

City of Thief River Falls

2012 PROPERTY TAX AND BUDGET INFORMATION

City of Thief River Falls

PROPERTY TAXES

What's going on with my tax bill?

- The Minnesota State Legislature and Governor Dayton recently enacted major changes to the property tax system.
- The “market value homestead credit” (MVHC) program is going away at the end of 2011
- In its place will be a new program the “homestead market value exclusion” (HMVE)

What's going on with my tax bill?

- The transition from one program to the other makes 2012 an unusual and difficult year for cities and taxpayers
 - Confusing property tax statements
 - Impacts on the overall tax base from which local governments can generate revenue

What's going on with my tax bill?

- The transition from MVHC to HMVE is only one of several factors that can impact property tax bills – others examples include:
 - Changes in valuation of your property
 - Spending decisions of cities, counties, school districts, and special taxing districts.
 - Voters may have approved a school referendum
 - Special assessments may be added to your property tax bill

GLOSSARY OF TERMS

MARKET VALUE: An assessor's estimate of what property would be worth if it were sold.

CLASS RATES: Depending on use, properties have different class rates that determine the properties' relative share of the property tax burden as well as the property's tax capacity. These class rates are established by the State of Minnesota.

TAX CAPACITY: The tax capacity of a property is determined by multiplying its class rate by the property's assessed market value.

GLOSSARY OF TERMS

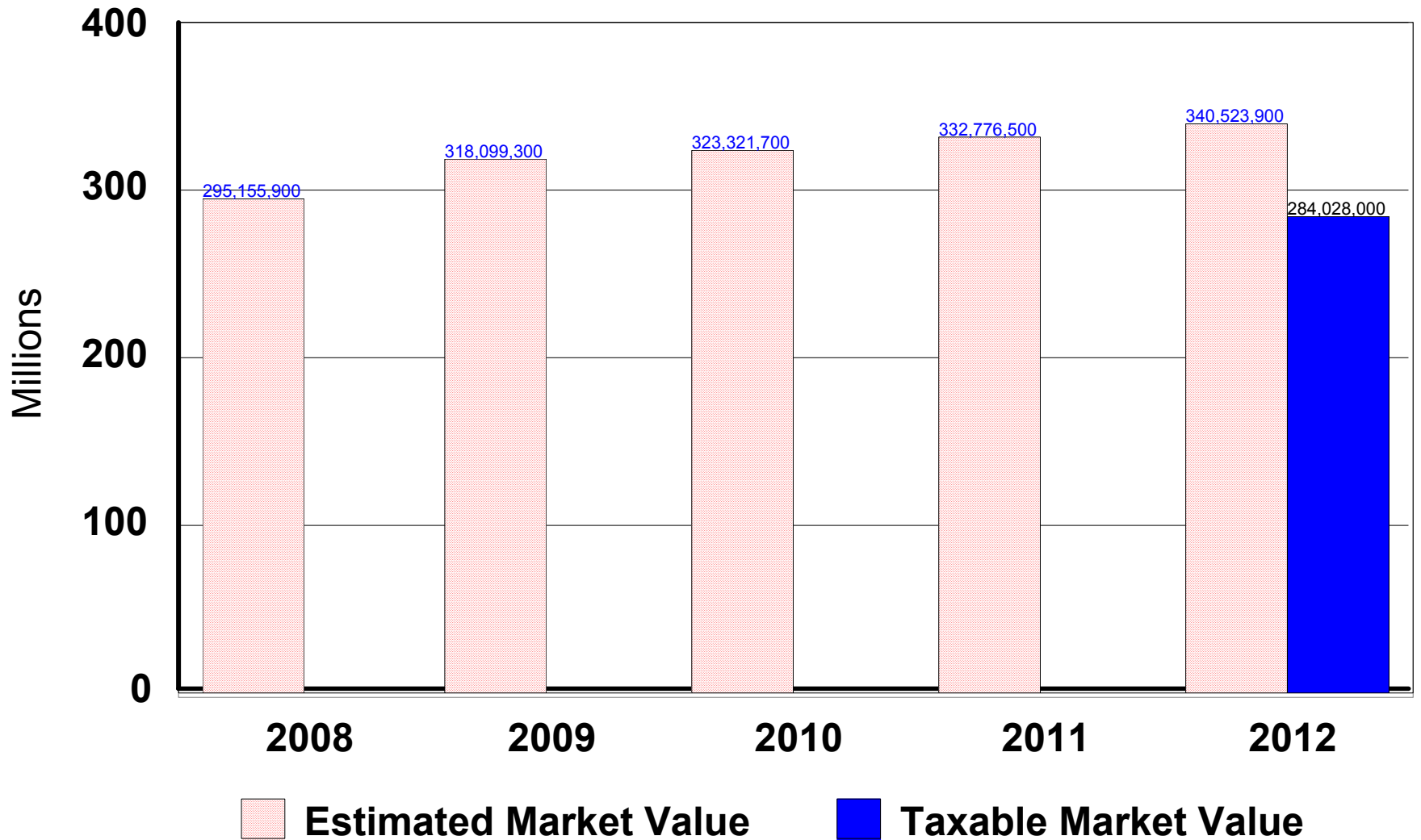
PROPERTY TAX LEVY: The City certifies in dollars an amount necessary to raise adequate revenue for the operating budget when combined with other expected revenues.

LOCAL TAX RATE: To compute the tax rate, the city's certified property tax levy is divided by the city's total tax capacity.

GLOSSARY OF TERMS

LOCAL GOVERNMENT AID (LGA): A state government revenue sharing program for cities with low property wealth or high service burdens that is intended to provide an alternative to the property tax.

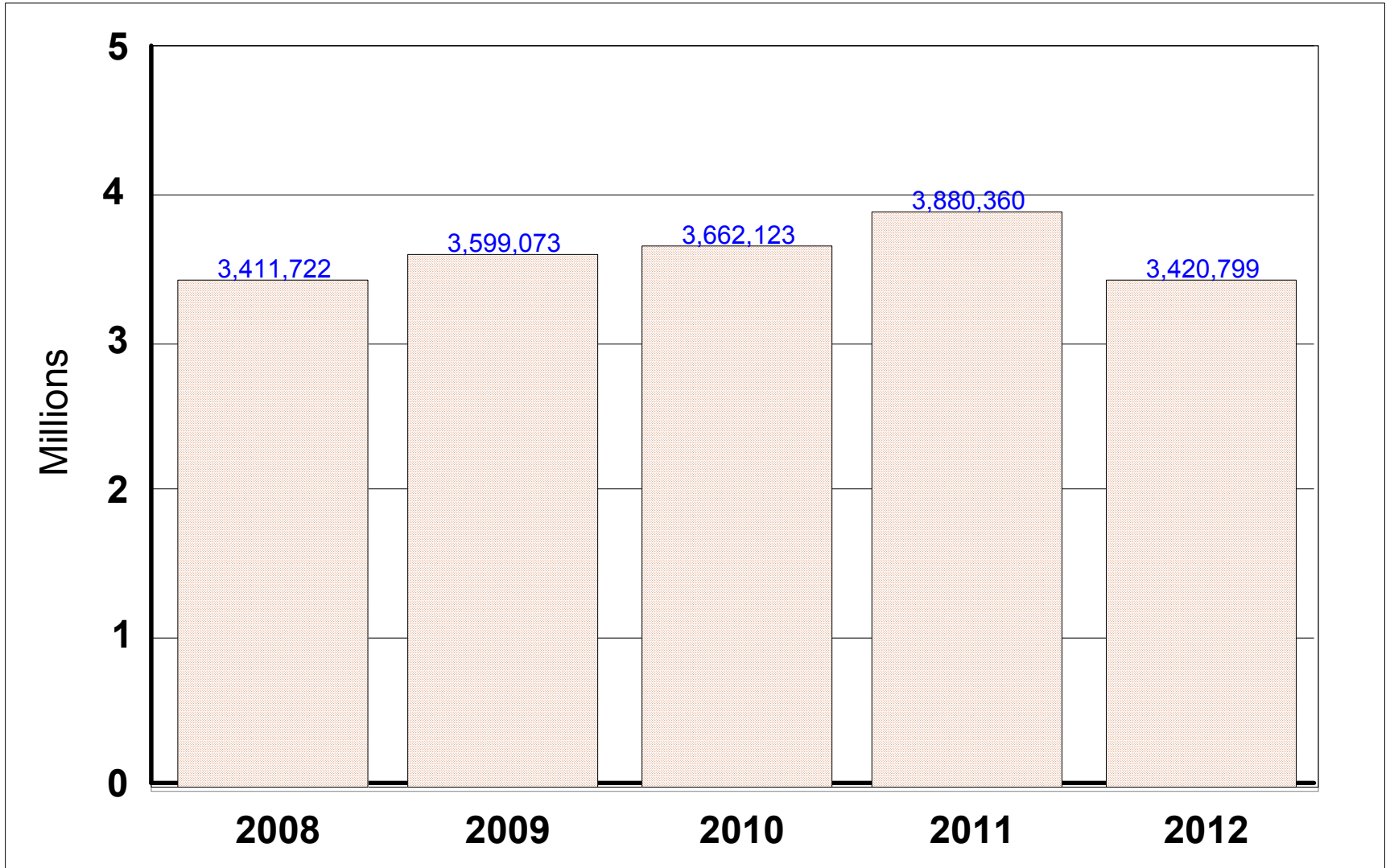
CITY OF THIEF RIVER FALLS MARKET VALUE



STATE OF MINNESOTA PROPERTY CLASS RATES

<u>Property Description</u>	<u>Class Rate Payable 2012</u>
First \$500,000 of residential homestead and single-unit residential	1.0 percent
Amount over \$500,000	1.25 percent
First \$150,000 of commercial/industrial	1.5 percent
Amount over \$150,000	2.0 percent
Four or more units of rental residential	1.25 percent

