

CITY OF KIMBALL

2013 SUMMARY BUDGET FOR THE GENERAL FUND

The purpose of this report is to provide summary 2013 budget information concerning the City of Kimball to interested citizens. The budget is published in accordance with Minnesota Statute 471.6965. This budget is not a detailed budget. The detailed budget may be examined at the City Clerk/Treasurer's Office, 1 Main Street North, Kimball, MN. The City Council approved this budget December 18, 2012.

	REVENUES	PRIOR YEAR	CURRENT YEAR
		BUDGET	BUDGET
1	PROPERTY TAXES (DO NOT INCLUDE MARKET VALUE CREDITS)	331,563	346,998
2	TAX INCREMENTS	0	0
3	ALL OTHER TAXES (FRANCHISE, HOTEL/MOTEL TAXES, ETC.)	2,200	2,300
4	SPECIAL ASSESSMENTS	1,219	1,948
5	LICENSES AND PERMITS	25,315	22,240
6	FEDERAL GRANTS	0	0
7	STATE GENERAL PURPOSE AID (MARKET VALUE CREDITS, ETC.)	117,942	117,942
8	STATE CATEGORICAL AID (STATE AID FOR STREETS, ETC.)	16,523	13,548
9	GRANTS FROM COUNTY AND OTHER LOCAL GOVERNMENTS	1,999	5,967
10	CHARGES FOR SERVICES	43,038	38,139
11	FINES AND FORFEITS	17,100	28,200
12	INTEREST ON INVESTMENTS	240	1,380
13	MISCELLANEOUS REVENUES	3,052	1,450
14	TOTAL REVENUES	560,191	580,112
15	PROCEEDS FROM BOND SALES	0	0
16	OTHER FINANCING SOURCES	16,000	16,900
17	TRANSFERS FROM OTHER FUNDS (INCL. ENTERPRISE FUNDS)	0	0
18	TOTAL REVENUES AND OTHER FINANCING SOURCES	576,191	597,012
	EXPENDITURES	PRIOR YEAR	CURRENT YEAR
	CURRENT EXPENDITURES (EXCLUDE CAPITAL OUTLAY)	BUDGET	BUDGET
19	GENERAL GOVERNMENT (BOARD, ADMINISTRATION, ETC.)	151,239	141,366
20	PUBLIC SAFETY	245,195	276,924
21	STREETS AND HIGHWAYS (EXCLUDING CONSTRUCTION)	126,651	115,781
22	SANITATION	0	0
23	HUMAN SERVICES	0	0
24	HEALTH	0	0
25	CULTURE AND RECREATION	21,105	13,942
26	CONSERVATION OF NATURAL RESOURCES	0	0
27	ECONOMIC DEVELOPMENT	16,000	14,600
28	MISCELLANEOUS CURRENT EXPENDITURES	0	0
29	TOTAL CURRENT EXPENDITURES	560,191	562,612
30	DEBT SERVICE - PRINCIPAL	74,000	79,000
31	INTEREST AND FISCAL CHARGES	85,566	82,485
32	STREETS AND HIGHWAYS CONSTRUCTION	0	0
33	CAPITAL OUTLAY	0	17,500
34	OTHER FINANCING USES	16,000	16,000
35	TRANSFERS TO OTHER FUNDS (INCLUDE ENTERPRISE FUNDS)	0	0
36	TOTAL EXPENDITURES AND OTHER FINANCING USES	735,756	757,597
	FUND BALANCE		
37	GENERAL FUND - BEGINNING BALANCE (JANUARY 1)	351,999	420,602
38	GENERAL FUND - ENDING BALANCE (DECEMBER 31)	420,602	420,602
39	INCREASE (DECREASE) IN FUND BALANCE - BUDGETED	68,603	0
	GOVERNMENTAL FUNDS		
	OTHER ITEMS		
40	TOTAL PROPERTY TAX LEVY - ALL FUNDS	387,295	403,813
41	NET UNREALIZED GAIN OR (LOSS) FROM INVESTMENTS FOR 2012	0	0

Nicole J Pilarski
Clerk/Treasurer

Property Taxes in Brief

From time to time the City receives inquiries from residents who want to better understand how property values correlate with their property taxes.

What Property Taxes Fund

First, it's important to know that not all property taxes go to the City. For each residential property tax dollar, the city receives about 43%. The remainder goes to the school district, Stearns County and other taxing jurisdictions. For each commercial-industrial property tax dollar, the City receives about 36%.

The City portion of your property taxes covers the cost of police and fire service, street maintenance, park upkeep, economic development, snowplowing and other local services.

The City's portion also covers bond payments for projects such as street and utility reconstruction. How much the City will levy for taxes is based on the amount of money needed to pay for services and to make bonded debt payments.

