

City of Arden Hills, Minnesota

Popular Annual Financial Report

To The Community

For the year ended December 31, 2020



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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, 2020. These highlights are based upon the City's Comprehensive Annual Financial Report (Annual Report) 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

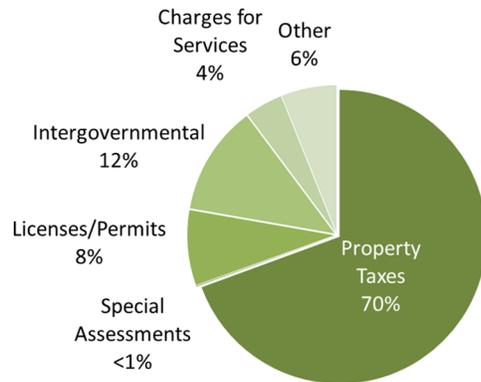


General Fund

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 2020, the City’s revenue total was \$5,229,541 which was a \$195,364 (3.6%) decrease from the previous year. Licenses & permits and Charges for services decreased \$282,902 and \$224,698, respectively, due to decreased building activity in the current year.

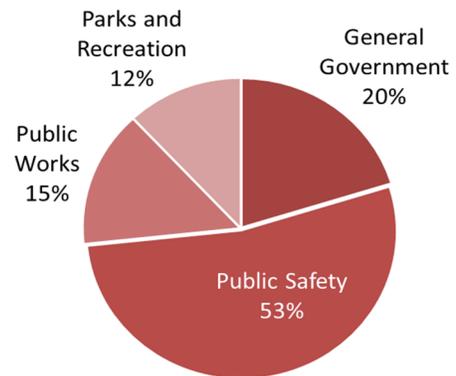


	2019	2020
Property Taxes	\$3,795,624	\$3,629,819
Special Assessments	772	4,758
Licenses/Permits	714,530	431,628
Intergovernmental	162,041	629,432
Charges for Services	440,616	215,918
Other	311,322	317,986
Total General Fund Revenues	\$5,424,905	\$5,229,541

Expenditures

The City’s total General Fund expenditures for 2020 were \$4,586,618 which was \$444,842 (8.8%) under the final budget. Overall, General Fund expenditures decreased by \$183,073 (3.8%) from 2019. Parks and Recreation costs decreased \$131,802 (19.4%) and General Government costs decreased by \$130,956 (12.4%). The chart below highlights the amount funded by each of the City’s functions.

	2019	2020
General Government	\$1,058,275	\$927,319
Public Safety	2,399,296	2,435,773
Public Works	632,531	675,739
Parks & Recreation	679,589	547,787
Total General Fund Expenditures	\$4,769,691	\$4,586,618



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 recurring Special Revenue Funds:

- **Cable TV** accounts for revenue 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 activities 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 2020.

The City also established a CARES Act Fund to administer the COVID-19 relief funds and a Karth Lake Improvement District Fund to manage a pump replacement project. These are short-term funds.

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. It shows that the City is able to meet its financial commitments and has the lowest risk of default. 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 policies 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 Annual Report.

Similar to the Annual Report, information in the PAFR conforms to Generally Accepted Accounting Principles (GAAP). For more detailed information and copies of the PAFR or Annual Report, 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—\$541,496

Expenses—\$654,334

Net Position—\$219,173



About this Report

The City of Arden Hills reports financial year-end results in the Comprehensive Annual Financial Report (Annual Report). The Popular Annual Financial Report (PAFR) is an unaudited report that summarizes the most significant data from the Annual Report, and is consistent with Generally Accepted Accounting Principles.

For a complete review of the City's financial position for 2020, consult the 2020 Annual Report 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 \$4,928,470.

Public Safety Projects: This fund accounts for the City's share of capital equipment costs for police and fire. Year end fund balance was \$125,624.

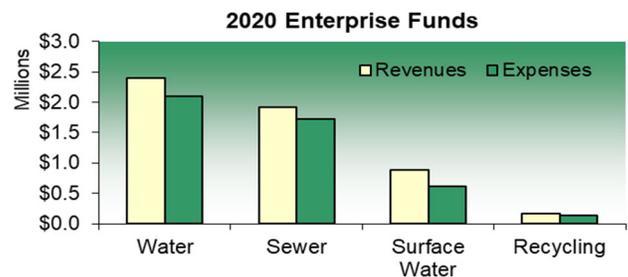
Equipment/Building Maintenance & Repair: City equipment and buildings are monitored regularly and replaced/repaired when needed. Transfers are made from various funds to fund these expenditures. Year end fund balance was \$461,581.

Parks: This fund was established for park/trail acquisition, maintenance and development. Revenue for this fund comes from developer park dedication fees, contributions, state grants and investment interest. Year end fund balance was \$246,917.

