

City of Arden Hills, Minnesota

Popular Annual Financial Report

To The Community

For the year ended December 31, 2019



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The City of Arden Hills is proud to present 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, 2019. 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., administration, police & fire, street & park maintenance, recreation, community development and planning.
- **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-supported by user charges to other governmental funds.

Dividing Up Your Property Tax Dollar



Ramsey County 47¢ City of Arden Hills 23¢ School District 23¢ Other Agencies 7¢

Your tax dollar is divided up between 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.

Department Organization Chart

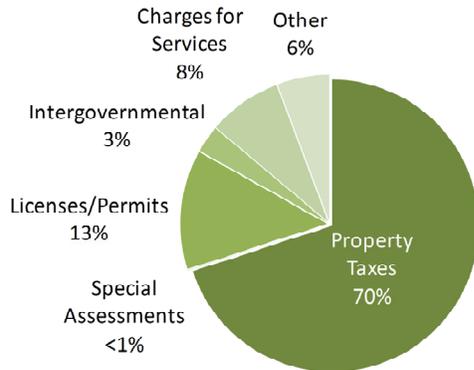


General Fund

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. Like most funds, the General Fund relies on the inflow of cash, shown as revenues and subsequently the outflow listed as expenditures.

Revenues

The primary revenue for the General Fund is property taxes. Intergovernmental revenues are items like state or county aids and grants. For year end 2019, the City’s revenue total was \$5,424,905 which was a \$542,224 (11.1%) increase from the previous year. Licenses & permits and other increased \$188,086 and \$116,077, respectively, due to increased building activity and interest earnings in the current year.

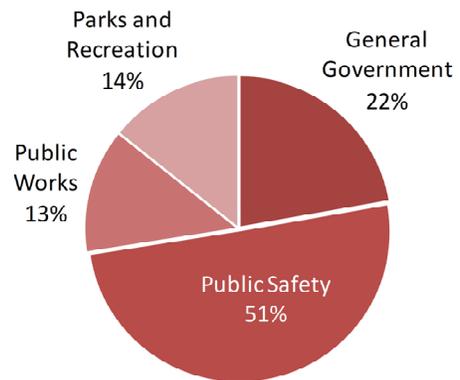


	2018	2019
Property Taxes	\$3,578,628	\$3,795,624
Special Assessments	5,362	772
Licenses/Permits	526,444	714,530
Intergovernmental	149,097	162,041
Charges for Services	427,905	440,616
Other	195,245	311,322
Total General Fund Revenues	\$4,882,681	\$5,424,905

Expenditures

The City’s total General Fund expenditures for 2019 were \$4,769,691 which was \$367,609 (7.2%) under the final budget. Overall, General Fund expenditures increased by \$408,062 (9.4%) from 2018. Public Safety costs increased \$310,951 (926.0%) and Public Works costs increased by \$52,996 (9.4%). The chart below highlights the amount funded by each of the City’s functions.

	2018	2019
General Government	\$1,039,772	\$1,058,275
Public Safety	2,088,345	2,399,296
Public Works	579,535	632,531
Parks & Recreation	653,977	679,589
Total General Fund Expenditures	\$4,361,629	\$4,769,691



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 overseeing 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 the 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.

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. The City of Arden Hills has the following Special Revenue Funds:

- **Cable TV** accounts for reve-

nu and expenditures related to cable TV, internet and other forms of communication. Revenue for this fund comes primarily from cable owner franchise fees.

- **EDA Operations** accounts for general administration activities that are not specific to any individual Tax Increment Financing (TIF) District, as well as activi-

ties associated with the Economic Development Commission and Economic Development Authority.

- **EDA TIF Districts** account for revenues derived from tax increments and expenditures for developer reimbursements and administrative expenses. The City had three districts at the end of 2019.