Certain types of properties are also subject to a state property tax; such as cabins and commercial/industrial property.

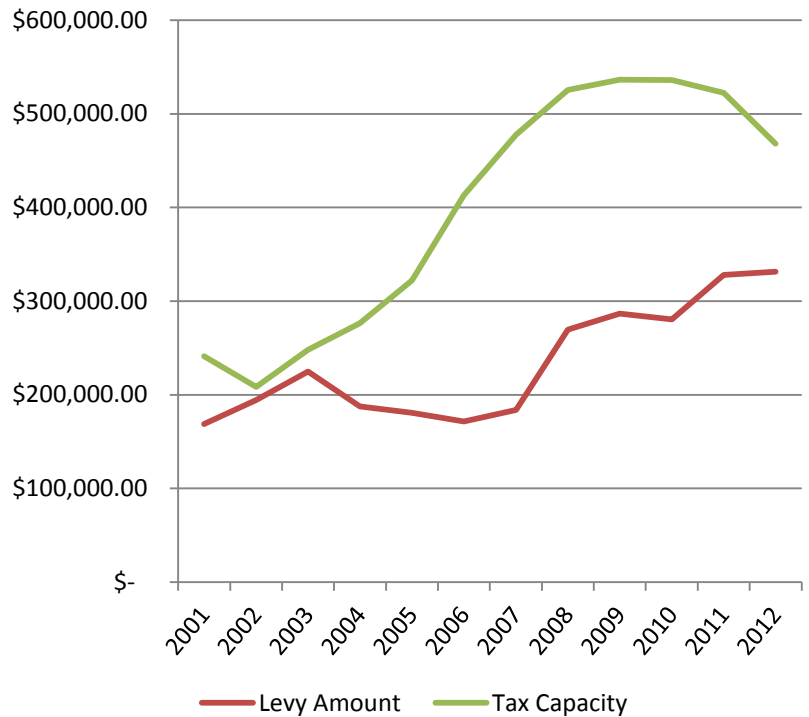
How Your City Taxes are Determined

Based on a formula devised by the State, the cost to provide City services is divided among property owners. The taxable market value of a property is multiplied by the class rate of the property (residential, cabin, farm, commercial, etc.) that is determined by the State Legislature. The result of the taxable market value being multiplied by the class rate results in the City's tax capacity. The revenue needed (tax levy) is then divided by the City's total tax capacity to calculate the local tax rate.

City Revenue Sources – State Aid Local Government Aid (LGA)

LGA is one of many revenue sources for the City. It began in 1971 as a property tax relief program that was originally distributed to all forms of local

Historical Levy Compared to Tax Capacity



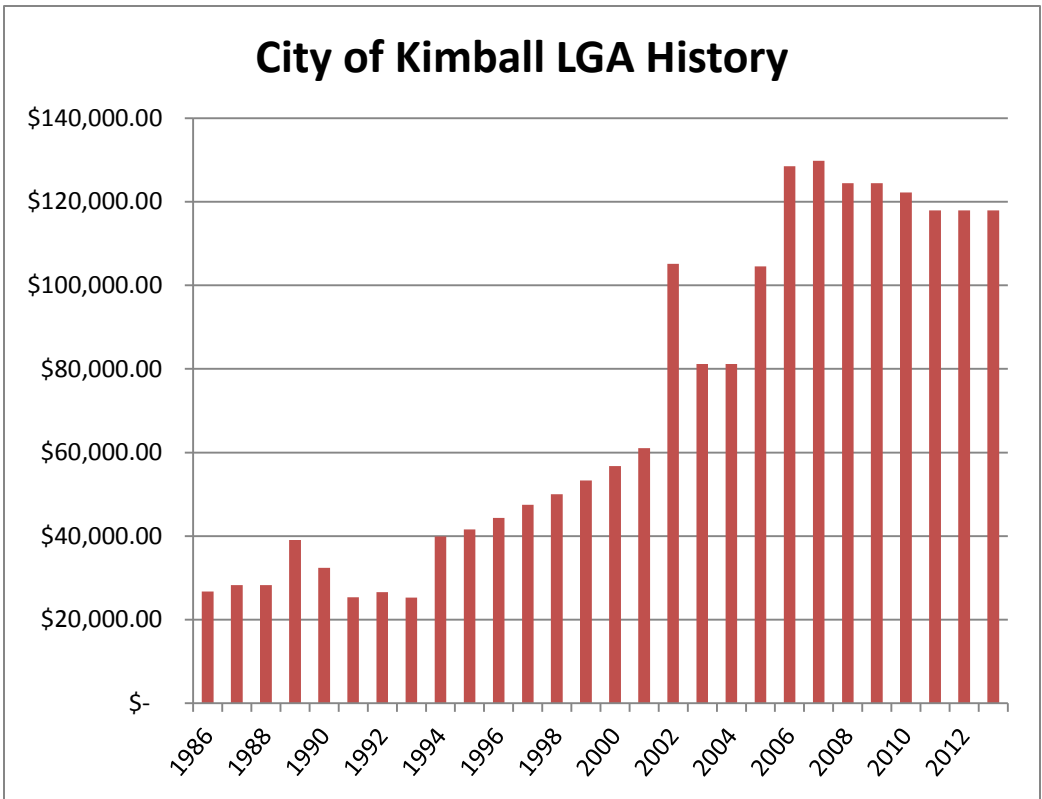
government except schools. It was established as a method of providing fairness in property taxation across the state; thus ensuring that no matter what area of the state you are in, you will have access to needed services. Over time the program has changed to focus solely on cities. Throughout the years the complex formula to compute LGA has changed several times and measures a City's expenditure need compared to its ability to pay. The formula takes into consideration the pre-1940 housing percentage, population decline over the past 10 years, commercial/industrial property market value percentage and population. Not every city receives LGA.

