

# City of Rockford, Minnesota

## 2021 Proposed Budget and Property Tax Levy



### Truth - in - Taxation Hearing

The Truth-in-Taxation Hearing on the proposed 2021 Budget and Property Tax Levy is scheduled for 6 p.m., Tuesday, December 8th, 2020 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 2021 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's long term debt decreased in 2020 with partial redemption of the 2014A Series Rockford Mall bond. The remaining balance is paid by the financial increment received through the established Tax Increment Financing (TIF) District. This allowed the City to reduce the Debt Service levy substantially and supports a lower property tax levy increase for 2021.

Bond / Loan	Annual Payment	Outstanding Balance	Interest Rate	Maturity Year	Call Date
2014A Series	\$0 Paid with TIF	\$175,000	2.15% - 4.5% Adjusting	2035	2019
2014C Series	\$105,297	\$1,415,000	1.50% - 3.5% Adjusting	2031	2021
2016A Series	\$68,678	\$875,000	1.10% - 2.75% Adjusting	2038	2024
2016B Series	\$44,678	\$170,000	1.50% - 2.00 Adjusting	2025	N/A

### Utility Billing Reminder

Residents have the option of changing their utility billing between "actual use" and "averaged use" until December 31st, 2020. The billing system can be changed again in December of 2021.

If you have questions regarding the difference between "actual" or "averaged" use and the impact on your utility bills, please contact City Hall. (763) 477-6565 ex. 1.

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

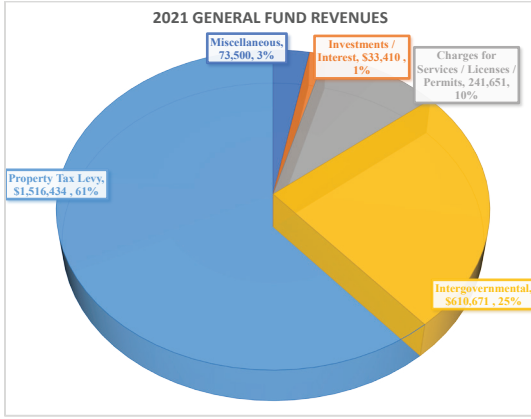


\* Based on a 2020 home valuation of approximately \$220,000 located in Wright and Hennepin Counties.

\* The School District tax includes the approved levy referendum calculated at \$828.31 for a home valued at \$220,000 in Wright and Hennepin Counties.

## 2021 Budget and Property Tax Levy

The City of Rockford established a 2020 General Fund and Debt Service Budget last December with expenses totaling \$2,608,812. The city levied \$1,430,194 for operating expenses to provide city services, and \$221,220 to pay the city's long term bond debt. The 2021 Proposed General Fund and Debt Service Budget is currently set at \$2,694,319. The proposed levy for operating expenses is proposed at \$1,516,434, which represents an increase in operating expenses of \$125,233; or 2.41%. The city's long term debt levy is set at \$218,653 based upon the principal and interest payments due and payable in 2021. These debt service payments represent a decrease of \$2,567 from the 2020 amount of \$221,220; or -1.17%. Based upon these figures, the city's total 2021 Property Tax Levy is currently recommended to be \$1,735,087; which represents an increase of \$33,187 from the 2020 Property Tax Levy of \$1,701,900; reflecting an overall increase in property taxes of 1.95%.

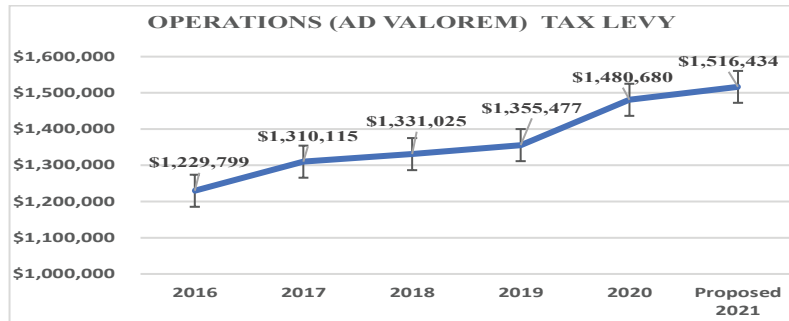
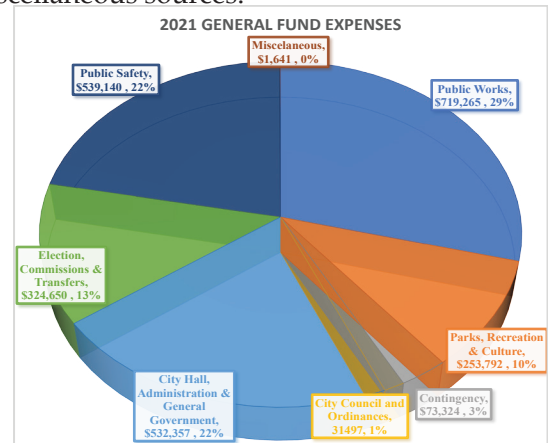


