

The purpose of this report is to provide summary 2019 budget information concerning the City of Kimball to interested citizens. The budget is published in accordance with MN Stat. §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, 2018.

	REVENUES	PRIOR YEAR	CURRENT YEAR
		BUDGET	BUDGET
1	PROPERTY TAXES (DO NOT INCLUDE MARKET VALUE CREDITS)	430,750	421,953
2	TAX INCREMENTS	0	0
3	ALL OTHER TAXES (FRANCHISE, HOTEL/MOTEL TAXES, ETC.)	2,800	2,400
4	SPECIAL ASSESSMENTS	0	0
5	LICENSES AND PERMITS	27,218	29,980
6	FEDERAL GRANTS	0	0
7	STATE GENERAL PURPOSE AID (MARKET VALUE CREDITS, ETC.)	160,070	160,581
8	STATE CATEGORICAL AID (STATE AID FOR STREETS, ETC.)	20,048	20,048
9	GRANTS FROM COUNTY AND OTHER LOCAL GOVERNMENTS	0	4,111
10	CHARGES FOR SERVICES	42,393	44,486
11	FINES AND FORFEITS	4,642	3,100
12	INTEREST ON INVESTMENTS	750	911
13	MISCELLANEOUS REVENUES	8,190	20,789
14	TOTAL REVENUES	696,861	708,359
15	PROCEEDS FROM BOND SALES	0	0
16	OTHER FINANCING SOURCES	11,545	0
17	TRANSFERS FROM OTHER FUNDS (INCL. ENTERPRISE FUNDS)	4,045	0
18	TOTAL REVENUES AND OTHER FINANCING SOURCES	712,451	708,359
	EXPENDITURES		
	CURRENT EXPENDITURES (EXCLUDE CAPITAL OUTLAY)		
19	GENERAL GOVERNMENT (BOARD, ADMINISTRATION, ETC.)	164,579	172,640
20	PUBLIC SAFETY	298,504	321,754
21	STREETS AND HIGHWAYS (EXCLUDING CONSTRUCTION)	95,179	108,190
22	SANITATION	0	0
23	HUMAN SERVICES	0	0
24	HEALTH	0	0
25	CULTURE AND RECREATION	22,666	27,375
26	CONSERVATION OF NATURAL RESOURCES	0	0
27	ECONOMIC DEVELOPMENT	7,500	0
28	MISCELLANEOUS CURRENT EXPENDITURES	0	0
29	TOTAL CURRENT EXPENDITURES	588,428	629,959
30	DEBT SERVICE - PRINCIPAL	146,003	150,000
31	INTEREST AND FISCAL CHARGES	115,130	111,935
32	STREETS AND HIGHWAYS CONSTRUCTION	0	0
33	CAPITAL OUTLAY	31,700	4,800
34	OTHER FINANCING USES	43,582	500
35	TRANSFERS TO OTHER FUNDS (INCLUDE ENTERPRISE FUNDS)	0	0
36	TOTAL EXPENDITURES AND OTHER FINANCING USES	924,842	897,194
	FUND BALANCE		
37	GENERAL FUND - BEGINNING BALANCE (JANUARY 1)	461,784	544,381
38	GENERAL FUND - ENDING BALANCE (DECEMBER 31)	544,381	544,381
39	INCREASE (DECREASE) IN FUND BALANCE - BUDGETED	82,597	0
	GOVERNMENTAL FUNDS		
	OTHER ITEMS		
40	TOTAL PROPERTY TAX LEVY - ALL FUNDS	509,730	500,916
41	NET UNREALIZED GAIN OR (LOSS)	0	0
	FROM INVESTMENTS FOR 2018		

Nicole J Pilarski, MCMC
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 48%. The remainder goes to the school district, Stearns County and other taxing jurisdictions. For each tax dollar commercial-industrial property owners pay, 45% goes to the City. 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 reconstruction 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.

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.

How Your Taxes Change

In broad terms, property taxes change due to four things.

- 1) Changes in your property value relative to other similar properties.
- 2) Shifts in the strength of the residential real estate market as compared to the commercial market.
- 3) The amount levied by the City, County, School District and other jurisdictions.

- 4) Changes enacted by state lawmakers.

Values: If your value increases more than the average value increase of other properties in Kimball due to home improvements or for another reason, you will assume a greater share of the tax bill. Likewise, if your value goes down compared to similar properties, your tax bill will decrease relative to similar properties.