Fire State Aid

The purpose of state fire aid is to subsidize the service pensions paid to retired firefighters, the disability benefits paid to disabled firefighters, and the survivor benefits paid to the surviving spouses and children of deceased firefighters. It was established in 1885.

The Minnesota Department of Revenue Property Tax Division is responsible for the determination of state fire aid; this is then paid out to the City.

The total amount of aid to be distributed is based on insurance premium taxes collected by the Department of Revenue on insurance premiums received by insurance companies with respect to fire, lightning, sprinkler leakage, and extended coverage insurance. Upon receiving the state fire aid payment, the City Treasurer has 30 days to remit the payment to the Fire Relief Association that is subsidiary to the Fire Department.

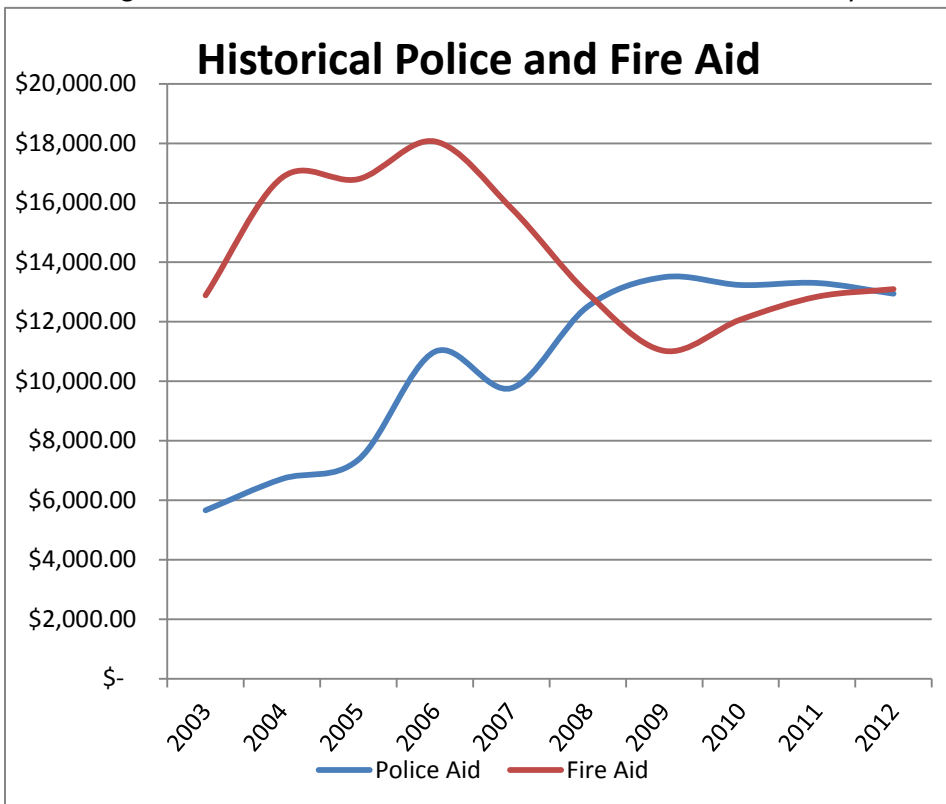


Police State Aid

This program was established in 1971 and is similar to the fire state aid program. Upon receiving the state police aid, the City Treasurer must apply the full amount toward the City's employer contribution to the Public Employees Retirement Police and Fire Fund of which the City's officers belong to.

Other Sources of City Revenue

The City also collects money from a variety of other areas; such as: fines, liquor licensing, dog licensing, building permits and inspections, contracts that provide public safety services (police and fire protection) to areas outside of the City limits.



