



# Municipal Finance 101

Navigating the Fiscal Year

---

# Annual Reports & Tasks

---



**Jan - Mar**

State Budget Report

Lobbying Report

County Outstanding Indebtedness Report

Budget Publication

Audit Prep: preliminary fieldwork



**Apr - June**

Audit Fieldwork  
ACFR

Popular Annual Financial Report (PAFR) - *optional*

Budget and/or CIP Development

Municipal Fee & Expense Report

State Auditor Reporting



**July - Sept**

Tax Increment Finance (TIF) Reporting

Preliminary Budget Prep

Preliminary Levy



**Oct - Dec**

Final Levy

Utility Rates & Fee Schedule

Unclaimed Property Reporting

Certification Process

Navigating the Fiscal Year...

 **FIRST  
QUARTER**



# Before We Dive In...

| Public Versus Private Sector |                  |                         |
|------------------------------|------------------|-------------------------|
| Activity                     | Private Sector   | Public Sector           |
| Accounting Accrual Method    | Full             | Modified                |
| Budget Development Process   | No Standard      | Prescribed Process      |
| Expenditures & Expenses      | Few Restrictions | Requires Public Purpose |
| Reports & Transparency       | Limited          | Significant             |

# Lobbying Report

---

## What are we reporting?

- Estimated expenditures for a lobbyist(s) in the previous calendar year

## Things to think about?

- Must report any staff that spends more than 25% of their time during the legislative session on legislative matters
- Does not include payments to local government associations

## Required by & reported to?

- Minnesota Statutes § 6.76
- Office of the State Auditor (OSA) thru the SAFES portal

## Deadline?

- On or before January 31 of each year

# Outstanding Indebtedness Report

- On or before February 1, a local government must report its outstanding debt
  - ✓ December 31 of the previous year
  - ✓ Unaudited - “to the best of your knowledge”
- Required by Minnesota Statutes, Section 471.70
  - ✓ Forms provided by the OSA

| REPORT OF OUTSTANDING INDEBTEDNESS                   |                              |  |
|--|------------------------------|--|
| At December 31, _____                                |                              |  |
| To: County Auditor _____ County, Minnesota           |                              |  |
| From: _____ Reporting Governmental Unit              |                              |  |
| <b>Bonded Indebtedness - All Bonds</b>               | <b>Column 1<br/>Amount *</b> | <b>Column 2 [1]<br/>Amount Used For<br/>Transportation</b> |
| 1 Bonds Outstanding January 1, _____                 | _____                        | _____  |
| 2 Issued During _____                                | _____                        | _____  |
| 3 Paid During _____                                  | _____                        | _____  |
| 4 Bonds Outstanding December 31, _____               | _____                        | _____  |
| 5 Interest Paid On Bonds (Transportation Only) _____ | _____                        | _____  |
| <b>Type of Bonds</b>                                 | <b>Amount</b>                | <b>Amount Used For<br/>Transportation</b>                  |
| 6 General Obligation _____                           | _____                        | _____  |
| 7 General Obligation Tax Increment _____             | _____                        | _____  |
| 8 General Obligation Special Assessment _____        | _____                        | _____  |
| 9 General Obligation Revenue _____                   | _____                        | _____  |
| 10 Revenue _____                                     | _____                        | _____  |
| 11 Other (Identify) _____                            | _____                        | _____  |
| 12 Total Bonds Outstanding ** _____                  | _____                        | _____  |
| 13 Refunding *** _____                               | _____                        | _____  |
| 14 State Aid or Tax Anticipation Certificates _____  | _____                        | _____  |

# Budget Publication & Audit Preparation

---

## Budget Publication

- To the MN DOR
  - ✓ By January 30: Property Tax Levy Report
- To the OSA
  - ✓ By January 31: Summary Budget Data Report
- To the Official Publication
  - ✓ Upon adoption: Summary Budget Statement

## Audit Preparation

- Financial Items
  - ✓ Financial Statements
  - ✓ General Ledger
- Internal Controls
  - ✓ Meeting Minutes
  - ✓ Personnel Manual
- Other Information
  - ✓ Major Contracts
  - ✓ Investment Activities

# Gambling Reports

---

## What are we reporting?

- Contribution Fund: contributions & expenditures
- Gambling Tax: collection, enforcement costs & refunds

## Things to think about?

- Contribution Fund: compliance with allowable uses
- Gambling Tax: coverage of applicable costs

## Required by & reported to?

- Minnesota Statutes § 349.213, subd. 1/subd. 3
- Minnesota Gambling Control Board

## Deadline?

- On or before March 15 of each year

# What Else?

---

## January

- Review & authorized bank signatories
- Request list of all accounts from your banking partners
- Renew your System for Award Management (SAMs) registration

## February

- **15<sup>th</sup>**: Deadline for Fire Relief Associations to apply for supplemental benefit reimbursement

## March

- **15<sup>th</sup>**: Deadline to file Fire State Aid Certification
- **15<sup>th</sup>**: Deadline to file Police State Aid Certification
- **20<sup>th</sup>**: Receive initial Local Government Aid (LGA) payment

Navigating the Fiscal Year...