CITY OF THIEF RIVER FALLS TAX CAPACITY VALUES

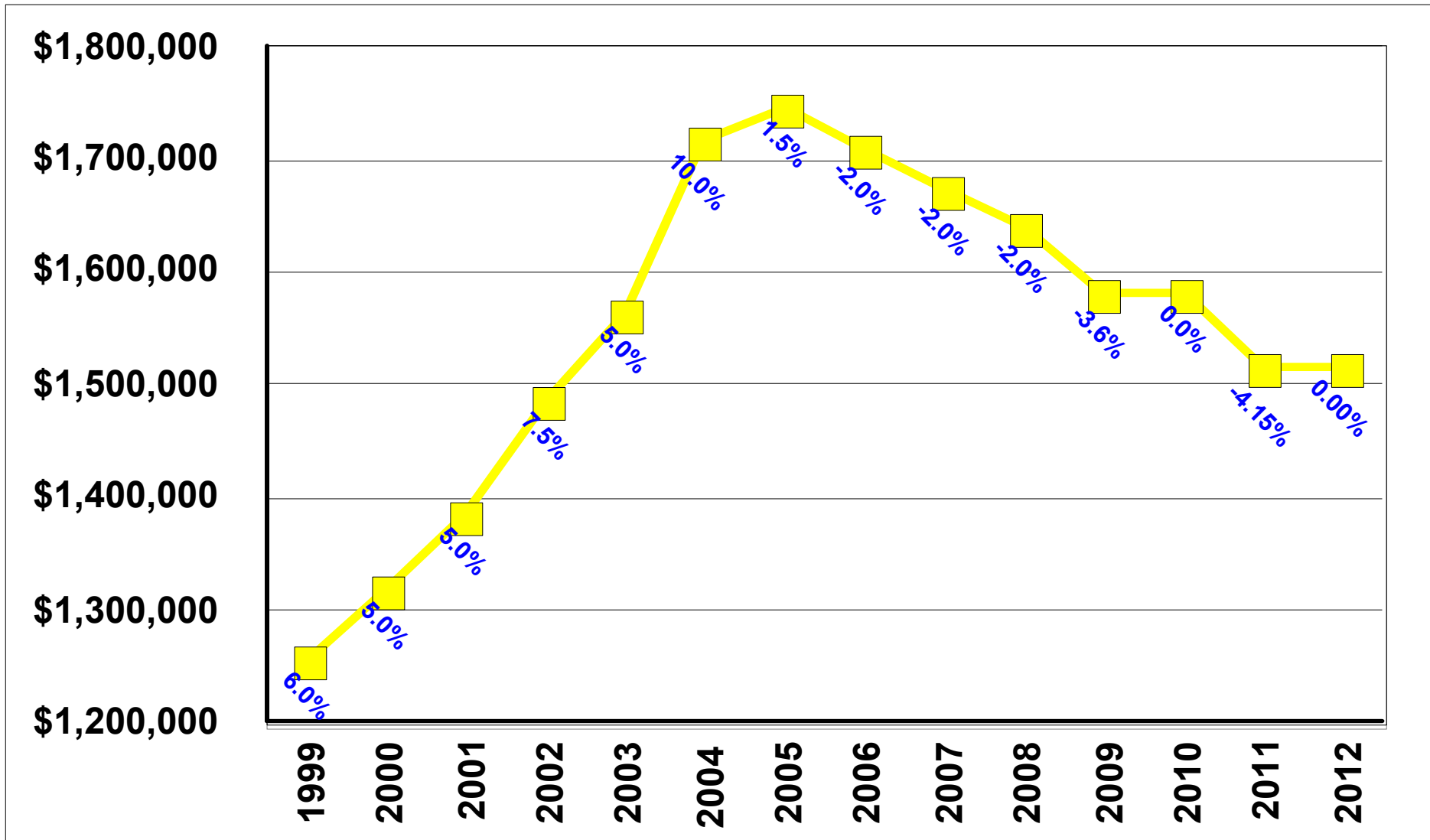


CITY OF THIEF RIVER FALLS

2008-2012 PROPERTY TAX LEVY

	2008	2009	2010	2011	2012
	Levy	Levy	Levy	Levy	Levy
General Fund Levy	\$ 1,550,922	\$ 1,482,406	\$ 1,482,406	\$ 1,416,778	\$ 1,416,778
Bonded Debt Levy	\$ 141,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
NET TAX LEVY - LOCAL	\$ 1,641,922	\$ 1,582,406	\$ 1,582,406	\$ 1,516,778	\$ 1,516,778
Percent Increase/Decrease -Local Levy	-2.0%	-3.6%	0.0%	-4.15%	0.0%

CITY OF THIEF RIVER FALLS PROPERTY TAX LEVY HISTORY



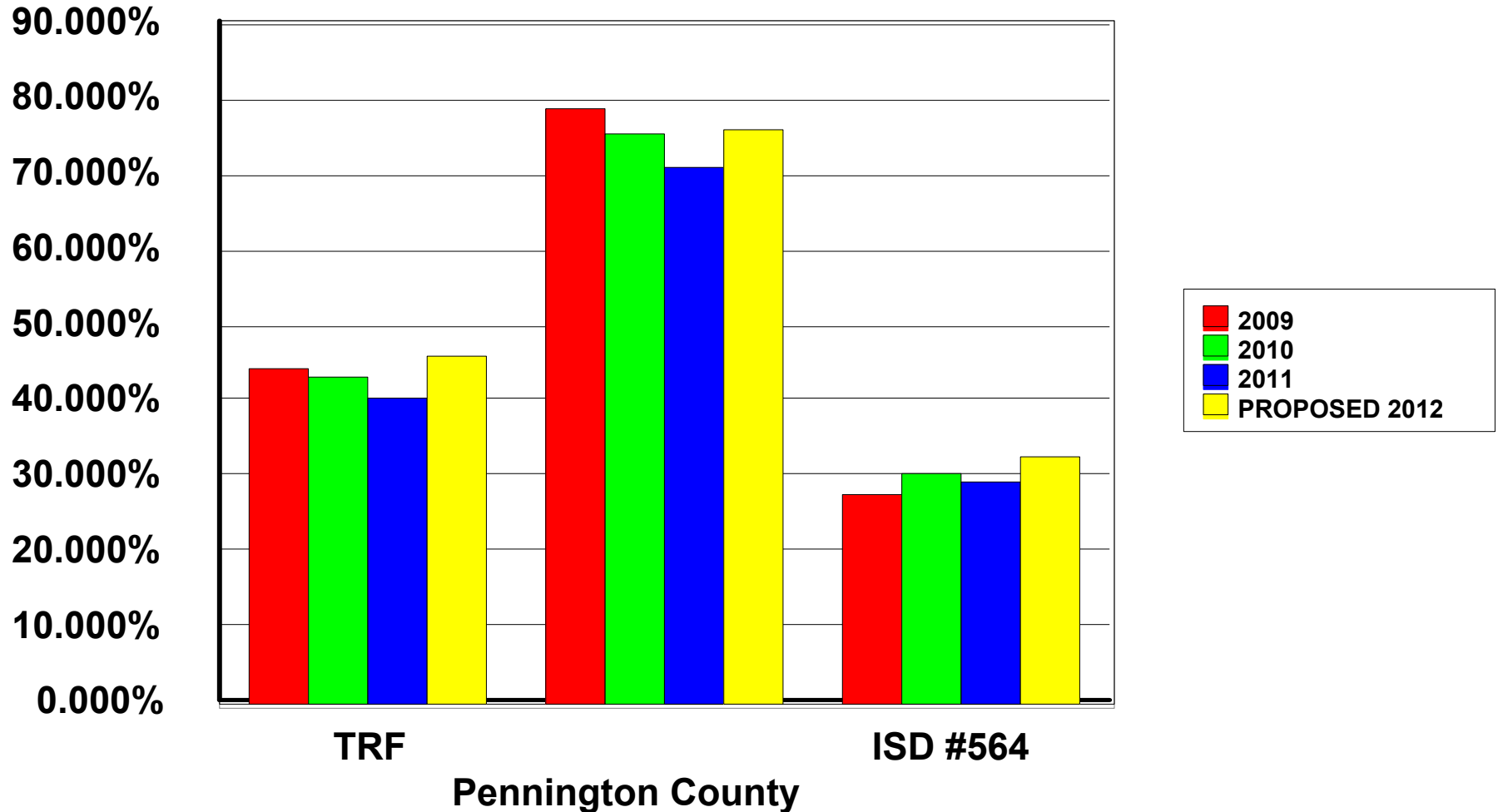
CITY OF THIEF RIVER FALLS

LOCAL TAX RATE

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Proposed</u> <u>2012</u>
TRF	43.967%	43.210%	40.478%	45.957%
Pennington County	78.737%	75.194%	70.787%	76.047%
ISD #564	27.645%	30.183%	29.385%	32.490%
Special Tax Districts*	5.705%	5.715%	5.786%	6.599%
Total	156.054%	154.320%	146.436%	161.093%

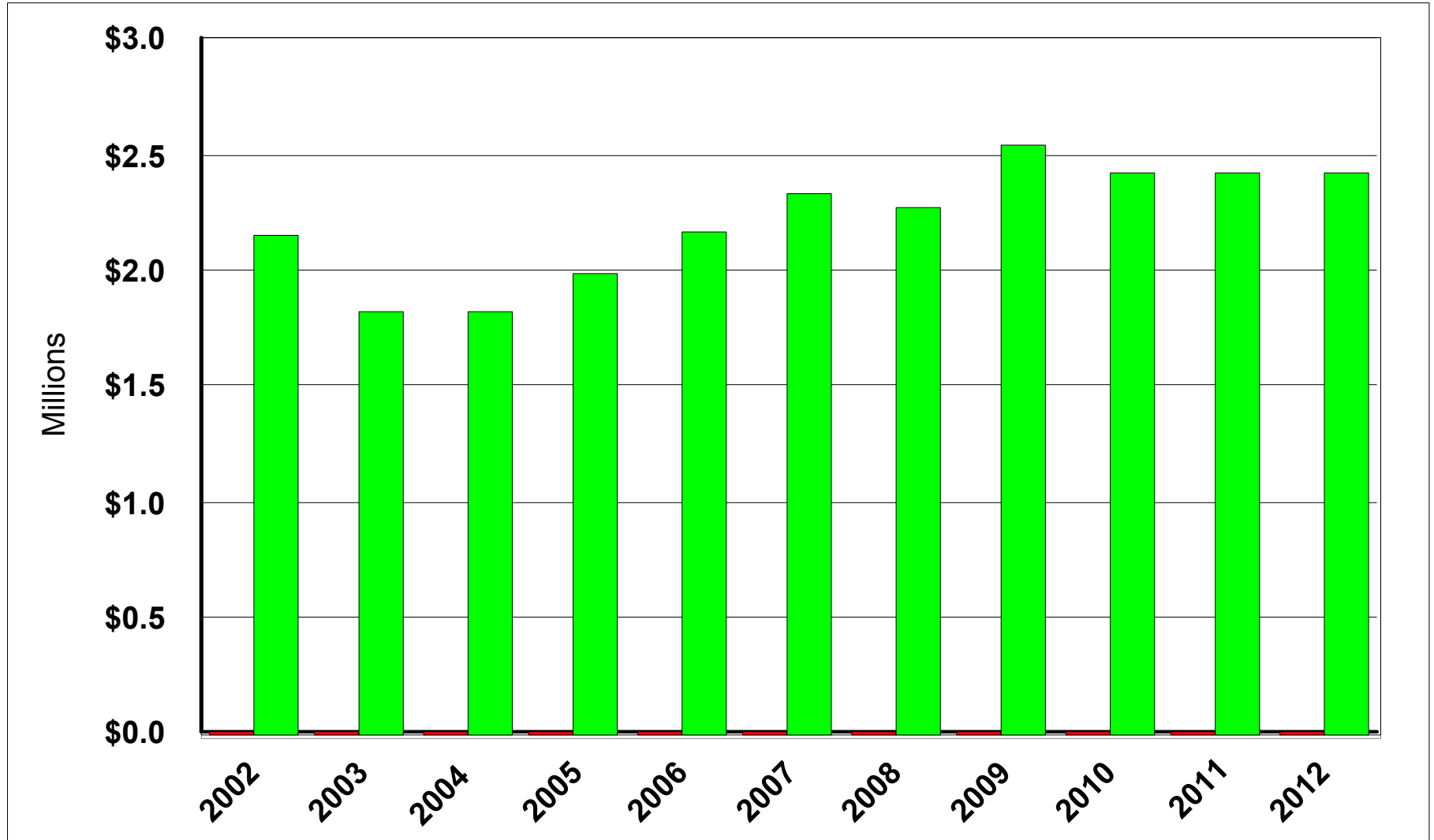
*Red Lake Watershed District, NW Regional Development Commission, and NW Minnesota Multi-County HRA

