at 651.792.7816.

Capital Fund

Pavement Management Plan

The City has a successful program for maintaining the life of Arden Hills' streets. The Pavement Management Program (PMP) identifies, inventories, and tracks street conditions to ensure that the proper maintenance is done at the appropriate time. The results are prolonged pavement life and reduced overall costs to property owners. The PMP was initiated to insure a good maintenance program for Arden Hills' aging streets. No significant PMP project was done in 2012. However, more seal coating and crack seal maintenance were done.

Revenues (*Assessment & Interest*) — \$381,842
Expenses — \$333,041

Public Safety Projects

This fund accounts for the City's share of capital equipment costs for police and fire.

Revenues (*Donations & Interest*) — \$44,334
Expenses — \$169,894

Equipment/Building Maintenance & Repair

City equipment and buildings are monitored continually and replaced/repared when needed. Transfers are made from various funds to fund these expenditures.

Transfer from General & Enterprise Funds — \$183,000

Expenses — \$68,028

Parks

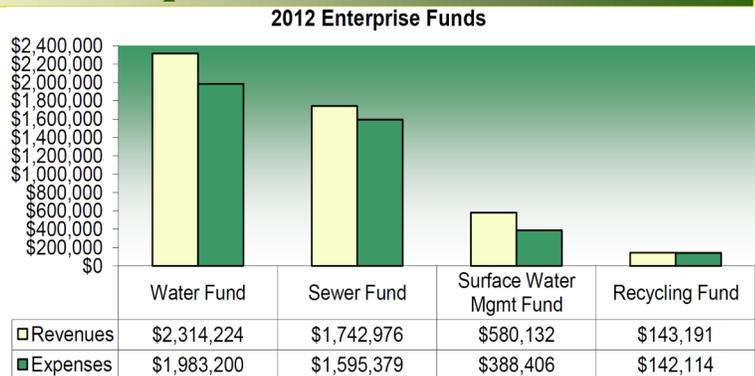
This fund was established for park/trail acquisition and development. Revenue for this fund comes from developer park dedication fees, contributions, state grants and investment interest.

Revenues — \$24,285

Expenses — \$94,411

Enterprise Fund

These funds consist of utility services provided to the community by the City such as water, sewer, surface water and recycling. A comprehensive rate study was completed in 2008. As a result of that study, the City changed to a tiered rate system effective 2009.



How Tax Dollars Buy City Services

Residents receive a variety of City services at an affordable price. The cost of City services in 2012 for the owner of a single-family home in Arden Hills with an assessor's market value of \$272,800 was \$55.58 per month. Utilities remain competitively priced in 2012. The value received from City services compared favorably to charges of other monthly bills.

Description of Transaction	Balance
Public Safety	\$23.38
Community Services	\$15.31
Parks and Recreation	\$ 9.23
Public Works	\$ 7.45
Capital	\$ 0.00
Reserves	\$ 0.00

Homeowner
City of Arden Hills, MN

DATE January 1, 2012 101

PAY TO THE ORDER OF City of Arden Hills \$ 55.37

Fifty Five and 58/100 DOLLARS

YOUR BANK
1221 Main Street
Anywhere, US 10001

MONTHLY police, fire, street
FOR maintenance, parks, programs etc.

Homeowner

33401068 7269914625* 0101*

Property Tax-Supported Services

The checkbook shows how the monthly cost of property tax-supported services was divided among City departments.

Monthly Cost of Utilities

Based on an average usage of 4,800 gallons per month, monthly cost of utilities for a home in Arden Hills was \$51.92 in 2012 (Arden Hills bills on a quarterly basis). These services include water, sewer, storm water, and recycling.