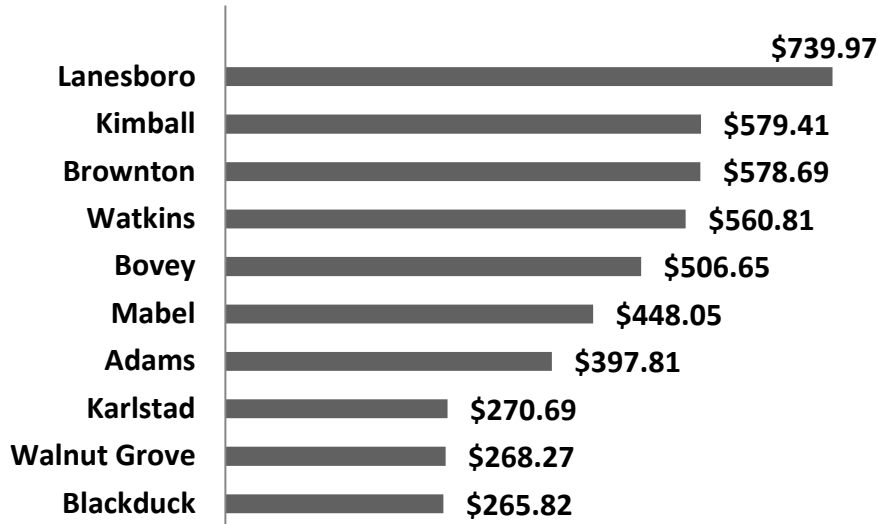
Market: Because both residential and commercial properties pay property taxes to fund City services, the property tax burden shifts, depending on each market's strength. For instance, if residential values are surging and commercial values are lagging, residential properties on the whole will pick up a greater share of the overall tax burden than commercial properties. The reverse is true when residential market values are declining, but commercial values are strong.

State Law: Changes to property classifications enacted by the state legislature can also affect your property taxes.



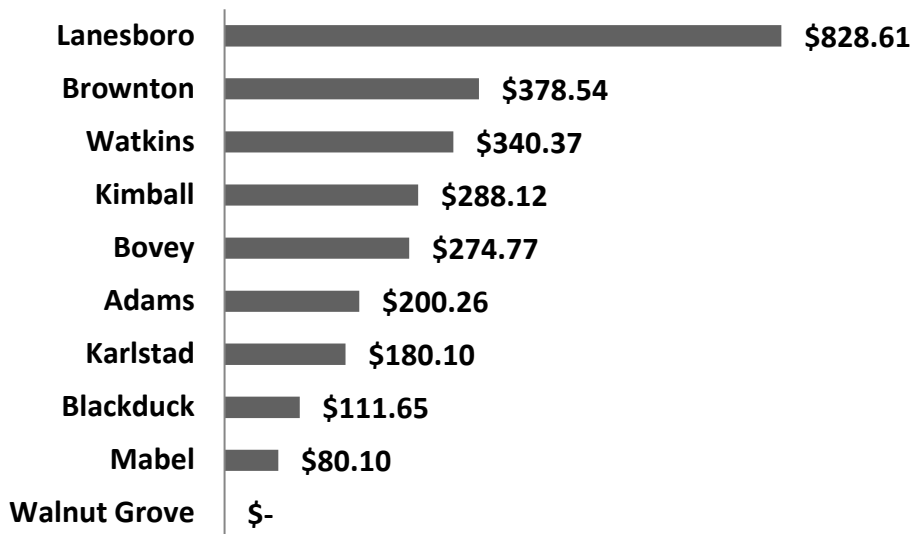
*Based on 2018 Residential Property Tax Data

How Kimball's Levy Compares per Capita to Cities of Similar Size



* Based on 2016 Data Provided by the Minnesota Department of Revenue and League of Minnesota Cities

Debt per Capita



* Based on 2017 Data Provided by the State Auditor's Office

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 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.