# **SECOND QUARTER**



# A Primer... Fund Accounting: What is it?

---

## Method of segregating financial resources into categories

- Identifies both the source & use of funds
- Emphasizes accountability vs. profitability

## Revenues & expenditures held, tracked in separate funds

- Governmental funds
- Proprietary funds
- Fiduciary funds

# Fund Accounting: Fund Types

---

## Governmental Funds

- General
- Special revenue
- Debt service
- Capital project
- Permanent

## Proprietary Funds

- Enterprise
  - ✓ Utilities
  - ✓ Golf course/arena
- Internal Services
  - ✓ IT
  - ✓ Fleet & facilities
  - ✓ Risk management

## Fiduciary Funds

- Trust Funds
  - ✓ Pension & OPEB
  - ✓ Investments
  - ✓ Private purpose
- Custodial Funds

# Business Subsidy Reports

---

## What are we reporting?

- Business subsidies & similar assistance provided by local governments
- Compliance with the goals of the financial assistance (e.g., wages)

## Things to think about?

- The amount & type of subsidy may impact reporting requirements
- Failure to meet the goals may require the business to repay the subsidy

## Required by & reported to?

- Minnesota Statutes § 116J.994
- Minnesota Department of Employment & Economic Development

## Deadline?

- On or before April 1 of each year
- Within one-year of the business subsidy

# Annual Comprehensive Financial Report

---

Independent  
Auditors' Report

Management  
Discussion &  
Analysis

Government-  
Wide Financial  
Statements

Balance  
Sheet/Statement  
of Net Position

Statement of  
Revenues,  
Expenditures &  
Changes in Fund  
Balance

Statement of  
Cash Flows:  
Proprietary Funds  
Only

Notes to Financial  
Statements

Required  
Supplementary  
Information

Statistical Section

# State Auditor Reporting: Over 2,500 Residents

---

- Minnesota Statutes, Section 471.697 requires local governments to...
  - ✓ Submit the ACFR to the OSA within 180 days after the close of the fiscal year
  - ✓ No later than 30 days thereafter, a local government must...
    - Provide a copy of the audited financial statements to the governing board
    - Publish the report or a summary in the official publication
- Local governments must also present the information at governing body meeting no later than October 31 of each year

# State Auditor Reporting: Under 2,500 Residents

---

- After the close of the fiscal year, Minnesota Statutes, Section 471.698 requires local governments to...
  - ✓ Prepare “a detailed statement of financial affairs”
  - ✓ Within 45 days: File financial statements for public inspection
  - ✓ Within 90 day:
    - Publish the financial statements in the official publication or file in the three most public places AND file with the OSA
- May still need to complete an audit if the local governments exceeds certain thresholds
  - ✓ Cities & Towns (combined clerk/treasurer): \$274,000 in annual revenues
  - ✓ Towns: \$1,223,000 in annual revenues

# What Else?

---

## April

- **30th:** End of the “Cold Weather Rule”
- **30th:** Deadline to submit ARPA Project & Expenditures Report

## May

- **30th:** Deadline to hold Board of Appeal & Equalization Meeting

## June

- **25th:** County to pay 70% of May tax settlement, if requested
- **30th:** Deadline to file financial statements with the OSA
- **30th:** Deadline to certify a TIF district for the taxes payable next year

# Municipal Fee & Expense Report

---

## What are we reporting?

- Fees collected from developers, builders & contractors
- Municipal expenses for associated activities

## Things to think about?

- Designed to demonstrate that fees support the cost of service
- Failure to report may result in administrative penalties

