

City of Arden Hills, Minnesota Popular Annual Financial Report To The Community For the year ended December 31, 2018



Inside this issue:

<i>Tax Comparison</i>	1
<i>Dividing Up Your Tax Dollar</i>	1
<i>General Fund</i>	2
<i>Special Revenue Funds</i>	3
<i>Internal Service Funds</i>	3
<i>Long-Term Debt</i>	3
<i>Capital Funds</i>	4
<i>Enterprise Funds</i>	4
<i>Monthly Bill</i>	4

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, 2018. These highlights are based upon the City's Comprehensive Annual Financial Report [CAFR] which is a more inclusive, audited document.

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 expenditures that provide for *basic operations of the City*, i.e., police and fire protection and street maintenance.
- **Special Revenue 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.

Monthly City Property Tax Comparison

In a 2018 comparison of nine communities in Ramsey County, the average cost of services on a \$333,800 homestead in terms of property taxes showed Arden Hills ranking as one of the lowest.

Dividing Up Your Property Tax

Your tax dollar is divided up into several governmental entities.

Arden Hills collects 22 cents of every tax dollar for City services.



46¢ Ramsey County

22¢ City of Arden Hills

25¢ School District

7¢ Other agencies

The remaining portions are divided among Ramsey County, the school district and other agencies.

City Property Taxes per Household per Month



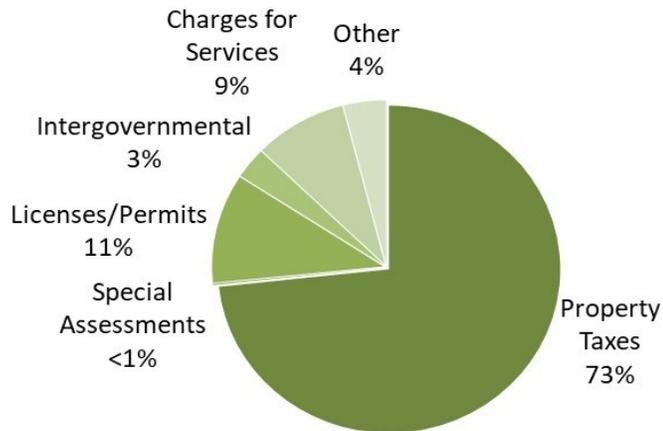
A \$333,800 homestead in Arden Hills paid \$69.49 per month in property taxes to the City.



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.

Inflow: Where does the money come from?



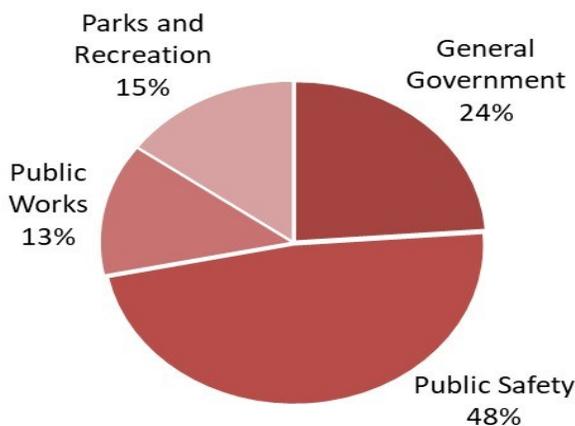
	2017	2018
Property Taxes	\$3,541,705	\$3,578,628
Special Assessments	\$1,265	\$5,362
Licenses/Permit	\$729,197	\$526,444
Intergovernmental	\$151,425	\$149,097
Charges for Services	\$590,141	\$427,905
Other	\$217,407	\$195,245
Total General Fund Revenue	\$5,231,140	\$4,882,681

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 year end 2018, the City’s revenue total was \$4,882,681 which was a \$348,459 (6.7%) decrease from the previous year. Licenses and permits and charges for services decreased \$202,753 and \$162,236, respectively, due to decreased building activity in the current year.

General Fund Expenditure

The City’s total General Fund expenditures for 2018 were \$4,361,629 which was \$330,225 (7.6%) under the final budget.

