

RESOLUTION NO. 2009 - 70

A RESOLUTION CERTIFYING FINAL TAX LEVY
REQUIREMENTS FOR 2010 TO THE COUNTY OF ANOKA

WHEREAS, Chapter Seven, Section 7.02 of the Charter of the City of Fridley, grants the City the power to raise money by taxation pursuant to the laws of the State of Minnesota; and

WHEREAS, Minnesota Statute Chapter 275.07, subd. 1 requires the City to certify its final tax levy requirements to the County on or before five working days after December 20 in each year; and

NOW THEREFORE, BE IT RESOLVED, that the City of Fridley certify to the County of Anoka, State of Minnesota, the following final tax levy to be levied in 2009 for the year 2010:

GENERAL FUND

General Fund \$ 9,101,421

CAPITAL PROJECT FUND

Capital Improvement Fund - Parks Division 0

AGENCY FUND

Six Cities Watershed Management Organization 6,200

MARKET VALUE BASED REFERENDUM LEVY

Springbrook Nature Center \$ 314,400

BONDED INDEBTEDNESS

2005A GO Improvement Bonds (Streets 2005) 169,741

2006A GO Improvement Bonds (Streets 2006) 197,200

2007A GO Improvement Bonds (Streets 2007) 183,700

2008A GO Improvement Bonds (Streets 2008) 147,500

TOTAL ALL FUNDS \$ 10,120,162

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF FRIDLEY THIS 14th DAY OF DECEMBER, 2009.

ATTEST:


DEBRA A. SKOGEN, CITY CLERK


SCOTT J. LUND - MAYOR

RESOLUTION NO. 2009 - 71

**A RESOLUTION ADOPTING THE FINAL BUDGET
FOR THE FISCAL YEAR 2010**

WHEREAS, Chapter 7, Section 7.04 of the City Charter provides that the City Manager shall prepare an annual budget; and

WHEREAS, the City Manager has prepared such document and the City Council has met several times for the purpose of discussing the budget; and

WHEREAS, the City Council has held a public meeting and has concluded the budget as prepared is appropriate;

NOW THEREFORE, BE IT RESOLVED that the following final budget be adopted and approved:

<u>GENERAL FUND</u>	<u>ESTIMATED REVENUE</u>	<u>APPROPRIATIONS</u>	
Taxes		Legislative:	
Current Ad Valorem	\$ 9,101,421	City Council	\$ 119,370
Delinquent, Penalties, Forfeited	93,500	City Management:	
Licenses and Permits		General Management	282,470
Licenses	199,530	Human Resources	206,269
Permits	348,700	Legal	377,400
Intergovernmental:		Finance:	
Federal	7,000	Elections	53,703
State: Local Government Aid	759,414	Accounting	677,154
All Other	627,282	Assessing	208,708
Charges for Services:		MIS	229,949
General Government	1,121,800	City Clerk/Records	167,352
Public Safety	181,900	Police:	
Public Works	47,000	Police	4,841,321
Community Development	8,907	Emergency Management	21,965
Recreation	262,000	Fire:	
Fines and Forfeits	270,000	Fire	1,293,956
Special Assessments	23,000	Rental Inspections	145,209
Interest on Investments	90,000	Public Works:	
Miscellaneous Revenues	174,500	Municipal Center	280,434
Other Financing Sources:		Engineering	517,969
Sales of General Fixed Assets	0	Lighting	249,800
Liquor Fund	350,000	Park Maintenance	983,245
Closed Debt Service Fund	250,000	Street Maintenance	1,189,790
		Garage	445,611
		Recreation:	
		Recreation	946,052
		Community Development	
		Building Inspection	310,815
		Planning	438,593
		Reserve:	
		Emergency	105,000
		Nondepartmental:	35,100
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>13,915,954</u>		
Fund Balance:			
General Fund Reserve	<u>211,281</u>		
TOTAL GENERAL FUND	<u><u>\$ 14,127,235</u></u>		<u><u>\$ 14,127,235</u></u>

SPECIAL REVENUE FUNDS

Cable TV Fund	\$ 261,000
Grant Management Fund	116,812
Solid Waste Abatement Fund	426,991
Police Activity Fund	0
Springbrook NC Fund	402,100
Fund Balance	<u>(45,961)</u>

