PARK SYSTEM IMPROVEMENT PLAN PUBLIC FINANCE ADVISORY COMMITTEE

August 24, 2021
6:00 PM
Fridley City Hall, 7071 University Avenue N.E.

AGENDA

Call to Order

Old Business

1. Information Requested by the Public Finance Advisory Committee

New Business

2. Municipal Budgeting Overview

Administrative Matters

Open Forum (15 minutes total, three minutes per person)

Adjourn

The City of Fridley will not discriminate against or harass anyone in the admission or access to, or treatment, or employment in its services, program, or activities because of race, color, creed, religion, national origin, sex, disability, age, marital status, sexual orientation or status with regard to public assistance. Upon request, accommodation will be provided to allow individuals with disabilities to participate in any of Fridley's services, programs, and activities. Hearing impaired persons who need any interpreter or other persons with disabilities who require auxiliary aids should contact Roberta Collins at (763) 572-3500. (TTD/763-572-3534).

AGENDA REPORT

Meeting Date: August 24, 2021 **Meeting Type:** Public Finance Advisory Committee

Submitted By: Daniel Tienter, Director of Finance/City Treasurer/City Clerk

Title

Information Requested by the Public Finance Advisory Committee

Background

At their August 10, 2021 meeting, the Public Finance Advisory Committee (Committee) requested additional information to further inform their discussion, including a summary of donations and gifts to the City (Exhibit A) and a Park System map that delineated rail lines within the community (Exhibit B).

Additionally, one Committee member requested a physical copy of the Comprehensive Annual Financial Report for the Fiscal Year Ending December 31, 2020. Staff will deliver that document at the meeting on August 24, 2021.

Discussion

Staff request that Committee members review the attached information and provide any additional guidance and/or feedback.

Focus on Fridley Strategic Alignment

X Vibrant Neighborhoods & Places

___ Financial Stability & Commercial Prosperity

___ Organizational Excellence

___ Community Identity & Relationship Building

___ Public Safety & Environmental Stewardship

Attachments and Other Resources

- Exhibit A: Donations and Gifts Summary
- Exhibit B: Park System Map

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Public Finance Advisory Committee

August 24, 2021

City Donations and Gifts by Division, 2018 - Present		
Division	**Donations (n)**	**Donations ($)**
Elections	1	168
Engineering	2	9,078
Fire	14	15,678
Forestry	2	694
Police	34	49,672
Recreation	10	28,320
Recycling	2	70
SNC	77	376,826
Storm Water	1	141,016
Sanitary Sewer	1	22,800
Total	**144**	**644,323**

Item 1.

Public Finance Advisory Committee
August 24, 2021

City Gifts and Donations Detail by Date Received, 2018 - Present				
Date Received	Department or Division	Program or Project	Donor(s) Name (if not anonymous)	Amount or Value
01/02/18	Police	Night to Unite - 2018 Donation	MINCO	800.00
01/11/18	Springbrook Nature Center	Entrance Sign	Springbrook Nature Center Foundation/Financial 1	10,000.00
01/17/18	Recreation	WinterFest	Fridley Lions	1,400.00
02/16/18	Springbrook Nature Center	Pavillion (Deposit)	Springbrook Nature Center Foundation	5,000.00
03/21/18	Springbrook Nature Center	Nature Play Area	Springbrook Nature Center Foundation	19,749.44
03/21/18	Springbrook Nature Center	Nature Play Area - Rigamajig	Springbrook Nature Center and International Paper Foundations	5,264.43
03/21/18	Springbrook Nature Center	Center Mist Nets for Bird Banding	Springbrook Nature Center Foundation	791.35
05/08/18	Fire	Fire-ATV Windscreen Purchased	Chopper City Sports	562.41
05/11/18	Police	Safety Camp	Elyse R. Kaner	25.00
05/23/18	Engineering	AED	Heart Safe	800.00
06/01/18	Fire	Equipt for Station Detox Room (1/3 cost)	Fridley Lions	2,000.00
06/22/18	Springbrook Nature Center	Entertainment Series Sponsorship	Springbrook Nature Center Foundation via the Nee Family and Magenic	7,500.00
07/11/18	Springbrook Nature Center	Nature Play Area - Benches	Springbrook Nature Center Foundation	2,252.20
07/18/18	Recreation	49er Day Staffing	Fridley 49er	336.00
08/01/18	Springbrook Nature Center	Donor Recognition	Springbrook Nature Center Foundation	230.89
08/18/18	Springbrook Nature Center	Summer Camps	Springbrook Nature Center Foundation	2,140.00
08/18/18	Springbrook Nature Center	General Program Support	Springbrook Nature Center Foundation	10,000.00
08/02/18	Forestry	Volunteer Tree Pruning	BMO Harris	432.08
09/01/18	Springbrook Nature Center	Activity Backpacks	Friends of Fridley Education Foundation	1,000.00
09/10/18	Forestry	Volunteer Tree Plantings	Target	262.08
09/11/18	Police	Crime Prevention	Donald and Sharon Eltgroth	50.00
10/01/18	Police	Shop With a Cop	Wal-Mart	2,500.00
10/01/18	Recreation	General Parks Donation	4 Kids Fundraising-Team Brewcard	24.00
10/10/18	Police	K9	The Saint Paul Foundation	10,000.00
11/01/18	Springbrook Nature Center	Everbright Exhibit	Springbrook Nature Center, International Paper, Xcel Energy Foundations	16,372.71
11/01/18	Springbrook Nature Center	Recognition Plaques - Benches	Springbrook Nature Center Foundation	162.50
11/27/18	Fire	Fall Protection Equipment	The Saint Paul Foundation	5,000.00
11/30/18	Springbrook Nature Center	Breakfast with Nature Santa Sponsorship	Metro Pediatric Dental Associates	500.00
12/31/18	Springbrook Nature Center	Donation for Archery Bow	Cindy Ruschy	125.00
01/15/19	Springbrook Nature Center	Donation box at Springbrook	Various	612.00
02/05/19	Springbrook Nature Center	Donation for Park Shelter	Cedar Forest Products	5,000.00
03/14/19	Police	Police Activities League	Schmit Towing	500.00
04/23/19	Fire	Memorial - Peter Bonesteel	Peter and Mary Bonesteel	780.00
04/23/19	Fire	Memorial - Peter Bonesteel	Elke and Kevin Redding	20.00
04/30/19	Springbrook Nature Center	Donation box at Springbrook	Various	356.00
05/20/19	Police	Police Activities League	Fridley Lions Club	5,000.00
05/20/19	Police	Night to Unite	Fridley Lions Club	2,500.00
05/23/19	Fire	Safety Camp	Spring Lake Park Fire Dept., Inc.	100.00
05/28/19	Police	Detective Equipment	Electric Motor Supply Co. (EMSCO)	7,500.00

Public Finance Advisory Committee

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05/29/19	Fire	Safety Camp	Schmit Towing	250.00
05/31/19	Springbrook Nature Center	Donation box at Springbrook	Various	100.00
06/17/19	Police	Donation of 25 Buddy Bears	Abate of Minnesota Inc.	125.00
06/18/19	Springbrook Nature Center	Operational Support	Springbrook Nature Center Foundation	10,000.00
06/18/19	Springbrook Nature Center	Benches, bird banding equipment, exhibits, camera	Springbrook Nature Center Foundation	4,478.16
08/02/19	Springbrook Nature Center	Springbrook Exhibits	Xcel Energy via Springbrook Nature Center Foundation	7,500.00
08/08/19	Fire	Donation for Flashlights (Fire)	CenterPoint Energy (Community Partnership Grant)	1,200.00
08/28/19	Police	Police Activities League	Schmit Towing	500.00
09/02/19	Springbrook Nature Center	Temporary Exhibit	Coon Creek Watershed District	500.00
09/02/19	Springbrook Nature Center	Pavilion Activity Center	Fridley Lions Club	25,000.00
09/02/19	Springbrook Nature Center	Pavilion Activity Center	McGough Construction	25,000.00
09/02/19	Springbrook Nature Center	Pavilion Activity Center	Springbrook Nature Center Foundation	50,000.00
09/30/19	Recreation	Basketball Court at Madsen	Timberwolves	21,000.00
10/15/19	Springbrook Nature Center	Archery	BAE Systems (check from Springbrook Nature CenterF)	1,000.00
10/24/19	Springbrook Nature Center	Donation box at Springbrook	Various	405.00
10/24/19	Springbrook Nature Center	Donations in Memory of Wanda Yelle	Various	1,430.00
10/28/19	Springbrook Nature Center	Entrance Sign Sponsorship	Financial One Credit Union via Springbrook Nature Center Foundation	10,320.20
11/06/19	Fire	Donation to Fire Dept.	Frank and Maija Sedzielarz	200.00
11/09/19	Fire	Donation to Fire Dept.	James & Jennifer Swedeberg	300.00
11/13/19	Police	Donation for Shop with a Cop	Wal-Mart	2,500.00
11/27/2019	Police	Donation to Police Dept.	Marilyn J Larson	25.00
12/13/2019	Springbrook Nature Center	Donation box	Various	50.00
12/23/2019	Springbrook Nature Center	Donation to Pavilion Project	Fridley Lions via Springbrook Nature Center Foundation	25,000.00
1/2/2020	Police	Night to Unite Donation	MINCO	1,200.00
1/3/2020	Police	PAL Program Donation	Schmit Towing	500.00
1/6/2020	Springbrook Nature Center	In-Kind Donation to Pavilion Project	Parsons Electric	23,000.00
1/29/2020	Springbrook Nature Center	Springbrook - Animal Care	Science Museum of Minnesota	200.00
2/21/2020	Springbrook Nature Center	Pavilion Project	Springbrook Nature Center Foundation ($10,000 BNSF Foundation Grant)	25,000.00
2/25/2020	Springbrook Nature Center	General Donation	Sylvia Winkelman	50.00
2/28/2020	Recreation	Donation for musician at City event	Scott Hickok	250.00
3/1/2020	Engineering	Future project trail easement	Valvoline LLC	8,278.00
3/25/2020	Police	Sanitizing wipes/emergency supplies	Sam's Club	250.00
3/26/2020	Fire	6 cases of N95 masks	Patrick Miller Construction	300.00
4/9/2020	Fire	PPE Supplies (coveralls, masks, eye pro)	Home Depot	2,739.04
4/17/2020	Fire	PPE Supplies (coveralls, masks, eye pro)	Home Depot	1,726.83
4/22/2020	Sanitary Sewer	53rd Avenue Lift Station Easement	Target	22,800.00
4/29/2020	Police	4 Gallons of Sanitizer	Tattersall Distilling	100.00
4/25/2020	Police	Masks-900 handmade (Gov Walz mask drive)	Residents	1,800.00
4/28/2020	Springbrook Nature Center	Springbrook Pavilion Project	Springbrook Foundation	50,000.00
5/5/2020	Springbrook Nature Center	General Donation	Rasmussen/NE Bank Foundation	250.00
6/4/2020	Police	Sanitizing Wipes and Hand Sanitizer	Wal-Mart	331.14
6/16/2020	Springbrook Nature Center	General Donation	Fridley Women of Today	100.00

