

RESOLUTION NO. 2010 - 93

**A RESOLUTION CERTIFYING FINAL TAX LEVY
REQUIREMENTS FOR 2011 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 2010 for the year 2011:

GENERAL FUND

General Fund \$ 9,407,206

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) 174,269

2006A GO Improvement Bonds (Streets 2006) 198,100

2007A GO Improvement Bonds (Streets 2007) 187,800

2008A GO Improvement Bonds (Streets 2008) 146,993

2010B GO Equipment Certificates (Equip 10&11) 74,349

TOTAL ALL FUNDS \$ 10,509,317

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF FRIDLEY THIS 13th DAY OF DECEMBER, 2010.

ATTEST:

SCOTT J. LUND - MAYOR

DEBRA A. SKOGEN - CITY CLERK

12/8/10

RESOLUTION NO. 2010 - 94

A RESOLUTION ADOPTING THE 2011 FINAL BUDGET

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	\$ 9,407,206	City Council	\$ 120,930
Delinquent, Penalties, Forfeited	96,000	City Management:	
Licenses and Permits		General Management	279,688
Licenses	226,000	Human Resources	198,887
Permits	355,700	Legal	417,500
Intergovernmental:		Finance:	
Federal	13,000	Elections	2,800
State: Local Government Aid	0	Accounting	664,033
All Other	714,282	Assessing	201,665
Charges for Services:		MIS	229,642
General Government	1,315,900	City Clerk/Records	153,989
Public Safety	183,600	Police:	
Public Works	55,000	Police	4,978,130
Community Development	8,907	Emergency Management	18,943
Recreation	220,000	Fire:	
Fines and Forfeits	250,000	Fire	1,188,445
Special Assessments	33,000	Rental Inspections	152,507
Interest on Investments	20,000	Public Works:	
Miscellaneous Revenues	173,500	Municipal Center	267,302
Other Financing Sources:		Engineering	525,614
Sales of General Fixed Assets	0	Lighting	238,500
Liquor Fund	350,000	Park Maintenance	1,007,615
Closed Debt Service Fund	250,000	Street Maintenance	1,112,523
		Garage	418,308
		Recreation:	
		Recreation	863,842
		Community Development	
		Building Inspection	314,274
		Planning	444,812
		Reserve:	
		Emergency	105,000
		Nondepartmental:	35,100
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>13,672,095</u>		
Fund Balance:			
General Fund Reserve	<u>267,954</u>		
TOTAL GENERAL FUND	<u><u>\$ 13,940,049</u></u>		<u><u>\$ 13,940,049</u></u>

SPECIAL REVENUE FUNDS

Cable TV Fund	\$ 241,050
Grant Management Fund	144,407
Solid Waste Abatement Fund	410,579
Police Activity Fund	16,000
Springbrook NC Fund	404,300
Fund Balance	<u>(21,140)</u>

Cable TV Fund	\$ 165,603
Grant Management Fund	144,407
Solid Waste Abatement Fund	410,579
Police Activity Fund	84,177
Springbrook NC Fund	390,430
Fund Balance	<u>0</u>

TOTAL SPECIAL REVENUE FUNDS **\$ 1,195,196**

\$ 1,195,196

CAPITAL PROJECTS FUND

Capital Improvement Fund	
General Capital Improvement	\$ 8,638
Streets Capital Improvement	619,389
Parks Capital Improvement	94,981
Fund Balance	<u>7,992</u>

General Capital Improvement	\$ 21,000
Streets Capital Improvement	610,000
Parks Capital Improvement	100,000

TOTAL CAPITAL PROJECTS FUND **\$ 731,000**

\$ 731,000

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 **\$ 15,872,445**

\$ 15,872,445

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF FRIDLEY THIS 13th DAY OF DECEMBER 2010.

ATTEST:

SCOTT J. LUND - MAYOR

DEBRA A. SKOGEN - CITY CLERK

12/8/10

TNT RATES FOR PAYABLE 2011

School District	Watershd District	2010 FINAL TC RATES	2011 TNT TC RATES	Composite Rate For C&I
		%	%	%
#11	6 Cities	94.964	113.226	119.3677
	6 Cities/Stny	94.964	113.226	119.3677
#13	6 Cities	99.423	107.799	116.0108
	Rice Crk	100.897	109.392	116.9961
#14	6 Cities	113.820	129.834	129.6406
	6Cities/Stny	113.820	129.834	129.6406
	Rice Crk	115.294	131.427	130.6260
#16	6 Cities	106.679	123.162	125.5136
	6 Cites/Stny	106.679	123.162	125.5136
	Rice Crk	108.153	124.755	126.4990

Rates by Unit of Government

			% change	TMV x
#11		19.939	24.023	20.482%
#13		24.398	18.596	-23.781%
#14		38.795	40.631	4.733%
#16		31.654	33.959	7.282%
COUNTY		35.189	39.884	13.342%
CITY		32.258	① 40.420	25.302%
MET AGENCY		2.702	2.905	7.513%
Transit				
Met Council				
Mosquito				
SPECIAL DIST W/RRR		4.454	5.530	24.158%
NSHD				
HRA				
LRT				
RADIO SYSTEM		0.385	0.423	9.870%
RCWS		1.511	1.634	8.140%
6 CITIES		0.037	0.041	10.811%
6 CITY/STNYBRK		0.037	0.041	10.811%

① This is figure used for Property Tax Notices that were mailed out. On 12/7/10 after we lowered our levy by \$921,501, this number changed to 36.6.