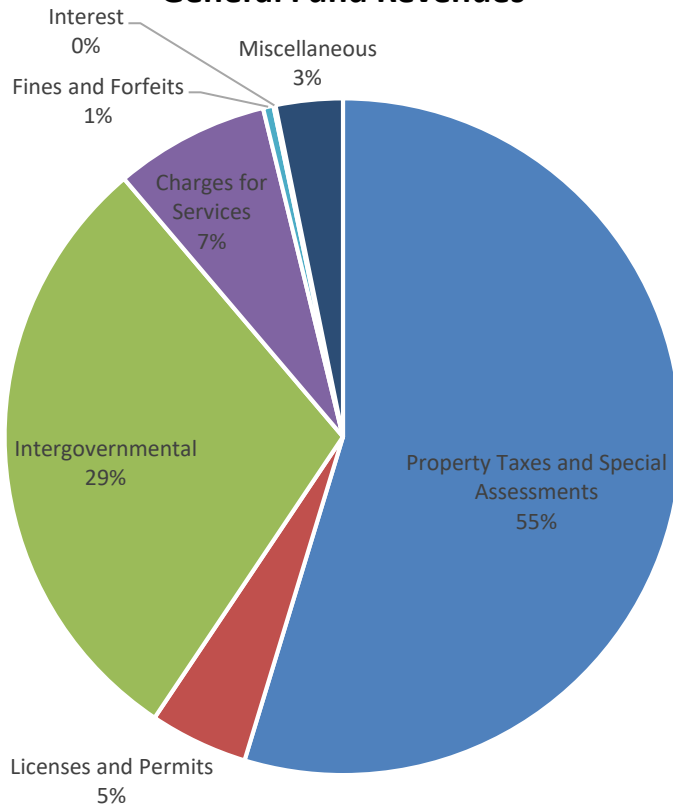
The total amount of aid to be distributed is based on insurance premium taxes collected by the Department of Revenue on insurance premiums received by insurance companies with respect to fire, lightning, sprinkler leakage, and extended coverage insurance.

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.

General Fund Revenues

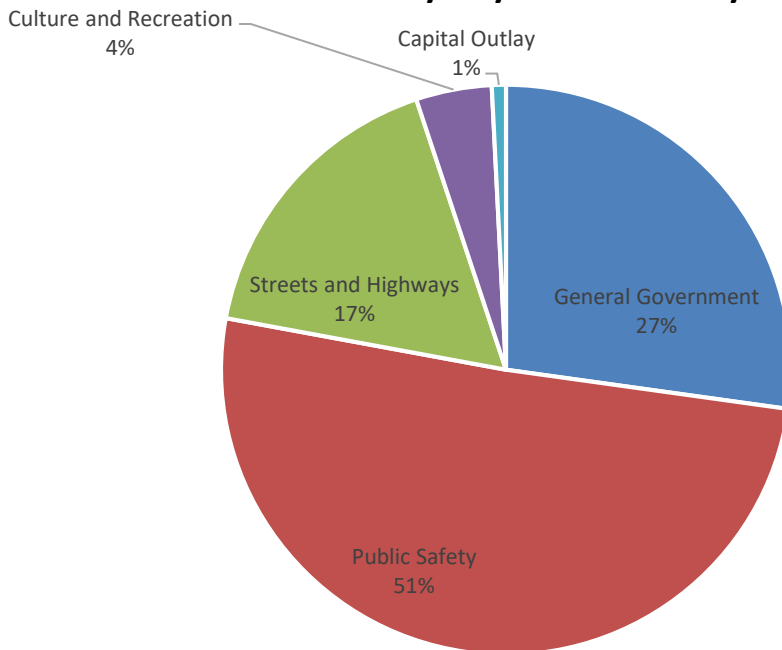


* Based on 2019 Budget Data

Operations That Run Like a Business –
Some City operations are run like a business – water, sewer and refuse. The fees and service charges paid by the user cover all operating and capital costs, not taxes. These are called enterprise funds.

When the City Council considers providing City services, it looks at whether user fees are a sensible, fair and feasible way to pay for all, some or none of the cost of providing the service. Sometimes fees work well; sometimes they don't. One thing is certain though, the City does not use fees to generate revenue in excess of what is needed to provide the service. Under state law, when a City charges a fee for a service, the fee may not exceed the cost to provide the service.

What do my City tax dollars buy?



* Based on 2019 Budget Data

Public Safety - \$321,754

- 82% - Police
- 14% - Fire Department
- 3% - Building Inspection
- 2% - Emergency Management

General Government - \$172,640

- 36% - City Clerk
- 23% - City Hall
- 12% - Council/Mayor
- 10% - Legal and Audit
- 7% - Other
- 7% - Planning
- 3% - Assessing
- 1% - Printing

Streets and Highways - \$108,190

- 67% - Administration
- 16% - Street Lighting
- 12% - Repairs
- 5% - Other

Culture and Recreation - \$27,375

- 87% - Park and Hockey
- 13% - Library

Capital Outlay - \$4,800