Cable TV Fund	\$ 146,334
Grant Management Fund	116,812
Solid Waste Abatement Fund	426,991
Police Activity Fund	87,938
Springbrook NC Fund	382,867
Fund Balance	<u>0</u>

TOTAL SPECIAL REVENUE FUNDS \$ 1,160,942

\$ 1,160,942

CAPITAL PROJECTS FUND

Capital Improvement Fund

General Capital Improvement	\$ 14,127
Streets Capital Improvement	613,547
Parks Capital Improvement	71,204
Fund Balance	<u>4,122</u>

General Capital Improvement	\$ 36,000
Streets Capital Improvement	600,000
Parks Capital Improvement	67,000

TOTAL CAPITAL PROJECTS FUND \$ 703,000

\$ 703,000

AGENCY FUND

Six Cities Watershed Fund	
Taxes-Current Ad Valorem	<u>6,200</u>

Six Cities Watershed	<u>6,200</u>
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TOTAL AGENCY FUND \$ 6,200


\$ 6,200

TOTAL ALL FUNDS \$ 15,997,377

\$ 15,997,377

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF FRIDLEY THIS 14th DAY OF DECEMBER 2009.

ATTEST:


SCOTT J. LUND - MAYOR


DEBRA A. SKOGEN - CITY CLERK

TNT RATES FOR PAYABLE 2010

School District	Watershd District	2009 FINAL TC RATES	2010 TNT TC RATES	Composite Rate For C&I	
		%	%	%	
#11	6 Cities	86.183	95.311	104.7102	10.59%
	6 Cities/Stny	86.183	95.311	104.7102	10.59%
#13	6 Cities	91.331	99.471	107.3903	8.91%
	Rice Crk	92.840	100.942	108.3380	8.73%
#14	6 Cities	99.092	113.472	116.4105	14.51%
	6Cities/Stny	99.092	113.472	116.4105	14.51%
	Rice Crk	100.601	114.943	117.3582	14.26%
#16	6 Cities	95.075	106.698	112.0463	12.23%
	6 Cites/Stny	95.075	106.698	112.0463	12.23%
	Rice Crk	96.584	108.169	112.9940	11.99%

Rates by Unit of Government

	2009	2010	% change	TMV x	
#11	18.263	20.236	10.8%	0.22240%	
#13	23.411	24.396	4.2%	0.14888%	Voter Approved Referendum Levy
#14	31.172	38.397	23.2%	0.23454%	
#16	27.155	31.623	16.5%	0.08916%	
COUNTY	32.078	35.273	10.0%		
CITY	28.640	32.233	12.5%	0.01233%	Taxable Market (Springbrook)
MET AGENCY	2.551	2.698	5.8%		
Transit					
Met Council					
Mosquito					
SPECIAL DIST W/RRA	4.248	4.449	4.7%		
NSHD					
HRA					
LRT					
RADIO SYSTEM	0.367	0.385	4.9%		
RCWS	1.545	1.508	-2.4%		
6 CITIES	0.036	0.037	2.8%		
6 CITY/STNYBRK	0.036	0.037	2.8%		

C & I Fiscal Disparities Formula:

Tax Capacity X

0.644252 X total tax capacity rate = Partial Tax

Plus: Tax Capacity X (fis disp ratio)

0.355748 X 121.732 (area wide) = Total Tax

Residential Market Value Homestead Credit-Optimum credit of \$304 is afforded to properties valued at exactly \$76,000. The credit is phased out at a rate of .09 percent of the value over \$76,000.

The result is zero if the property has a MV of approximately \$413,800 or more.

PAY 2010 STATE GENERAL TAX RATE

46.000%

State General Tax = Tax Capacity* State General Tax Rate (applies to Commercial-Industrial Properties & Seasonal Rec)