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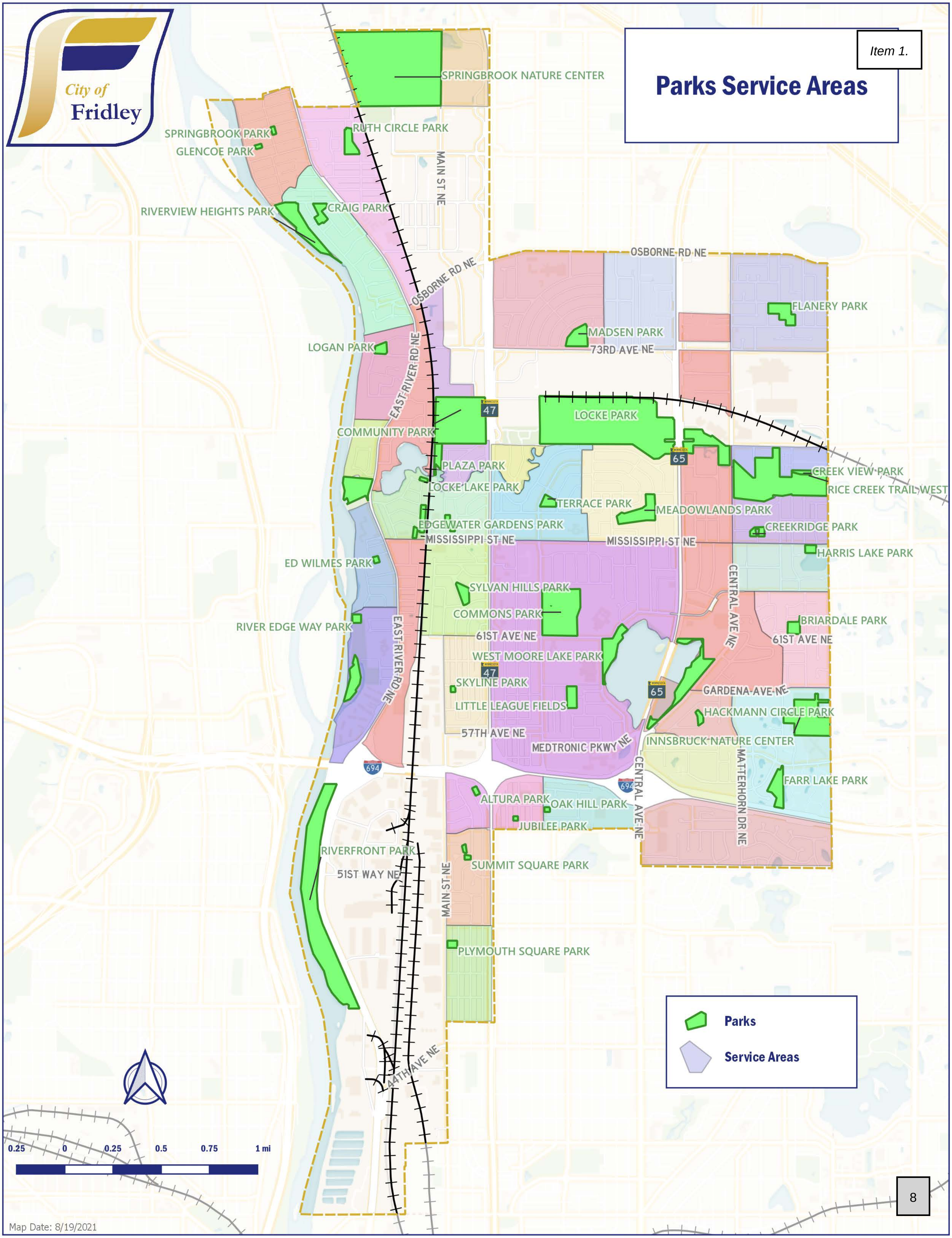
6/17/2020	Police	Donation of Funds for Breakfast for Officers	Paul and Gloria Schultz	400.00
7/7/2020	Springbrook Nature Center	General Donation	Betty Enkhaus	50.00
7/14/2020	Springbrook Nature Center	Plaque and paver donations	Springbrook Foundation	298.70
7/23/2020	Springbrook Nature Center	Donor recognition plaque purchase reimbursement	Springbrook Nature Center Foundation	161.72
7/27/2020	Police	Donation to Police Dept.	Steven A. Flynn	100.00
8/11/2020	Springbrook Nature Center	Reimbursement for Park Benches	Springbrook Nature Center Foundation	3,581.40
8/11/2020	Springbrook Nature Center	Donation Box	Various	147.42
8/19/2020	Recycling	Compost	SMSC Organics Recycling Facility	30.00
8/21/2020	Springbrook Nature Center	Donation Box	Various	256.00
9/42020	Springbrook Nature Center	Donation Box	Various	145.00
9/4/2020	Springbrook Nature Center	Friday Night by Firelight program sponsorship	Springbrook Nature Center Foundation	1,255.00
9/11/2020	Springbrook Nature Center	Xcel Energy Grant (Snowshoes, Winter Boots)	Springbrook Nature Center Foundation	7,500.00
9/16/2020	Police	PAL Program Donation	Schmit Towing	500.00
10/15/2020	Police	Police/Fire Wellness, Mental Health	Florence Ahola	100.00
10/20/2020	Springbrook Nature Center	Gift card prize for Pumpkin Pursuit event	Two Stooges Sports Bar and Grill	30.00
10/20/2020	Springbrook Nature Center	Gift card prize for Pumpkin Pursuit event	The Kings Thai Cuisine	50.00
10/20/2020	Springbrook Nature Center	Donation box	Various	229.77
10/31/2020	Elections	Pizza for election workers	Pizza to the Polls	167.51
11/9/2020	Police	Shop with a Cop Donation (Coats/Winter Gear)	Wal-Mart	2,500.00
10/30/2020	Springbrook Nature Center	Donation box	Various	110.00
11/10/2020	Springbrook Nature Center	Paver Engineering Reimbursement	Springbrook Nature Center Foundation	217.00
11/24/2020	Recreation	Registration fees for youth programs	Fridley Horseshoe Club	800.00
11/25/2020	Springbrook Nature Center	Donation box	Various	120.00
11/25/2020	Springbrook Nature Center	Springbrook Nature Center Programming	Melvin and Kathleen Aanerud	50.00
11/30/2020	Police	Shop with a Cop Donation (Coats/Winter Gear)	Mark Foster	250.00
12/9/2020	Police	Mobile Field Force PPE for officers	Chopper City Sports	3,000.00
12/15/2020	Springbrook Nature Center	International Paper Grant Reimbursement	Springbrook Nature Center Foundation	4,000.00
12/22/2020	Recreation	Ice Skate Drive	Fridley Lions	300.00
12/22/2020	Recreation	Donation for Winterfest 2021	Fridley Lions	1,400.00
12/22/2020	Police	Night to Unite Donation (For 2021 Supplies)	MINCO	1,000.00
12/22/2021	Storm Water	Donation of land	Rich Products Corporation	141,016.00
12/23/2020	Springbrook Nature Center	Donation Box Contents	Various	79.53
12/31/2020	Springbrook Nature Center	General Contribution	Caribou Coffee	520.00
12/31/2020	Springbrook Nature Center	Springbrook Foundation Memorial Plaques	Springbrook Nature Center Foundation	841.57
1/5/2021	Police	Donation to Police Department	Anonymous	50.00
1/7/2021	Springbrook Nature Center	Pavilion Activity Center Donation	Jerry and Donna Bahls via the Springbrook Nature Center Foundation	5,312.40
1/7/2021	Fire	Memorial donation to Fire Dept	Friends and Family of Ronald Schuster	500.00
1/11/2021	Police	"Pay it Forward" donation to FPD Reserve Unit	Bell Bank	496.05
1/26/2021	Police	Police K9 Unit donation	Kevin Coleman	50.00
2/2/2021	Springbrook Nature Center	General Contribution	Clem and Elizabeth Nagel	25.00
2/25/2021	Springbrook Nature Center	Waterproof Cameras for Camps	Friends of Fridley Education Foundation	1,020.00
3/10/2021	Springbrook Nature Center	Donation Box Contents	Various	104.00