## Required by & reported to?

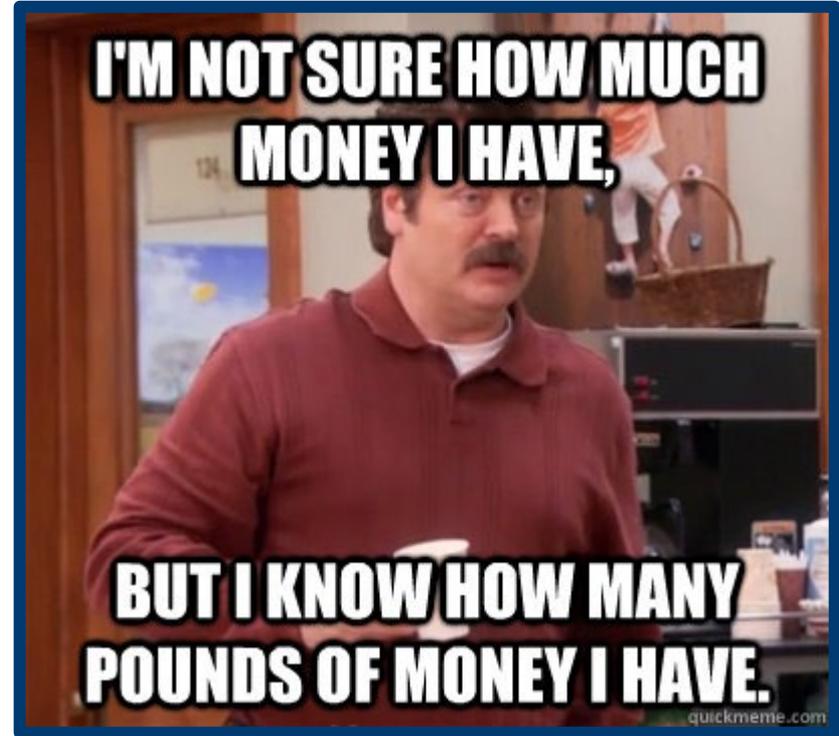
- Minnesota Statutes § 326B.145
- Minnesota Department of Labor & Industry

## Deadline?

- On or before June 30 of each year

Navigating the Fiscal Year...

 **THIRD  
QUARTER**



# Tax Increment Finance District Reports

---

## What are we reporting?

- Financial activity for each TIF district, including revenues, expenditures, transfers, debt, interfund loans and PAYGO notes

## Things to think about?

- Reports required upon certification of the original net tax capacity
- Reports end upon decertification & expenditure of all tax increment

## Required by & reported to?

- Minnesota Statutes § 469.175
- Office of the State Auditor

## Deadline?

- File: On or before August 1 of each year
- Publish: No later than August 15 of each year

