



August 2017

Popular Annual Financial Report To The Community

For the fiscal year ended December 31, 2016

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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, 2016. 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 2016 comparison of nine communities in Ramsey County, the average cost of services on a \$300,300 homestead in terms of property taxes and property tax aids showed Arden Hills ranking as one of the lowest. A \$300,300 homestead in Arden Hills paid \$63.89 per month in property taxes to the City.

City Property Taxes Per Household Per Month (adjusted for aid)



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 and 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 22 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
22¢ City of Arden Hills
22¢ School District
7¢ Other agencies



General Fund Revenue

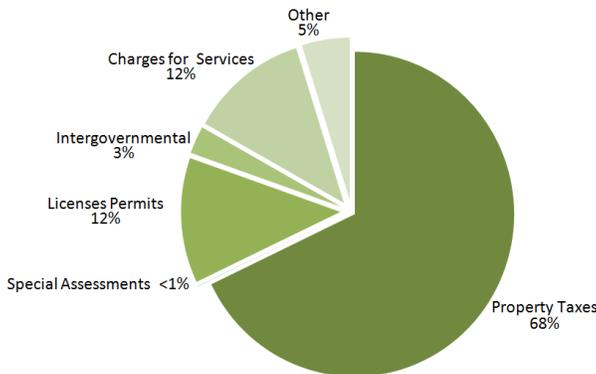
The City’s General Fund is the largest fund and is also one of the most vital to the City’s operation. The General Fund is the primary fund that accounts for everyday general expenditures like street and park maintenance, public safety, and administrative services; while at the same time, supplementing 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

| | 2015 | 2016 |
|-----------------------------------|--------------------|--------------------|
| Property Taxes | \$3,203,004 | \$3,260,537 |
| Special Assessments | \$1,316 | \$1,331 |
| Licenses/Permit | \$518,846 | \$598,686 |
| Intergovernmental | \$130,023 | \$131,914 |
| Charges for Services | \$496,908 | \$577,041 |
| Other | \$312,471 | \$233,480 |
| Total General Fund Revenue | \$4,662,568 | \$4,802,989 |

is property taxes.

Intergovernmental revenues are items like state/county aids and grants. For year end 2016, the City’s revenue total was \$4,802,989 which was a \$140,121 (3.0%) increase from the previous year. This is mainly due to license and permit fees generating more revenue than expected.

Inflow: Where does the money come from?



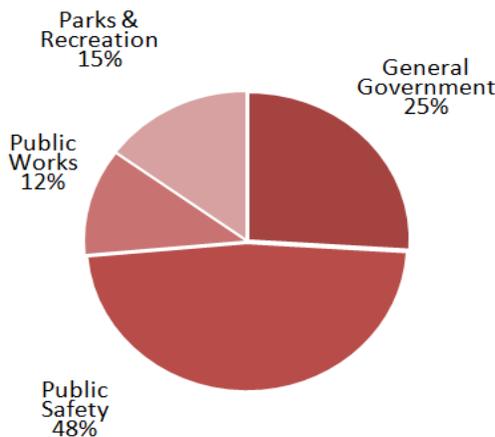
General Fund Expenditure

The City’s total General Fund expenditures for 2016 were \$4,165,465 which was \$505,152 (11%) under the final budget. Overall, General

Fund expenditures increased by \$319,365 (8%) from 2015. Public Safety costs increased \$61,226 (3% increase from 2015) and Public Works costs increased by \$143,416 (43% increase from 2015); the chart above highlights the amount funded to each of the City’s functions.

| | 2015 | 2016 |
|--|--------------------|--------------------|
| General Government | \$1,015,835 | \$1,082,313 |
| Public Safety | \$1,920,280 | \$1,981,506 |
| Public Works | \$336,398 | \$478,814 |
| Parks and Recreation | \$573,587 | \$621,832 |
| Other | \$0 | \$0 |
| Total General Fund Expenditures | \$3,846,100 | \$4,165,465 |

Outflow: Where does the money go?



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 for providing recreation activities in the City and maintaining the City’s parks and trails.