Public Finance Advisory Committee

August 24, 2021

3/19/2021	Springbrook Nature Center	Donation Box Contents	Various	79.00
4/2/2021	Springbrook Nature Center	Donation Box Contents	Various	113.00
4/8/2021	Police	Donation of Gift Cards for Freewheel Bike Shop	Sarah Walther	1,500.00
4/13/2021	Springbrook Nature Center	Donation Box Contents	Various	145.00
4/27/2021	Springbrook Nature Center	Donation Box Contents	Various	142.00
4/28/2021	Recycling	Donation of compost for organics recycling participants	SMSC Organics Recycling Facility	40.00
4/30/2021	Police	Donation to Support Police Officers	Cynthia and Thomas Markham	1,000.00
4/30/2021	Police	Donation of 505 COVID Face Shields	Sam's Club	2,020.00
5/4/2021	Springbrook Nature Center	Reimbursement for memorial benches	Springbrook Nature Center Foundation	2,404.00
5/7/2021	Springbrook Nature Center	Donation Box Contents	Various	85.00
5/10/2021	Police	Donation to FPD Police Activity League	Schmit Towing	500.00
5/14/2021	Springbrook Nature Center	Donation Box Contents	Various	82.00
5/16/2021	Recreation	Donation to Pickleball Program	unknown	10.00
5/19/2021	Recreation	Interpretive signs at Innsbruck Nature Center	Frank and Maija Sedzielarz	2,800.00
5/28/2021	Springbrook Nature Center	Donation Box Contents	Various	120.00
6/11/2021	Springbrook Nature Center	Donation Box Contents	Various	40.00
6/11/2021	Springbrook Nature Center	Donation Box Contents	Various	92.00
6/11/2021	Springbrook Nature Center	Donation Box Contents	Various	58.00
6/22/2021	Springbrook Nature Center	Donation Box Contents	Various	160.00
7/14/2021	Springbrook Nature Center	Donation Box Contents	Various	185.00
7/27/2021	Springbrook Nature Center	Donations from Michael Servetus Unitarian Society Concert	Various	577.00
		Total		**644,322.53**

Parks Service Areas



AGENDA REPORT

Meeting Date: August 24, 2021 **Meeting Type:** Public Finance Advisory Committee

Submitted By: Daniel Tienter, Director of Finance/City Treasurer/City Clerk

Title

Municipal Budgeting Overview

Background

On June 14, 2021, the City Council (Council) formed the Public Finance Advisory Committee (Committee) to further consider and recommend an appropriate financing method for the pending Park System Improvement Plan (Plan) (Resolution No. 2021-51). As part of that action, the Council also directed the Plan not to exceed of $30 million or a 10-year timeline.

As part of the process to form their recommendation, the Committee will review the municipal budgeting process at their August 24, 2021 meeting. To aid in that discussion, staff attached information prepared by the League of Minnesota Cities (Exhibit A), which reviews the various parts of the budget development process.

As a home rule municipality, the City of Fridley (City) also operates under a City Charter (Charter). The Charter may create additional powers and specific processes for the City, assuming they do not conflict with State or Federal laws. With respect to budget development, Charter Chapter No. 7 (Exhibit B) regulates the taxation and finances of the City in addition to structure and enforcement of the budget.

Along with these documents, staff will present a more in-depth review of applicable budget areas for review and discussion by the Committee at their meeting on August 24, 2021.

Discussion

Staff request that Committee members review the attached information in preparation for their next Committee meeting.

Focus on Fridley Strategic Alignment

X Vibrant Neighborhoods & Places
____ Financial Stability & Commercial Prosperity
____ Organizational Excellence
____ Community Identity & Relationship Building
____ Public Safety & Environmental Stewardship

Attachments and Other Resources

- Exhibit A: Municipal Budgeting Guide
- Exhibit B: Fridley City Charter, Chapter No. 7

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

LEAGUE of MINNESOTA CITIES

HANDBOOK FOR MINNESOTA CITIES

Chapter 20
Municipal Budgeting

Table of Contents

LMC
LEAGUE of MINNESOTA CITIES

HANDBOOK FOR MINNESOTA CITIES

Chapter 20
Municipal Budgeting

Learn the characteristics of city budgets as a work plan and communication tool. Understand the budget cycle and structures, sources of city revenue, typical expenditure categories, and planning for multiple-year expenditures, like infrastructure, with a separate capital budget. Become aware of how GASB and Truth in Taxation impact budgeting.

RELEVANT LINKS:

Minn. Stat. § 412.221.

I. Public versus private budgeting

Cities are under great pressure to streamline operations and meet strict financial standards at the same time. Sustainability is an overarching concern for cities. Simply adopting last year's budget is not acting in the city's best interest.

Done thoroughly, city budgets reflect city plans, policies and goals regarding services and sound resource management. Consider city goals, what programs and services citizens want in the city and then look to sustaining or allocating funding for those goals, using the budget document as an important communication tool revealing a city's plan for the coming year

A city is a municipal corporation but budgeting in the public sector is different than it is in the private sector. The table below illustrates some of the major differences in terms of scope, law, and process.

CITIES	PRIVATE OR NON-GOVERNMENTAL ORGANIZATIONS (NGOS)
Provide services and programs for the entire community.	Provide services to a discreet set of customers.
Budgets focus on public safety and well-being of the community as a whole.	Private companies allocate money to meet shareholder or owner expectations for profit.
Must fund a wide variety of activities from safe roads and clean water to economic development.	Focus spending on narrowly defined programs or services.
Subject to a significant number of state and federal mandates or laws that legally require cities to provide certain services but do not provide funding for them.	Not subject to such extensive and numerous legally binding mandates that require both provision and levels of service.

145 University Ave. West
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RELEVANT LINKS:

CITIES	PRIVATE OR NON-GOVERNMENTAL ORGANIZATIONS (NGOS)
Must not borrow money from a bank but issue debt in the form of bonds to build public infrastructure such as roads and bridges.	Obtain funds by borrowing money to build or improve business or buildings.
Use taxing authority to raise funds to provide services and programs often at or below cost.	Charge for services or programs at a cost that includes a profit.
Prepare budgets in public and include the public in the process and in the final product. Minn. Stat. § 471.6965.	Prepare budgets in private with no public participation.
City councils must make budgeting decisions by consensus.	Non-governmental organizations often vest decision-making authority in one person.
Competing interests are a given when cities prepare budgets.	Fewer competing interests - making a profit and/or being competitive is typically the focus.
Must budget for services in good and bad markets based on community needs, goals and objectives.	Make budget decisions based on competition with other businesses and on market conditions.
Subject to stringent and comprehensive financial controls and public reporting to prevent mismanagement and misuse of public funds.	Not subject to public accounting and financial controls or public scrutiny of funds and spending activities.

II. Budgeting basics and funds

Minn. Stat. § 412.711.

The budget is the principal item of business at a regular monthly meeting of the council and the council is required to hold adjourned meetings from time to time until all the estimates have been considered.

Minn. Stat. § 6.745.
Minn. Stat. § 471.6965.
See Sections X-XII, *Plan B cities, Standard plan cities, Charter cities*.
Minn. Stat. § 412.711.

Budgeting is basically planning and prioritizing goals for the coming year based on experiences in the past year or years. All cities are required to prepare and adopt an annual budget. By law in Minnesota, the fiscal year of a city and all its funds must be the calendar year. Thus, for cities, a budget is one year of estimated money coming in, or revenue and expenditures or money going out. The council adopts the budget by a resolution which sets forth the total for each budgeted fund and each department.

RELEVANT LINKS:

Note: Cities organized under Plan B form of government, and cities with home rule charters, special laws, local ordinances or unique circumstances may have additional or special budgeting requirements and considerations.

A city budget is a comprehensive financial plan for one year. It is a snapshot in time of city activities and services supported by discreet city funds for the coming year.

In governmental accounting terms, a "fund" is a sum of money set aside for a specific purpose—not necessarily a separate bank account—but tracked on paper separately. The three basic city fund types are:

Minn. Stat. § 471.696. Handbook, *Financial Reports, Accounting and Auditing*.

- Governmental funds—used to finance most governmental services and based on tax revenues, special assessments, or issuing debt. The city's general fund, debt service funds (to pay off bonds), and capital project funds are examples of governmental funds.
- Proprietary funds—financing for governmental activities operating like a private business, for example, water and sewer utilities, electrical utilities, or municipal liquor stores. Service charges usually provide most of these funds.
- Fiduciary funds—trust and agency funds used to account for assets a city holds in a trustee capacity or as an agent, for example, pension funds. Fiduciary funds cannot be used to support the city's own programs.

See Sections VI and VII, *Revenues and Expenditures*.

Uniform Chart of Accounts, Office of the State Auditor.

The Office of the State Auditor (OSA) provides the Uniform Chart of Accounts to facilitate the preparation of uniform annual financial statements. The outline of accounts may also serve as a useful checklist when preparing city budgets. Every city should consult this chart when preparing the annual budget and maintaining financial records. The OSA recommends the adoption of the uniform account numbering system for all cities, including cities under 2,500 in population, whenever practical.

Government Finance Officers Association (GFOA): Sort by state to see all Minnesota recipients of the Distinguished Budget Award.

Preparing city budgets involves policy decisions about the use of money, and it helps cities make important decisions, tying funding to specific goals set by the council. During the budgeting process, city council members and staff look back to what programs and services worked the previous year and they look forward to what city activities may be changed, dropped, or increased in the coming year.

III. Municipal budget is a plan

To make a useful municipal budget, examine all city services and programs, for example, firefighting services, police protection services, water and sewer services, holding elections, park and recreation programs, park maintenance, snowplowing, and any other city-funded activity.

RELEVANT LINKS:

Include personnel costs, office supplies, computers, software, building and maintenance supplies, fuel costs, and any other equipment. These are the current expenditures. Next look at money coming in, or revenue, from all sources.

As explained in more detail below, property taxes are the largest source of revenue for cities. In order to balance the budget, total estimated revenues must be equal to or exceed total estimated expenditures. The budget sets out a council's yearly plan to maintain, change, add or drop services and activities.

Fund Balances for Local Governments, Statement of Position, Office of the State Auditor, Feb. 2014.
LMC website: "*City Fund Balances 101*".