LOCAL TAX RATE COMPARISON



CITY OF THIEF RIVER FALLS

LOCAL GOVERNMENT AID



City of Thief River Falls

2012

BUDGETS

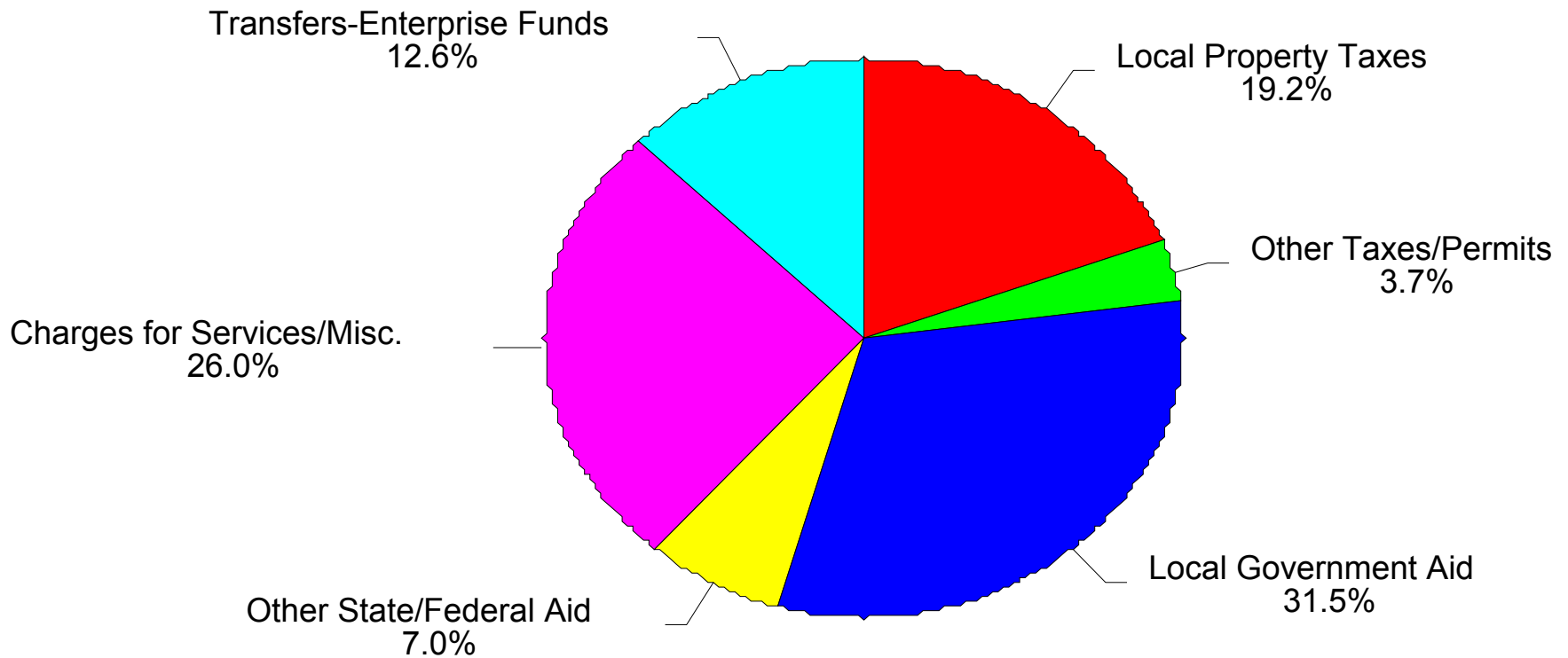
CITY OF THIEF RIVER FALLS

MUNICIPAL CORPORATION

GOVERNMENTAL FUNDS		PROPRIETARY FUNDS
<p>GENERAL FUND</p> <p>DEBT SERVICE FUNDS</p> <p>SPECIAL REVENUE FUNDS</p> <ul style="list-style-type: none">CDAB Revolving FundTax Increment Financing DistrictsGreenwood Cemetery Fund <p>CAPITAL PROJECT FUNDS</p> <ul style="list-style-type: none">Swimming Pool FundMulti-Events Center FundCarnegie Library Restoration FundRevolving Capital Outlay Fund		<p>ENTERPRISE FUNDS</p> <ul style="list-style-type: none">Liquor DispensaryElectricWater SystemsStorm Water <p>INTERNAL SERVICE FUND</p> <ul style="list-style-type: none">Inter-Dept Distribution Fund

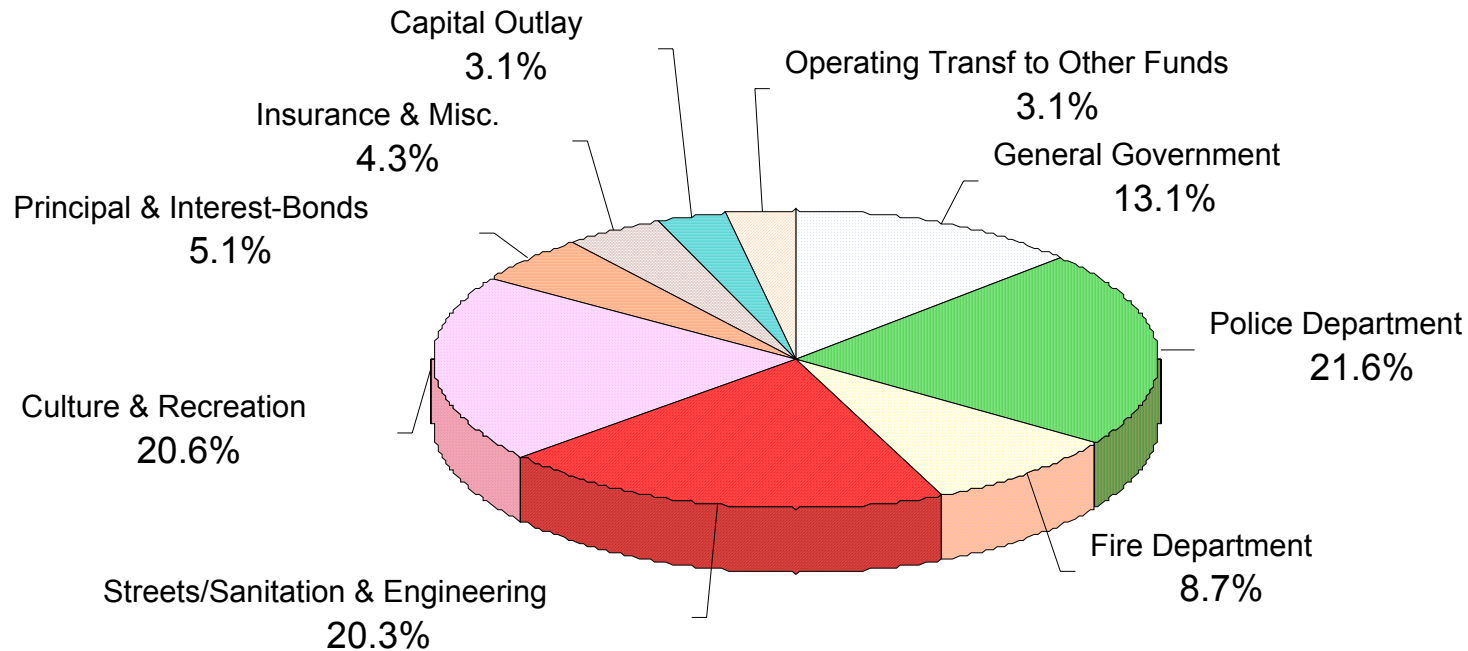
CITY OF THREE RIVER FALLS GOVERNMENTAL FUND REVENUE

2012 BUDGET
\$7,673,897



CITY OF THREE RIVER FALLS GOVERNMENTAL FUNDS EXPENDITURES

2012 BUDGET
\$7,677,808



CITY OF THIEF RIVER FALLS

BALANCE NEEDING FUNDING

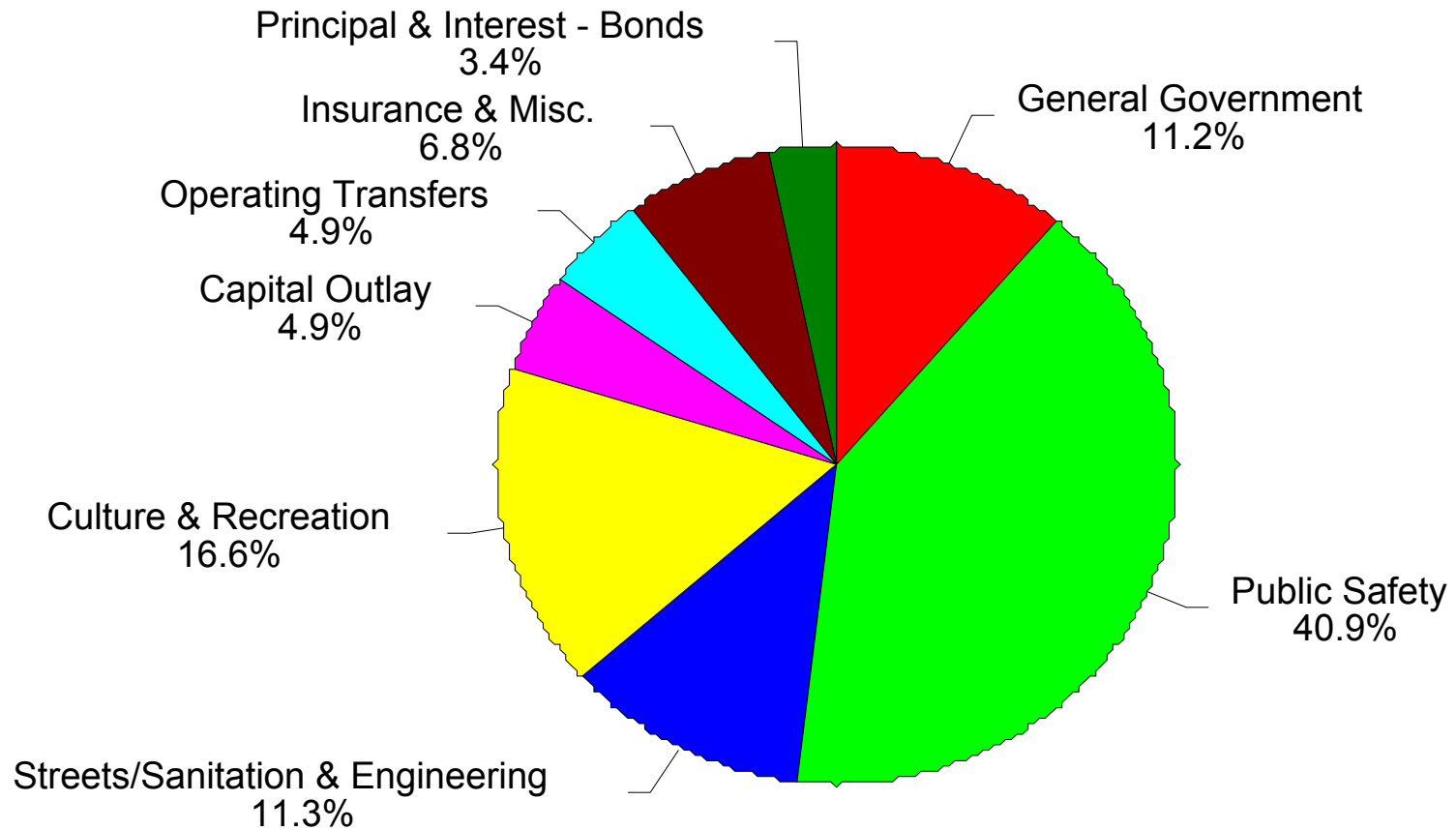
2012 Budget	Revenue	Expenditures	Balance Needing Funding
General Government	\$456,518	\$1,003,673	\$547,155
Public Safety	\$328,252	\$2,324,963	\$1,996,711
Streets/Sanitation & Eng Tech Srvcs	\$1,007,300	\$1,558,039	\$550,739
Culture & Recreation	\$773,119	\$1,585,303	\$812,184
Capital Outlay	\$0	\$237,700	\$237,700
Operating Transfer to Other Funds	\$0	\$240,000	\$240,000
Insurance & Miscellaneous	\$0	\$333,630	\$333,630
Principal & Interest – Bonds	\$231,050	\$394,500	\$163,450
Total	\$2,796,239	\$7,677,808	\$4,881,569