# Municipal Budgeting

---

## Most important community annual task for elected officials

- Setting policy on what's important & where to spend

## Every organization pays for things differently

- Comparing with neighbors not always fair

## You only get what you levy

- Property taxes do not change based on market values

**“Budgeting is not about limiting yourself. It is about making the things that excite you possible.” – Anonymous**

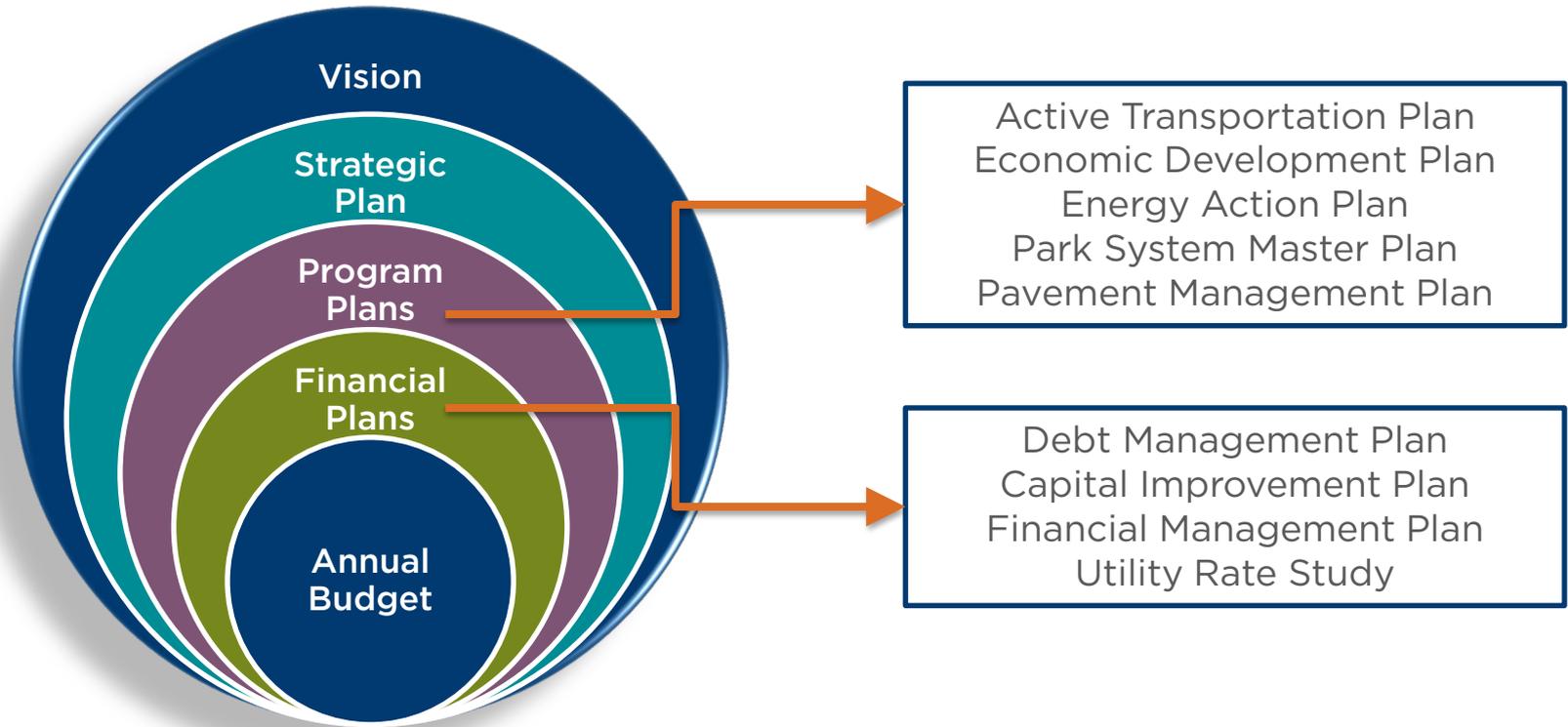
# Budget Preparation

---

- An Annual Budget may be defined in several ways
  - ✓ **Requirement...** defined by Minnesota State Statutes
  - ✓ **Process...** to incorporate needs and wants
  - ✓ **Plan...** to set goals and priorities for the foreseeable future
  - ✓ **Timeline...** usually, a 12-month period
  - ✓ **Tool...** for accountability and to gauge success
  - ✓ **Values statement...** to identify and guide activities

**Good budget documents weave these definitions together!**

# Planning & Budget Development Hierarchy



# Annual Budget Calendar: General

---

January-March

Goal Setting &  
Budget  
Direction



April-June

Staff  
Preparation &  
Review



July-December

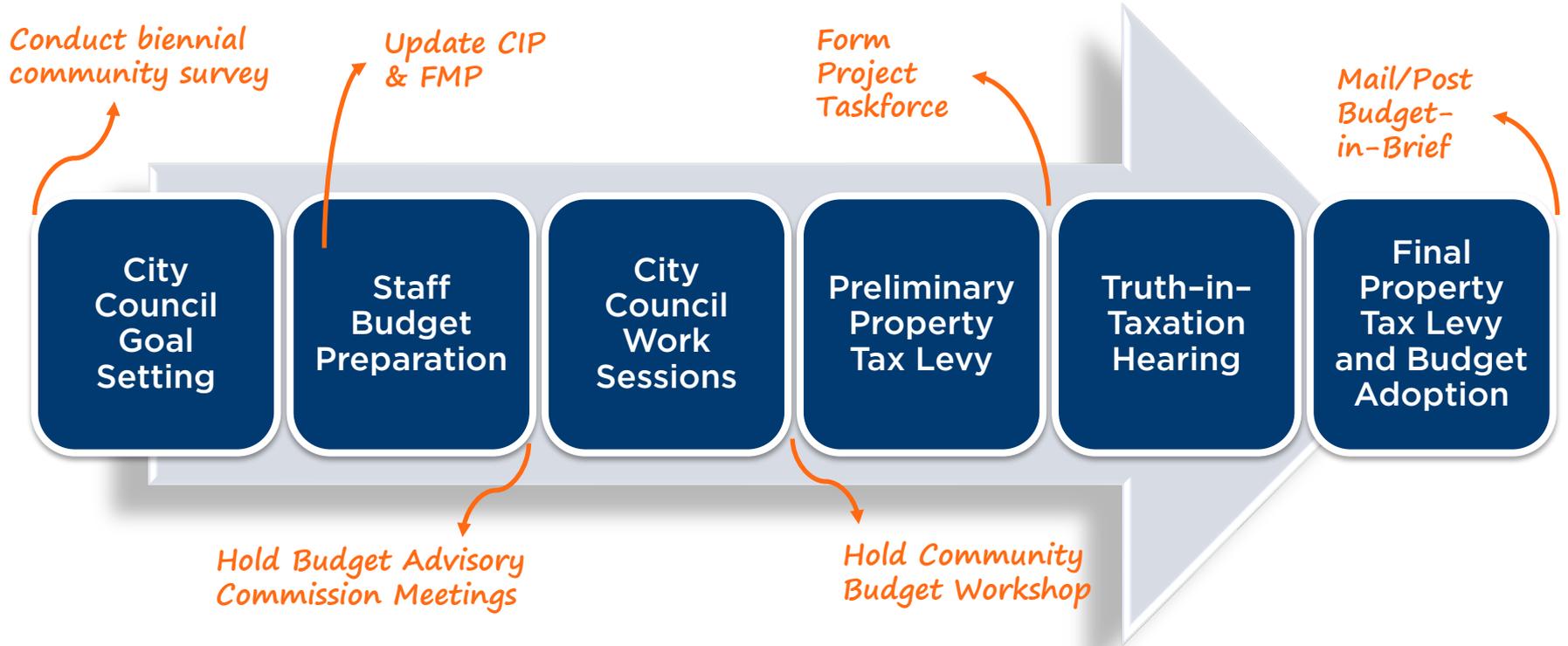
City Council  
Work Sessions &  
Regular  
Meetings

