

City of Afton 2019 Proposed Budget Overview

The following is an overview of the City of Afton proposed 2019 budget. The proposed 2019 budget reflects an on-going effort to provide sufficient funding to meet current and long term capital improvement needs including street improvements and bridge improvements, as well as to absorb increased costs for fire and police services, while managing the impact on the tax levy.

General Fund Budget

The General Fund Budget includes expenditures and revenues related to the general day-to-day operation of the City.

General Fund Expenditure Highlights

The proposed 2019 General Fund expenditures are \$1,294,776. This is an increase of \$50,886 or 4.1% from the 2018 budget.

An outline of the key items affecting the General Fund expenditures is as follows:

- Wages and Benefits are up \$30,425 or 11.1% due to reclassification of the Office Assistant and Public Works Supervisor positions to higher pay ranges and the higher market-based pay range for the City Clerk.
- Fire and ambulance service expense is up \$11,130 or 4.5%
- Police Service expense is up \$ 9,011 or 5.0% due to a Sheriff's Department budgeting change to avoid actual costs exceeding the cost estimate provided.

General Fund Revenue Highlights

- All revenues are generally flat. While actual Building Permit revenue is higher than the amount budgeted, the City has been budgeting these revenues conservatively.

Tax Levies and Transfers

General Fund Levy

- The proposed 2019 General Fund tax levy is \$1,051,047. This is an increase of \$43,980 or 4.4% over the 2018 General Fund levy.

Capital Improvement Levies

- Street Improvement Levy

The total 2019 levy for street improvements (\$510,500) which is comprised of the \$120,500 Street Improvement Capital Fund levy and the \$390,000 debt service levy for the 2017B Road Bond, reflects an increase of \$50,500 or 11% over the 2018 levy for street improvements, as called for by the long term street improvement funding plan to enable pay-as-you-go funding.

- Bridge Replacement Levy
The Bridge Replacement Fund Levy remains at \$50,000.

Debt Service Levies

- The debt service levy for the 2014 Road Bonds is up \$15,000 or 5.8% to reflect the amortization schedule with increasing payments.

- The debt service levy for the Downtown Improvement Temporary Bonds has been increased by \$7,000 to provide funding for the refinancing of the bonds.

Total Tax Levy

- The proposed 2019 budget results in a total tax levy, including the General Fund levy and the debt service and transfer levies, of \$2,251,291. This is an increase of \$117,505, or 5.51% over the total 2018 levy

Impact of Tax Levy On Property Owners

The proposed tax levy increase of 5.51% would have the following impacts on the City's share of property taxes:

Residential property valued at \$200,000: tax increase of \$33.39, or 5.55%
Residential property valued at \$500,000: tax increase of \$91.65, or 5.68%
Commercial property valued at \$500,000: tax increase of \$155.13 or 5.20%

Street and Bridge Improvements Planning

Streets

To provide sufficient funding for the completion of the remaining 7.5 miles of planned street improvements, as well as to enable pay-as-you-go funding for future street improvements, the long term street improvement funding plan calls for a levy increase of \$55,000 in 2019.

Bridges

The City's bridges are periodically inspected regarding the need for repair or replacement. At this time, one of the bridges is in poor condition and should be replaced in the near future. In 2018, the Council authorized a levy of 49,671 for bridge and other infrastructure replacement, as a first step in providing sufficient funding for bridge replacement needs. The 2019 proposed budget continues this levy in the amount of \$50,000.

Downtown Village Improvement Project

The Downtown Village Improvement Project is now substantially complete. Due to unforeseen additional costs, including costs for addressing issues related to Indian mounds and costs for installing sewer lines to serve Pennington Avenue, there is a funding gap for the project of approximately \$900,000, or about 5% of the project cost. This may cause the need to refinance the temporary bonds used to provide cash flow for the project with a longer term bond issue. The debt service on the longer term bonds could be substantially funded with planned project revenues to be received in the coming years, and by in-place levies for the project. The proposed budget includes an additional levy of \$7,000 for the debt service on a longer term bond issue.

River Road Sewer Line Replacements

The sewer lines that are a part of the "201" sewer system that serves approximately 12 properties on River Road are in poor condition. Efforts are on-going to determine the most cost-effective solution to replace these sewer lines.

Sanitary Sewer Budget and Tax Levy

The 2019 proposed budget includes a separate operating budget for the Sanitary Sewer operation to account for the operating costs of the wastewater collection and treatment system, particularly the costs of the wastewater treatment facility, as well as the user fee revenues necessary to fund the operating costs. The 2019 budget continues a levy of \$15,000 to supplement user fees, if necessary.