

## Notes:

The information above includes the five funds through which most governmental activities are financed. The five governmental fund types are: general, special revenue, debt service, capital projects, and permanent. In addition, it includes governmental fund type component units. It does **not** include enterprise funds (such things as water or electric utilities for example). For more information about city enterprise funds please see our report *Minnesota City Finances*.

**SPECIAL NOTE ABOUT “RANK”:** The “rank” is of the per capita amount. Using per capita amounts allows for better comparisons. Rather than ranking all cities together, rankings are broken up between cities above 2500 in population (large cities) and cities below 2500 in population (small cities). This means, for example, that if a city is under 2500 in population and ranks 25<sup>th</sup> in Total Debt Service, it is the 25<sup>th</sup> highest of the cities under 2500 in population. Further, rankings are only done among cities that have revenues or expenditures for a given category. For example, if there are 98 large cities that have “ambulance” expenditures, then the rank would be “x” of 98.

## Glossary of Terms

**BORROWING** - These revenues reflect the sale of bonds and notes, certificates of indebtedness, and tax anticipation certificates. Cities are restricted by law from borrowing for current expenses.

**CAPITAL OUTLAY** - These expenditures include the purchase, construction, or permanent improvements of buildings, equipment, machinery, and land. Capital outlay varies from year to year based on the needs and resources of the cities.

**CASH BASIS OF ACCOUNTING** - The basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

**CHARGES FOR SERVICES** - These revenues reflect fees for activities of the governmental funds. These include rent of city hall by individuals or organizations, police and fire contracts, fire calls, recreation fees, park dedication fees, etc.

**DEBT SERVICE EXPENDITURES** - These expenditures reflect the annual costs of servicing the outstanding debt of the local government. These costs include principal, interest, and some fiscal charges.

**DEBT SERVICE FUND** - A fund to account for the collection of resources and payment of principal and interest from long-term debt.

**ENTERPRISE FUND** - A fund established to account for operations financed and operated in a manner similar to private business. Examples include water, sewer, and electric utilities. The expenses of providing services are primarily financed by user charges.

**FINES AND FORFEITS** - These revenues reflect receipts from the payment of penalties for law violations, non-observance of contracts, and forfeited deposits.

**GENERAL GOVERNMENT EXPENDITURES** - These expenditures reflect the costs associated with running a local government. Expenditures in this category include salaries, ages, and benefits of legislative, judicial, and administrative personnel; supplies; and city hall maintenance.

**GOVERNMENTAL FUNDS** – These are the funds through which most governmental activities are financed. The five governmental fund types are: general, special revenue, debt service, permanent, and capital projects.

**HEALTH** - These expenditures are for the maintenance of vital statistics, restaurant inspection, communicable disease control, and various health services and clinics.

**HOUSING AND ECONOMIC DEVELOPMENT** - These expenditures are for development and redevelopment activities in economically disadvantaged areas.

**INTEREST ON INVESTMENTS** - These revenues reflect interest earned on checking and savings accounts, CDs, money market funds, and bonds. This category also includes dividends. In addition, the net increase or decrease in the fair value of investments is recorded here.

**LICENSES AND PERMITS** - These revenues reflect receipts from liquor licenses, cigarette licenses, other business licenses, street use permits, building permits, and other non-business licenses and permits.

**MODIFIED ACCRUAL BASIS OF ACCOUNTING** - The basis of accounting where: (a) revenues are recognized in the accounting period in which they become available and measurable; and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

**N/A** – In the ranking column this means there was no rank due to the fact there was no expenditure in this category. Also, rankings are not in the database prior to 2003. N/A in other categories means the data is unavailable, or does not apply.

**NET TAX LEVY** - The city net property taxes, after adjustments for state property tax relief aids such as Market Value Credits are applied, which are required to be paid by the property owners of the city.

**OTHER FINANCING SOURCES** - The long-term debt proceeds, sale of fixed assets, and transfers from other funds.

**OTHER FINANCING USES** - This category includes activities such as transfers from one fund to another and transactions involved in the issuance of refunding bonds. For example, in an

advance refunding, bond proceeds are deposited with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time.

**PARKS AND RECREATION** - These expenditures reflect park maintenance, mowing, planting, and removal of trees. Recreation expenditures include festivals, bands, museums, community centers, cable T.V., baseball fields, organized recreation activities, etc.

**PER CAPITA** - This represents the amount of a particular category per person. For example, if the “*Total Revenues*” of a city are \$634, this means the city received an average of \$634 dollars per person in “*Total Revenues*.”

**PUBLIC SAFETY EXPENDITURES** - These expenditures reflect the costs related to the protection of persons and property. This category combines several distinct city departments, including police, fire, ambulance services, and other protection. They are combined here because cities allocate similar responsibilities differently among these departments.

**RANK** - This is how the city ranks versus other cities in the state on a per capita basis. Cities are only ranked against cities that are in the same population group (over or under 2500 in population), and only in categories that have revenue or expenditures.

**SANITATION** - These expenditures reflect the costs of refuse collection and disposal, recycling, as well as weed and pest control. Some cities provide sanitation services through enterprise funds.

**SPECIAL ASSESSMENTS** - These revenues refer to levies made against certain properties to defray all or part of the costs of a specific improvement, such as new sewer and water mains, deemed to benefit primarily those properties. The amount includes the penalties and interest paid on the assessments.

**STREETS AND HIGHWAYS EXPENDITURES** - These expenditures reflect the costs associated with the maintenance and repair of local highways, streets, bridges, and street equipment. Common expenditures include patching, seal coating, and snow removal. Expenditures for road construction are not included in current expenditures but are accounted for as capital outlay.

**TAX CAPACITY** - The value assigned to the property used to calculate the property taxes.

**TAX INCREMENTS** - These revenues are what cities generate when they establish tax increment financing (TIF) districts. In a TIF district, the increase in property tax revenues in the redeveloped area are used to pay the costs of development and redevelopment in the district rather than the general services of the city, county, and school district.

**TOTAL CURRENT EXPENDITURES** - This category reflects the total of all expenses related to current operations.

**TOTAL EXPENDITURES** - This category includes current operating expenses, capital outlays,

and debt service principal and interest payments.

**TOTAL REVENUES** - This category reflects all sources of revenue that increase the amount of available resources without creating a liability or a future payment. Borrowing and transfers between funds are not included in total revenues.