Planning a city budget includes a fund balance, or unrestricted money available to cover unexpected costs. The state auditor recommends but does not require that cities keep a minimum of five months' operating costs on hand and accessible to cover such unanticipated costs. Some city councils believe that higher fund balances provide more protection against unforeseen emergencies.

Section VIII, *Capital Improvements*.

Cities often budget and plan separately for capital improvements because the process covers more than one year. Capital improvements includes planning for replacing, repairing and maintaining infrastructure such as streets, sidewalks, water and sewer systems, transportation, buildings and parks. Planning for future infrastructure costs is essential. Without it, cities run the risk of costly emergency repairs to local infrastructure.

A. Local Performance Measures

Minn. Stat. § 6.91.

Cities that elect to participate in the standard measures program must report its results to its citizens annually through publication, direct mailing, and posting on the jurisdiction's website, or through a public hearing at which the budget and levy will be discussed and public input allowed. Participating cities must report their results to the state auditor. The state auditor must compile the results, make them available to all interested parties, publish them on the auditor's website, and report them to the legislative tax committees.

Minn. Stat. § 6.91.

A city that elects to participate in the standard measures program may benefit in these ways:

- Eligible for local government aid reimbursement of 14 cents per capita, but not to exceed $25,000 for any government entity.
- Exempt from levy limits for taxes payable in the following year, if levy limits are in effect.

RELEVANT LINKS:

B. Budget cycle

Budget Process, City of Hopkins.

The process of annual budget preparation occurs within the framework of the state property tax system. Property taxes are generally the primary revenue source for Minnesota cities. Each fall, cities submit their property tax levies for the upcoming year to the county auditor. Counties are responsible for property tax administration; the state Department of Revenue provides assistance and oversight.

Section VI, *Revenues*.

Minnesota cities also participate in a revenue-sharing program known as local government aid (LGA). LGA supplements property tax revenue.

Section IX.C, *Truth-in-Taxation*.

Cities must prepare and adopt proposed budgets and proposed property tax levies each year. Cities over 500 in population that propose a property tax increase are required to provide notice of the proposed budget adoption and to allow public input on the proposed budget and property tax levy. The "truth-in-taxation" (TNT) process is described later in this chapter.

Cities generally prepare budgets in the summer with the following due dates, although particular dates may vary by year if a due date falls on a holiday or a weekend:

Minn. Stat. § 477A.014.
Minn. Stat. § 275.74, subd. 1.
Minn. Stat. § 275.065, subd. 1.
Minn. Stat. § 275.065, subd. 6.

- **On or before Aug. 1**: The Department of Revenue notifies cities of state aid amounts.
- **On or before Sept. 1**: The Department of Revenue notifies cities of the applicable levy limit, if any.
- **On or before Sept. 30**: Note the law changed in 2014, extending the deadline to Sept. 30 instead of the previous date, Sept. 15. Cities must adopt their proposed budget and certify their proposed levy to the county auditor. However, the Metropolitan Council and the Metropolitan Mosquito Control Commission must still certify their preliminary levy by Sept. 15.
  Note: Once cities certify a proposed levy in September, they may decrease the amount when they certify a final levy in December—but may not increase it.

Minn. Stat. § 275.065, subd. 1.

Minn. Stat. § 275.066.

Minn. Stat. § 275.07, subd. 1.

- **Between Nov. 25 and Dec. 20**: The TNT public comment hearings, if required, must occur. Remember to check current calendars for each year's due dates.

LMC information memo, *Budget Guide for Cities.*

- **On or before five working days after December 20 in each year**: Cities must adopt a final tax levy and certify that final property tax levy to the county auditor. If this deadline is missed, the final levy for 2019 will stay the same as it was in the previous year.

RELEVANT LINKS:

Minn. Stat. § 477A.015.
Minn. Stat. § 273.1384, subd. 4.
LMC website: *Dates for City Budgets 101.*

Cities generally receive property tax revenues and state aid at various times. The county treasurer distributes property tax revenues to cities in two payments. The state Department of Revenue distributes LGA payments to cities in two equal installments, on or around July 20 and Dec. 26 each year.

City budgeting never stops. While city councils and staff are preparing new annual city budgets, they are also tracking and reviewing the current year's revenues and expenditures. As cities implement a new year's budget, they are also auditing and reporting on the past year's expenditures. Preparation, approval, implementation, and audit review comprise the ongoing budget cycle.

1. Budget preparation

Cities begin budget preparations in May or June, examining current economic trends, as well as all revenue sources and expenditures and proposing increases or decreases accordingly. City staff collects budget information and presents it to the council at meetings, where interested citizens may participate. The goal of budget preparation is to balance all revenues and expenditures, prioritize capital improvements, and appropriately manage outstanding debt.

2. Budget approval

Minn. Stat. § 275.07, subd. 1.
Section VI, A 2. *Setting the property tax levy within limits*.

By law in Minnesota, the fiscal year of a city and all of its funds is the calendar year. By December of each year cities determine their financial condition. Cities adopt a new budget late in December to begin in January of the coming year.

3. Budget implementation

Statements of Position Office of the State Auditor: Internal Controls.

Petty Cash (Imprest) Funds, Statement of Position, Office of the State Auditor.
Credit Card Use and Policies, Statement of Position, Office of the State Auditor.

City councils must monitor the current budget, directing how staff accounts for expenditures and revenues.

One important step is for council to adopt a policy on internal controls, meaning that the council sets the rules to prevent misuse of public money. For example, if possible, the same person should not be taking in money and paying it out. This 'segregation of duties' is part of a policy on internal control and budget implementation crucial to appropriate use of public funds.

Policies on the use of petty cash (known as imprest funds in financial jargon) and a policy on credit card use also helps protect cities from loss or misuse of public funds.

RELEVANT LINKS:

Minn. Stat. § 471.697, subd. 1.
Minn. Stat. § 471.49, subd. 10.

Minn. Stat. § 412.591, subd. 2.
Minn. Stat. § 412.02, subd. 3.
Handbook, *Financial Reports, Accounting and Auditing*.

Audit Requirements for Cities, Frequently Asked Questions, Office of the State Auditor.

4. Budget audits

City councils must audit budgets, depending on the size, structure, and annual revenues of the city. The state auditor publishes the audit threshold in early February of each year.

At a minimum, a city with a population of 2,500 or less and a combined clerk/treasurer must have an annual audit done by a certified public accountant if its annual revenue is *greater than* $233,000—for the year ending Dec. 31, 2020. A city with a combined clerk/treasurer and annual revenue of *less than* $233,000 (for the year ending on Dec. 31, 2020) must have an audit done by a certified public accountant once every five years, and the person doing the auditing will select the year to be audited. A city with a population over 2,500 must have an annual audit performed. Remember to check with the state auditor for current audit thresholds in February of each calendar year.

5. Budget amendments

City budgets are not set in stone. Many cities must revise their original budgets over the course of the year for a variety of reasons. Amending the budget is not illegal nor is it necessarily undesirable. Typically, city councils simply note the reason for amending the city budget and adopt the amendment in a resolution.

Minn. Stat. § 412.731.
Section X: *Plan B cities*.

However, in Minnesota's 16 Plan B cities, resolutions reducing amounts in the budget or authorizing transfers from unencumbered balances must pass by a four-fifths vote of all the members of the council.

City of Eden Prairie, 2019 Comprehensive Financial Report Recipient of Comprehensive Annual Financial Report award from GFOA. Governmental Accounting Standards Board. (GASB 34)

For cities over 2,500 in population, the Governmental Accounting Standards Board (GASB) requires that cities include the original budget and budget amendments in budget reports, such as the comprehensive annual financial report.

IV. Budget as a communication tool

2020 Corporate Report to the Community: City of Bloomington.

City councilmembers, as policymakers, must understand budget documents. Making a city budget understandable to citizens is not easy.

Comprehensive Annual Financial Report City of Arden Hills.

Using the budget process and product to communicate with the public, by showing what services resident tax dollars fund, is one way to make budgeting meaningful for council members and residents.

RELEVANT LINKS:

Certificate of Achievement for Excellence in Financial Reporting Program.

An award was created to recognize government entities that extract information from their comprehensive annual financial report to produce high quality annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

A. Explain city financial conditions in budget documents

Comprehensive Annual Financial Report 2020, City of Richfield.

Citizens have a sense of the current economy, but many people may not understand how the state economy impacts city budgets. City councilmembers also need to look at the city budget in light of overall economic conditions. In the budget documents, explain which of these state and local challenges affects your city:

- The current low interest on bonds allowing refinancing and paying off old bonds thus saving on interest payments.
- The cuts in aid from the state (local government aid), if any.
- Low interest rates on city investments.
- Rapidly increasing unpaid water and sewer charges.
- Foreclosures.
- Unemployment.
- Abandoned or vacant properties.

City budget documents build on the past year and project into the coming year. Communicating an accurate picture of the city's financial condition helps citizens and council develop strategies to sustain the city.

B. Tie budgeting to goals in budget documents

Citizens support goals, not just expenditures. For example, all cities share the critical responsibility to hold elections. One city sets a goal in the annual budget to "continue providing efficient and friendly non-partisan voter registration, absentee, and election day services" and tracks everything related to that goal in the annual budget document.

Citizens are therefore able to understand and support the city's expenditures related to elections.

C. Foster citizen involvement in budget process

Many cities use citizen surveys to determine city priorities and guide budget decisions about the level of city services provided.

RELEVANT LINKS:

City of Hopkins, City Budget Process.

City of Minnetonka: Ideas on the Budget.

City of Worthington, Budget Information.

Given the stress on city budgets and the expenses of a city-wide survey, a number of cities seek citizen input on the city budget simply by providing a way to submit ideas, questions or comments about the budget through the city website. Cities may also seek citizen input from targeted discussion groups, advisory boards and public meetings during the development of the budget. Even though allowing citizen participation is required in cities with population over 500, the required participation does not occur until late in the budget cycle. Cities may wish to publicize the budget process or calendar to encourage citizen participation earlier in the year.