CITY TAX ESTIMATES PAY 2010

FINAL ASSESSED 2008/PAYABLE 2009			TNT ASSESSED 2009/PAYABLE 2010			Change In City Tax	% Change In City Tax
Taxable Market Value	Net Tax Capacity	City Tax	Taxable Market Value	Net Tax Capacity	City Tax		
100,000	1,000	\$217	100,000	1,000	\$254	\$37	17.1%
110,000	1,100	\$250	110,000	1,100	\$290	\$41	16.3%
120,000	1,200	\$282	120,000	1,200	\$326	\$44	15.7%
140,000	1,400	\$347	140,000	1,400	\$398	\$51	14.8%
160,000	1,600	\$411	160,000	1,600	\$470	\$58	14.2%
180,000	1,800	\$476	180,000	1,800	\$542	\$66	13.8%
200,000	2,000	\$541	200,000	2,000	\$613	\$73	13.4%
250,000	2,500	\$702	250,000	2,500	\$793	\$90	12.9%
300,000	3,000	\$864	300,000	3,000	\$972	\$108	12.5%
350,000	3,500	\$1,026	350,000	3,500	\$1,152	\$126	12.3%
400,000	4,000	\$1,187	400,000	4,000	\$1,331	\$144	12.1%

Below is The Calculation For The Average Home In Fridley

204,200	2,042	\$554	196,200	1,962	\$600	\$45	8.2%
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CITY TAX CAPACITY RATE: 28.640%
(Final)

SNC Taxable MV rate: 0.01129%
(Final)

CITY TAX CAPACITY RATE: 32.233%
(TNT)

SNC Taxable MV rate: 0.01129%
(TNT)

**PAYABLE 09
RESIDENTIAL
CLASS RATES:**
1% of first \$500,000
1.25% > \$500,000

**PAYABLE 10
RESIDENTIAL
CLASS RATES:**
1% of first \$500,000
1.25% > \$500,000

2010 Budget\Final Budget\Misc\10City Tax Est By Diff MV & Ave Home

11/25/09

Total Tax for The Average Home

196,200 EMV - Estimated Market value.
1.00% Class Rate (1% on first 500,000)
 1,962 Tax Capacity
114.943% Tax Rate (All taxing districts) (#14-Rice Crk)
 2,255
 460 + Sch Dist Voter Approve Ref Levy (196,200 X .0023454)
 196 - RMVHC [304-(196,200 - 76,000) X .0009]
 24 + SNC levy 196,200 EMV X .0001233 SNC rate)
\$2,543 Total Tax Payable

The \$2,543 agrees to the County records. CE 11/25/09

City Tax for The Average Home

196,200 EMV - Estimated Market value.
1.00%
 1,962
32.233% Tax Rate (City)
 632
 NA This is NA for the City
 55 - City's portion of RMVHC (city tax rate divided
 by total tax rate)
 577 City Tax B/4 SNC levy
 24 SNC levy (Taxable Market Value X SNC rate)
\$601 City Tax

The \$601 agrees to the County records. CE 11/25/09

BUDGET 2010
City of Fridley
Significant Minnesota Tax Policies

All non-exempt property in Minnesota is subject to taxation by local taxing districts. The tax levied on a property is determined by computing its *tax capacity*, which is the property's market value multiplied by the appropriate class rate. The *tax rate* is determined by the County Auditor, dividing each tax levy by the taxing jurisdiction's adjusted net tax capacity. A credit meant to proportionately reduce the NTC based property tax & succeed the Education Homestead Credit is called the Residential Market Value Homestead Credit.

The assessor physically reviews properties at least once every five years.

Below are the class rates for the most common types of property.

2009		2010	
<u>Type of Property</u>	<u>Class Rates</u>	<u>Type of Property</u>	<u>Class Rates</u>
Residential Homestead		Residential Homestead	
First \$500,000	1.00%	First \$500,000	1.00%
Over \$500,000	1.25%	Over \$500,000	1.25%
Residential Non-homestead		Residential Non-homestead	
First \$500,000	1.00%	First \$500,000	1.00%
Over \$500,000	1.25%	Over \$500,000	1.25%
Commercial/Industrial		Commercial/Industrial	
First \$150,000	1.50%	First \$150,000	1.50%
Over \$150,000	2.00%	Over \$150,000	2.00%
Rentals		Rentals	
Apartments: Less than 4 units	1.25%	Apartments: Less than 4 units	1.25%
Apartments: 4+ units	1.25%	Apartments: 4+ units	1.25%
Low Income Rental Housing	0.75%	Low Income Rental Housing	0.75%

Residential Market Value Homestead Credit. Meant to proportionately reduce the NTC-based property tax & succeed the Education Homestead Credit (EHC). The county auditor will determine the credit for each eligible property by multiplying the market value by 0.4%, with a maximum credit of \$304. The optimum credit of \$304 is afforded to properties valued at exactly \$76,000. The credit is phased out at a rate of .09% of the value over \$76,000. The result is that the credit becomes zero if the homestead has a market value of approximately \$413,800 or more.

