

# City of Arden Hills, Minnesota

## Popular Annual Financial Report

### To The Community

For the year ended December 31, 2022



1245 W Hwy 96  
Arden Hills, MN  
55112  
651-792-7800

[cityofardenhills.org](http://cityofardenhills.org)

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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, 2022. These highlights are based upon the City's Annual Comprehensive 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 Funds** collect 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  
44¢

City of  
Arden Hills  
25¢

School District  
22¢

Other Agencies  
9¢

Your tax dollar is divided up between several governmental entities. Arden Hills collects 25 cents of every tax dollar for City services. The remaining portions are divided among Ramsey County, the school district and other agencies.

### Department Organizational Chart

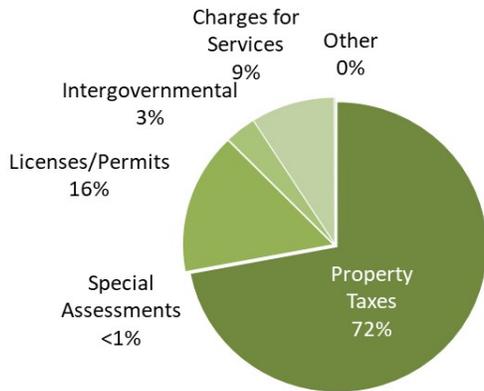


# General Fund

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 2022, the City’s revenue total was \$5,306,436 which was a \$1,846 (0.0%) increase from the previous year. Licenses & permits and Property taxes increased \$78,334 and \$65,695, respectively, due to increased building activity and property tax levy in the current year. Investment earnings decreased 173,317 due to market value fluctuations.

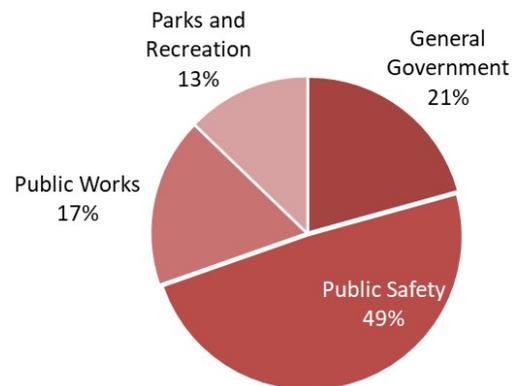


	2021	2022
Property Taxes	\$3,763,384	\$3,829,079
Special Assessments	4,514	0
Licenses/Permits	752,532	830,866
Intergovernmental	160,279	174,405
Charges for Services	459,638	476,574
Other	164,243	(4,488)
<b>Total General Fund Revenues</b>	<b>\$5,304,590</b>	<b>\$5,306,436</b>

## Expenditures

The City’s total General Fund expenditures for 2022 were \$5,203,012 which was \$215,158 (4.0%) under the final budget. Overall, General Fund expenditures increased by \$235,728 (4.7%) from 2021. Public Safety costs decreased \$162,086 (6.0%) and Public Works costs increased by \$295,912 (47.9%). The chart below highlights the amount funded by each of the City’s functions.

	2021	2022
General Government	\$1,014,282	\$1,077,037
Public Safety	2,708,137	2,546,051
Public Works	618,236	914,148
Parks & Recreation	626,629	665,776
<b>Total General Fund Expenditures</b>	<b>\$4,967,284</b>	<b>\$5,203,012</b>



### 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 Principles (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 2022.

The City also established an American Rescue Plan Act Fund to administer the ARPA 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](http://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:

Beginning Net Position	\$164,953
Revenues	\$526,679
Expenses	\$513,453
Ending Net Position	\$178,179



### About this Report

The City of Arden Hills reports financial year-end results in the Annual Comprehensive 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 2022, consult the 2022 Annual Report available on the City’s website at [www.cityofardenhills.org](http://www.cityofardenhills.org), or from the Finance Department at 651.792.7800.