CITY OF THIEF RIVER FALLS

SOURCES OF FUNDING

2012 Budget	Balance Needing Funding	LGA, Electric & Liquor Transfers and Misc. Income	Tax Levy
General Government	\$547,155	\$382,294	\$164,930
Public Safety	\$1,996,711	\$1,394,810	\$601,751
Streets/Sanitation & Eng Tech Srvcs	\$550,739	\$384,681	\$165,960
Culture & Recreation	\$812,184	\$567,473	\$244,820
Capital Outlay	\$237,700	\$166,081	\$71,651
Operating Transfers to Other Funds	\$240,000	\$167,787	\$72,387
Insurance & Miscellaneous	\$333,630	\$232,923	\$100,488
Principal & Interest - Bonds	\$163,450	\$114,245	\$49,288
Total	\$4,881,569	\$3,410,294	\$1,471,275

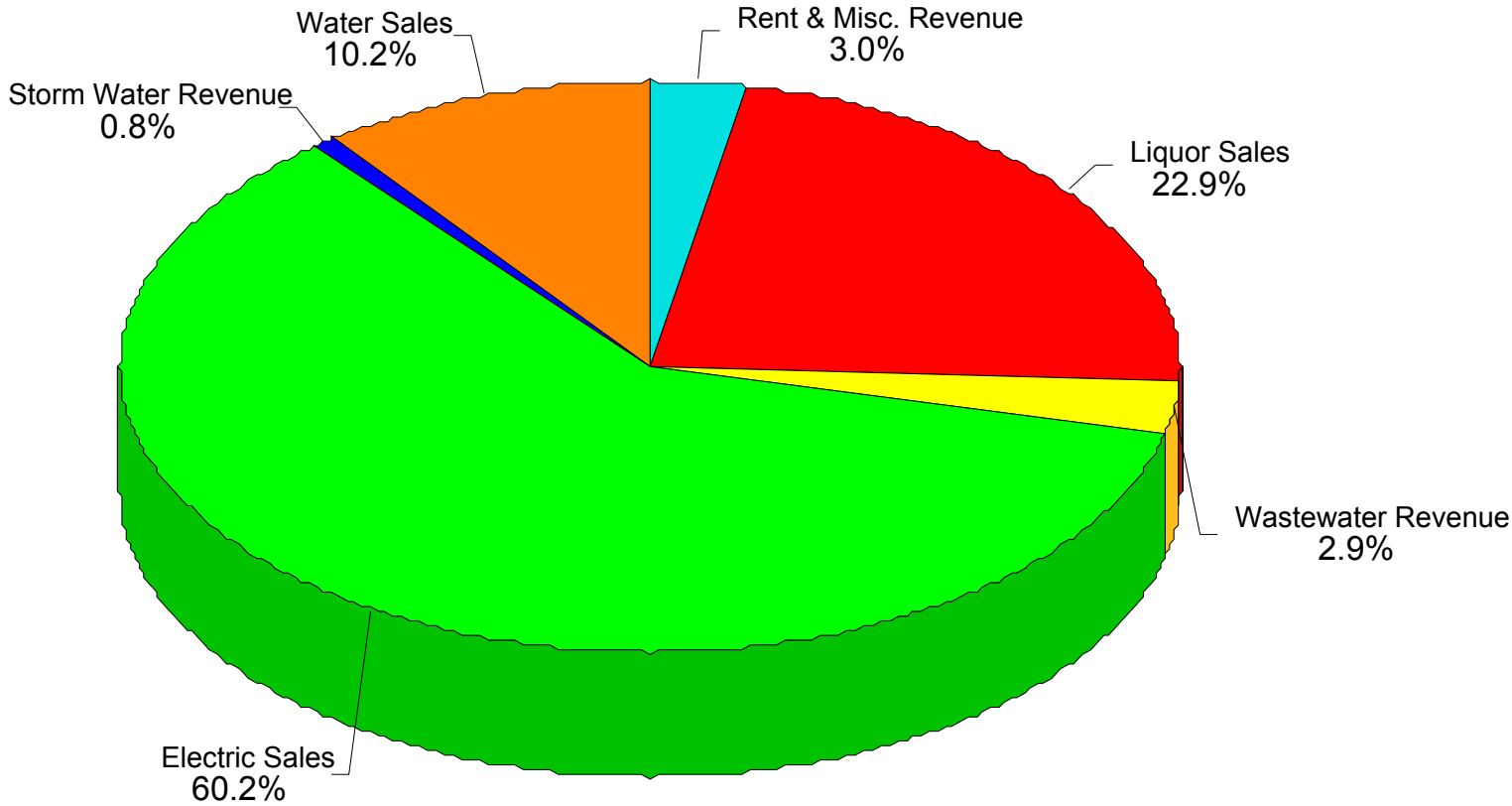
CITY OF THIEF RIVER FALLS TAX LEVY SUPPORTED