State General Tax. Provides for the levy of a statewide tax on commercial-industrial and seasonal recreation properties. Provides for the state general tax to be lived at a uniform rate statewide, and within each county. Requires the commissioner of revenue to certify the rate by Nov 1 each year.

Property Tax Deferred. In 1993, the Minnesota legislature enacted a law commonly known as "This Old House" which exempts from the property tax all or a portion of the value of improvements made to homes 45 years of age or older. Homestead property owners could exclude the property tax on those improvements for 10 years. After the 10 year period has expired, the exemption shall be added back as follows: 50% in the two subsequent assessment years if less than or equal to \$10,000; or 20% in the next five subsequent years if greater than \$10,000. There are limits to the dollar amount eligible for the tax exclusion: \$25,000 on homes 45 to 69 years old; and \$50,000 on homes 70 years or older. Only improvements adding \$5,000 or more of market value are eligible. The program concluded for improvements made through January 2, 2003.

MINNESOTA · REVENUE

2010 LOCAL GOVERNMENT AID NOTICE

July 31, 2009

FRIDLEY CITY OF
CLERK
CITY HALL
6431 UNIVERSITY AVE NE
FRIDLEY, MN 55432

THE 2010 CERTIFIED LGA FOR YOUR CITY IS: \$ 1,585,353

The following is a listing of the factors used in the calculation of your city's 2010 city LGA. For an explanation of the factors used in the formula and example calculations, please go to the Department of Revenue website at www.taxes.state.mn.us (click on Property Tax Administrators then State Aids and Credits). If you have any other questions regarding this certification, you may contact Larry Bewley at larry.bewley@state.mn.us or at (651) 556-6096. **Important: This certified amount does not include the impact of proposed unallotments. Please see enclosed letter.**

1. PRE-1940 HOUSING UNITS:			175
2. TOTAL HOUSING UNITS:			11,504
3. PRE-1940 HOUSING PERCENTAGE:			01.52
4. 1997 POPULATION:			28,419
5. 2007 POPULATION:			26,459
6. POPULATION DECLINE PERCENTAGE:			6.90
7. 2007 TOTAL CLASS 3 REAL PROPERTY MARKET VALUE:	\$		NA
8. 2007 TOTAL REAL AND PERSONAL MARKET VALUE:	\$		NA
9. COMMERCIAL/INDUSTRIAL PERCENTAGE:			NA
10. TRANSFORMED POPULATION:			NA
11. VEHICLE ACCIDENTS:			406
12. ROAD ACCIDENTS FACTOR:			.0153
13. METROPOLITAN AREA FACTOR:			35.20915
14. HOUSEHOLD SIZE:			2.349
15. SPENDING NEED CONSTANT:			355.0547
16. CITY REVENUE NEED:	\$		469.64
17. PAYABLE 2008 CITY NET LEVY:	\$		9,528,029
18. PAYABLE 2008 CITY NET TAX CAPACITY:	\$		32,641,303
19. TAX EFFORT RATE:			.337329
20. NEED INCREASE PERCENTAGE:			.858929
21. SMALL CITIES AID BASE (CITIES UNDER 5,000):	\$		0
22. CITY JOBS AID BASE (CITIES 5,000 AND OVER)	\$		606,357
23. UNMET NEED:	\$		978,996
24. CITY FORMULA AID ((21 or 22) + 23):	\$		1,585,353
25. CITY BASE AID:	\$		0
26. TOTAL PRELIMINARY AID (24+25):	\$		1,585,353
27. TOTAL CERTIFIED 2009 CITY LGA:	\$		1,332,853
28. MINIMUM/MAXIMUM ADJUSTMENT:	\$		0
29. TOTAL CERTIFIED 2010 CITY LGA (26+28):	\$		1,585,353

Important: This certified amount does not include the impact of proposed unallotments. Please see enclosed letter.