Outflow: Where does the money go?



	2017	2018
General Government	\$1,076,352	\$1,039,772
Public Safety	\$2,058,037	\$2,088,345
Public Works	\$443,633	\$579,535
Parks and Recreation	\$618,614	\$653,977
Other	\$0	\$0
Total General Fund Expenditures	\$4,196,636	\$4,361,629

Overall, General Fund expenditures increased by \$164,993 (3.9%) from 2017. Public Safety costs increased \$30,308 (1.5%) from 2017 and Public Works costs increased by \$135,902 (30.6%) from 2017; the chart above highlights the amount funded by 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.

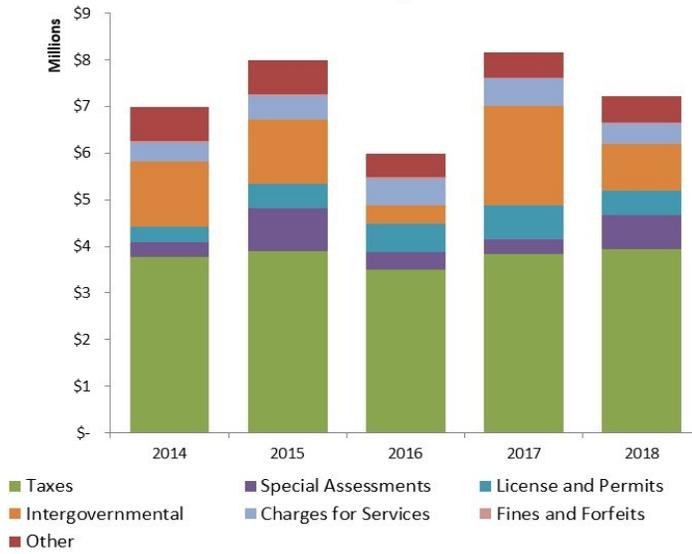
Governmental Revenue & Expenditure



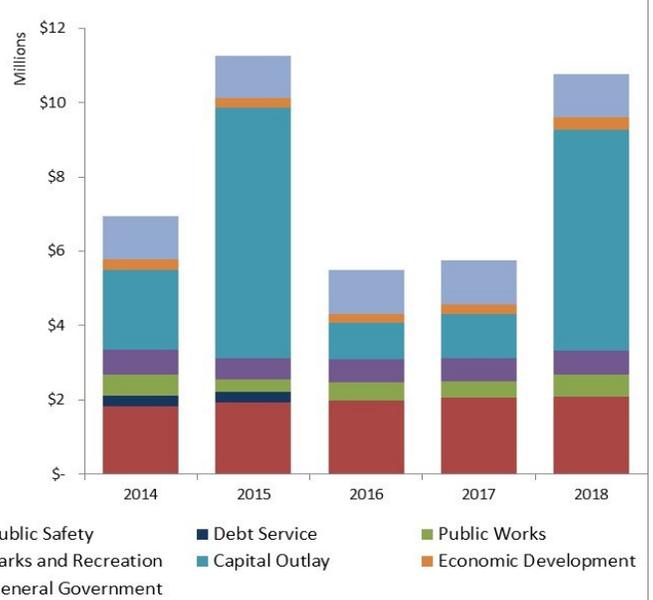
The City’s revenues for 2018 (for all funds except Enterprise and Internal Service Funds) totaled \$7,222,675; a decrease of 11% from 2017. This decrease is due to a reimbursement from the County for a street project recognized in 2017.

The City of Arden Hills prides itself on controlling spending while providing the best services possible. In 2018, the City’s expenditures (for all funds except Enterprise and Internal Service Funds) totaled \$10,757,975; an increase of 87% from 2017. The increase was due to increased construction activity related to street and trail projects. 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 2018 CAFR for more information.

EDA=Economic Development Authority

	Revenue	Expenditures
Cable	\$105,598	\$124,885
EDA Operating	\$8,211	\$58,755
EDA Revolving	\$547	\$34,208
EDA TIF District No. 3	\$106,604	\$1,501
EDA TIF District No. 4	\$256,050	\$230,084
Total	\$477,010	\$449,433

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 helped fund multiple water and sewer projects throughout the City.