C & I Fiscal Disparities Formula:

Tax Capacity X 0.618554 X total tax capacity rate = Partial Tax
 Plus: Tax Capacity X (fis disp r 0.381446 X 129.327 (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 2011 STATE GENERAL TAX RATE 50.000%

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

CITY TAX ESTIMATES PAY 2011

FINAL ASSESSED 2009/PAYABLE 2010			TNT ASSESSED 2010/PAYABLE 2011			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	\$256	100,000	1,000	\$331	\$75	29.4%
110,000	1,100	\$292	110,000	1,100	\$375	\$84	28.6%
120,000	1,200	\$328	120,000	1,200	\$420	\$92	28.1%
140,000	1,400	\$400	140,000	1,400	\$509	\$109	27.3%
160,000	1,600	\$472	160,000	1,600	\$598	\$126	26.7%
180,000	1,800	\$544	180,000	1,800	\$687	\$143	26.3%
200,000	2,000	\$616	200,000	2,000	\$776	\$160	26.0%
250,000	2,500	\$796	250,000	2,500	\$999	\$203	25.5%
300,000	3,000	\$976	300,000	3,000	\$1,221	\$245	25.1%
350,000	3,500	\$1,156	350,000	3,500	\$1,444	\$288	24.9%
400,000	4,000	\$1,336	400,000	4,000	\$1,666	\$330	24.7%

Below is The Calculation For The Average Home In Fridley

196,200	1,962	\$602	175,200	1,752	\$666	\$63	10.5%
196,200	1,962	\$602	175,200	1,752	\$603	\$1	0.2% (1)

(1) This is the calculation for the average home in Fridley as of 12/7/10 after lowering our levy by \$921,501.

CITY TAX CAPACITY RATE: 32.258%
(Final)

SNC Taxable MV rate: 0.01234%
(Final)

CITY TAX CAPACITY RATE: 40.420%
(TNT)

SNC Taxable MV rate: 0.01337%
(TNT)

36.620% (1)

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

**PAYABLE 11
RESIDENTAL
CLASS RATES:**
1% of first \$500,000
1.25% > \$500,000

BUDGET 2011
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.

2010		2011	
<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

2011 LOCAL GOVERNMENT AID NOTICE

July 30, 2010

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

THE 2011 CERTIFIED LGA FOR YOUR CITY IS: \$ 1,897,512

The following is a listing of the factors used in the calculation of your city's 2011 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.

1. PRE-1940 HOUSING UNITS:		175
2. TOTAL HOUSING UNITS:		11,504
3. PRE-1940 HOUSING PERCENTAGE:		01.52
4. 1998 POPULATION:		28,626
5. 2008 POPULATION:		26,422
6. POPULATION DECLINE PERCENTAGE:		7.70
7. 2008 TOTAL CLASS 3 REAL PROPERTY MARKET VALUE:	\$	NA
8. 2008 TOTAL REAL AND PERSONAL MARKET VALUE:	\$	NA
9. COMMERCIAL/INDUSTRIAL PERCENTAGE:		NA
10. TRANSFORMED POPULATION:		NA
11. VEHICLE ACCIDENTS:		393
12. ROAD ACCIDENTS FACTOR:		.0149
13. METROPOLITAN AREA FACTOR:		(35.20915)
14. HOUSEHOLD SIZE:		2.336
15. SPENDING NEED CONSTANT:		355.0547
16. CITY REVENUE NEED:	\$	512.81
17. PAYABLE 2009 CITY NET LEVY:	\$	9,473,158
18. PAYABLE 2009 CITY NET TAX CAPACITY:	\$	32,984,171
19. TAX EFFORT RATE:		.354358
20. NEED INCREASE PERCENTAGE:		.794705
21. SMALL CITIES AID BASE (CITIES UNDER 5,000):	\$	0
22. CITY JOBS AID BASE (CITIES 5,000 AND OVER)	\$	595,544
23. UNMET NEED:	\$	1,301,968
24. CITY FORMULA AID ((21 or 22) + 23):	\$	1,897,512
25. CITY BASE AID:	\$	0
26. TOTAL PRELIMINARY AID (24+25):	\$	1,897,512
27. MINIMUM/MAXIMUM ADJUSTMENT:	\$	0
28. TOTAL CERTIFIED 2011 CITY LGA (26+28):	\$	1,897,512

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

<u>Payable Year</u>	<u>City Certified Tax Levy</u>	<u>Percent Change</u>	<u>City</u>	<u>School District No. 11</u>	<u>School District No. 13</u>	<u>School District No. 14</u>	<u>School District No. 16</u>
2001	4,205,000	4.2%	16.350%	52.281%	47.452%	45.466%	39.458%
2002	5,613,131	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	11.3%	30.248%	21.050%	22.833%	22.683%	21.421%
2005	8,067,949	24.4%	33.565%	21.492%	19.993%	21.606%	16.118%
2006	8,757,188	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	-0.6%	28.640%	18.263%	23.411%	31.172%	27.155%
2010	10,120,162	6.8%	32.258%	19.939%	24.398%	38.795%	31.654%
2011 TNT	11,430,818	13.0%	40.420%	24.023%	18.596%	40.631%	33.959%
2011 TNT	10,509,317 †	-8.1%	36.600%	24.023%	18.596%	36.600%	33.959%

† Note, this is what the rates are after reducing our levy by 921,501 on 12/7/10.
The city rate went down 3.82% and so did the respective school districts.

12/13/10

County	Total Special Districts	Total Tax Rate If You Live In:				Payable Year
		School District No. 11	School District No. 13	School District No. 14	School District No. 16 (1)	
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%	7.166%	86.183%	92.840%	100.601%	96.584%	2009
35.189%	7.541%	94.964%	100.897%	115.294%	108.153%	2010
39.844%	8.858%	113.226%	109.392%	131.427%	124.755%	2011 TNT
39.844%	8.858%	109.406%	105.572%	127.607%	120.935%	2011 TNT

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

BUDGET 2011

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.