## Capital Funds

**Permanent Improvement Revolving Fund:** 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. There were two projects included in 2022: one for the Arden Oaks neighborhood and one on Snelling Avenue. Year end fund balance was \$4,702,027.

**Public Safety Projects:** This fund accounts for the City’s share of capital equipment costs for police and fire. Year end fund balance was \$264,303.

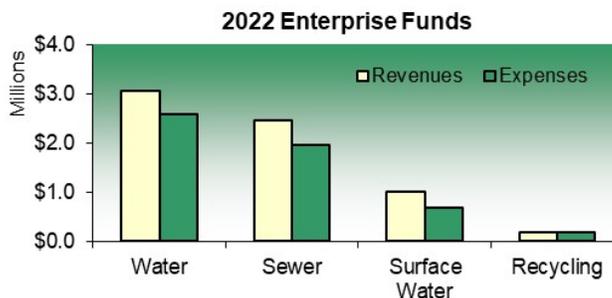
**Equipment/Building Maintenance & Repair:** City equipment and buildings are monitored regularly and replaced/repaired when needed. Transfers are made from various funds to fund these expenditures. Year end fund balance was \$245,914.

**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 \$218,039.

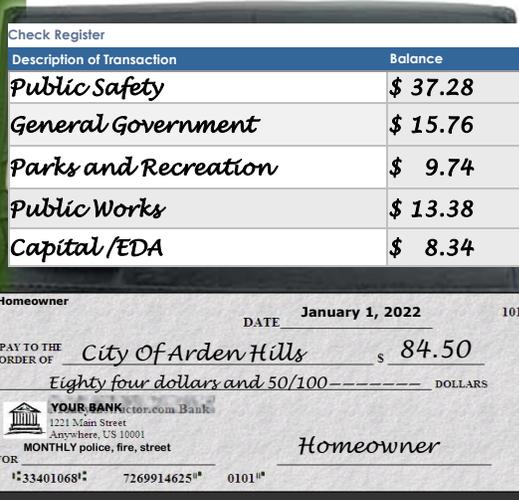
## Enterprise Funds

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	3,054,443	2,573,906
Sewer	2,465,306	1,943,972
Surface Water	1,012,232	684,730
Recycling	189,396	173,092
	<b>6,721,377</b>	<b>5,375,700</b>



Based on an average usage of 4,800 gallons per month, the 2022 monthly cost of utilities for a home in Arden Hills was \$91.56 (Arden Hills bills on a quarterly basis).