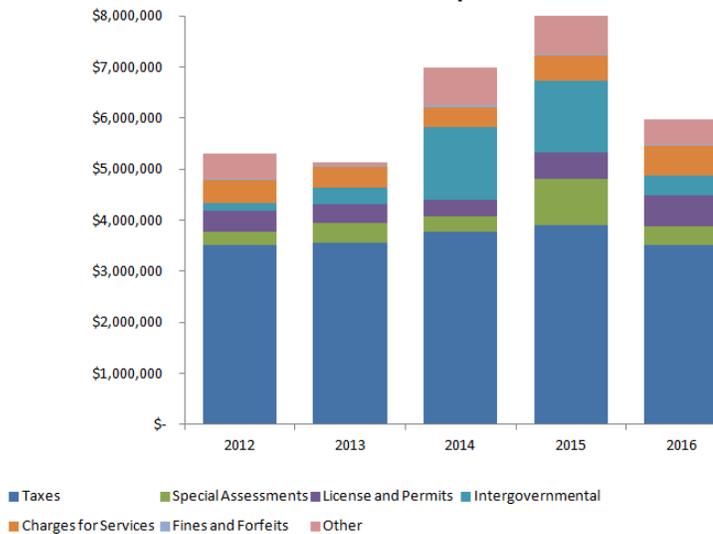
Governmental Revenue & Expenditure



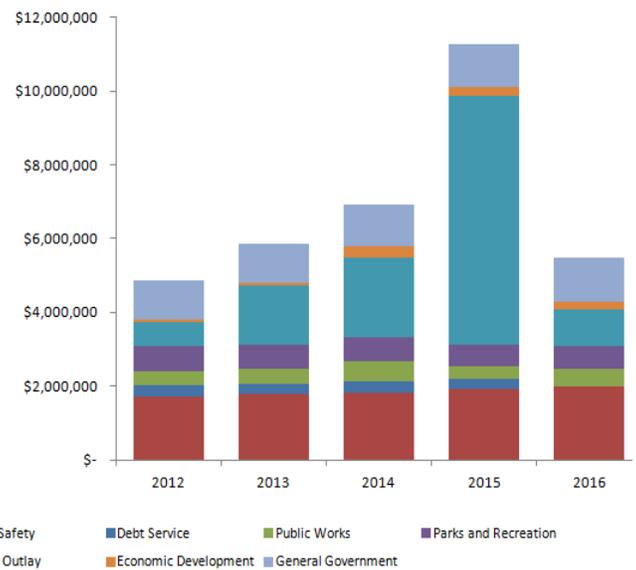
The City’s revenues for 2016 (for all funds except Enterprise and Internal Service Funds) totaled \$5,979,850; a decrease of 25% from 2015. This decrease is due to a drop in State funding for capital projects.

The City of Arden Hills prides itself on controlling spending while providing the best services possible. In 2016, the City’s expenditures (for all funds except Enterprise and Internal Service Funds) totaled \$5,493,478; a decrease of 50% from 2015. The decrease was due to fewer capital projects being completed in 2016 versus 2015. The chart highlights the City’s ability to control its expenditures and demonstrates the City’s priorities across departments on an annual basis.

Five Year Revenue Comparison



Five Year Expenditure Comparison



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 2016 CAFR for more information.

EDA=Economic Development Authority

| | Revenue | Expenditures |
|------------------------|------------------|------------------|
| Cable | \$136,879 | \$112,266 |
| EDA Operating | \$9,684 | \$72,646 |
| EDA Revolving | \$2,652 | \$0 |
| EDA TIF District No. 2 | \$0 | \$0 |
| EDA TIF District No. 3 | \$74,064 | \$1,894 |
| EDA TIF District No. 4 | \$170,205 | \$155,148 |
| Total | \$393,484 | \$341,954 |

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. The totals for these funds combined are:

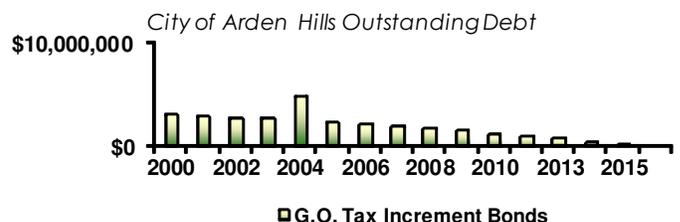
Total Revenue — \$727,725

Total Expenses — \$779,568

Long Term Debt

Arden Hills maintains an “AA+” rating from Standard & Poor’s. This bond rating benefits the City by allowing the City to borrow at lower interest rates. The City issued General Obligation Tax Increment bonds in 1998, these bonds were fully repaid in 2015. 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 refinanced its debt because of lower interest rates. To do this the City had to pay the previous bond in full, causing the spike in the chart below. As of 2016, the City does not hold any outstanding debt, the below table represents a timeline of the City’s historical debt holdings.





Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to
**City of Arden Hills
Minnesota**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Jeffrey R. Egan
Executive Director/CEO



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 2016 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 2016, consult the 2016 CAFR available on the City's website at www.cityofardenhills.org, or from the Finance Department at 651.792.7800.

Capital Fund

Pavement Management Plan

The City has a program for maintaining the life of Arden Hills' streets. The Pavement Management Program (PMP) identifies, inventories, and tracks street conditions to ensure that maintenance is done at the appropriate time. The results are prolonged pavement life and reduced costs to property owners. The PMP was initiated to ensure a maintenance program for Arden Hills' aging streets. The most recent 2015 PMP area included: the Grant Noble and Venus Crystal areas.

Revenues (*Assessment, State Aid & Interest*) — \$2,947,175

Expenses — \$4,739,220

Public Safety Projects

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

Revenues (*Donations & Interest*) — \$25,691

Expenses — \$47,880

Equipment/Building Maintenance & Repair

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

Transfer from General & Enterprise Funds — \$280,765

Expenses — \$155,798

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.

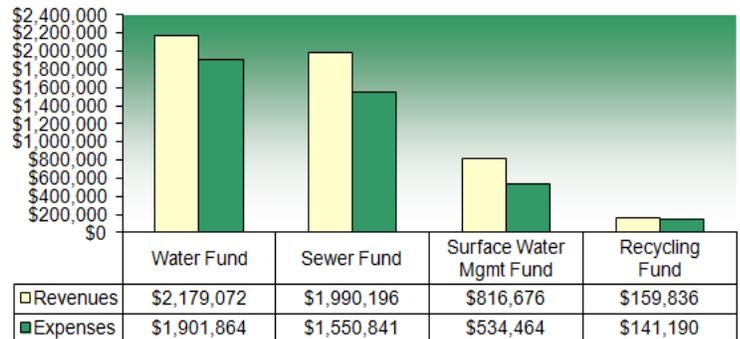
Revenues — \$0

Expenses — \$0

Enterprise Fund

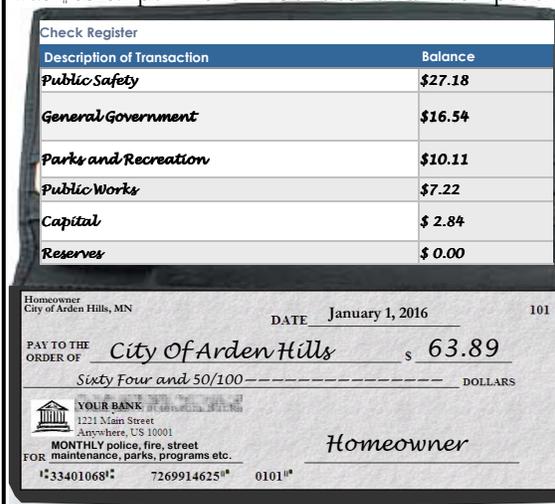
These funds consist of utility services provided to the community by the City such as water, sewer, surface water and recycling. A comprehensive rate study was completed in 2008. As a result of that study, the City changed to a tiered rate system effective 2009. Rates were also reviewed and updated in 2012.

2016 Enterprise Funds



How Tax Dollars Buy City Services

Residents receive a variety of City services at an affordable price. The cost of City services in 2016 for the owner of a single-family home in Arden Hills with an assessor's market value of \$300,300 was \$63.89 per month. Utilities remain competitively priced in 2016. The value received from City services compared favorably to charges of other monthly bills.



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 \$60.13 in 2016 (Arden Hills bills on a quarterly basis).