CITY OF THIEF RIVER FALLS ENTERPRISE FUND REVENUE

2012 BUDGET

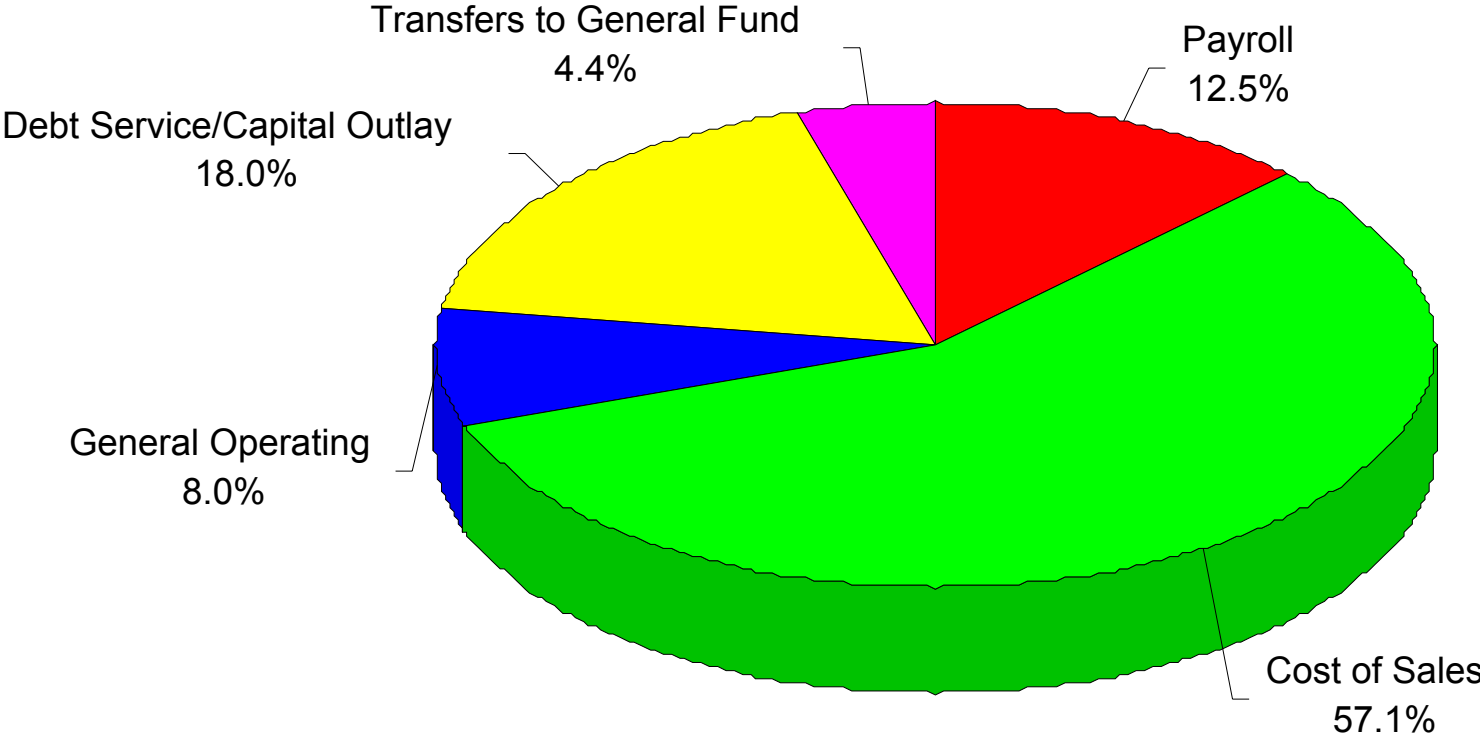
\$18,870,663



CITY OF THIEF RIVER FALLS ENTERPRISE FUND EXPENSES

2012 BUDGET

\$21,866,554



City of Thief River Falls

COMPARATIVE DATA

“ESTABLISHED CITIES” WITH POPULATION OVER 5,000

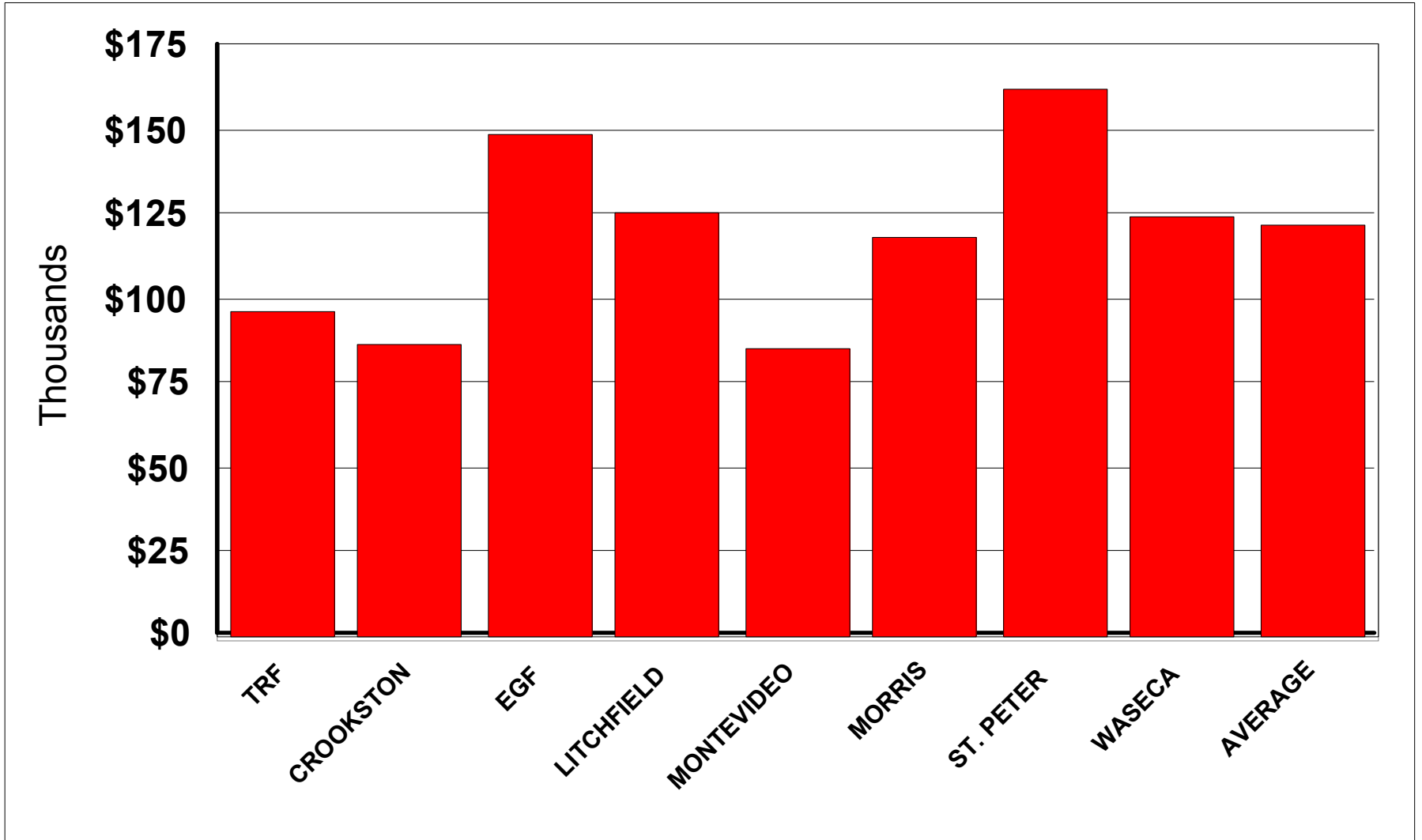
- The League of Minnesota Cities group cities in clusters based on four criteria variables:
 - 2000 Census population
 - Population growth between 1990 and 2000
 - Median household income in 1999
 - Per capita commercial/industrial property market value in 2002
- The City of Thief River Falls is considered an “Established City”

“ESTABLISHED CITIES” WITH POPULATION OVER 5,000

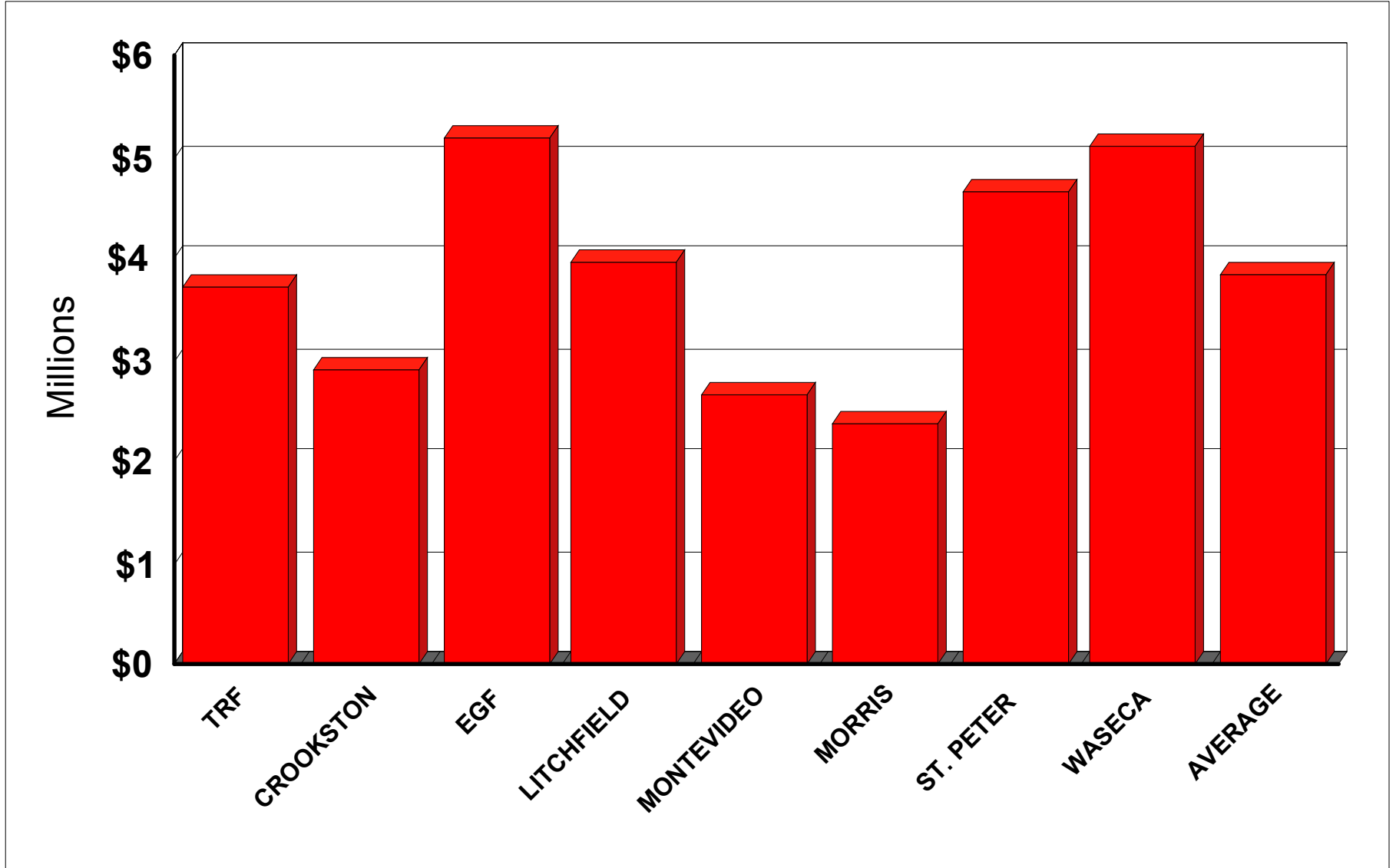
- There are 7 other “Established Cities” with populations over 5,000
 - Crookston
 - East Grand Forks
 - Litchfield
 - Montevideo
 - Morris
 - St. Peter
 - Waseca