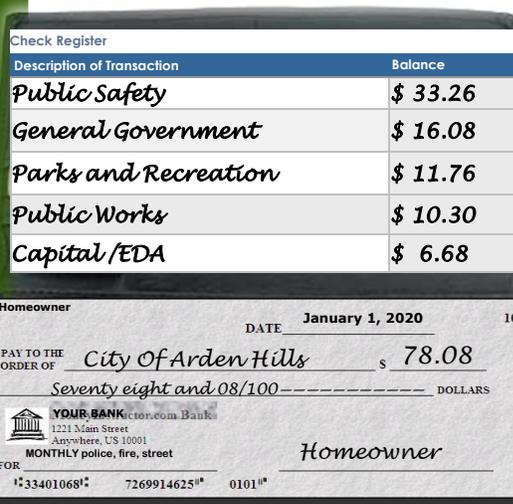
Enterprise Funds

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	2,392,800	2,096,083
Sewer	1,913,516	1,728,146
Surface Water	885,989	620,365
Recycling	163,635	139,840
	<u>5,355,940</u>	<u>4,584,434</u>



Based on an average usage of 4,800 gallons per month, the 2020 monthly cost of utilities for a home in Arden Hills was \$84.06 (Arden Hills bills on a quarterly basis).



Cost of City Services

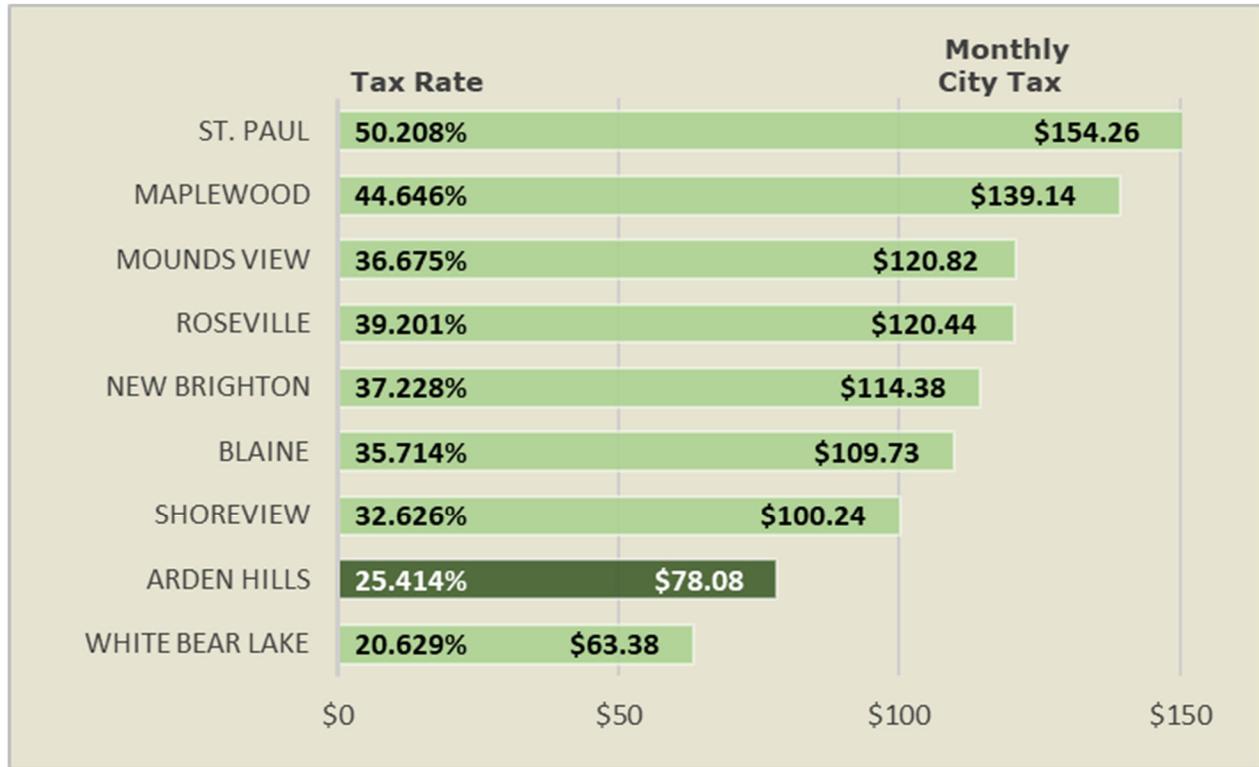
Residents receive a variety of City services at an affordable price. The cost of City services in 2020 for the owner of a single-family home in Arden Hills with an assessor's market value of \$372,400 was \$78.08 per month.

