



August 2018

## Popular Annual Financial Report To The Community

For the fiscal year ended December 31, 2017

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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, 2017. 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 2017 comparison of nine communities in Ramsey County, the average cost of services on a \$308,200 homestead in terms of property taxes and property tax aids showed Arden Hills ranking as one of the lowest. A \$308,200 homestead in Arden Hills paid \$67.73 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 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 23 cents of every tax dollar for City services. The remaining portions are divided among Ramsey County, the school district and other agencies.



48¢ Ramsey County  
23¢ City of Arden Hills  
22¢ School District  
7¢ Other agencies

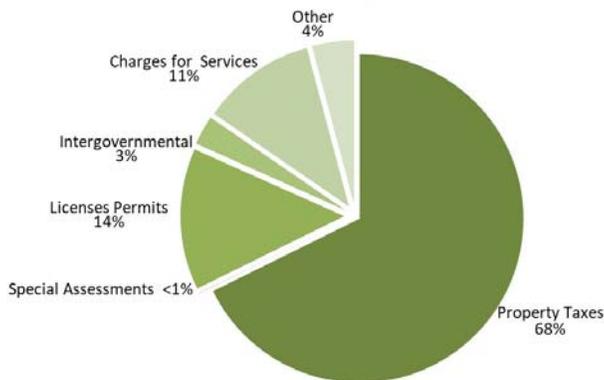


## General Fund Revenue

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

	2016	2017
Property Taxes	\$3,260,537	\$3,541,705
Special Assessments	\$1,331	\$1,265
Licenses/Permit	\$598,686	\$729,197
Intergovernmental	\$131,914	\$151,425
Charges for Services	\$577,041	\$590,141
Other	\$233,480	\$217,407
<b>Total General Fund Revenue</b>	<b>\$4,802,989</b>	<b>\$5,231,140</b>

**Inflow: Where does the money come from?**



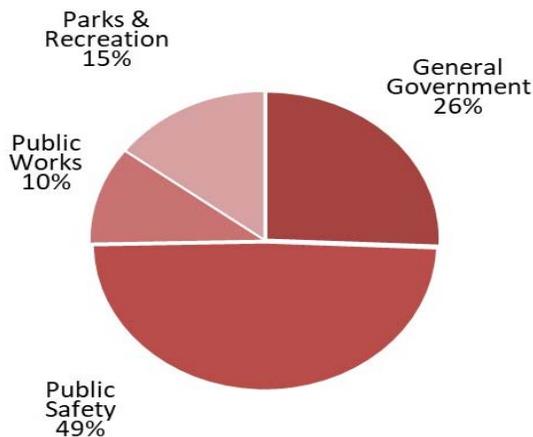
is property taxes. In-

tergovernmental revenues are items like state/county aids and grants. For year end 2017, the City’s revenue total was \$5,231,140 which was a \$428,151 (8.9%) increase from the previous year. This is mainly due to license and permit fees generating more revenue than expected.

## General Fund Expenditure

The City’s total General Fund expenditures for 2017 were \$4,196,636 which was \$519,616 (11%) under the final budget.

**Outflow: Where does the money go?**



Overall, General Fund expenditures increased by \$31,171 (.7% from 2016). Public Safety costs increased \$76,531 (4% increase from 2016) and Public Works costs

	2016	2017
General Government	\$1,082,313	\$1,076,352
Public Safety	\$1,981,506	\$2,058,037
Public Works	\$479,814	\$443,633
Parks and Recreation	\$621,832	\$618,614
Other	\$0	\$0
<b>Total General Fund Expenditures</b>	<b>\$4,165,465</b>	<b>\$4,196,636</b>

decreased by \$36,181 (7.5% decrease from 2016); the chart above highlights the amount funded to each of the City’s functions.

## 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.

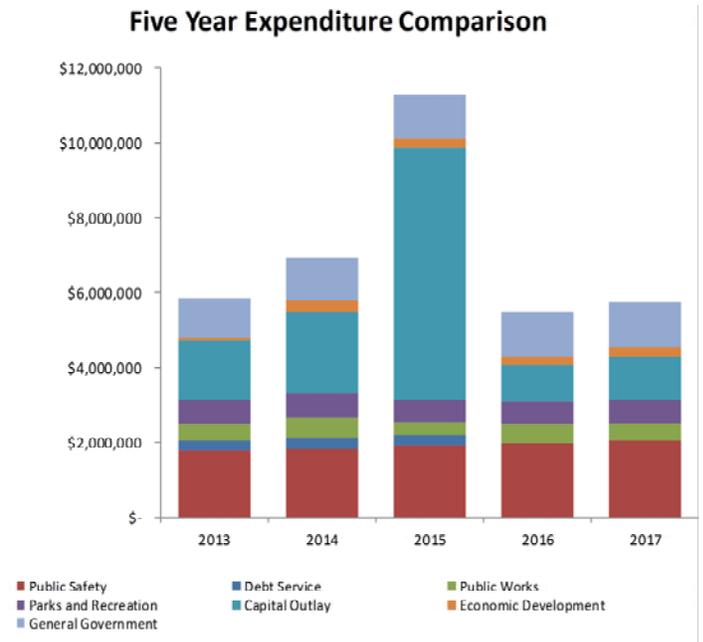
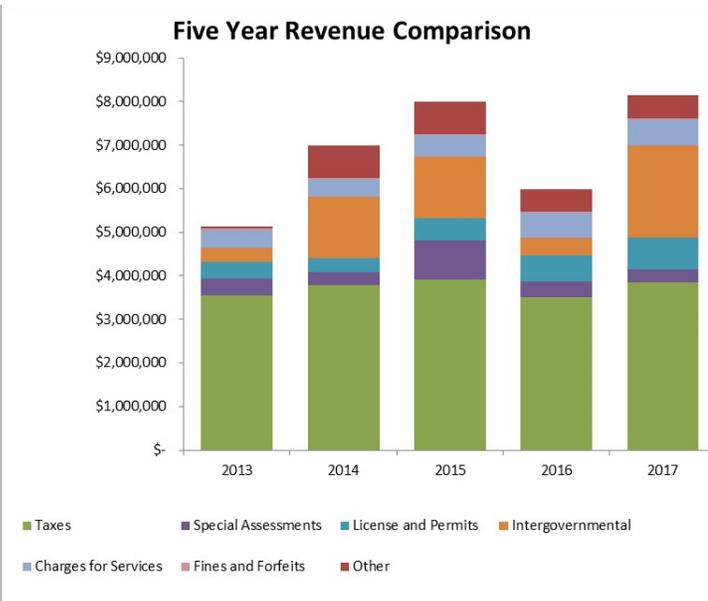
**Parks & Recreation:** This department is responsible for providing recreation activities in the City and maintaining the City’s parks and trails.