ESTABLISHED CITIES

2010 AVERAGE VALUE HOME

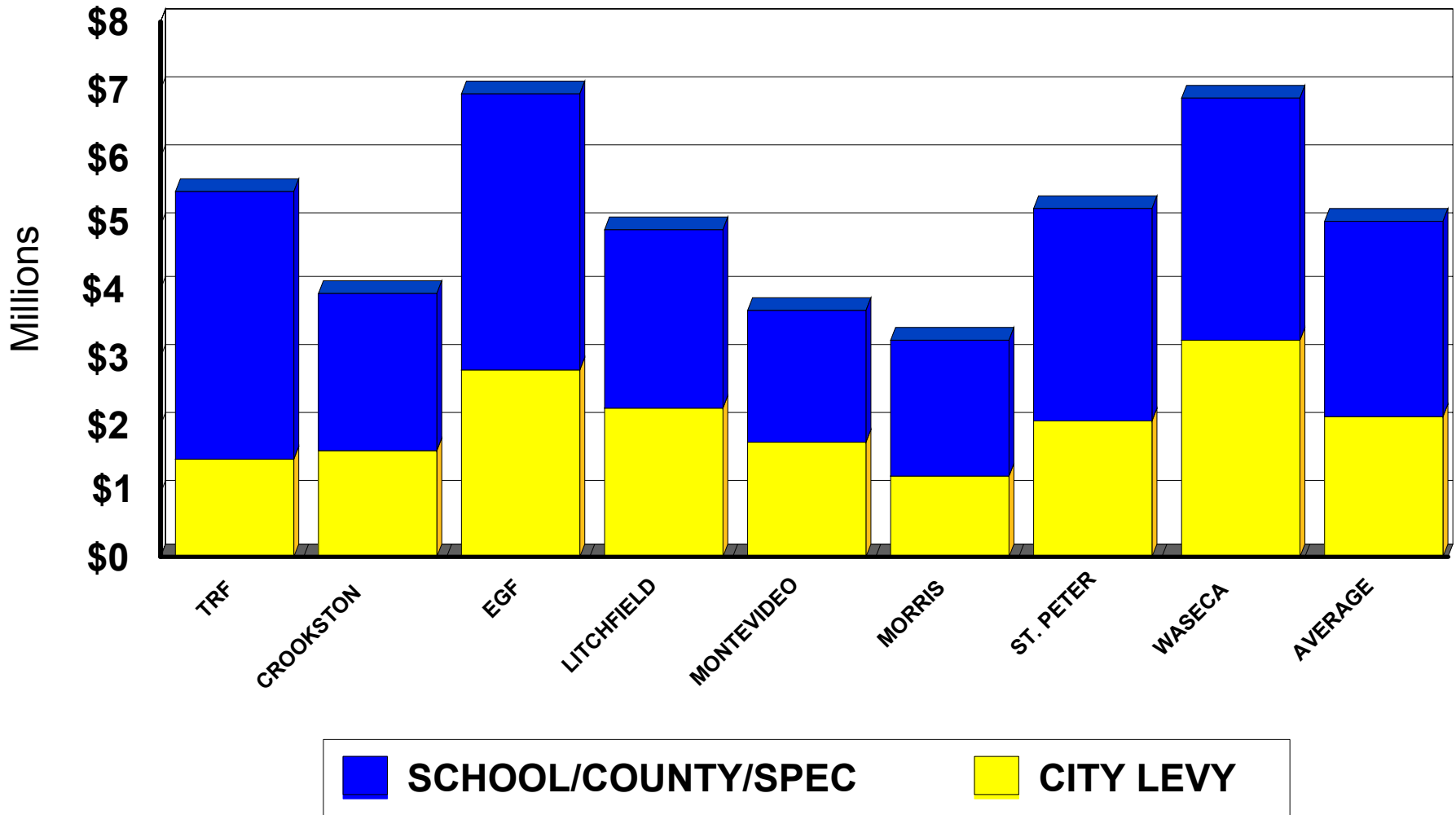


ESTABLISHED CITIES 2011 TAX CAPACITY



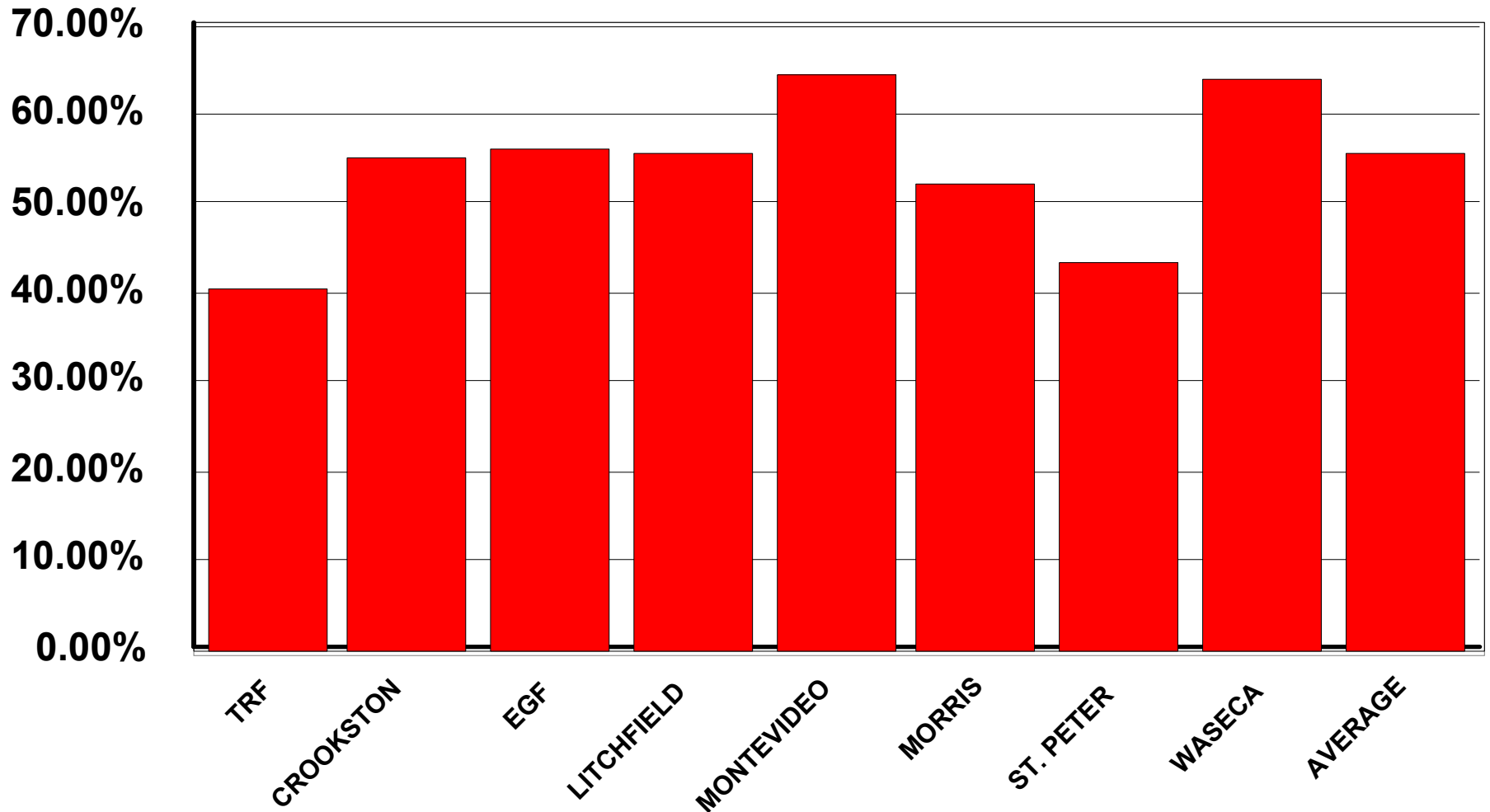
ESTABLISHED CITIES

2011 TOTAL LEVY

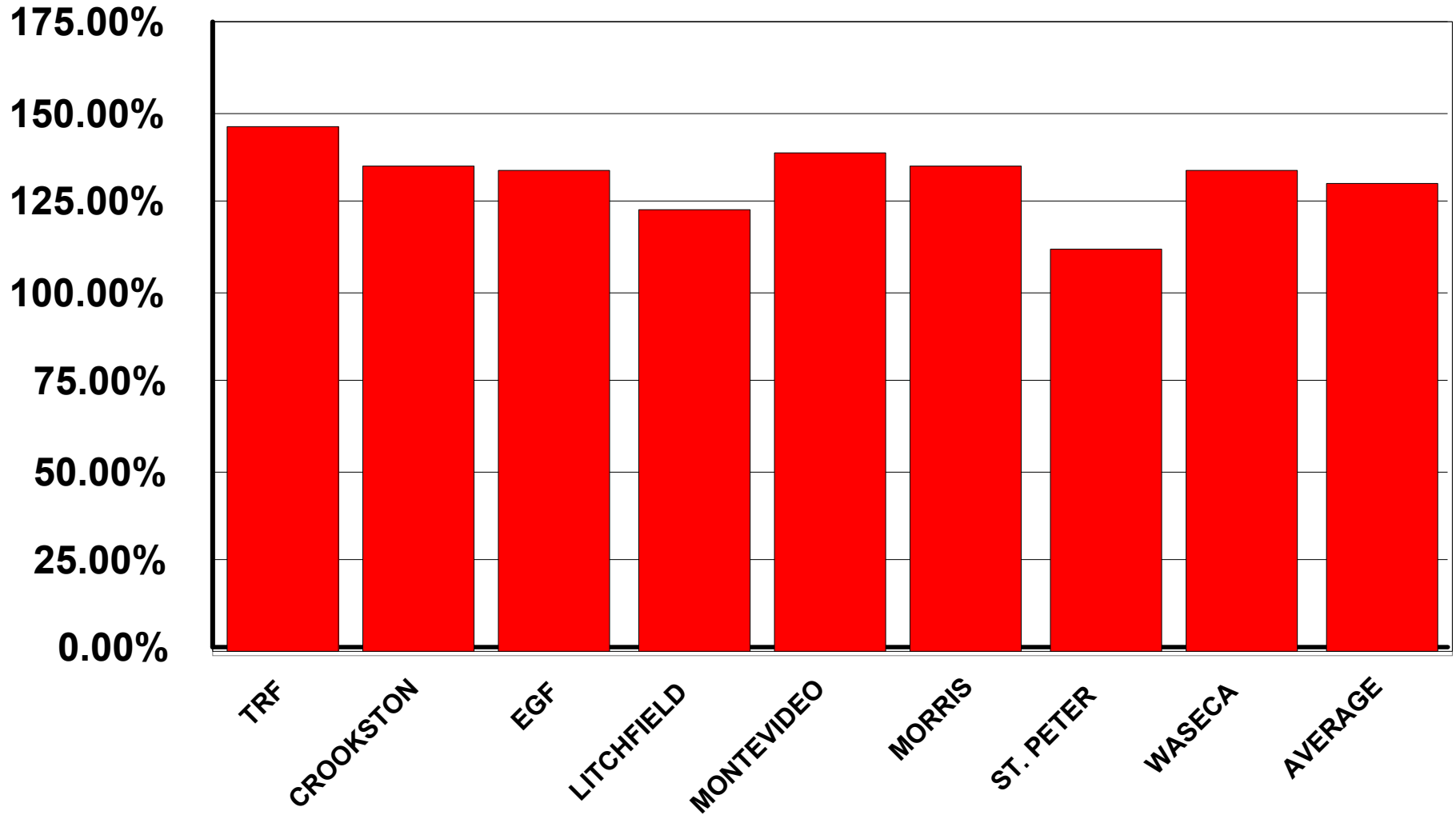


ESTABLISHED CITIES

2011 CITY TAX RATE