Property Tax Division
Mail Station 3345
St. Paul, MN 55146-3345

Tel: 651-556-6096
Fax: 651-556-3128
TTY: Call 711 for Minnesota Relay
An equal opportunity employer

CITY OF FRIDLEY, MINNESOTA
TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Payable Year	City Certified Tax Levy	Percent Change	City	School District No. 11	School District No. 13	School District No. 14	School District No. 16 (1)
2000	4,035,671	0.0%	17.070%	51.792%	66.465%	61.655%	51.440%
2001	4,205,000	4.2%	16.350%	52.281%	47.452%	45.466%	39.458%
2002	5,613,131 (3)	33.5%	29.906%	29.082%	38.614%	17.855%	25.985%
2003	5,825,855	3.8%	28.616%	26.941%	20.303%	29.966%	22.054%
2004	6,483,745 (4)	11.3%	30.248%	21.050%	22.833%	22.683%	21.421%
2005	8,067,949 (5)	24.4%	33.565%	21.492%	19.993%	21.606%	16.118%
2006	8,757,188 (6)	8.5%	31.941%	20.046%	19.571%	20.830%	17.437%
2007	9,200,426	5.1%	31.349%	19.353%	17.183%	24.175%	25.779%
2008	9,527,433	3.6%	30.324%	16.983%	15.942%	26.033%	26.213%
2009	9,472,787 (7)	-0.6%	28.640%	18.263%	23.411%	31.172%	27.155%
2010 TNT	10,120,162 (8)	6.8%	32.233%	20.236%	24.396%	38.397%	31.623%

10 Year % Change = 150.8%

Notes:

- (1) Vocational/Technical District #916 is included in District No. 16.
- (2) From 1998 thru 2001 there was the Education Homestead Credit.
Beginning in 2002 there is a Residential Market Value Homestead Credit.
- (3) Beginning in 2002, the state is no longer providing HACA which was a little more than a million a year and no aid is replacing it. The State is moving/using this money for funding education.
- (4) State reduce our LGA by \$1,103,625. Allowed us to levy back 60% of loss. The 6,483,745 is max allowed for Fridley.
- (5) State reduce our LGA by \$648,384 (From 942,038 to 293,654). Allowed us to levy back 100% of loss plus levy back the 40% of loss LGA from 2004 that we not allowed to levy back in 2004.
- (6) State reduce our LGA by \$293,654 (From 293,654 to 0). Allowed us to levy back 100% of loss.
- (7) Levy was going to be 9,922,646 (9,527,433 X 2.6% + 147,500 08 Street Levy), however the State enacted levy limit legislation that captured LGA as part of the base by which the increase is from year to year is measured against.
- (8) 9,922,646 X 1.038 = \$10,299,707 minus \$10,120,162 equals \$179,545
 09 Max Levy Inflation Levy Amt State Levy Loss in Revenue
 per Charter Factor Per Charter Limit Due to State Levy Max
 Less Than Charter Limit

Total Tax Rate If You Live In:

(Before Voter Approved Referendum Levies & Any State Credit) (2)

County	Total Special Districts	School District No. 11	School District No. 13	School District No. 14	School District No. 16 (1)	Payable Year
30.861%	8.224%	108.610%	123.385%	118.575%	108.621%	2000
28.859%	8.218%	106.287%	101.819%	99.833%	94.139%	2001
37.976%	7.528%	105.313%	115.198%	94.439%	102.639%	2002
37.714%	8.421%	102.483%	96.360%	105.925%	98.111%	2003
35.221%	8.167%	95.446%	97.758%	97.525%	96.346%	2004
33.080%	8.085%	96.945%	96.329%	97.942%	92.454%	2005
32.096%	7.411%	92.136%	92.813%	94.072%	90.679%	2006
30.696%	7.227%	88.666%	87.770%	94.762%	96.366%	2007
31.078%	8.183%	86.608%	87.135%	97.226%	97.406%	2008
32.078%	8.783%	86.183%	92.840%	100.601%	96.584%	2009
35.273%	9.114%	95.311%	100.942%	114.943%	108.169%	2010 TNT

The rates above by school district all include the Rice Creek watershed district. rate except School District 11 which includes 6 Cities/Stoneybrook.

2010 Watersheds Rates:

Rice Creek = 1.508

6 Cities = 0.037

6 City/Stnybrk = 0.037

BUDGET 2010

City of Fridley
State of Minnesota

GLOSSARY

Accounting System. The total structure of records and procedures which record, classify, summarize, and report information on the financial position and results of operations of a government or any of its funds, fund types, balanced account groups, or organizational components.