## Cost of City Services

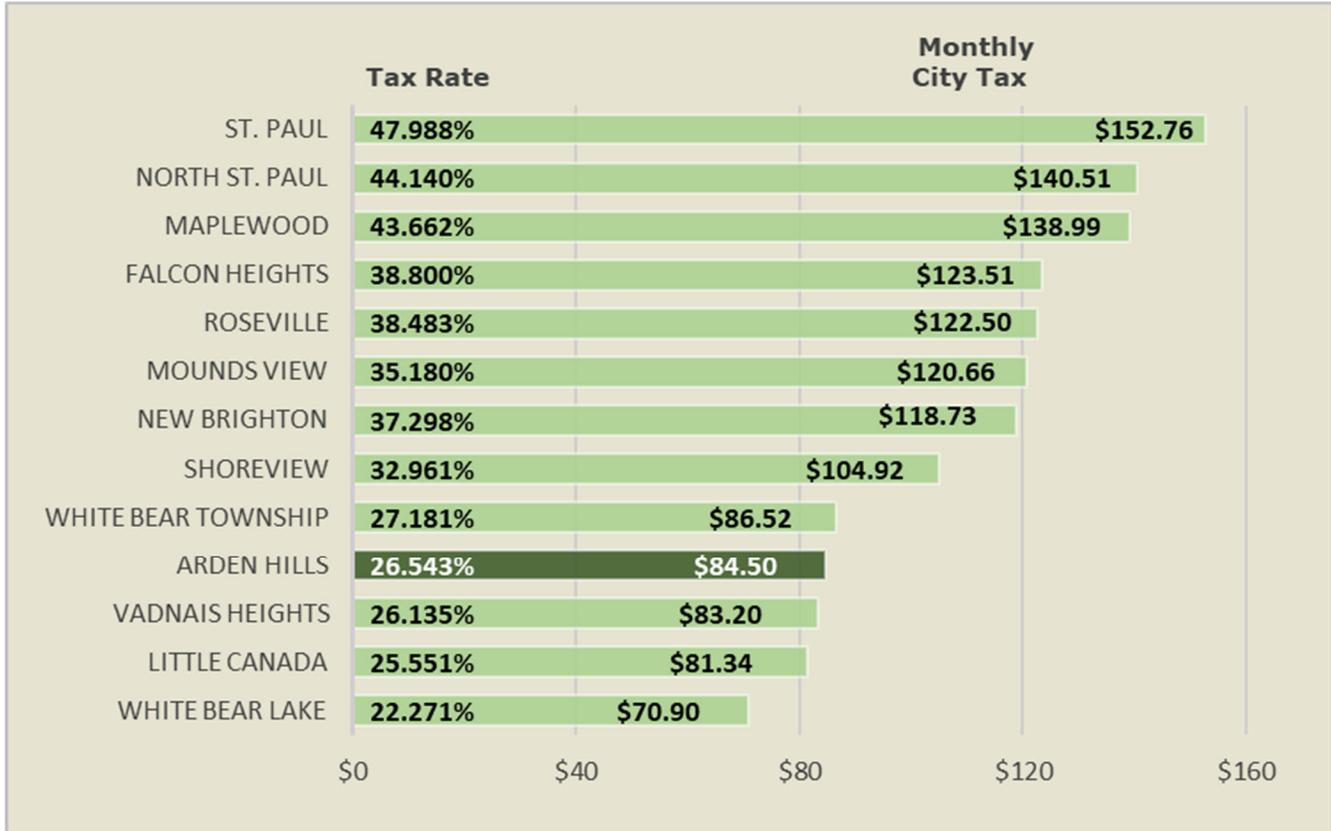
Residents receive a variety of City services at an affordable price. The cost of City services in 2022 for the owner of a single-family home in Arden Hills with an assessor’s market value of \$384,600 was \$84.50 per month.

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

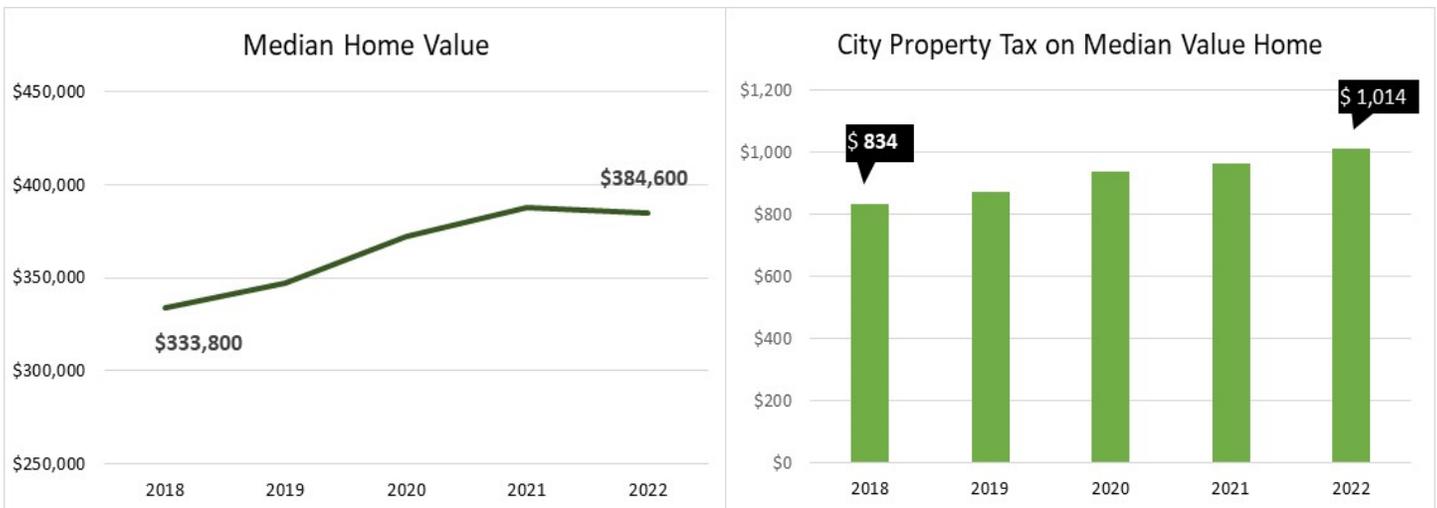
## 2022 City Property Taxes per Household per Month