## 2021 Projected Revenues

The pie chart featured to the left highlights the general categories of revenues received by the city that support city services and operations. Property taxes and Local Government Aid funding provides the majority of city revenues. Other sources of revenue that support city operations include revenues generated from permits and fees, interest income from the city's investments, transfers, and a variety of small miscellaneous sources.

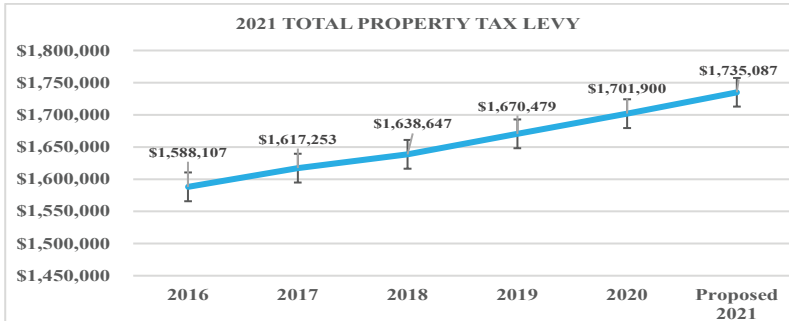
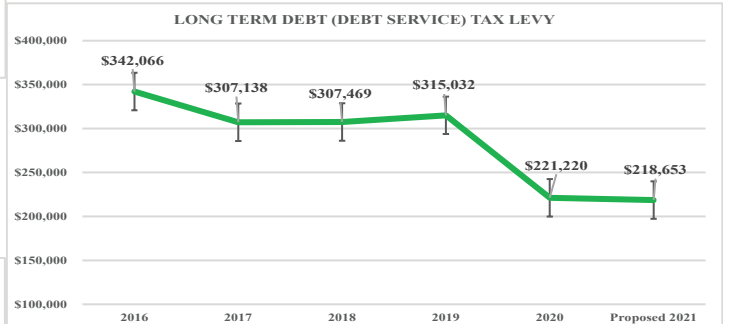
## 2021 Projected Expenses

The pie chart featured to the right highlights the general categories of expenses involved in city operations and providing city services. The Public Safety category includes the Fire Department and what we pay for police services from the County Sheriff. General Administration includes all expenses and materials costs that are involved in administrative operations. Public Works includes all equipment, maintenance and materials used in their operations. Planning, Zoning and Transfers includes expenses involved in city planning and funding to support services in other funds, and Parks and Recreation covers the cost of maintenance operations for our city parks and the library.



The following charts track the city's property tax levies over the past several years. The chart on the left shows the operations tax levy which funds city services. The City Council and Staff have worked hard to control the operation costs and increase available revenues in city operations to reduce the tax impact on properties in Rockford.

The chart to the right shows the city's long term bond debt over the same time frame. The city has paid off or refinanced existing bond debt to stabilize and reduce the amount of long term debt impacting city property taxes. Long term debt and operations costs are factored to stabilize the city's tax levy.



This chart to the left shows the total property tax levy for the City of Rockford over the past five years. It should be noted that the 2021 Levy is preliminary and cannot be increased at the Truth in Taxation meeting. It will be important to focus on reducing long term debt and operations costs carried by the city to control property tax increases in future years.

To learn more about Rockford's proposed 2021 Budget, please attend the public hearing on Tuesday, December 8th, 2020 at 6:00 p.m. in the City Council Chambers at 6031 Main Street, Rockford, Minnesota 55373. The City Council may set the final levy after the public hearing at this City Council Meeting. If you have thoughts or suggestions, please share them with City Staff by contacting City Hall (763) 477-6565 or stop by City Hall during normal business hours.