Long Term Debt

Arden Hills received a “AAA” rating from Standard and Poor’s Global on its 2018 bond issue. This is the highest possible rating you can receive. A high bond rating translates into lower future borrowing costs. This rating is based on the City’s:

- Very Strong economy, with access to a broad and diverse metropolitan statistical area.

- Very strong management, with strong financial polices and practices.

- Very strong budgetary performance and liquidity.

- Very strong debt and contingent liability position.

- Strong institutional framework.



The goal of the PAFR is to supplement—not replace—the CAFR.

Similar to the CAFR, information in the PAFR conforms to Generally Accepted Accounting Principles (GAAP). For more detailed information and copies of the PAFR or CAFR, visit the city’s website at www.cityofardenhills.org.

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 combined totals for these funds are:

Revenues—\$621,074

Expenses—\$673,275

Net Position—\$332,011



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 CAFR, and is consistent with Generally Accepted Accounting Principles.

For a complete review of the City's financial position for 2019, consult the 2019 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 Pavement Management Program (PMP) identifies, inventories, and tracks street conditions to ensure that maintenance is completed 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. Year end fund balance was \$3,762,602.

Public Safety Projects: This fund accounts for the City's share of capital equipment costs for police and fire. Year end fund balance was \$(5,197).

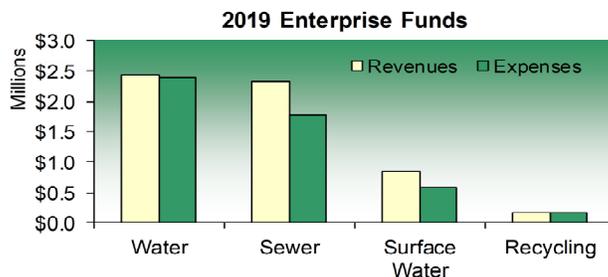
Equipment/Building Maintenance & Repair: City equipment and buildings are monitored regularly and replaced/repared when needed. Transfers are made from various funds to fund these expenditures. Year end fund balance was \$294,445.

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. Year end fund balance was \$(5,816).

Enterprise Funds

The Enterprise Funds are run like a business in that they rely on fees and charges for revenue to cover expenses. 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 for the foreseeable future. User rates are evaluated each year during the budget cycle.

	Revenues	Expenses
Water	2,444,997	2,395,820
Sewer	2,327,103	1,789,498
Surface Water	858,429	587,209
Recycling	166,995	172,232
	<u>5,797,524</u>	<u>4,944,759</u>



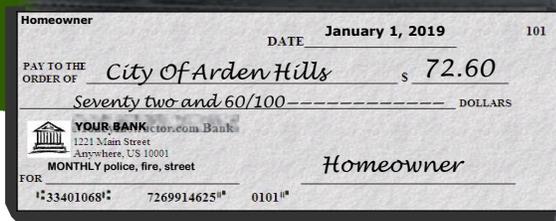
Based on an average usage of 4,800 gallons per month, the 2019 monthly cost of utilities for a home in Arden Hills was \$79.83 (Arden Hills bills on a quarterly basis).

Cost of City Services

Residents receive a variety of City services at an affordable price. The cost of City services in 2019 for the owner of a single-family home in Arden Hills with an assessor's market value of \$346,900 was \$72.60 per month.