What about my water and sewer service?

These City operations are run like a business. The fees and service charges paid by the consumer cover all operating and capital costs. These services are not paid for through the property tax levy.

General Government - \$141,366

- 37% - City Clerk
- 18% - City Hall
- 13% - Council/Mayor
- 12% - Legal and Audit
- 8% - Planning
- 7% - Other
- 4% - Assessing
- 1% - Printing

Public Safety - \$276,924

- 87% - Police
- 11% - Fire Department
- 2% - Building Inspection

Streets and Highways - \$115,781

- 55% - Administration
- 22% - Repairs and Supplies
- 20% - Other
- 18% - Street Lighting
- 1% - Insurance

Capital Outlay - \$17,500

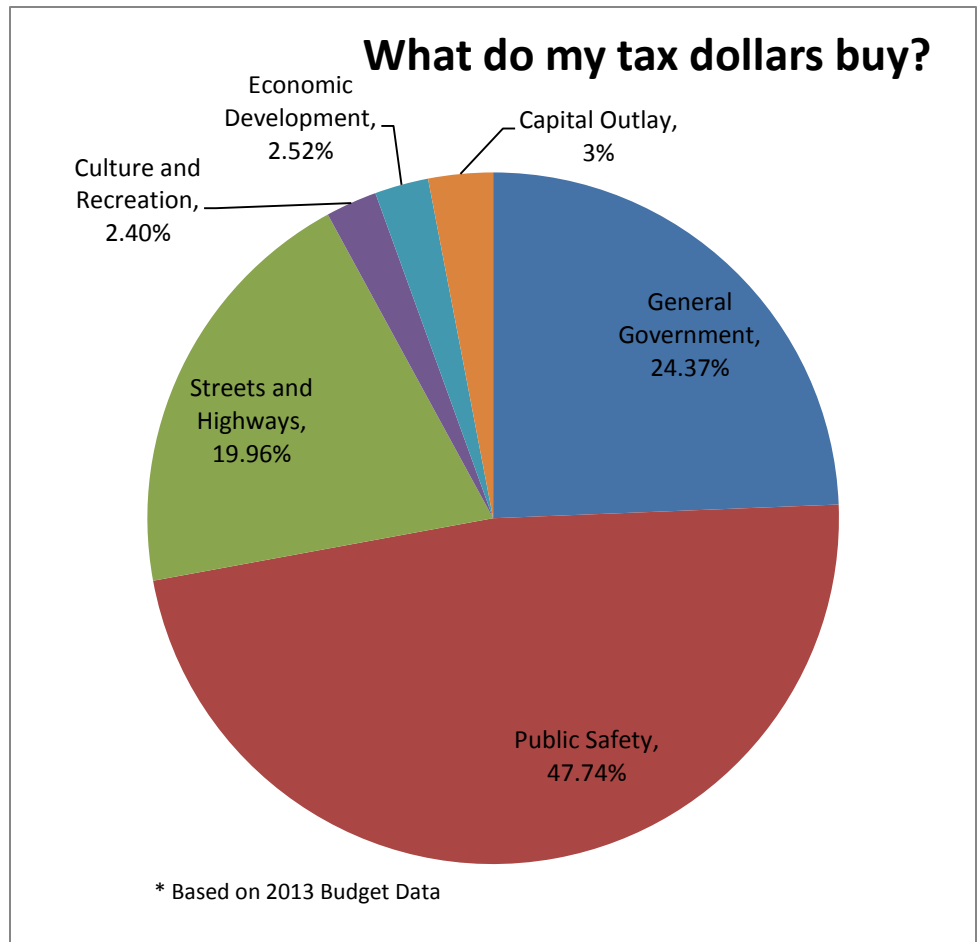
- 86% - General Government
- 14% - Public Safety

Culture and Recreation - \$13,942

- 100% - Park and Hockey

Economic Development - \$14,600

- 51% - Willow Creek Concrete
- 49% - A M Maus & Sons



Facts about Property Values in Relation to Property Taxes

Not every property within the City pays property taxes; certain property is exempt by law. Units of government, churches and houses of worship and properties used solely for educational purposes are all exempt.

There are 466 parcels of property within the City of Kimball; this amount includes 31 parcels of exempt property. This equates to approximately 6.7% of properties that do not pay property taxes. This also means that exempt property is not figured into the City's tax capacity, which is used to determine the local tax rate.

The total Estimated Market Value (EMV) of property within the City is \$80,141,200; now compare this to the Taxable Market Value (TMV) of property within the City which is \$34,894,300. That is a difference of approximately 43.5%. The difference is due to the exempt properties and the homestead market value exclusion.