Develop & Refine  
Financial Management Plan

Develop & Refine Annual Budget  
(including CIP costs)

Develop & Refine Capital  
Improvement Plan

# Budget Process: City



# Proposed Property Tax Levy Certification

- Minnesota Statutes, Section 275.065 requires political subdivisions to...
  - ✓ Certify a Proposed Property Tax Levy by September 30
  - ✓ Or use the final levy from the previous year
- Used by the County to prepare Truth-in-Taxation (TNT) Notices
  - ✓ Must be sent between November 10 & November 24

| State of Minnesota<br>County of Hennepin  | <b>HENNEPIN COUNTY</b><br>MINNESOTA. |
|---|--------------------------------------|
| Taxing Jurisdiction of  | <u>City of Edina</u>                 |
| <b>2025 PROPOSED LEVY CERTIFICATION</b>   |                                      |
| I, <u>Sharon Allison</u> Clerk of <u>City of Edina</u> hereby certify that a resolution establishing the levy upon taxable property in said Taxing Jurisdiction was passed by the governing body at a duly convened meeting held on <u>September 17</u> , 2024. |                                      |
| On motion it was resolved that the following sums of money be raised by tax upon the taxable property in said Taxing Jurisdiction for the following purposes for the current year:  |                                      |
| LEVY ITEM   | CERTIFIED LEVY*                      |
| 1. General Revenue  | 55,930,215.00                        |
| 2. Bonded Indebtedness**  | 5,377,639.00                         |
|   |                                      |
|   |                                      |
| <b>A. TOTAL TAX CAPACITY BASED LEVY</b>   | <b>61,307,854.00</b>                 |
| <b>B. MARKET VALUE BASED REFERENDUM LEVY***</b>   |                                      |
| <b>TOTAL TAX CAPACITY AND MARKET VALUE BASED LEVIES</b>   | <b>\$ 61,307,854.00</b>              |

# What Else?

---

## July

- **1<sup>st</sup>**: Deadline to submit Performance Measurement Program Report
- **15<sup>th</sup>**: Deadline for municipal boundary changes for LGA
- **20<sup>th</sup>**: Distribution of first-half LGA, Small Cities Assistance Account & LAHA/SAHA payments

## August

- Check audit thresholds and notify your auditor, if needed
- **1<sup>st</sup>**: Deadline for changes to rural/urban taxing districts
- **1<sup>st</sup>**: Deadline for the State to notify cities of LGA
- **30<sup>th</sup>**: Deadline to notify the State for MSA program “money needs”

## September

- **2<sup>nd</sup>**: Deadline for the State to notify local governments of any levy limits

**Begin or complete any corrective actions identified by the audit!**

Navigating the Fiscal Year...