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

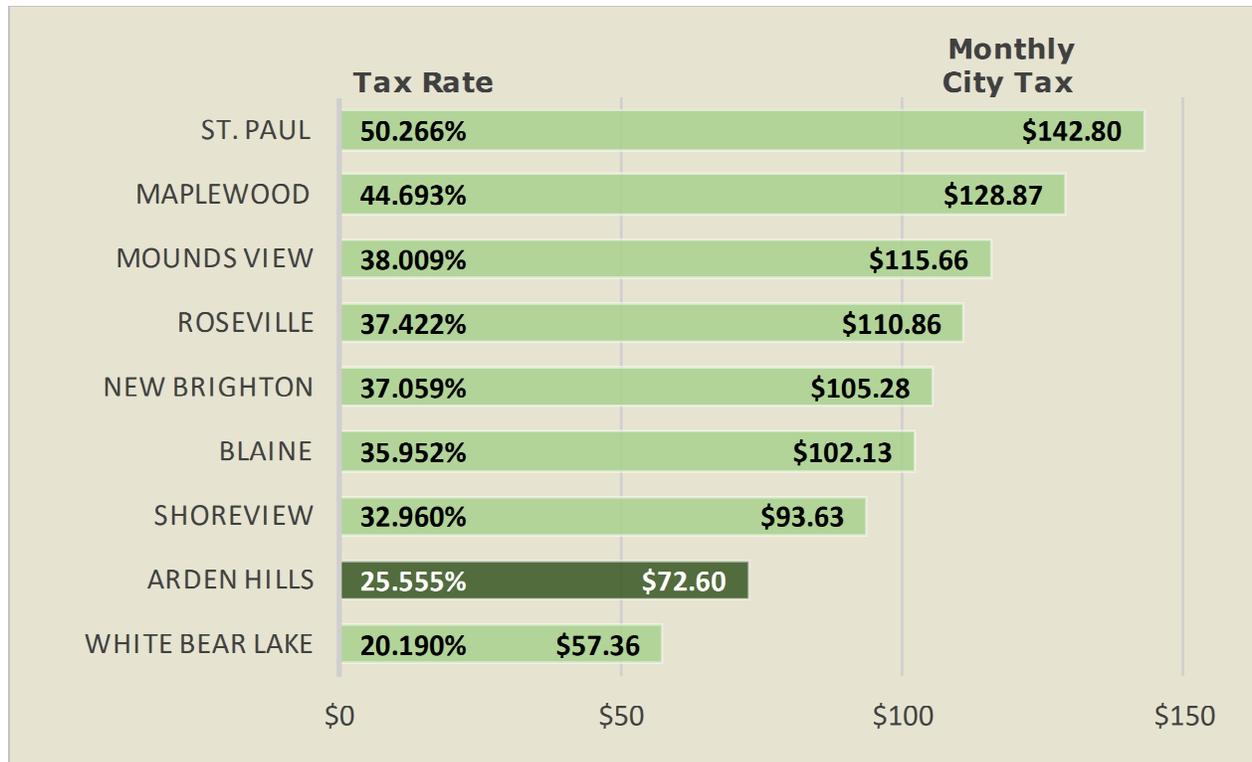
Description of Transaction	Balance
Public Safety	\$ 29.45
General Government	\$ 16.69
Parks and Recreation	\$ 11.37
Public Works	\$ 9.53
Capital/EDA	\$ 5.56



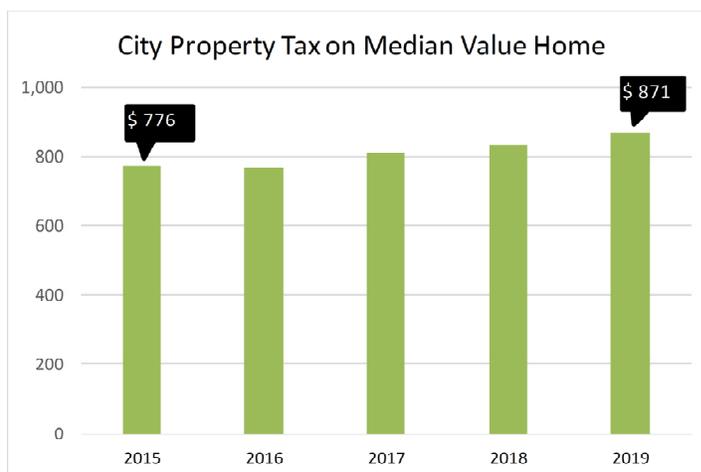
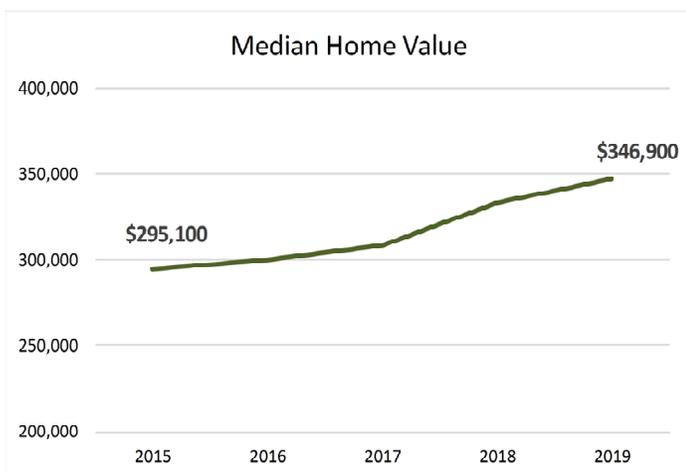
2019 City Property Taxes per Household per Month