The below table represents a timeline of the City’s historical debt holdings.

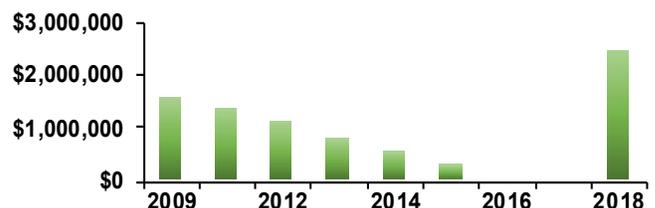
Internal Service Funds

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 — \$779,294

Total Expenses — \$728,151

City of Arden Hills Outstanding Debt





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 2018 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 2018, consult the 2018 CAFR available on the City's website at www.cityofardenhills.org, or from the Finance Department at 651.792.7800.

Capital Funds

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 2018 PMP area included three neighborhoods within the City.

Revenues (Assessment, State Aid, Interest & Transfers) — \$2,000,026
 Expenses — \$5,423,506

Public Safety Projects

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

Revenues (Donations, Interest & Transfers) — \$88,608
 Expenses — \$166,000

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 & Sale of Assets — \$819,158

Expenses — \$342,987

Parks

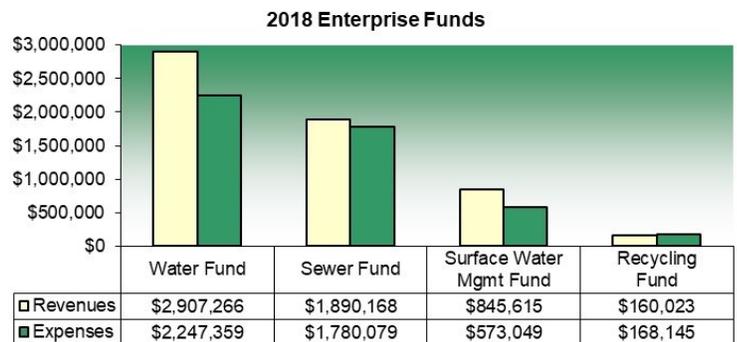
This fund was established for park/trail acquisition and development. Revenue for this fund comes from developer park dedication fees, contributions, state grants and investment interest.

Revenues — \$24,350

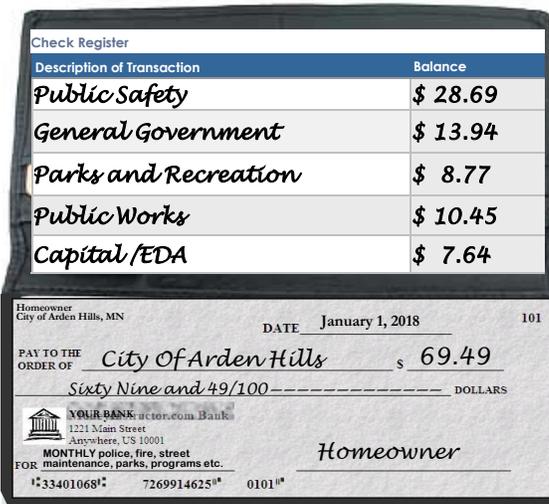
Expenses — \$650

Enterprise Funds

These funds consist of utility services provided to the community by the City such as water, sewer, surface water and recycling. A rate study was completed in 2018 and projected infrastructure improvements will require annual user rate increases. User rates are evaluated each year during the budget cycle.



How Property Tax Dollars Buy City Services



Residents receive a variety of City services at an affordable price. The cost of City services in 2018 for the owner of a single-family home in Arden Hills with an assessor's market value of \$333,800 was \$69.49 per month. Utilities remain competitively priced in 2018. 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 (separate from property taxes)

Based on an average usage of 4,800 gallons per month, monthly cost of utilities for a home in Arden Hills was \$75.26 in 2018 (Arden Hills bills on a quarterly basis).