D. Link citizen input to budget decisions

Once a city engages citizens in the budgeting process, include that participation and comments in the budget documents. For example, if many citizens comment on the need to revitalize certain commercial or residential areas of the city, include the comments and actions that the city council takes on that issue in the budget document, even if it is a preliminary plan to investigate revenue related to revitalization. Then, citizens see how their involvement impacts the city's budget process and plan.

E. Use the budget to communicate the value of government

Easy to understand information on what programs and services a city tax dollar supports helps citizen understand the value of government and city budgets. City budgets necessarily focus on the overall cost of a service, for example, police protection. But, looking at city budgets from the opposite end—how much tax revenue comes into the city from each home and all the services those dollars support—shows a more accurate picture of the value of city services to residents.

V. Budget structures

Most cities approach budgeting using a particular format. The most common budget techniques cities use include the following formats:

- Line item budgets: the simplest budgeting structure showing each expenditure on a separate line.
- Program budgets: presents budgeting information around particular programs instead of simple line item expenditures.
- Performance budgets: rather than just expenditures, includes service goals and objectives, and measures outcomes related to expenditures.
- Zero-based budgets: starts with funding city services at a minimum level and working up from there to a level of funding that councils agree is appropriate for each city service.

RELEVANT LINKS:

Many city budgets contain a mix of these formats. The format is simply a way to present information on expenditures so that city councils may decide which services the city will fund, and at what level, for the coming year.

VI. Revenues

Minn. Stat. § 410.32.
Minn. Stat. § 412.301.
Minn. Stat. § 297A.99, subd. 1 (d).

City budgets start with a picture of revenue (money coming in). Minnesota law greatly restricts the available types of local revenue sources. Unlike some other states, local governments in Minnesota may not impose an income tax. In addition, without specific legislative authority, cities may not impose a local sales tax, and the local sales taxes that have been granted are usually for specially designated purposes.

Minn. Stat. § 297A.99, subd. 1 (d) (e).

A political subdivision may not advertise or expend funds for the *promotion* of a referendum to support imposing a local option sales tax, but a city may expend funds to:

- Conduct the referendum.
- Disseminate information included in the resolution but only if the disseminated information includes a list of specific projects and the cost of each individual project. Provide notice of and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum.
- Provide notice of and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum.
- Provide facts and data on the impact of the proposed local sales tax on consumer purchases.
- Provide facts and data related to the individual programs and projects to be funded with the local sales tax.

Understanding where city funds come from is the first step in developing a budget plan. Based on the state auditor's uniform chart of accounts, revenue for most cities includes money from the following 13 categories.

A. Tax revenue

Minn. Stat. Ch. 275.
Minn. Stat. § 282.08.
Minn. Stat. § 216B.025.
Minn. Stat. § 276.131.
Minn. Stat. § 349.213.
Minn. Stat. § 469.190.

Tax revenue includes current property taxes; delinquent property taxes; apportionments from tax forfeit sales; franchise and public utility taxes; and city sales, gambling, and local lodging taxes, if any. Cities in Minnesota receive a variety of shared tax revenue, or general state aid, from the state. Amounts for each city are typically available from the Minnesota Department of Revenue on or before Aug. 1 of each year.

RELEVANT LINKS:

1. Property tax revenue

LMC website: Property Taxation 101.

Accounting Manual for Small Cities and Towns in Minnesota.
Uniform Chart of Accounts, Office of the State Auditor.

The property tax is the primary revenue source for cities, and it applies to all taxable property within city boundaries. The Minnesota property tax system is complicated, including classifications of property based on the use of the property. Over time, the system has become more complex. Local officials, however, can only control local levy decisions and must focus on that for budgeting purposes.

2. Setting the property tax levy

Each year, cities certify a property tax levy for the following year in dollars, not at a specific rate. The council should set a tax levy high enough to provide money for the following purposes during the upcoming budget year:

Minn. Stat. § 477A.011.
Minn. Stat. Ch. 275.
Minn. Stat. § 275.70, subd. 5.
Handbook, *Property Tax Levy*.

- Payment of all estimated expenditures, including an allowance for a reserve and the amount necessary to make all city contributions to the Public Employees' Retirement Association (PERA).
- Current expenditure liabilities the city cannot pay in the present year for lack of current funds or that the city will pay through short-term borrowing.
- Repayment of all tax anticipation certificates the city issued during present and past years.
- An amount in anticipation of the reduction or loss of state aid, federal revenue, or other undependable sources of revenue.
- For the payment of interest and repayment of principal on bond issues before the bonds are delivered. (Bonds issued previously are already funded by a portion of the city levy).

3. Gambling taxes and funds

Minn. Stat. § 349.213, subd. 3.

Cities may impose up to a 3 percent local gambling tax on licensed gambling organizations in order to cover the cost of regulating lawful gambling. A city may not use these tax revenues for any other purpose.

Minn. Stat. § 349.213, subd. 1(a).

Cities may also require organizations conducting lawful gambling to contribute 10 percent of their net profits derived from lawful gambling to a city-administered fund to be disbursed for lawful purposes. Note: state law defines lawful purpose. Such funds cannot be used for the benefit of a pension or retirement fund.

See LMC information memo, *Lawful Gambling*.

For further discussion of lawful gambling expenditures and regulation, see LMC information memo, Lawful Gambling.

RELEVANT LINKS:

Minn. Stat. § 216B.36.
47 U.S.C.A. § 542.

Accounting Manual for Small Cities and Towns in Minnesota.
Uniform Chart of Accounts, Office of the State Auditor.

B. Franchise fees

Cities are authorized to impose a franchise fee on utility services, such as gas, electric, and cable television. Franchise fees for gas and electric utilities are subject to negotiation. Cable franchise fees are limited to no more than 5 percent of the cable operator's gross revenues over a 12-month period. The revenues from franchise fees can be useful in offsetting a city's costs to regulate these businesses and maintain and protect the public right-of-way. The state auditor classifies franchise fees as "other taxes."

Handbook, *City Licensing*.

C. License and permit revenue

Another source of revenue for cities come from license and permit fees. Cities should be conservative when estimating these amounts as they can vary considerably from year to year. Municipal licensing should not be viewed as a significant source of revenue.

In Minnesota, license fees must approximate the direct and indirect costs in issuing the license and policing the licensed activities.

D. Intergovernmental revenue

LMC website, LGA 101,

LMC website, History of Local Government Aid to Cities,

LMC website, LGA Formula Key Points.

LMC website, Dates for City Budgets 101.

Minn. Stat. § 477A.014.

Minnesota Department of Revenue: Local Government Aid (LGA) and Annexations, Boundary Changes, or Changes in Form of Government.

1. Local government aid

For some cities, local government aid (LGA) from the state is a significant source of income. The goal of LGA is to equalize cities' ability to provide an average level of services at reasonable property tax rates.

A complex formula determines how much LGA each city receives. The Minnesota Department of Revenue certifies how much LGA each city receives by Aug. 1 of each year. Cities receive two annual LGA payments—one in mid-July and the other at the end of December.

The commissioner of the Department of Revenue notifies each city of its LGA distribution during the first week of August. Cities have 60 days to appeal the calculation or factors used in the computation. Special considerations apply for cities dealing with annexation or a change in the form of city government.

2. Market value homestead credit ended in 2011

The Legislature eliminated the market value homestead credit program effective for tax year 2012. The main problem with the program for cities had been that the state did not always reimburse the entire amount of the credit.

RELEVANT LINKS:

Thus, cities did not receive the full amount they levied in a given year. The program was replaced by the homestead market value exclusion.

3. Homestead market value exclusion

Minn. Stat. § 273.13, subd. 35.

Minnesota Department of Revenue: Homestead Classification.

House Research: The Homestead Market Value Exclusion.

The homestead market value exclusion (HMVE) program replaced the MVHC program for taxes payable in 2012 and beyond. This means that what the city levies is what the city receives directly from property owners. This law is effective for taxes payable in 2012 and thereafter.

In place of the MVHC program, homeowners will receive an exclusion of a portion of the estimated market value of their house from property taxes. The exclusion is computed in a manner similar to the market value homestead credit.

4. General state aid

Cities in Minnesota receive a variety of shared revenues from the state. Amounts for each city are typically available from the Minnesota Department of Revenue on or before Aug. 1 of each year. Each of these programs has a separate policy goal, and, taken in combination, the programs and their impact on city finances can be confusing. The following sections describe these programs and their interaction with the city budget-setting process.

a. Fire and police state aid—filing forms required

Minn. Stat. §§ 69.011-.031.
Minn. Stat. § 424A.08.
Minn. Stat. § 477B.02.
Minn. Stat. § 471.699.
Minn. Stat. § 477B.03.

Handbook, *Financial Reports, Accounting and Auditing.*

The state determines which cities and independent nonprofit firefighting corporations qualify for fire state aid directly—or qualify to receive fire state aid paid to the voluntary statewide lump-sum volunteer firefighter retirement plan. The state also determines which cities are qualified to receive police state aid. The state must pay the police and fire aid by Oct. 1, so the money usually goes out just before that deadline. **However, cities must file the appropriate forms by March 15 each year to receive this money**. In addition, the state auditor can delay the Oct. 1 payment date if a city fails to submit legally required financial reports.

For both forms, instructions and letters about both forms see Minnesota Revenue:

Police State Aid (Use Form PA-1).

The city clerk in the city served by the volunteer relief association must also countersign the fire relief association's financial report – or it may be countersigned by the city clerk in the largest city served by the fire relief association. According to the Minnesota Department of Revenue, if the forms are not received by March 15 the Department of Revenue will send a final reminder stating that the forms have not been received and that the fire or police department could forfeit part or all its aid for the year if the forms are not received within 10 days.

RELEVANT LINKS:

Fire State Aid (Use Form FA-1).