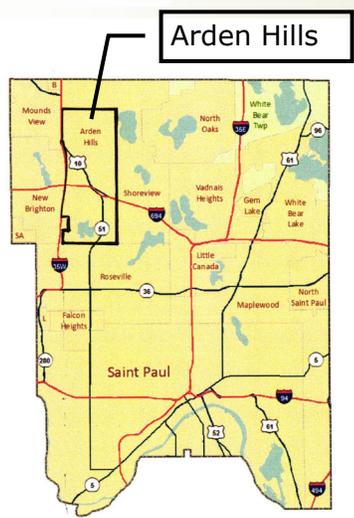
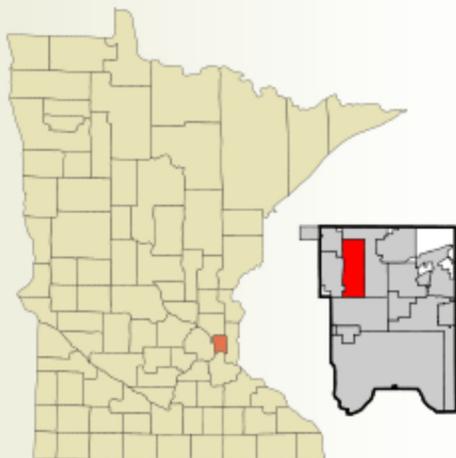
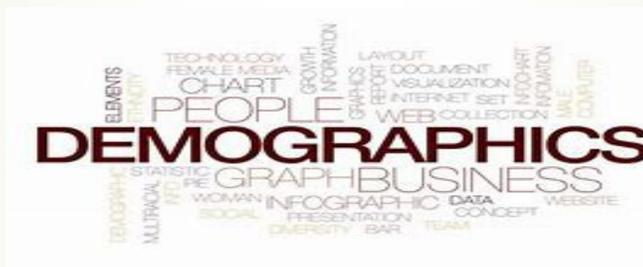
In a 2019 comparison of nine communities in Ramsey County, the average cost of services on a \$346,900 homestead in terms of property taxes showed Arden Hills ranking as one of the lowest.

A \$346,900 homestead in Arden Hills paid \$72.60 per month in property taxes to the City.



The median home value has increased from \$295,100 in 2015 to \$346,900 in 2019, a 17.6% increase. During that same period, the city tax on a median value home has increased from \$776 to \$871, a 12.2% increase. The reason for this difference is that the city tax rate has decreased from 27.294% in 2015 to 25.555% in 2019, a 6.4% decrease.





Median Home Value—\$346,900

3,252 Households



Persons per Household—2.53

\$1,572—median gross rent

BUILDING PERMITS	\$81.1M	\$9.7M	1,295
	Commercial Valuations	Residential Valuations	Permits Issued

9,988 Population



Median Age—36.4