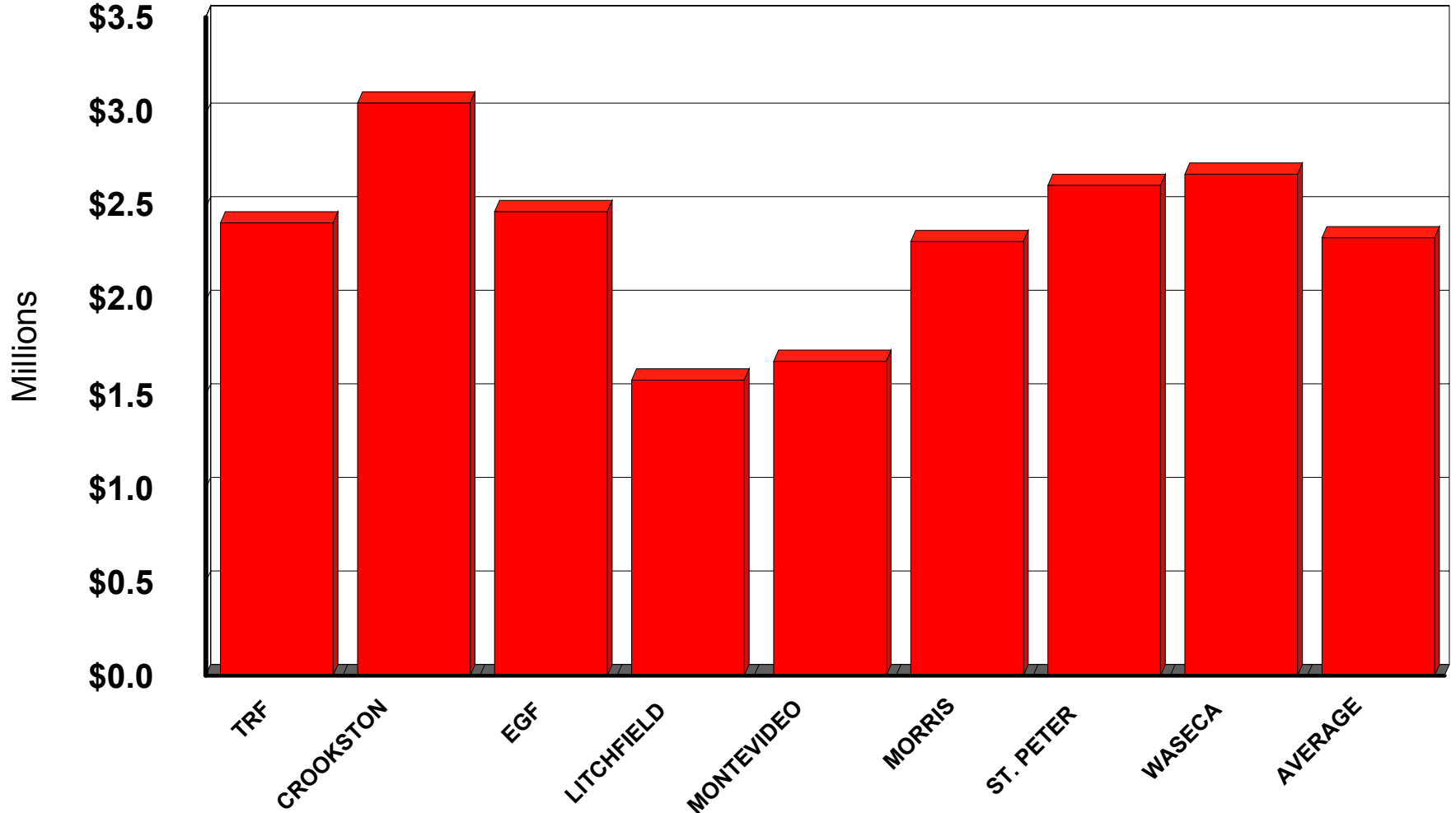


ESTABLISHED CITIES 2011 TOTAL TAX RATE



ESTABLISHED CITIES

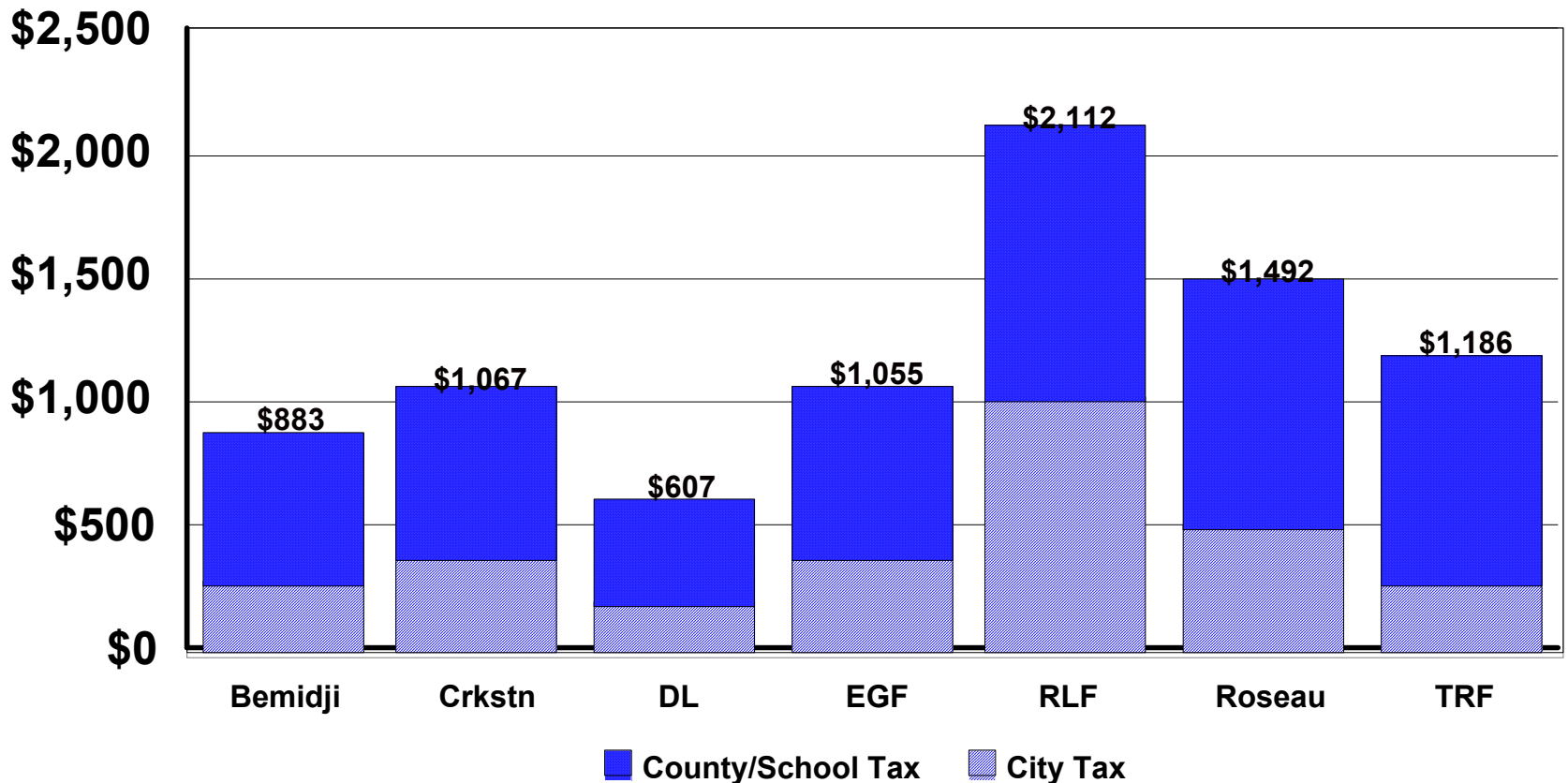
2011 ACTUAL LGA



AREA CITIES

PROPERTY TAX COMPARISON

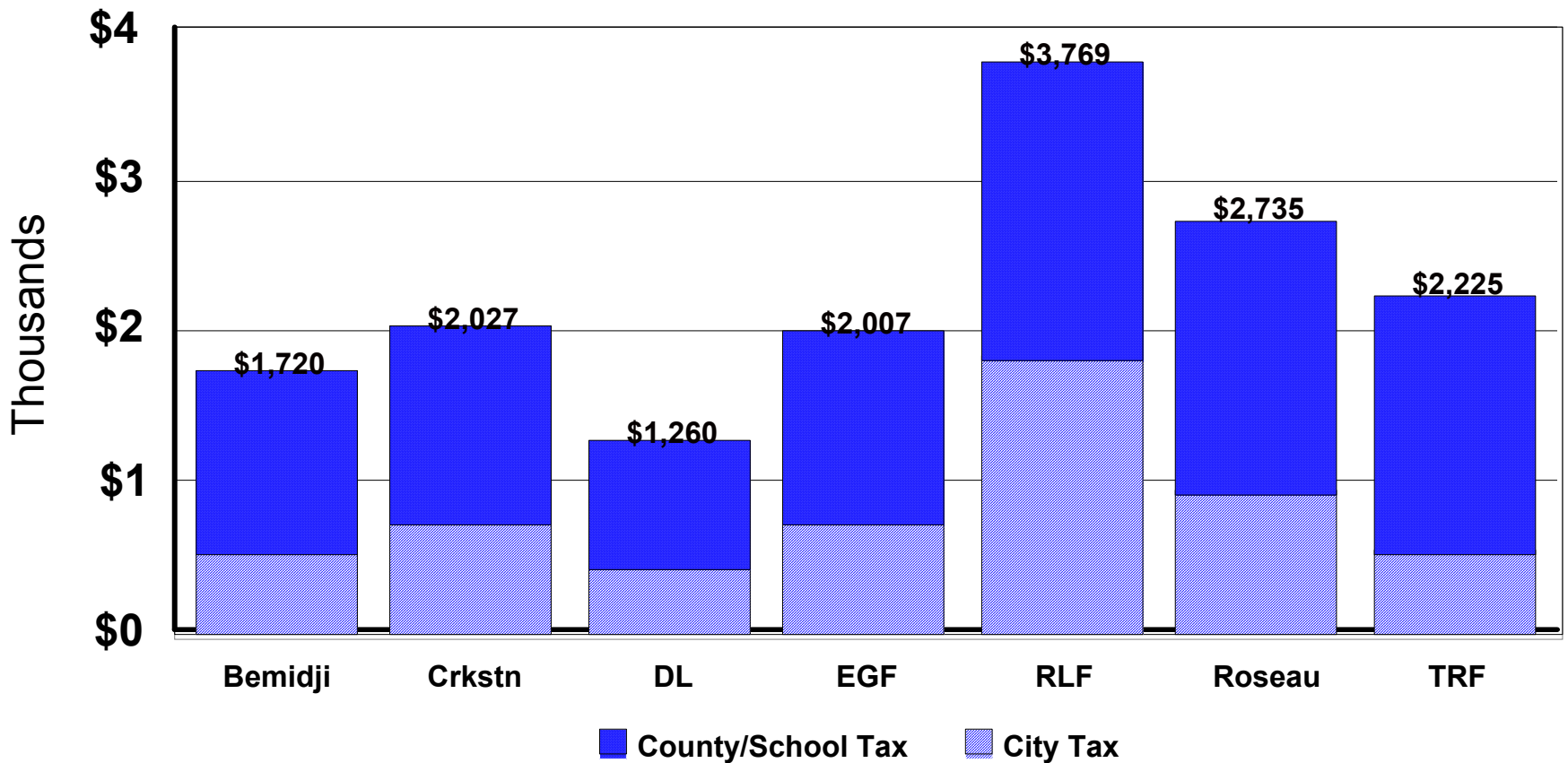
PROPERTY TAX COMPARISON 2011 RESIDENTIAL - \$90,000