The amount of aid forfeited is equal to the amount of yearly aid multiplied by 5 percent for each week or fraction of a week that the form is late. **Please note:** the police state aid form must be signed and dated by the city clerk. If the form is not signed and dated, the form will be returned. Please also note that the fire state aid form must be signed and dated by either the municipal clerk (or secretary of an independent nonprofit firefighting corporation) and the fire chief. If the form does not contain both signatures, the form will be returned.

Funding for these programs comes from the state general fund, based on taxes paid to the state by most insurers writing homeowners, fire, and commercial non-liability policies.

The state apportions the money to qualifying cities for fire and police pensions. If all the police officers in the city police department are members of the PERA Police and Fire Fund, the state peace officer aid must be applied toward the city's employer contribution to the Police and Fire Fund of PERA. If there is no firefighters' relief association and the city is not a member of the statewide volunteer firefighter retirement plan (SVFRP), then the fire aid must be used to maintain the fire department.

Minn. Stat. § 424A.02, subd. 3a.
Minn. Stat. § 424A.02, subd. 10.

Office of the State Auditor
525 Park Street - Suite 500,
St. Paul, MN 55103
(651) 296-2551.

City councils preparing budgets should know that there is a penalty if a defined benefit relief association pays out service pension benefits in excess of the statutory limits. This penalty includes the possible loss of fire state aid for the city. In addition, city councils should note that volunteer firefighter relief associations associated with the city fire department must file a copy of revised bylaws with the state auditor whenever they are amended or when the city council approves any amendment to the relief association's governing bylaws. Failure to file revised bylaws may also result in a loss of state aid until such documents have been filed.

b. Highway user tax distribution fund

Minn. Const. Art. 14.
Minn. Stat. § 162.09.

Minn. Stat. § 162.05.
Minn. Stat. § 162.11.

The Minnesota Constitution requires that state gasoline taxes and motor vehicle registration fees provide funding for certain city, county, and state roads. These revenues go into the highway user tax distribution fund (HUTDF), and the Minnesota Department of Transportation (MnDOT) distributes them. Twenty-nine percent of the fund is dedicated for certain county roads and highways. Nine percent goes to cities with populations over 5,000. The remaining 62 percent is dedicated to the state trunk highway system.

Minn. Stat. § 161.081, subd. 1.

Pursuant to article 14, section five of the state constitution, 5 percent of the net HUTDF is set aside for use on municipal and state roads. The 5 percent breaks down as follows:

RELEVANT LINKS:

Minn. Stat. § 162.081.

- 30.5 percent is devoted to the newly established town road account.
- 16 percent is devoted to the town bridge account, allowing townships to use funds in the town bridge account to pay 100 percent of bridge rehabilitation and replacement costs.
- 53.5 percent is devoted to the flexible highway fund, to be used primarily to fund trunk highway turnbacks. Turnbacks are former trunk highways that the state relinquishes control of to another level of government, for example from state control to county responsibility. The flexible highway fund includes turnbacks of county highways in the computation of municipal state aid miles.

Minn. Stat. § 161.081.

The law also requires the Department of Transportation to consult with the League of Minnesota Cities and the Association of Minnesota Counties (AMC) regarding the distribution of the HUTDF flexible fund's turnback money. City and county officials make recommendations on how to divide the fund between cities, counties, and the state regarding turnbacks. The commissioner of Transportation incorporates those recommendations in the department's biennial budget requests to the governor's office and the Legislature.

E. Charges for services

Cities may also receive revenues from election filing fees, sales of maps and ordinances, assessment searches, court fees, police patrol and fire service fees, street and sidewalk repair, parking fees, refuse collection, water and sewer charges, inspection fees, and service charges such as those made by libraries, museums, and recreation facilities.

F. Public safety revenue

Contact the POST Board for further information at (651) 643-3060 or postboard.agency.docs@state.mn.us.

The state reimburses cities for some police officer training costs. The reimbursement amount available for training and per officer depends on the number of eligible officers and is not determined until all the applications have been received. The state determines the final amounts and transfers funds to cities in mid-September.

G. Culture and recreation

Cities may generate income from cultural or recreational activities. This may include money from park rentals or revenue from city sponsored programs such as swimming classes, city festivals and city parades.

H. Enterprise funds

Accounting Manual for Small Cities and Towns in Minnesota.

Enterprise funds come from city operations run in a manner similar to private businesses.

RELEVANT LINKS:

Uniform Chart of Accounts, Office of the State Auditor.

Examples include water and sewer operations, municipal liquor stores and electric utilities. These services are typically funded by charging those who use the service. According to the state auditor, cities are required to report sewer operations as enterprise funds.

I. Penalty charges

City revenue also comes from penalties and fines such as court fines, confiscated deposits, and collections on bonds or surety held for enforcement or security purposes.

Though such revenue occurs, accounting for it in the city budget does not mean that cities plan on issuing a set number of penalties or fines.

J. Special assessment revenue

"Special Assessments" House Information Brief, Sept. 2008.

Special assessments are a charge imposed on properties for a particular improvement that benefits the owners of those selected properties. The payments may continue coming in to the city for years and may be tied to bond payments for local infrastructure improvements such as improved water and sewer structures.

K. Miscellaneous revenues

According to the state auditor, miscellaneous revenues do not come from taxes, licenses and permits, intergovernmental revenues, charges for services, or fines and forfeits.

Examples of miscellaneous revenues includes money from interest on investments, including such investments as savings accounts, certificates of deposit, money market funds and treasury bonds and bills, net increases in the fair market value of investments, rents and royalties such as revenues from rental of city properties (excluding city hall and community hall rent, parking lot fees, and auditorium use fees which are classified elsewhere) and contributions and donations from private agencies or persons.

L. Other revenue

An example of "other revenue" in this fund is cash received from insurance companies or individuals to compensate the city for the loss of general fixed assets due to theft, accident or natural disaster. Also included in this "other revenue" fund is interfund transfers (legally authorized transfers between revenue funds to expenditure funds).

Examples include transfers from the general fund to a capital projects fund for authorized construction and transfers from an enterprise fund to the general fund to finance general fund expenditures.

RELEVANT LINKS:

This fund also tracks money from the sale of general obligation bonds issued by the city.

VII. Expenditures

Excerpt from the Accounting Manual for Small Cities and Towns in Minnesota, Office of the State Auditor, June 2001.

Cities must estimate their expected costs for the upcoming fiscal year and budget accordingly. Common expenses across all categories of expenditures include salaries and other employment costs, equipment, supplies, materials, maintenance, repairs, training, and fuel costs.

Many cities will have some activity in most of these seven categories and the first two categories (general government and public safety) make up the majority of city expenditures.

A. General government

Accounting Manual for Small Cities and Towns in Minnesota.
Uniform Chart of Accounts, Office of the State Auditor.

Expenditures under this category include general costs for the administration and finance of city government. Costs include those associated with council activities, such as publishing ordinances, and meetings. This category includes clerk costs for holding general and special elections.

2018 Minnesota City Finances: CATS Glossary.

Legal costs fit into this category as do salaries, wages, and related employee benefits such as employer contributions to retirement systems, insurance, sick leave and similar benefits.

Minn. Stat. § 415.11.

City councils may temporarily reduce their own salaries for one year. The law allows a city council to enact an ordinance to take effect immediately and provides an automatic readjustment back up to the previous salary unless a city's ordinance specifies a different time.

B. Public safety

Minn. Stat. § 626.8458.

The basic costs of public safety, at service levels determined by the council, include police protection, fire protection, ambulance service, emergency preparedness, and some protective inspections. Cities should be sure to budget for public safety training costs. Training costs include statutorily required training, such as police-pursuit training and training requirements for part-time police officer licensure.

Minn. Stat. § 424A.091.
"Municipal Contributions to Volunteer Fire Relief Associations," Office of the State Auditor, Feb. 2009.

The city must provide for at least the minimum obligation to the fire relief association in the annual municipal budget. The main sources of revenue for relief associations are municipal contributions, fire state aid, and investment earnings.

Municipal contributions can be made voluntarily by a local community or may be required, based on the relief association's financial situation.

RELEVANT LINKS:

Specifically, state law requires that a city pay a minimum annual contribution to the special fund of its affiliated fire relief association, unless the special fund is fully funded, or fire state aid is sufficient to cover the municipal obligation. Decreased earnings on investments generally mean higher required municipal contributions, which can create challenges for a municipality's budget.

C. Culture-recreation

Document all expenditures for city organized cultural and recreational activities. Examples include city expenditures for libraries, lifeguards, community centers, senior citizen centers, park supervision, park lighting and trails.

D. Conservation of natural resources

This category covers all expenditures for the conservation and development of natural resources, for example shade tree programs and the staff time taken to provide such programs.

E. Debt service

Minn. Stat. § 471.70.
Office of the State Auditor: Report of Outstanding Indebtedness (Excel spreadsheet format or Adobe Acrobat form).
Minn. Stat. § 475.755.
Minn. Stat. § 475.754.
Minn. Stat. § 412.301.
Minn. Stat. § 410.32.

Cities have no authority to borrow money from banks or financial institutions. Instead, cities issue debt, or bonds, to finance public infrastructure improvements. Each year, councils and staff must keep track of the amount of debt issued, and payments of bond principal, interest and all associated costs. Cities must also document costs of issuing bonds and payments to fiscal agents working with a city on bonds in this category.

Minn. Stat. § 475.755.

Minn. Stat. § 475.61.
Handbook, *Debt and Borrowing*.

Cities may budget for the use of certificates of indebtedness in a variety of circumstances. If the income of a city is reasonably expected to be reduced below the amount anticipated in its budget when the final property tax levy was certified, and those receipts are insufficient to meet the expenses incurred or to be incurred during the fiscal year, a city can issue certificates of indebtedness to mature within two years or less from the end of that fiscal year. The certificates must be repaid by a levy that, according to the Department of Revenue, is not subject to or included in a city's levy limit (if any levy limits are in place). The maximum amount the certificates may be issued for in a fiscal year is the expected reduction and the costs of issuance.

