

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 from time to time, provided that the amount of taxes levied against real and personal property within the City for general City purposes shall not exceed in dollars, a tax levy that is greater than the prior year tax levy increased by an inflationary index, or 5%, whichever is less. Said inflationary index shall be that as defined by the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers in the Minneapolis, St. Paul metropolitan area. (Ref. Ord. 592, 1102 and 11/7/00 Amendment)

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, recycling fees, 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**)
 - B. For the purposes of this subsection, the term "fees" does not include: utility charges, 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 Statutes Section 429. (Ref Ord 1152, **1244**)
 - C. 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)
 - 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 Chapter 7, Section .08 (7.08). (Ref 11/7/00 Amendment)

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 equalize the assessed valuations according to law, and a published notice of such meeting shall be given in the official newspaper of the City at least ten (10) days prior to the day of said meeting. (Ref. Special Election 4/12/60, Ord. 592)

Section 7.04. PREPARATION OF ANNUAL BUDGET.

1. The City Manager shall prepare the estimates for the annual budget which shall include any estimated deficit for the current year. The estimates of expenditures shall be submitted by each department to the City Manager. Each estimate shall be divided into three (3) major subdivisions as follows: (a) Salaries and Wages, (b) Ordinary Expenses, (c) Capital Outlay. Salary detail shall show a list of all salaried officers and positions with salary allowance and number of persons holding each. Wages shall be broken down in sufficient detail to justify the request. Ordinary expenses shall be broken down into such detail as the City Manager shall direct. Capital Outlay shall be itemized as to items and amounts. (Ref. Ord. 625)
2. In parallel columns shall be added the amounts expended under similar headings for the two (2) preceding fiscal years, and, as far as practicable, the amounts expended and estimated for expenditure during the current year. In addition to estimates of expenditures, the City Manager shall prepare a detailed statement of revenues collected for the two (2) preceding completed fiscal years with amounts estimated to be collected for the current fiscal year, and an estimate of revenues for the ensuing fiscal year. The estimates shall be submitted to the Council in accordance Minnesota State Law shall be published twice in summary in the official Publication prior to November 15. (Ref. Ord. 625, Ord. 946, Ord 1318)

Section 7.05. PASSAGE OF THE BUDGET.

The budget shall be a principal item of business at a regular meeting in September. The Council shall hold subsequent meetings from time to time until all the estimates have been considered. 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 annual budget finally agreed upon 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, and shall be signed by the majority of the Council upon being adopted. It shall indicate the sums to be raised and from what sources, and the sums to be spent and for what purposes, according to the plan indicated in 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. The resolution shall set forth the total of the budget and the totals of the major divisions of the budget, according to the plan indicated in Section 7.04. The budget resolution as adopted shall be published in the official publication. (Ref. Ord. 625, Ord. 946, Ord 1318)

Section 7.06. ENFORCEMENT OF THE BUDGET.

It shall be the duty of the City Manager to enforce strictly the provisions of the budget. The City Manager shall not approve any order upon the City Treasurer for any expenditure unless an appropriation has been made in the budget, nor for any expenditure covered by the budget unless there is sufficient unencumbered balance left after deducting the total past expenditures and the sum of all outstanding orders and encumbrances. 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. Any obligation incurred by any person in the employ of the City for any purpose not authorized in the budget or for any amount in excess of the amount therein authorized shall be a personal obligation upon the person incurring the expenditure. (Ref. Ord. 857)

Section 7.07. ALTERATIONS IN THE BUDGET.

After the budget shall have been duly adopted, the Council shall not have power to increase the amounts therein fixed, 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 sums fixed in the budget shall be and become appropriated at the beginning of the fiscal year for the several purposes named therein, and no other. The Council may at any time, by resolution passed by a vote of at least four (4) members of the Council, reduce salaries or the sums appropriated for any purpose by the budget, or by vote of at least four (4) members of the Council authorize the transfer of sums from the unexpended balances of the budget to other purposes. (Ref. Ord. 946)

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 designated by the Council.

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 City Clerk shall transmit to the county auditor annually, not later than the date required by Minnesota 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)

Section 7.10. TAX SETTLEMENT WITH COUNTY.

The City Treasurer shall see to it that all moneys in the county treasury belonging to the City are promptly turned over to the City according to law.

Section 7.11. DISBURSEMENTS, HOW MADE.

All disbursements shall be made only upon the order of the City Manager and City Clerk, duly authorized by a resolution or motion of the Council, and every such order shall specify the purpose for which the disbursement is made, and indicate the fund out of which it is to be paid. Each such order shall be directed to the Treasurer, and the latter shall issue a check payable to the order of the person in whose favor the order was drawn. The Treasurer shall issue no check upon any City funds except upon such order. In the discretion of the Council the order and check may be a single instrument. No claim against the City shall be allowed unless accompanied by either an itemized bill, or a payroll, or time sheet, each of which shall be approved and signed by the responsible City officer who vouches for the correctness and reasonableness thereof. The Council may by ordinance make additional regulations for the safekeeping and disbursement of the City's funds. The Council may by resolution or motion provide for the regular payment without specific individual authorization by the Council of salaries and wages of regular employees, laborers, and fixed charges which have been previously duly and regularly incurred.