 **FOURTH  
QUARTER**



# Unclaimed Property Report

---

## What are we reporting?

- Tangible & intangible property presumed abandoned & held by the organization

## Things to think about?

- Must report all unclaimed property (i.e., no minimum amount)
- Must file a report, even if the community has no unclaimed property

## Required by & reported to?

- Minnesota Statutes § 345.41
- Minnesota Department of Commerce

## Deadline?

- Before November 1 of each year (as of June 30 of the preceding year)
- Must send presumed owners a notice within 120 days of filing the report

# Annual Budget Calendar: Deadlines

---

First (or Second) Meeting in December

By September 30

Adoption of  
Proposed  
Property Tax  
Levy



After November 24

TNT Public  
Meeting &  
Budget  
Presentation



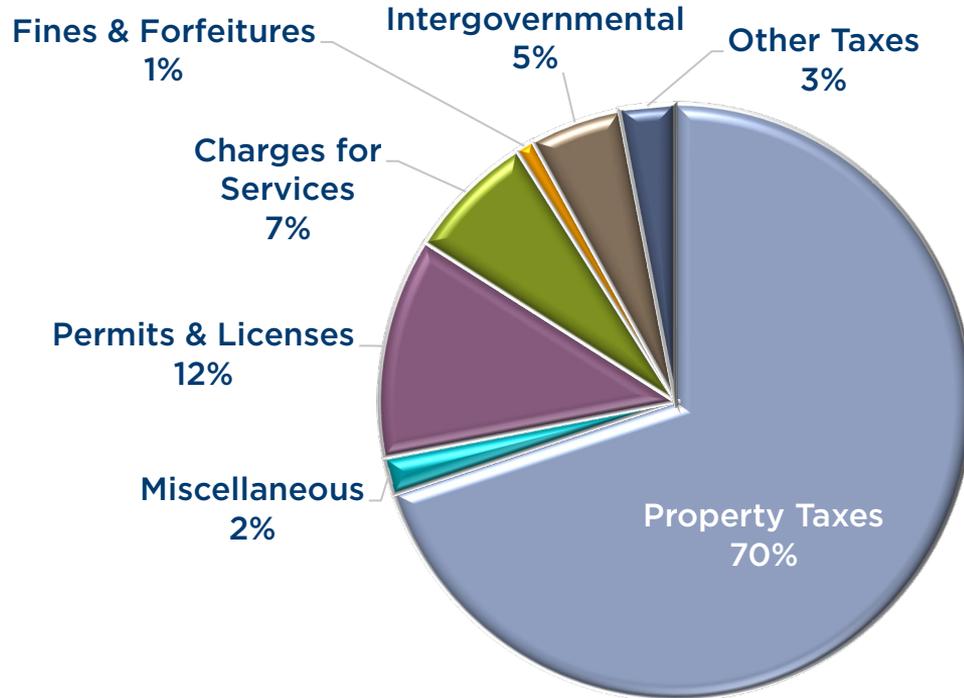
Due 5 Working Days  
after December 20

Adoption of  
Budget & Final  
Property Tax  
Levy

- Must be held after 6:00 p.m.
- Public must be allowed to speak

# General Fund Revenue Sources

---



# Property Tax Levy

---

- Certified by the governing body of the political subdivision
- Considered a general-purpose funding source
- Spread among eligible properties through a complex formula
- Often “reversed engineered” by the Finance Department

|                        |     |                   |     |                          |     |                   |
|------------------------|-----|-------------------|-----|--------------------------|-----|-------------------|
| Estimated Expenditures | (-) | External Revenues | (-) | Internal Funding Sources | (=) | Property Tax Levy |
|------------------------|-----|-------------------|-----|--------------------------|-----|-------------------|

