

# City of Rockford, Minnesota

## 2015 Preliminary Budget and Property Tax Levy



### Truth - in - Taxation Hearing

The Truth-in-Taxation Hearing on the proposed 2015 Budget is scheduled for 6 p.m., Tuesday, December 9th, 2014 in City Hall's Council Chambers. The general public is encouraged to attend.

### Why do my property taxes change every year?

The State of Minnesota has a complex system for calculating property tax, and the amount of tax assessed to a property changes from year to year based upon a number of factors. The decisions made by the City Council, County Board and School Board about the amount of tax dollars needed to deliver services may be the most obvious factors affecting property tax bills. Other factors that impact property tax bills include the value of the individual property, the total value of properties in our community, changes in state programs and changes in state laws that affect the tax system.

### How does the city calculate the property tax levy?

The City of Rockford's budget process is a year-round process that begins to take shape in the summer months each year. The prior year's budget is compared to the revenues and expenses received to date and projections are made and revised for the following year until the preliminary budget and preliminary property tax levy is established. To calculate the Preliminary Property Tax Levy, the city looks at available revenues and compares those with the projected expenses for municipal operations for the following year. The expenses usually exceed the revenues, so the difference between these numbers is the amount of revenue the city needs to raise through taxation to balance the city's budget. Cities are required by Minnesota Statute to certify a proposed levy amount to the County Auditor no later than September 30th of each year. Cities are able to decrease the amount of the property tax levy, but generally cannot increase the levy amount after it is certified. Cities then carefully compare revenues and expenses from September through December to establish the Final Property Tax Levy. This final levy is what is collected as property tax for the following year.

### Long Term Debt

One of the biggest factors impacting the 2015 Preliminary Property Tax Levy is the city's amount and duration of long term debt. As shown in the chart below, the city has four outstanding bonds that are funded by levying property taxes. The city is in the process of refunding the 2007A Series that is anticipated to save over \$200,000 in interest payments over the life of that bond. We are also targeting early payment of the 2009A and 2009B Series in 2016. This would save interest payments over the remaining 13 years of these bonds and free up the annual payments to support lower property tax levies moving forward.

Bond / Loan	Annual Payment	Outstanding Balance	Interest Rate	Maturity Year	Call Date
2014A Series	\$109,715	\$1,950,000	2.15% - \$4.5% Adjusting	2035	2019
2009A Series	\$86,888	\$515,000	2.25% - 4.25% Adjusting	2020	2016
2009B Series	\$47,237	\$440,000	2% - 4% Adjusting	2025	2016
2007A Series	\$189,904	\$2,240,000	4% - 4.4% Adjusting	2031	2015

### Utility Billing Reminder

Residents and business owners have the option of changing their utility billing between "actual use" and "averaged use" until December 31st, 2014. The billing system can be changed again in December of 2015.

Also, remember that the wastewater rate will increase on January 1, 2015, from \$5.40 to \$6.45 (an increase of \$1.05) per 1,000 gallons of water used.

### Where does your property tax dollar go?\*



\* Based on a 2014 home valuation of \$150,000 located in Wright County. A home of equal value located in Hennepin County has the following per tax dollar: County 29¢; School District 35¢; City of Rockford 33¢; Other 3¢.