Section 7.12. FUNDS TO BE KEPT.

There shall be maintained in the City Treasury the following funds:

- A. A general fund for the payment of such expenses of the City as the Council may deem proper. Into this fund shall be paid all money not provided herein or by statute to be paid into any other fund.
- B. A debt service fund, into which shall be paid all receipts from taxes or other sources for the payment of principal and interest of all obligations issued by the City except bonds issued on account of any local improvement to be financed wholly or partly by special assessments and bonds issued on account of any municipally owned utility. Out of this fund shall be paid the principal and interest of such obligations when due. Any surplus in such fund not needed immediately for debt service may be invested under the direction of the Council in such securities as are authorized by statute for the investment of such funds and such investments may be liquidated at any time.
- C. A bond fund, into which shall be paid and disbursed the proceeds of all bonds issued by the City except bonds issued on account of any local improvement to be financed wholly or partly by special assessments and bonds issued on account of any municipally owned utility. A separate bond account shall be kept for each issue of such bonds.

- D. A special assessment fund, which shall be used to finance local improvements that are to be paid for, in whole or in part, from special assessments against benefited property. There shall be paid into this fund: (1) collections of special assessments, with interest, levied against benefited property; (2) proceeds of bonds or certificates of indebtedness sold by the City in anticipation of assessment collections and the proceeds of interfund loans; (3) amounts from other City funds representing either (a) apportionments of costs against the City at large, (b) benefit assessments against City property, or (c) appropriations to maintain the integrity of the fund. There shall be paid out of this fund: (1) all expenses and costs of the improvement projects that are financed through the fund; (2) the redemption of all special assessment fund bonds and certificates of indebtedness, with interest, at or before maturity, and any interfund loans; (3) transfers to the general fund of any unencumbered surplus of the fund, in the discretion of the Council; and (4) abatements of assessments and refunds of receipts in error. The Council shall maintain the integrity of this fund by appropriations from tax funds if necessary, and in addition may by ordinance create and maintain in the fund a cash reserve sufficient for working capital purposes. In order to anticipate the collection of special assessments the Council may by a majority vote issue and sell bonds and certificates of indebtedness, pledging the full faith and credit of the City, or pledging only special assessments, in such amounts and maturities as it may determine, regardless of the provisions of Section 7.16 of this Chapter; provided that the aggregate amount of such bonds and certificates outstanding at any time shall not exceed the sum of the following:
- (1) all assessments levied and uncollected; (2) assessable cost of work in progress; and (3) the cash reserve for working capital as previously determined by ordinance. In order that the fund may be administered on a self-sustaining basis, all improvement projects financed through it shall upon completion be certified by the City Manager as to total cost, which shall thereupon be apportioned by the Council either as assessments against benefited property or as amounts due from other City funds. Amounts apportioned against other City funds shall be due not later than the dates of adoption of the corresponding assessment rolls, shall be charged interest as in the case of assessments and shall be paid into the fund, with any interest due, not later than one (1) year after the due dates.
- E. A public utility fund into which shall be paid all money derived from the sale of bonds issued on account of any municipally owned utility and all money derived from the sale of utility services, and from the sale of any property acquired for or used in connection with any such utility. There shall be paid out of this fund the cost of the purchase, construction, operation, maintenance and repair of such utility, including the principal of and interest upon obligations which have been or shall be issued on its account. Separate accounts within the public utility fund shall be kept for all utilities which are operated separately.
- F. In addition to the foregoing funds, there may be maintained in the City Treasury, whenever the Council deems it advisable, the following funds:

1. A working capital or revolving fund, for financing self-sustaining activities not accounted for through other funds.
2. A trust and agency fund, for the care and disbursement of money received and held by the City as trustee or custodian or in the capacity of an agent for individuals or other governmental units.
3. Such other funds as may be required by statute or ordinance. In lieu of establishing any of the three (3) foregoing types of funds, Subsections 1, 2, and 3, the Council may provide for the recording of operations or activities for which the use of such funds might be suitable through the maintenance of separate accounts in any appropriate fund already established. The Council shall have full power to make by duly adopted ordinance such interfund loans, except from funds held under Subsection 2 hereof, as it may deem necessary and appropriate from time to time.

Section 7.13. RECEIPTS TO GO TO CITY TREASURER.

All receipts of money belonging to the City, or any branch thereof, excepting only those funds collected by the County Treasurer, shall be paid to the City Treasurer by the person authorized to receive the same. All such moneys, and also all moneys received upon tax settlements from the County Treasurer, shall be deposited as soon as possible in a bank or banks approved by the City Council, subject to state laws regulating the designation of depositories for municipal funds.

Section 7.14. ACCOUNTS AND REPORTS.