**Remember, your jurisdiction only gets what it levies!**

# Funding Sources: Additional Detail

---



## Fund Balances

Capital projects & assets  
Deferred maintenance & shorter-lived assets



## Interfund Loans

Authorize properly  
Compare borrowing options & available cash balances



## Debt Issuance

Long-term bonds  
Temporary financing



## Special Assessments

Authorize properly  
Use to support both operating & capital costs

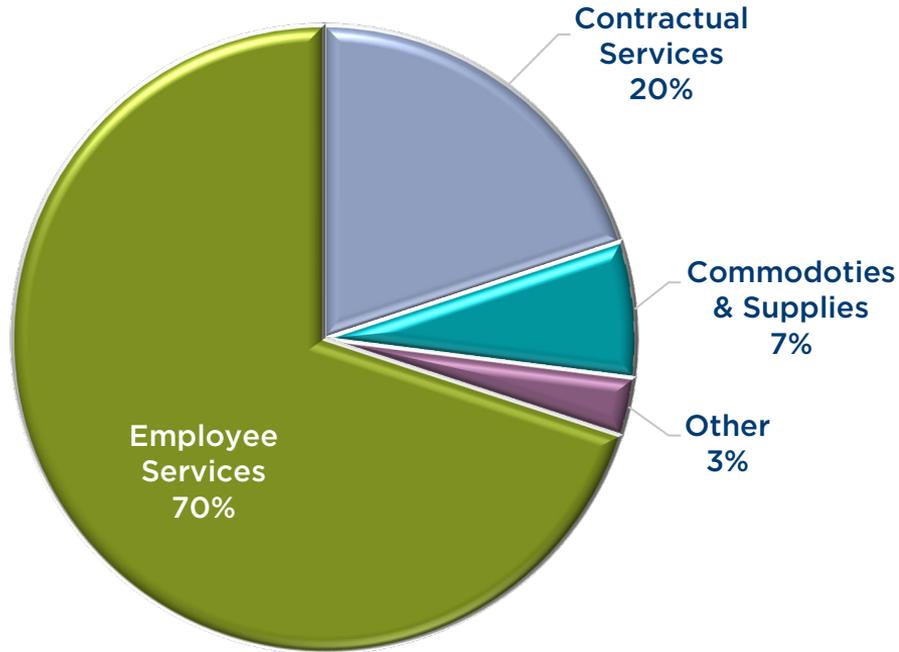


## Franchise Fees

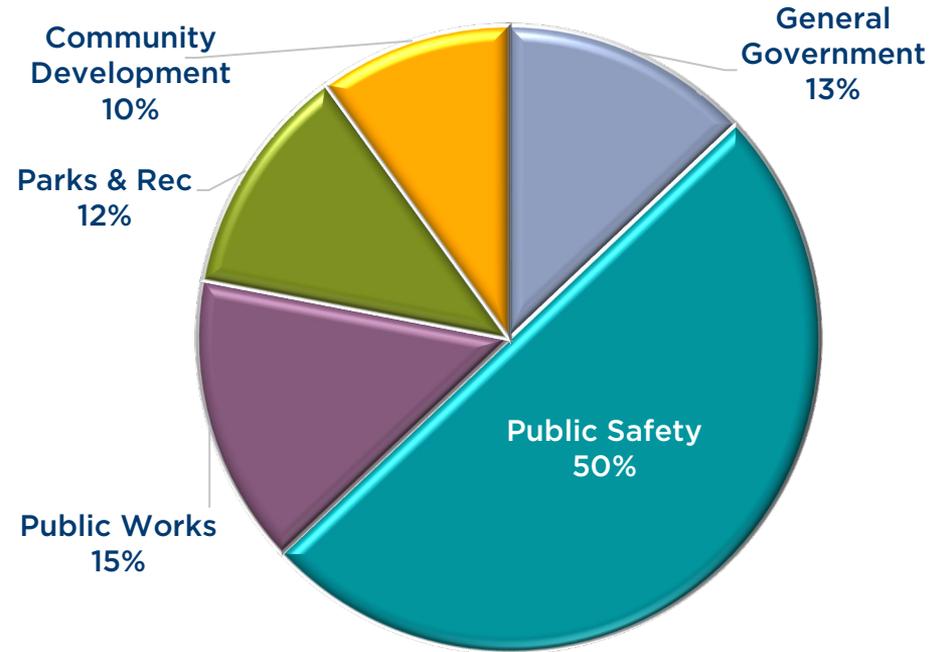
Enforced by ordinance  
May be used for any public purpose

# General Fund Expenditures

BY TYPE...



BY FUNCTION...



# Fee Schedule Adoption

- At least annually, local governments should adjust their fees to account for...
  - ✓ Inflation
  - ✓ Service delivery costs
  - ✓ Competitor pricing
  - ✓ Structure & fairness
- Adjust fees by a standard amount, if possible
- Adopt the fee schedule as an ordinance



**EDINA**  
MINNESOTA

**ITEM REPORT**

Date: December 17, 2024  
Meeting: City Council  
Agenda Number: 6.3  
Item Type: Ordinance

Item Activity: Action  
Prepared By: Nelly Chick-Brewer, Assistant Finance Director  
Department: Finance

---

**Item Title:** Ordinance No. 2024-12 Amending Chapter 2 of the City Code, Setting Fees for 2025

---

# What Else?

---

## October

- **1<sup>st</sup>**: Begin of the “Cold Weather Rule”
- **1<sup>st</sup>**: Payment of Fire & Police Aid to local governments

## November

- **30<sup>th</sup>**: Deadline to certify special assessments & unpaid charges

## December

- **1<sup>st</sup>**: Deadline for local governments to submit LAHA/SAHA reports to Minnesota Housing
- **26<sup>th</sup>**: Distribution of second-half LGA, LAHA/SAHA, cannabis aid payments
- **30<sup>th</sup>**: Last day to file TNT Compliance Certificate

OTHER ITEMS  
ALONG THE  
WAY...