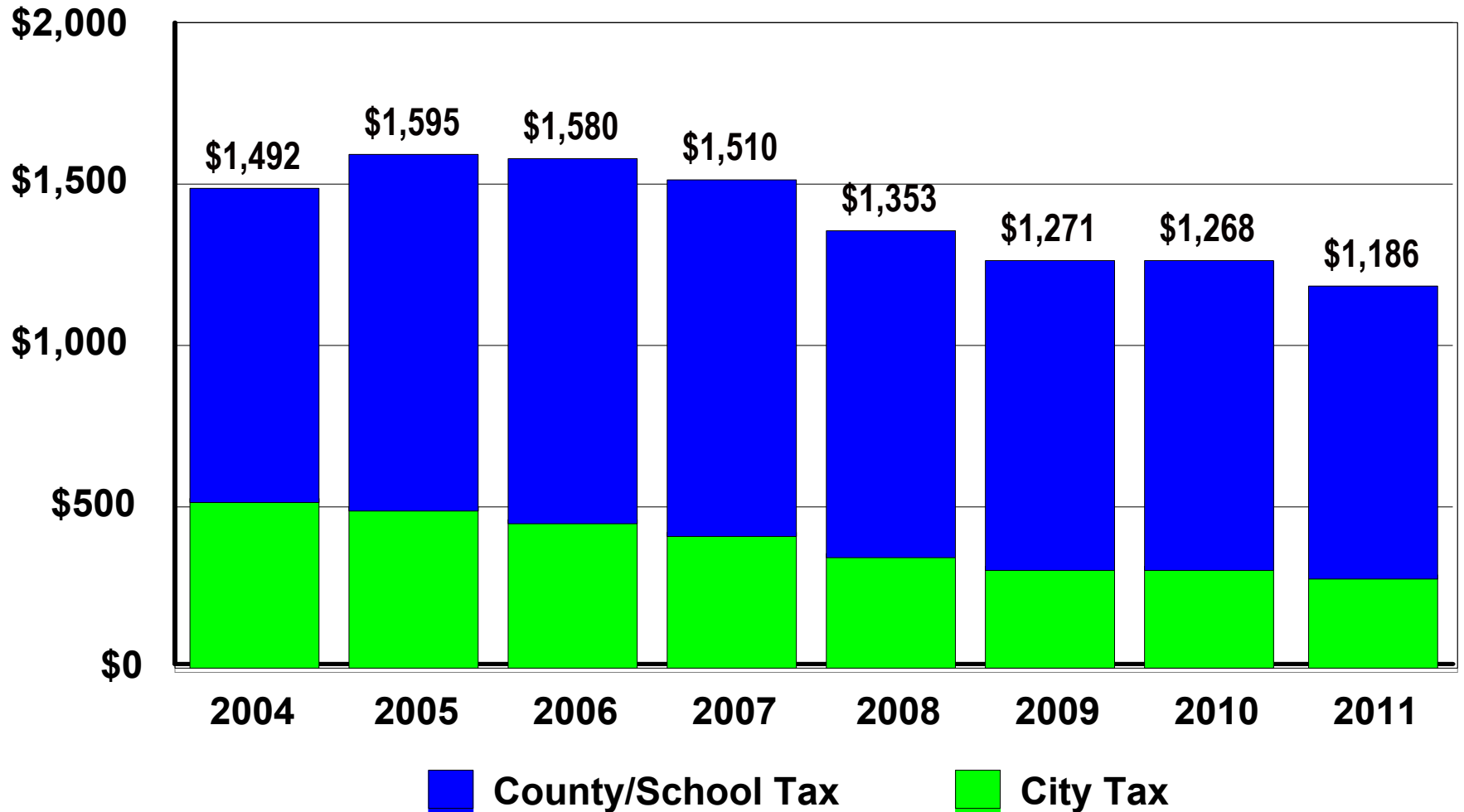
AREA CITIES

PROPERTY TAX COMPARISON

PROPERTY TAX COMPARISON 2011 RESIDENTIAL - \$150,000



PROPERTY TAX ON \$90,000 HOME

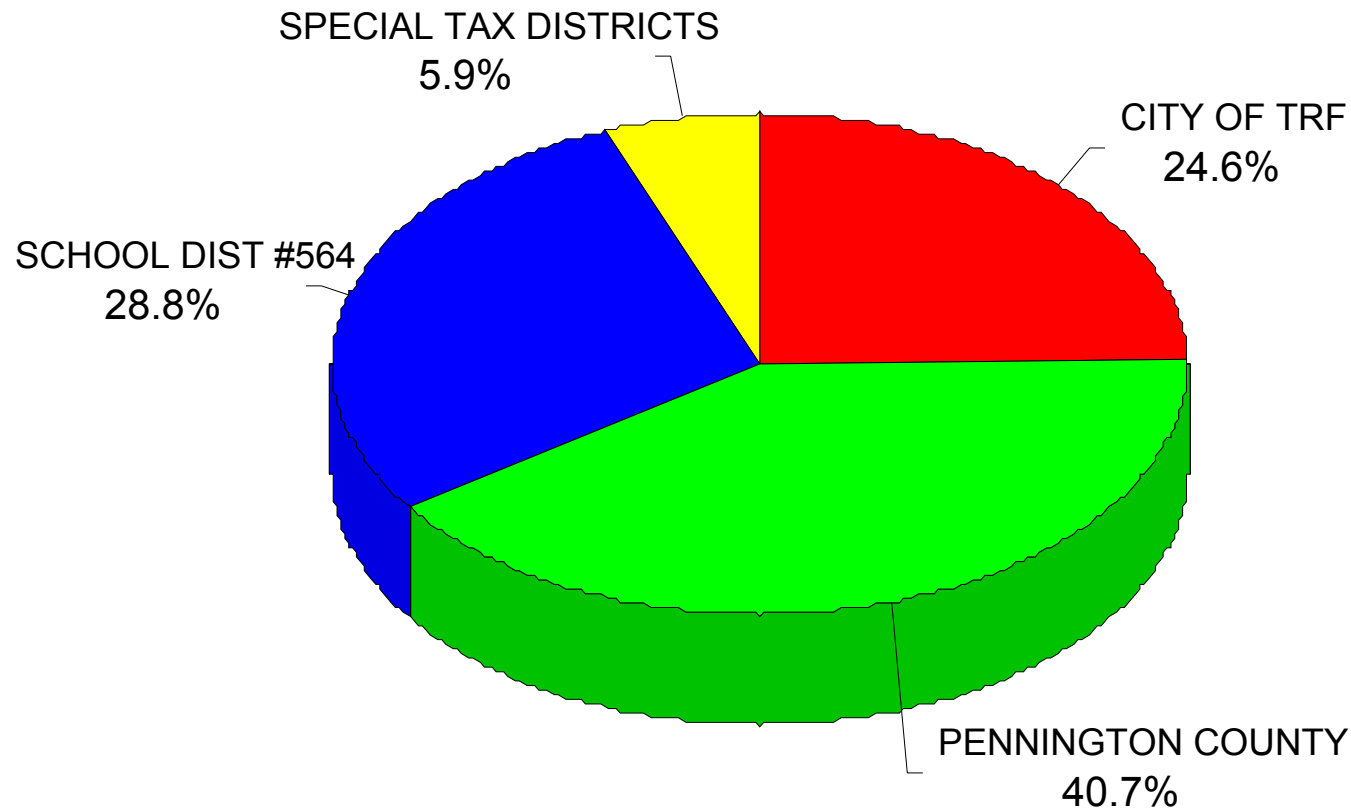


City of Thief River Falls

CONCLUSION

CITY OF THIEF RIVER FALLS WHERE YOUR TAX DOLLAR GOES

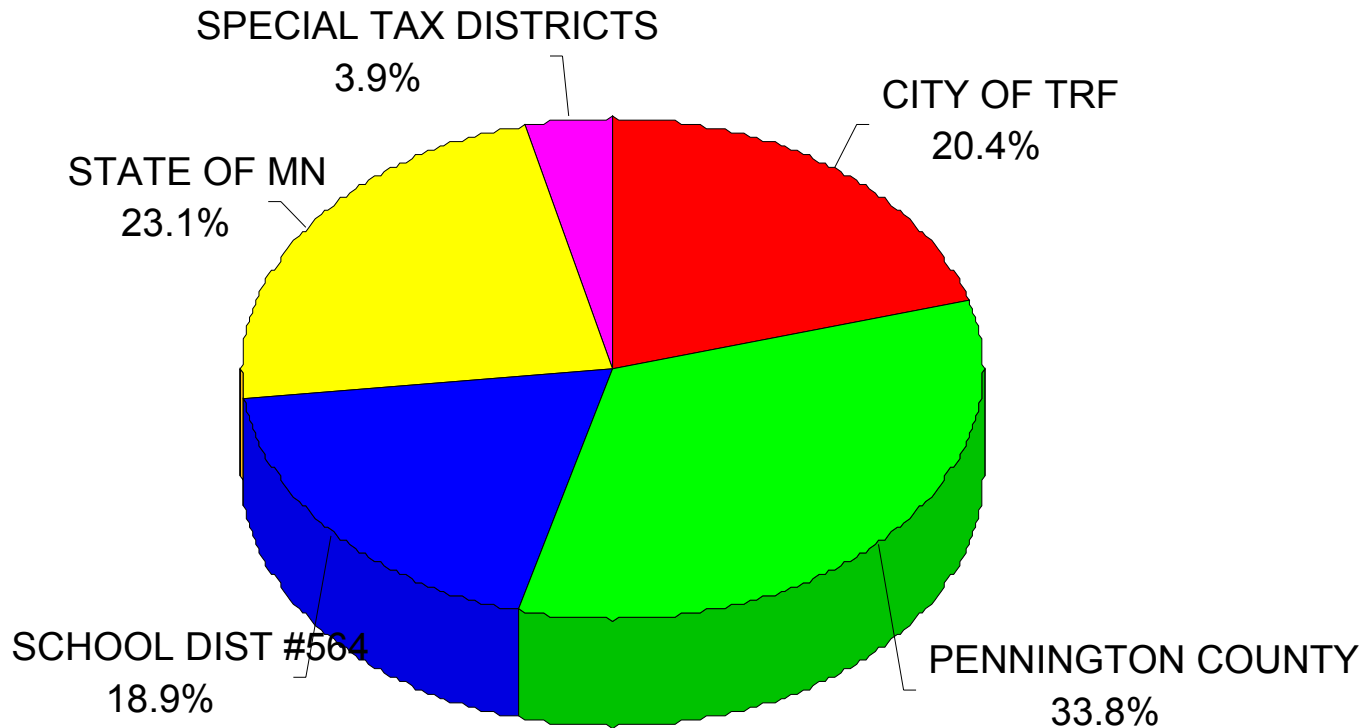
HOME OWNER 2012



Does not include the School District bond referendum passed in Nov 2011.

CITY OF THIEF RIVER FALLS WHERE YOUR TAX DOLLARS GO

BUSINESS OWNER 2012



Does not include the Schol District bond referendum passed in Nov 2011.

CITY OF THIEF RIVER FALLS INVOICE FOR SERVICES

The following is an example of a sample invoice for governmental services if the City of Thief River Falls did not have the property tax statement to collect taxes and needed to send a monthly statement for the “City share” of the tax bill.

The City’s average residential homestead has a market value of \$96,513.

The “City share” of the tax bill would be \$313, or \$26.08 per month.

CITY OF THIEF RIVER FALLS MONTHLY STATEMENT

T0: Average Residential Homeowner with Market Value of \$96,513

Description

Amount

GENERAL GOVERNMENT (City Council, Elections, Administrative Services, Government Buildings, Community Development, and Legal)

\$2.92

PUBLIC SAFETY (Police and Fire Protection, Street Lighting)

\$10.67

STREET DEPT/ENG TECHNICAL SERVICES (Maintenance and Snow Removal)

\$2.95

CULTURE AND RECREATION (Arenas, Parks and Recreation programs, Regional Library support, and Branch Library building maintenance)

\$4.33

CAPITAL OUTLAY/DEBT SERVICE (Bond Payments, Equipment, Building Improvements, etc.)

\$2.16

MISC. OTHER EXPENDITURES (Liability & Workers' Comp, Operating Transfers to Other Funds, County Assessor fees, Audit fees, etc.)

\$3.05

PLEASE PAY

\$26.08

CITY OF THIEF RIVER FALLS SUMMARY

There was a:

- 1.4% increase in the 2012 General Fund budget
- Planned investment in city-wide capital expenditures of \$5,651,700

But the State has:

- Replaced MVHC with HMVE, which had an impact on the City's tax base.
- Continued to have an unstable budget, which places Local Government Aid funding at risk.

We were able to:

- Maintain the levy at the 2011 level.

CITY OF THIEF RIVER FALLS

QUESTIONS?