The City Manager shall be the Chief Accounting Officer of the City and of every branch thereof, and the Council may prescribe and enforce proper accounting methods, forms, blanks, and other devices consistent with the law, this Charter and the ordinances in accord with it. The City Manager shall submit to the Council a statement each month showing the amount of money in the custody of the City Treasurer, the status of all funds, the amount spent or chargeable against each of the annual budget allowances and the balances left in each and such other information relative to the finances of the City as the Council may require. The Council may at any time and shall annually provide for an audit of the City finances by a certified public accountant or by the department of the State authorized to make examination of the affairs of municipalities. On or before the first day of April in each year the City Manager shall prepare a complete financial statement in form approved by the Council of the City's financial operations for the preceding calendar year, and quarter, which statement may be published in such manner as the Council may direct and a summary thereof shall be published in the official newspaper on or before the third week in April, July, October and January as appropriate. (Ref. Ord. 625, Ord. 857)

Section 7.15. BONDED DEBT AND DEBT LIMIT.

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 the laws of the State of Minnesota in force from time to time. The City shall have the power to issue and sell its bonds to the State of Minnesota and to comply with all provisions of law relative to loans to municipalities from the permanent State funds. The City shall also have such powers as are necessary to obtain loans or funds from the Government of the United States and any of its instrumentalities or from the State of Minnesota or any of its instrumentalities, and to comply with all provisions of law relative to obtaining such loans or funds.

2. The Council by a vote of at least four (4) of its members may authorize the issuance of the bonds to provide funds for any public purpose not prohibited by law, or may in 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. By the proceedings for the issuance of any bonds, by the terms of the bonds and by agreements with the purchasers of bonds, they may be made special in character and limited in their payment to earnings or to part earnings and part tax funds. To the extent that they are thus payable out of earnings or other than tax funds, such bonds shall not be paid out of taxes. The total bonded debt of the City at the time of the issuance of any bonds shall not exceed ten percent (10%) of the last assessed valuation of the taxable property therein, or the limit authorized by State law for cities of the same class, whichever is the greater, but in computing the total bonded debt, certificates of indebtedness, bonds, warrants or other obligations issued before or after adoption of this Charter shall not be included or counted if (1) held in a sinking fund maintained by the City; or (2) issued for the acquisition, equipment, purchase, construction, maintenance, extension, enlargement or improvement of street railways, telegraph or telephone lines, water, lighting, heat and power plants, or either, or any other public convenience from which a revenue is or may be derived, owned and operated by the City, or the acquisition of property needed in connection therewith, or for the construction of public drainage ditches, storm and sanitary sewers, or for the acquisition of lands for streets, parks, or other public improvements or for the improvement thereof, to the extent that they are payable from the proceeds of assessments levied upon property especially benefited by such improvements; or (3) issued for the creation of maintenance of a permanent improvement revolving fund; or (4) for the purpose of anticipating the collection of general taxes for the year in which issued. (Ref. Ord. 857)

Section 7.16. FORM AND REPAYMENT OF BONDS.

No bonds shall be issued to run for longer than the reasonable life expectancy of the property or improvement for which the bonds are authorized, as ascertained and set forth in the resolution authorizing such bonds, and in no case shall bonds be issued to run for more than thirty (30) years. The purposes for which bonds are authorized shall be set forth in the resolution authorizing them and the proceeds from such bonds shall not be diverted to any other purpose. It shall be the duty of the City Manager to include in the budget estimates each year a sum or sums amply sufficient to pay the principal of, and the interest on, any bonds which are to fall due in the coming fiscal year, and another sum sufficient to pay the interest for the same year on the Bonds which will be still outstanding. It shall be the duty of the Council, enforceable by mandamus upon the suit of any bondholder or taxpayer, to include such sum or sums as may be necessary for this purpose in the annual budget which it passes. (Ref. Ord. 857)

Section 7.17. DEBT AND TAX ANTICIPATION CERTIFICATES.

1. 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 authorize the sale by the City Treasurer of emergency debt certificates to run not to exceed eighteen (18) months and to bear interest at not more than allowable by State Statutes. A tax sufficient to redeem all such certificates at maturity shall be levied as part of the budget of the following year. The authorization of an issue of such emergency debt certificates shall take the form of an ordinance approved by at least four (4) of the members of the Council; the ordinance may, if deemed necessary, be passed as an emergency ordinance. (Ref. Ord. 592)
2. For the purpose of providing necessary moneys to meet authorized expenditures, the Council may issue certificates of indebtedness in any year prior to the receipt of taxes payable in such year, on such terms and conditions as it may determine, bearing interest at a rate not more than allowable by State Statutes; provided that such certificates outstanding at any one time shall not exceed forty percent (40%) of the tax levy payable in the current year belonging to the fund for the benefit of which the borrowing is authorized. (Ref. Ord. 592)

Section 7.18. BONDS OUTSIDE THE DEBT LIMIT.

Without limit as to amount, the Council may issue bonds for legal purposes outside of the debt limit: (a) for the creation and maintenance of a permanent improvement revolving fund, (b) for extending, enlarging, or improving water supply system, lighting and heat and power plants, or either, or other revenue-producing public utilities of whatever nature, owned and operated by the City, or of acquiring property needed in connection therewith, (c) for public improvements payable from special assessments. The Council may also purchase equipment for street department, water or sewer utility, or fire department use on conditional sale contracts, provided that the installment payments do not extend beyond the estimated useful life of the equipment so purchased.