# As if There Was Not Enough to do...



# More To Do: Treasury & Investment Management

---

Core financial  
function

Reliable income  
source focused on  
preserving principal

Liquidity for  
operations & capital  
projects

Appropriate risk  
mitigation,  
transparency &  
continuity

Collateralization of  
deposits

# Annual Broker Certifications

- Minnesota Statute, Section 118A.04 requires local governments to annually...
  - ✓ Provide written investment restrictions to their brokers
  - ✓ Receive the broker's certification of compliance
- Brokers means any agent “who transfers, purchases, sells, or obtains securities for... a government entity”

Form BC 11-2009 SL

**NOTIFICATION TO BROKER AND CERTIFICATION BY BROKER  
PURSUANT TO MINN. STAT. § 118A.04**

**I. Broker Information**

1. Name of Firm: \_\_\_\_\_

2. Address: (Local) \_\_\_\_\_  
(National) \_\_\_\_\_

3. Telephone Number: Local \_\_\_\_\_ National \_\_\_\_\_

4. Primary Representative/Manager/Partner in charge:  
\_\_\_\_\_  
Name and Title Telephone Number

**II. Statement of Investment Restrictions:**

To: \_\_\_\_\_ (name of broker)

The investments of \_\_\_\_\_ (name of government entity)  
must complying with the requirements of Minn. Stat §§ 118A.04, 118A.05 and 118A.06.

\_\_\_\_\_  
(signed by official of local government) (date)

**III. Statement of Additional Investment Restrictions: (fill in if applicable)**

Further be advised that \_\_\_\_\_ (name of government entity)  
restricts its investments as provided:  
 in the attached Investment Policy  
 in the attached resolution(s) of the governing body.

\_\_\_\_\_ (name of government entity) will provide  
to the broker copies of any changes to the Additional Investment Restrictions identified herein.

# Always Remember...

---

1. Think strategically about financial & policy goals
2. Communicate often about financial needs & reporting requirements
3. Use reporting to manage risk & educate others about compliance
4. Ask your friendly, neighborhood consultants for help, if needed
5. Be kind to your Finance staff; they do more than write checks!





# Download the Presentation

---



# Your Presenters

---



**Pa Thao**

Director of Finance, City of Edina

[PThao@EdinaMN.gov](mailto:PThao@EdinaMN.gov)

(952) 826-0420



**Dan Tienter**

Municipal Advisor

[dtienter@ehlers-inc.com](mailto:dtienter@ehlers-inc.com)

(651) 697-8537

# Important Disclosures

---

Ehlers is the joint marketing name of the following affiliated businesses (collectively, the “Affiliates”): Ehlers & Associates, Inc. (“EA”), a municipal advisor registered with the Municipal Securities Rulemaking Board (“MSRB”) and the Securities and Exchange Commission (“SEC”); Ehlers Investment Partners, LLC (“EIP”), an SEC registered investment adviser; and Bond Trust Services Corporation (“BTS”), a holder of a limited banking charter issued by the State of Minnesota.

Where an activity requires registration as a municipal advisor pursuant to Section 15B of the Exchange Act of 1934 (Financial Management Planning and Debt Issuance & Management), such activity is or will be performed by EA; where an activity requires registration as an investment adviser pursuant to the Investment Advisers Act of 1940 (Investments and Treasury Management), such activity is or will be performed by EIP; and where an activity requires licensing as a bank pursuant to applicable state law (paying agent services shown under Debt Issuance & Management), such activity is or will be performed by BTS. Activities not requiring registration may be performed by any Affiliate.

This communication does not constitute an offer or solicitation for the purchase or sale of any investment (including without limitation, any municipal financial product, municipal security, or other security) or agreement with respect to any investment strategy or program. This communication is offered without charge to clients, friends, and prospective clients of the Affiliates as a source of general information about the services Ehlers provides. This communication is neither advice nor a recommendation by any Affiliate to any person with respect to any municipal financial product, municipal security, or other security, as such terms are defined pursuant to Section 15B of the Exchange Act of 1934 and rules of the MSRB. This communication does not constitute investment advice by any Affiliate that purports to meet the objectives or needs of any person pursuant to the Investment Advisers Act of 1940 or applicable state law.