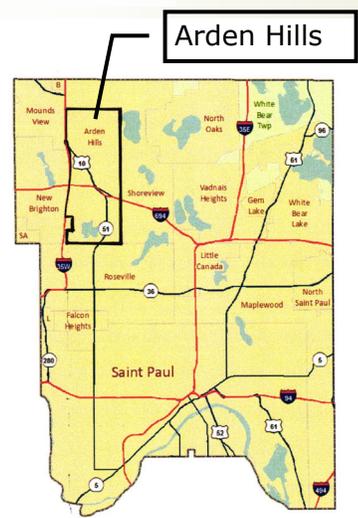
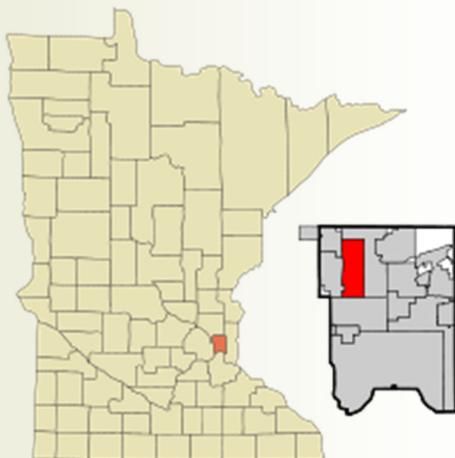
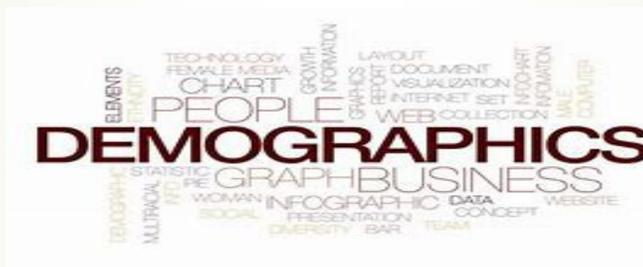
In a 2022 comparison of nine communities in Ramsey County, the average cost of services on a \$384,600 homestead in terms of property taxes showed Arden Hills ranking as one of the lowest.

A \$384,600 homestead in Arden Hills paid \$84.50 per month in property taxes to the City.



The median home value has increased from \$333,800 in 2018 to \$384,600 in 2022, a 15.2% increase. During that same period, the city tax on a median value home has increased from \$834 to \$1,014, a 21.6% increase. The reason for this difference is that the city tax rate has increased from 25.532% in 2018 to 26.543% in 2022, a 4.0% increase.





**Median Home Value—\$384,600**

**3,208 Households**



**Persons per Household—2.63**

**\$1,678—median gross rent**

<b>BUILDING PERMITS</b>	<b>\$66.7M</b>	<b>\$10.4M</b>	<b>1,413</b>
	Commercial Valuations	Residential Valuations	Permits Issued

**9,996 Population**



**Median Age—36.2**