Accrual Basis. A basis of accounting in which transactions are recognized at the time they are incurred, opposed to when cash is received or spent.

Activity. Departmental efforts that contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget.

Agency Fund. A fund consisting of resources received and held by the governmental unit as an agent for others.

Appropriation. A legal authorization to incur obligations and to make expenditures for specific purposes.

Assessed Valuation. The total value of all real and personal property in the city that was used as a basis for levying taxes.

Asset. Resources owned or held by a government which have a monetary value.

Attrition. A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.

Authorized Personnel. Employee positions, which are authorized in the adopted budget, to be filled during the year.

Budget. A council approved plan for receiving and expending public funds. An estimate of expenditures and the proposed means of financing them.

Budgetary Basis. This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

Budget Calendar. The schedule of key dates which a government follows in the preparation and adoption of the budget.

Budgetary Control. The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

Budget Message. A general discussion of the proposed budget presented in writing as part of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations regarding the financial policy for the coming year.

Capital Improvements. Expenditures related to the acquisition, expansion or rehabilitation of a fixed asset and expenditures that increase the value for fixed assets.

Capital Improvement Plan (CIP). The five year schedule of capital improvement projects which encompass all funding sources and all organizational units of government.

Capital Outlay. Expenditures which result in the acquisition of or addition to fixed assets which have a value of \$5,000 or more and have a useful life of more than one year.

Capital Projects. Major construction, acquisition, or renovation activities that add value to a government's physical assets or significantly increase their useful life. Also called capital improvements.

- Cash Basis.** A basis of accounting in which transactions are recognized only when cash is increased or decreased.
- Class Rate.** Set by the Legislature, the rates are multiplied by the market value to determine the net tax capacity of a property.
- Constant or Real Dollars.** The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.
- Consumer Price Index (CPI).** A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).
- Contingency.** A budgetary reserve set-aside for emergencies or unforeseen expenditures not otherwise budgeted.
- Contractual Services.** Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.
- Cost-of-living Adjustment (COLA).** An increase in salaries to offset the adverse effect of inflation on compensation.
- Current Ad Valorem.** Taxes levied and becoming due during the current year, from the time the amount the tax levy becomes due until a penalty for non-payment is attached.
- Debt Service.** The planned accumulation of revenues and appropriation of expenditures for the retirement of long-term debt principal and interest.
- Deficit.** The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.
- Delinquent Ad Valorem.** Taxes that remain unpaid on and after the date on which penalty for nonpayment is attached.
- Department.** The basic organizational unit of government which is functionally unique in its delivery of services.
- Depreciation.** Process of allocating the cost of a capital asset to the periods during which the asset used.
- Disbursement.** The expenditure of monies from an account.
- Effectuation Date.** The technical cutting of funds is called the effectuation of unallotment and it occurs when staff at Minnesota Management & Budget (MMB) adjusts the state's accounting system. The effectuation date, not the date that unallotment is announced, determines when special levy authority is triggered.
- Employee (or Fringe) Benefits.** Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included is the government's share of costs for Social Security and the various pension, medical and life insurance plans.
- Encumbrance.** The commitment of appropriated funds to purchase an item or service.
- Enterprise Fund.** A fund that accounts for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- Estimated Market Value.** The assessor's estimate of what property would be worth if sold on the open market. The market value is set on January 2 of the year before taxes are payable. This is the term used on all County statements & reports. Also sometimes referred to as **Market Value**

This is different than **Taxable Market Value**, which takes into account "Limited Market Values" which is only involved with "Res-HST" and "Res-NHS".

Expenditures. The payment of cash on the transfer of property or services for the purposes of acquiring an asset, service or settling a loss.

Expense. Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

Fees. A general term used for any fixed charge levied by government associated with providing a service permitting an activity, or imposing a fine or penalty. Major types of fees include business and non-business licenses, fines, and user charges.

Fiscal Year. A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization.

Fixed Assets. Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

Fund. An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance. The excess of an entity's assets over its liabilities.

GAAP. Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording encompassing the conventions, rules, and procedures that define accepted accounting principles.

General Fund. The fund used to account for all financial resources except those required to be accounted for in another fund.

Goal. A long-range desirable development attained by time-phased objectives designed to implement a strategy.