Minn. Stat. § 475.58, subd. 1(11).
Minn. Stat. § 275.70, subd. 5 (2).
Minn. Stat. § 475.61.

Cities may issue short-term certificates of indebtedness to make up for an expected reduction in revenue from the amount the city was scheduled to receive when it certified and budgeted for its levy.

RELEVANT LINKS:

Minn. Stat. § 412.301.
Minn. Stat. § 410.32.
Handbook, *Debt and Borrowing.*

Cities may issue certificates of indebtedness for capital equipment. These certificates are general obligations requiring the 105 percent over-levy and are subject to the debt limit, but none of the other provisions of bonding law applies. A reverse referendum procedure is contained in the statute if the amount of the certificates exceeds 0.25 percent of the estimated market value of taxable property in the city.

F. Miscellaneous expenditures

Miscellaneous expenditures are those that do not fit in the other categories. Examples of miscellaneous expenditures may include costs to maintain a cemetery, costs to settle legal claims against the city and costs related to enterprises like water and sewer that do not fit anywhere else.

VIII. Capital improvements

Minn. Stat. § 412.221.

Budgeting for city infrastructure (roads, bridges, buildings etc.) covers more than one year so many cities separate these costs from yearly budgeting. Planning for future infrastructure costs is essential.

Minnesota Department of Management and Budget: Capital Budget FAQ.

A capital budgeting plan, sometimes referred to as a *capital improvement plan* or CIP, typically lists five or six years of major capital improvements, the order of priority, and a way to pay for them. A plan allows a city to save money for these projects. Priorities in the capital budget program remain tentative, and the council reviews them annually. Although capital improvement budgeting may appear cumbersome and unwieldy to small cities, this is not the case. A capital improvement plan provides protection to small cities, avoiding unforeseen infrastructure failures and expensive emergency repairs.

IX. Other regulations impacting municipal budgets

A number of state and federal regulations require certain types of reports and technical accounting strategies related to city budgets and city budgeting practices.

A. GASB

Governmental Accounting Standards Board. Summaries of GASB Statements.

The Governmental Accounting Standards Board (GASB) issues statements that establish standards for accounting and financial reporting—or generally accepted accounting principles (GAAP)—for state and local governments throughout the United States.

RELEVANT LINKS:

Reporting and Publishing Requirements For Cities Reporting in Accordance with Generally Accepted Accounting Principles, Office of the State Auditor.

In Minnesota, pursuant to state law, the state auditor enforces the accounting standards for cities. Specifically, the state auditor requires and enforces compliance with GAAP for cities with populations of 2,500 and higher.

Minn. Stat. § 477A.017, subd. 2.
Reporting and Publishing Requirements For Cities Reporting in Accordance with Generally Accepted Accounting Principles, Office of the State Auditor.

However, state law does not require that cities with populations under 2500 report GAAP financial statements. These cities may prepare GAAP statements as a good business practice or because of some contractual requirement but are not required to do so by state statute. The state auditor provides a discussion on compliance with GASB 34 in small cities in the document, "Reporting and Publishing Requirements For Cities Reporting in Accordance with Generally Accepted Accounting Principle."

This guidance should be used with the help of financial service providers to be best prepared to meet financial reporting requirements.

See OSA; GASB; and GFOA.

GASB 34 is lengthy and is not discussed in detail in this chapter. For further information on GASB 34, contact GASB, the Minnesota Office of the State Auditor, or the Government Finance Officers Association (GFOA).

B. State auditor reports

State law requires that cities file budget information with the state auditor's office and requires that cities publish budget information each year.

Handbook, *Financial Reports, Accounting and Auditing*.

A number of other financial reports and forms must be filed with the state auditor as explained in detail in Chapter 26 of the League's Handbook for Minnesota Cities.

C. Taxation notification procedure

Minn. Stat. § 275.065, subd. 3.
Handbook, *Property Tax Levy*.

Minn. Stat. § 275.065, subd. 1.

The law no longer uses the phrase "truth in taxation." However, many people still use it to refer to a process which requires cities to allow time for public input on city budgets. According to the Department of Revenue, cities with populations of 500 or less and all special taxing districts (except the Metropolitan Council, the Metropolitan Airports Commission, and the Metropolitan Mosquito Control Commission) are exempt from the requirement to hold a meeting with public input prior to adoption of the final levy. **Note:** Cities with populations of 500 or less must still certify proposed property tax levies to the county auditor on or before Sept. 30.

Minn. Stat. § 275.065, subd. 3.
Minn. Stat. § 275.066.

Previously, the date cities and special taxing districts must certify property tax levies to the county auditor was Sept. 15, but 2014 amendments to law extended the deadline to Sept. 30. And small cities must certify the final property tax levy to the county auditor by or before five working days after December 20 each year. If a city misses this deadline, that city's final levy will stay the same as it was in the previous year.

RELEVANT LINKS:

MN Dep't of Revenue: Truth in Taxation.

Minn. Stat. § 275.065.

Cities over 500 in population, even with the smallest levy increase, must follow the process described below. The requirement for a city phone number and address on parcel specific notices sent out by the county auditor does not require listing a personal telephone number or personal address. If the city informs the auditor that it has no public office, then no phone number or address is included in the notices.

Taxation Notification Summary Chart

Date	**Actions**
On or before Sept. 30.	Special taxing districts (EDAs, HRAs, port authorities, etc.) must adopt any proposed property tax levy and certify the proposed levy to the county auditor
On or before Sept. 30	At one meeting, the city council adopts the proposed property tax levy and announces the time and place of a future city council meeting at which the budget and levy will be discussed and public input allowed, prior to final budget and levy determination. This public input meeting must occur after Nov. 24 and must start at or after 6 p.m. The time and place of the public input meeting must be included in the minutes, but newspaper publication of the minutes is not required.
On or before Sept. 30	Cities must provide the county auditor with the following information: • The time and place of the meeting at which the budget and levy will be discussed, and public input allowed. (Again, meeting must occur after Nov. 24, in 2015, and must not start before 6 p.m.) • A phone number that city tax payers may call if they have questions related to the auditor's property tax notice; this does not require listing a private phone number. An address where comments will be received by mail; this does not require listing a private address.
Nov. 11 to Nov. 24	County auditor prepares and sends parcel-specific notices.

RELEVANT LINKS:

Minnesota Department of Revenue: Certificate of Compliance, (form TNT), Truth in Taxation.

Nov. 25 to Five working days after December 20	City councils hold meeting to discuss the budget and property tax levy and, before a final determination, allow public input.
Nov. 25 to five working days after December 20	Cities must also file the certificate of compliance with the Department of Revenue within five working days of December 20.

*The dates listed reflect the dates established by statute. The Minnesota Department of Revenue uses the next business day if the statutory date falls on a weekend or holiday. As such, the calendar provided by Revenue may differ from the dates above.

*Cities that are in overlapping counties or are consolidating services have slightly different timelines to certify proposed and final tax levies.

X. Plan B cities

Minn. Stat. §§ 412.701 – 412.731.
Minn. Stat. § 412.651, subd. 7.

Handbook, *Local Government in Minnesota*.

Cities with the Plan B form of government must follow unique budgeting requirements in state law. In these cities, the city manager is responsible for the city budget and sets out the required budgeting structure. State law addresses citizen participation in budgeting, requires that the manager read the budget aloud and respond to council questions. As noted previously, once a Plan B city adopts a final budget, budget amendments require approval by a four-fifths vote of all members of the council.

Consult the city attorney when voting on budget amendments in a Plan B city to ensure compliance with the law.

XI. Charter cities

Councils in charter cities must review any special requirements related to city budgets and work with staff and the city attorney to ensure that the requirements in charter and law are met. A number of city charters make the city manager responsible for city budgeting, but the council must still play a role in budget planning and approval.

RELEVANT LINKS:

City of Hopkins City Budget.

XII. Conclusion

Accurate and complete budgeting is crucial to a city. It provides sound legal, financial and ethical basis for city operations. Done correctly, budgets show the revenues and expenditures necessary to provide the services and programs desired by the community. It reflects the goals, objectives, and priorities the current council identifies, based on input from previous council decisions, the residents and taxpayers.

FRIDLEY CITY CHARTER
CHAPTER 7. TAXATION AND FINANCES.

Section 7.01. COUNCIL TO CONTROL FINANCES.

The Council shall have full authority over the financial affairs of the City, and shall provide for the collection of all revenues and other assets, the auditing and settlement of accounts, and the safekeeping and disbursement of public moneys. In the exercise of a sound discretion it shall make provisions for the payment of all liabilities and expenses. The Council shall establish the fiscal year for the City.

Section 7.02. POWER OF TAXATION.

1. The City shall have, in addition to the powers by this Charter expressly or impliedly granted, all the powers to raise money by taxation pursuant to the laws of the State which are applicable to cities of the class of which it may be a member. The amount of taxes levied against real and personal property within the City for general City purposes shall not exceed five percent (5%) more than the prior year tax levy. Moreover, if necessary, the tax levy may be increased up to an additional three percent (3%) with an affirmative vote of at least four members of the Council. (Ref. Ord. 592, 1102, 11/7/00 Amendment, and Ord 1345)

   Nothing in this provision shall be construed to impair any general obligation the City may have in support of otherwise lawful indebtedness or similar obligation supported by the full faith and credit of the City, provided, however, that long-term, general obligation indebtedness shall not be used for the purpose of funding the routine and daily business operations of the City. (Ref Ord 1152)

2. The City Council may also levy a tax against real and personal property within the City in addition to said limit as defined in paragraph 1 provided the Council shall:

   A. Adopt a resolution declaring the necessity for an additional tax levy and specifying the purposes for which such additional tax levy is required.

   B. Hold a public hearing pursuant to three (3) weeks' published notice in the official newspaper of the City setting forth the contents of the resolution described in Subdivision A.

