

City of Rockford, Minnesota

2017 Proposed Budget and Property Tax Levy



Truth - in - Taxation Hearing

The Truth-in-Taxation Hearing on the proposed 2017 Budget and Property Tax Levy is scheduled for 6 p.m., Tuesday, December 13th, 2016 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 project 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 reviews available revenues and compares those with the projected expenses for municipal operations for the following year. These expenses usually exceed projected 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. The city carefully compares 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 2017 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 levied property taxes. The city recently refinanced the 2009A and 2009B Series (now 2016B Series) that saved over \$40,000 in interest payments over the life of that bond. The 2016 A Series Bond provided funding for the city's 2016 Main Street Project and can be repaid through Tax Increment District proceeds for the duration of the bond.

Bond / Loan	2017 Payment	Outstanding Balance	Interest Rate	Maturity Date	Call Date
2016A Series	\$22,990	\$1,293,871	1.1% - 2.75% Adjusting	2038	2024
2016B Series	\$131,650	\$603,600	1.5% - 2% Adjusting	2025	N/A
2014A Series	\$108,469	\$2,688,781	2.15% - 4.5% Adjusting	2035	2019
2014C Series	\$170,689	\$2,329,348	1.5% - 3.5% Adjusting	2031	2021

Utility Billing Reminder

Residents have the option of changing their utility billing between "actual use" and "averaged use" until December 31st, 2016. The billing system can be changed again in December of 2017.

Also, it is recommended that the Water Rate will increase in January, 2017. The potential increase could be between \$.30 and \$.40 per 1,000 gallons of use, raising the old rate from \$4.54 to a range of \$4.85 - \$4.95.

Where does your property tax dollar go?*

27¢ County

38¢ School District

35¢ City of Rockford



- 5¢ Debt Service
2016 Series, 2016B Series,
2014A Series, 2014C Series.
- 8¢ Public Works
- 7¢ General Administration
- 7¢ Public Safety
- 4¢ Projects / Transfer
- 3¢ Parks / Library
- 1¢ Other / Misc.

* Based on a 2015 home valuation of approximately \$170,000 located in Wright and Hennepin Counties.