Grant. A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the state and federal governments.

Housing and Redevelopment Authority (HRA). The HRA is a separate legal entity but is under the control of the City and its Council who appoint the Commissions. It was established to account for economic development and tax increment financing activities. It is a discretely presented component of the City CAFR.

Infrastructure. The physical assets of a government (e.g., streets, water, sewer, parks and public buildings).

Interfund Transfers. The movement of monies between funds of the same governmental entity.

Intergovernmental Revenues. Funds received from Federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Investment. Securities permitted by law are purchased and held for the production of income in the form of interest.

Levy. To impose taxes for the support of government activities.

Levy Limitation. The maximum amount permitted to be levied by a taxing jurisdiction as established by Minnesota Statutes.

Line Item Budget. A budget prepared along departmental lines that focuses on what is to be bought.

Local Government Aid (LGA). An intergovernmental revenue from the State to provide tax relief to local units of government. It replaces most of the individual taxes, such as cigarette, liquor and income taxes that were previously distributed to local governments.

It was originally established in 1971 as a per capita revenue sharing/property tax relief program that initially replaced the exempt property reimbursement program and the sales tax per capita aids. In 1973, the LGA program was expanded as cities lost other miscellaneous revenues. Since the LGA program was created, the formula has been amended or changed frequently.

Market Value. The assessor's estimate of what property would be worth if sold on the open market. The market value is set on January 2 of the year before taxes are payable. On statements & reports from the County this is referred to as "**Estimated Market Value**"

Taxable Market Value. This takes into account "Limited Market Values" which is only involved with "Res-HST" and "Res-NHS".

Objective. Something to be accomplished in specific & measurable terms and that is achievable within specific time frame.

Obligations. Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Revenue. Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Operating Expenses. The cost for personnel, materials and equipment required for a department to function.

Personal Property. Refers to all detached or detachable, movable property including furniture and other personal belongings, as well as commercial inventories & equipment a business uses to reduce income. Virtually all personal property is exempt from taxation.

Personal Services. Expenditures for salaries, wages, and fringe benefits of the City's employees.

Prior-Year Encumbrances. Obligations from previous fiscal years in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or other wise terminated.

Property Class. The classification assigned to each parcel of property based on the use of the property. For example, owner-occupied residential property is classified as homestead.

Property Tax Levy. The amount of dollars to be collected from the taxable property within a taxing district. ie. taxes owed.

Proposed Budget. The recommended City Budget submitted by the City Manager to the City Council in August.

Real Property. Is the land itself plus all buildings, improvements, and other fixtures on the land. Also see "Personal Property".

Reserve. An account used to indicate that a portion of fund equity is legally restricted for a specific purpose or not available for appropriation and subsequent spending.

Resolution. A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources. Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Retained Earnings. The accumulated earnings of an Enterprise Fund which have been retained in the fund.

Revenue. Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, and interest income.

Special Revenue Fund. A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Supplemental Appropriation. An additional appropriation made by the governing body after the budget year or biennium has started.

Tax Capacity. The valuation of real and personal property in the taxing jurisdiction that is based on market value multiplied by the applicable class rate. (Also sometimes referred to as "Taxable Value")

Taxable Tax Capacity. The sum of the tax capacities of all parcels in the taxing jurisdiction after adjustment for fiscal disparities, tax increment and other property not available for general tax purposes.

Taxable Market Value. Market Value that takes into account "Limited Market Values" which is only involved with "Res-HST" and "Res-NHS". If there is no Limit Market Value involved then this is the same as Estimated Market Value.

Tax Rate. The tax levy divided by the Taxable Tax Capacity.

Tax Owed. The tax rate x the tax capacity = tax owed

Tax Increment Financing (TIF). Tax increment financing is a tool used by cities to finance certain types of real estate development costs. The primary purposes of TIF are to attract private investment that will: 1) redevelop blighted areas, 2) provide housing for low and moderate income individuals and families, or 3) result in increased employment opportunities and tax base.

Transfers In/Out. Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Truth in Taxation. A program adopted by the State Legislature that requires local governments to provide notice of their proposed budgets and levies. They are then required to hold public hearings to inform the citizens and give them the opportunity to provide input on spending and taxing levels.

Unencumbered Balance. The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

Unreserved fund Balance. The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.