   C. Adopt after such public hearing a resolution by an affirmative vote of a least four (4) members of the Council which shall be presented as a clear and concise 'plain language' ballot question at the next regular municipal election. (Ref. Ord. 592, 1102 and 11/7/00 Amendment)

   D. The additional tax levy shall take effect if 51% of the votes cast at said election are in favor of its adoption.

3. Any other fees created, or increased beyond the limits set forth in subsection 1, shall require voter approval as stipulated in subsection 2.

   A. For the purposes of this subsection, "fees" includes sales and use taxes, gas and electric franchise fees and any other fee that produces a tax burden or direct financial obligation for all property owners and/or residents of Fridley. (Ref Ord 1152, 1244, 1352)

   B. For the purposes of this subsection, the term "fees" does not include: utility charges, recycling fees, Parks and Recreation Department participation fees, charges for photo-copying, sales of municipal liquor store products, or civil and criminal fines and other charges collected in cases of restitution or violation of law or contract. The term "fees" also does not include rental housing fees, building permit fees, liquor license fees, the extension or transfer of cable television service authority to additional service providers for which fees are already being charged, fees for the operation of junk yards, annual license fees for the operation of pawn shops and other regulated business, and any other charge for services, including health and safety related Code enforcement, and other goods, services or materials routinely provided by the City to its citizens or other members of the public which, by law, must be limited to the actual cost of the service being provided. The term "fees" shall not include any special assessments made under Minnesota state law. (Ref Ord 1152, 1244, 1352)

   C. All fees and other charges referenced in Section B above shall be designed to cover the cost of the service and anticipated future costs. For the purposes of this subsection, "fee increase" includes a new tax or fee, a monetary increase in an existing tax or fee, a tax or fee rate increase, an expansion in the legal definition of a tax or fee base, and an extension of an expiring tax or fee. (Ref Ord 1152, 1352)

   D. For the purposes of this subsection, "city" includes the city itself and all its departments and agencies that are organized to exercise the "Powers of the City" as defined in Chapter 1 of this Charter. "City" shall not include any body of government owing its existence to separate constitutional or statutory authority outside of the Charter, regardless of whether that other body of government has jurisdiction or performs duties and services within the boundaries of the City. (Ref Ord 1152)

   E. For the purpose of addressing natural disasters this subsection does not apply to any specific emergency measure authorized in Section 7.08 or state law. (Ref 11/7/00 Amendment, Ord 1345)

Section 7.03. BOARD OF REVIEW.

The Council shall constitute a board of review and shall meet as such in the usual place for holding Council meetings to review, amend and equalize the assessed valuations according to state law. (Ref. Special Election 4/12/60, Ord. 592, Ord 1345)

Section 7.04. PREPARATION OF ANNUAL BUDGET.

The city manager shall prepare the estimates for the annual budget. The budget shall include all funds identified by the city manager as requiring annual budget estimates. The budget shall include any estimated deficit/surplus for the current year. The budget shall contain sufficient detail readily understood and contain explanatory statements as deemed necessary.

The estimates of revenues and expenditures for general and special revenue funds shall be by organizational unit and include comparative figures for the current year and actual figures for the two preceding fiscal years. Expenditure estimates shall be divided into three (3) major subdivisions as follows:

A. Salaries and Wages,
B. Ordinary Expenses,
C. Capital Outlay.

In funds other than general and special revenue, the proposed expenditures shall be presented in an understandable manner according to the discretion of the city manager. (Ref 1352)

Section 7.05. PASSAGE OF THE BUDGET.

The estimated budget shall be a principal item of business at regular meeting(s) prior to the deadline established in state law, at the times required by law and at subsequent meeting(s) until the budget is adopted. The meetings shall be so conducted as to give interested citizens a reasonable amount of time in which to be heard, and an opportunity to ask questions prior to passage of the final budget. The budget estimates shall be read in full and the City Manager shall explain the various items thereof as fully as may be deemed necessary by the Council. The adopted annual budget shall set forth in such detail as may be determined by the City Council, the complete financial plan of the City for the ensuing fiscal year. It shall indicate the sums to be raised and from what sources, and the sums to be spent and for what purposes, according to Section 7.04. The total sum appropriated shall not exceed the total estimated revenue. The Council shall adopt the budget by resolution in accordance with state law. (Ref. Ord. 625, Ord. 946, Ord 1318, Ord 1345)

Section 7.06. ENFORCEMENT OF THE BUDGET.

It shall be the duty of the city manager to enforce the provisions of the budget in accordance with the City Council budget resolution and other financial policies of the City. No officer or employee of the City shall place any orders or make any purchases except for the purposes and to the amounts authorized in the budget resolution. Any obligation incurred by an officer or City employee for any purpose not authorized in the budget resolution or for any amount in excess of the amount appropriated in the budget resolution or in excess of available moneys in any fund of the City may be considered a personal obligation upon the person incurring the expenditure. (Ref. Ord. 857, 1352)

Section 7.07. ALTERATIONS IN THE BUDGET.

After the budget has been duly adopted, the Council shall not have power to increase the amounts therein fixed in the budget resolution, whether by the insertion of new items or otherwise, beyond the estimated revenues, unless the actual receipts shall exceed such estimates, and in that event, not beyond such actual receipts. The Council may at any time, by resolution passed by a vote of at least four (4) members of the Council, reduce the sums appropriated for any purpose by the budget resolution or authorize the transfer of sums from the unexpended balances of the budget to other purposes. (Ref. Ord. 946, 1352)

Section 7.08. EMERGENCY APPROPRIATION IN THE BUDGET.

1. The Council shall have power to establish an emergency appropriation as a part of the budget, but not to exceed ten percent (10%) of the total budget. Transfers from the emergency appropriation to any other appropriation shall be made only by a vote of at least four (4) members of the Council.

2. The sums transferred to the several departments or divisions shall be considered as a part of such appropriations and shall be used only for the purposes determined by the city manager and approved by the Council. (Ref Ord 1345)

Section 7.09. LEVY AND COLLECTION OF TAXES.

In accordance with Minnesota State Law, the Council shall levy by resolution the taxes necessary to meet the requirements of the budget for the ensuing fiscal year. The tax levy resolution must be certified to the county in accordance with state law. A statement of all the taxes levied, and such taxes shall be collected and the payment thereof be enforced with and in like manner as state and county taxes. No tax shall be invalid by reason of any informality in the manner of levying the same, nor because the amount levied shall exceed the amount required to be raised for the special purpose for which the same is levied, but in that case the surplus shall go into a suspense fund, and shall be used to reduce the levy for the ensuing year. (Ref. Ord. 625, Ord. 946, Ord 1345)

Section 7.10. FUNDS TO BE KEPT.

There shall be maintained by the finance director a classification of funds which shall provide for a general fund and funds required by law, ordinance or resolution and meet generally accepted accounting standards and procedures. The Council may, by resolution, make interfund loans where permitted by law except from funds held by the City as a trustee or custodian or in the capacity of an agent. (Ref 1352)

Section 7.11. ACCOUNTS AND REPORTS.

The accounts of the City shall be maintained in accordance with generally accepted governmental accounting standards and procedures. The city manager shall submit such reports as will be necessary in order to keep the Council fully informed of the financial conditions of the City. Once a year in accordance with Minnesota state law, the city manager shall submit a complete financial report of the City, for the preceding fiscal year. This report shall contain audited financial statements and disclosures which present the City's financial position. A summary of the report shall be published in the official newspaper in a format consistent with the Minnesota State Auditor requirements. (Ref. Ord. 625, Ord. 857, 1352)

Section 7.12. INDEBTEDNESS.

1. In addition to all the powers in respect to borrowing and the issuance of bonds and other obligations for the payment of money specifically or impliedly granted by this Charter, and any amendments thereto, the City shall have all the powers in reference to these subject matters granted to cities of its same class by Minnesota state law. (Ref 1352)

2. The Council by a vote of at least four (4) of its members may authorize the issuance of bonds to provide funds for any public purpose not prohibited by law. The City Council may at its discretion, by a majority vote of all of its members, submit to the electorate propositions for the issuance of such bonds. When such a proposition is submitted to the electorate, no bonds or other term obligations of the City may be issued except pursuant to a favorable vote of a majority of those voting on the proposition of their issuance. (Ref 1352)

Section 7.13. TAX ANTICIPATION CERTIFICATES.

In a manner consistent with Minnesota state law, at any time after January 1, following the making of an annual tax levy, the council may issue certificates of indebtedness in anticipation of the collection of taxes levied for any fund and not yet collected. The total amount of the certificates issued against any fund for any year with interest thereon until maturity shall not exceed ninety percent (90%) of the total current taxes for the fund uncollected at the time of the issuance. Such certificates shall be issued on such terms and conditions as the Council may determine but they shall become due and payable not later than the 1st day of April of the year following their issuance. The proceeds of the tax levied for the fund against which tax anticipation certificates are issued and the full faith and credit of the City shall be irrevocably pledged for the redemption of the certificates in the order of their issuance against the fund. (Ref 1352)

Section 7.14. EMERGENCY DEBT CERTIFICATES

If in any year, the receipts from taxes or other sources should from some unforeseen cause become insufficient for the ordinary expenses of the City, as provided for in the budget, or if any calamity or other public emergency should subject the City to the necessity of making extraordinary expenditures, then the Council may by resolution, issue and sell certificates. A tax sufficient to pay principal and interest on such certificates with the margin required by law shall be levied as required by law. The authorization of an issue of such emergency debt certificates shall take the form of a resolution approved by at least four (4) of the members of the Council. It may be passed as an emergency resolution and would be exempt from voter approval. (Ref 1352)

REFERENCES TO STATE LAW USED FOR THIS CHAPTER (2018)

Minnesota Statute Chapter 275
Minnesota Statute Chapter 410
Minnesota Statute Chapter 412
Minnesota Statute Chapter 429
Minnesota Statute Chapter 444
Minnesota Statute Chapter 469
Minnesota Statute Chapter 471
Minnesota Statute Chapter 475
Minnesota Statute Chapter 477