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

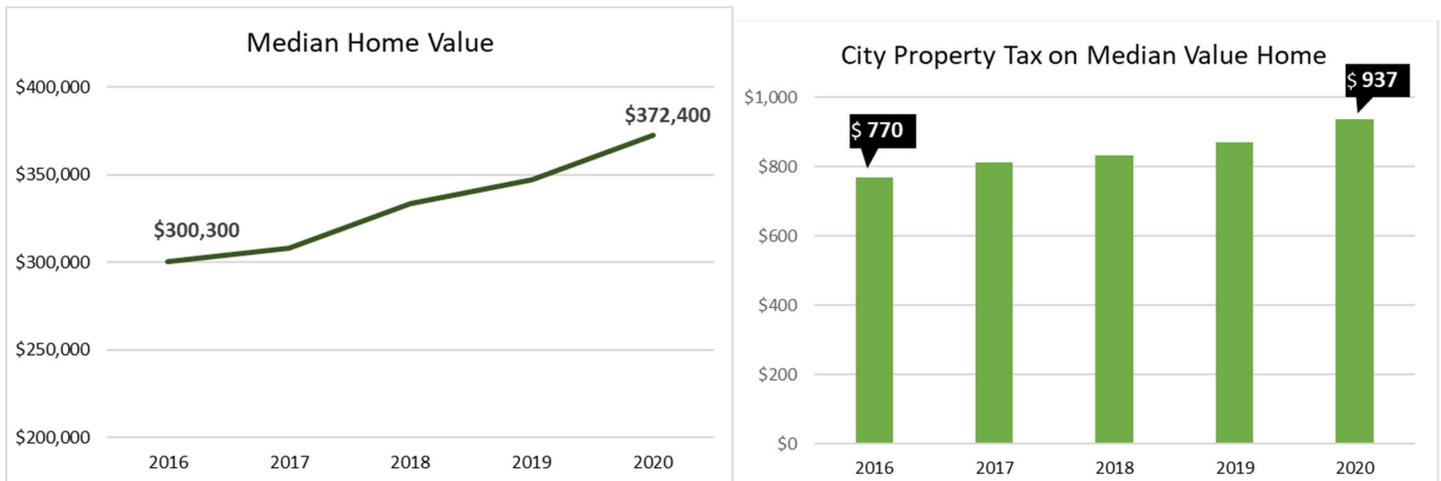
2020 City Property Taxes per Household per Month

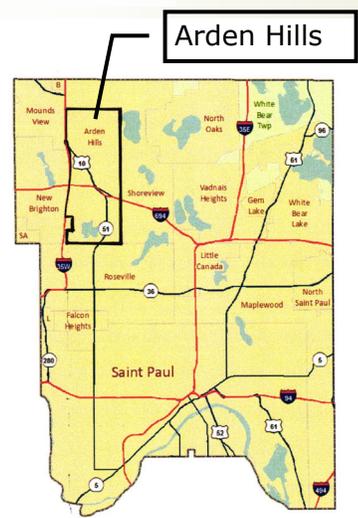
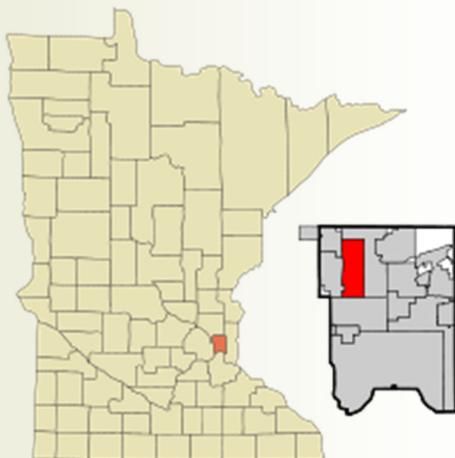
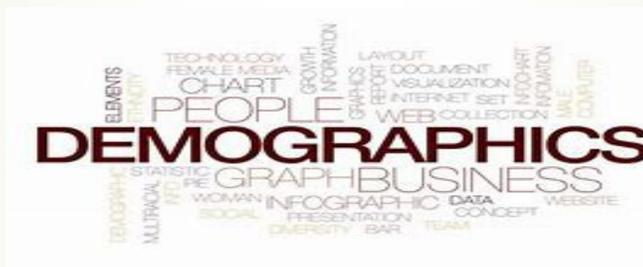
In a 2020 comparison of nine communities in Ramsey County, the average cost of services on a \$372,400 homestead in terms of property taxes showed Arden Hills ranking as one of the lowest.

A \$372,400 homestead in Arden Hills paid \$78.08 per month in property taxes to the City.



The median home value has increased from \$300,300 in 2016 to \$372,400 in 2020, a 24.0% increase. During that same period, the city tax on a median value home has increased from \$770 to \$937, a 21.7% increase. The reason for this difference is that the city tax rate has decreased from 26.539% in 2016 to 25.414% in 2020, a 4.2% decrease.





Median Home Value—\$372,400

3,240 Households



Persons per Household—2.57

\$1,558—median gross rent

BUILDING PERMITS	\$27.36M	\$9.46M	1,340
	Commercial Valuations	Residential Valuations	Permits Issued

10,108 Population



Median Age—36.2