## Governmental Revenue & Expenditure



The City’s revenues for 2017 (for all funds except Enterprise and Internal Service Funds) totaled \$8,155,546; an increase of 36% from 2016. This increase is due to a reimbursement from the County for a street project.

The City of Arden Hills prides itself on controlling spending while providing the best services possible. In 2017, the City’s expenditures (for all funds except Enterprise and Internal Service Funds) totaled \$5,754,643; an increase of 5% from 2016. The increase was due to higher capital outlay and public safety costs in 2017 versus 2016. The chart highlights the City’s ability to control its expenditures and demonstrates the City’s priorities across departments on an annual basis.



### 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 2017 CAFR for more information.

EDA=Economic Development Authority

	Revenue	Expenditures
Cable	\$113,506	\$113,148
EDA Operating	\$9,309	\$79,898
EDA Revolving	\$2,602	\$0
EDA TIF District No. 3	\$94,086	\$1,549
EDA TIF District No. 4	\$204,271	\$185,105
<b>Total</b>	<b>\$423,774</b>	<b>\$379,700</b>

### 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:

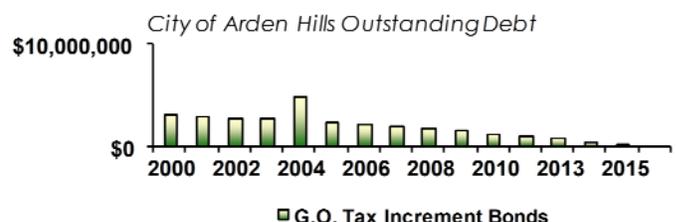
Total Revenue — \$811,568

Total Expenses — \$905,608

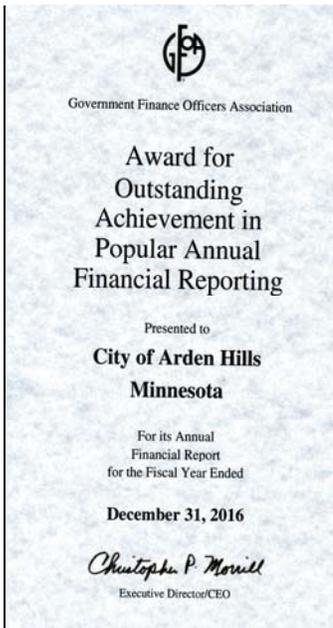
### Long Term Debt

Arden Hills recently received a “AAA” rating from Standard & Poor’s for its 2018A General Obligation Utility Revenue Bonds. This bond rating benefits the City by allowing the City to borrow at lower interest rates. The City previously issued General Obligation Tax Increment bonds in 1998, these bonds were fully repaid in 2015. The 2018A GO Utility Revenue Bonds will close in July 2018. They will help fund multiple water and sewer projects throughout the City.

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 2017, the City did not hold any outstanding debt. The below table represents a timeline of the City’s historical debt holdings.



■ G.O. Tax Increment Bonds



## 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 2017 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 2017, consult the 2017 CAFR available on the City's website at [www.cityofardenhills.org](http://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 current 2018 PMP area includes three neighborhoods within the City.

Revenues (*Assessment, State Aid, Interest & Transfers*) — \$2,873,865

Expenses — \$532,786

### Public Safety Projects

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

Revenues (*Donations & Interest*) — \$24,592

Expenses — \$100,215

### 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 — \$539,432

### 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.

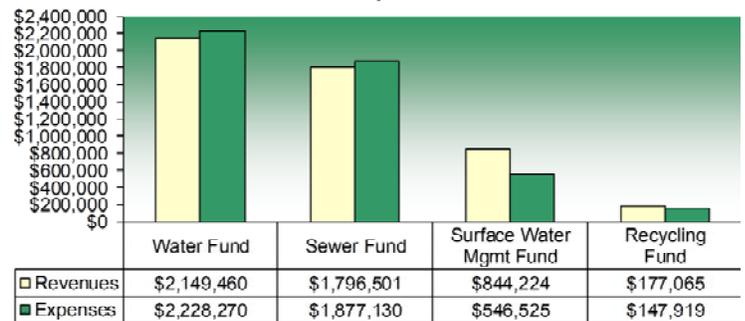
Revenues — \$6,500

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.

2017 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 2017 for the owner of a single-family home in Arden Hills with an assessor's market value of \$308,200 was \$67.73 per month. Utilities remain competitively priced in 2017. 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 \$61.46 in 2017 (Arden Hills bills on a quarterly basis).

