

City of Afton 2016 Preliminary Budget Overview

The following is an overview of the City of Afton proposed 2016 budget. The proposed 2016 budget reflects the effort to expand and upgrade high speed internet access throughout the City, the initial debt service payments related to the downtown improvement projects, and additional funding for roadway maintenance.

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 2016 General Fund expenditures are \$1,197,633. This is an increase of \$63,249 or 5.6%, over the 2015 budget. The proposed General Fund budget reflects an effort to address street repair needs while limiting discretionary expenditures.

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

- Crack sealing and seal coating expenditures have increased by \$3,000, or 5.6%
- Road surface maintenance and pothole repair expenditures have increased \$16,000 or 53.3%, to reflect actual expenditure levels and maintenance needs.
- Brush and tree trimming and mowing along roadways and culvert repair expenditures have increased \$14,000 or 56% to reflect actual expenditure levels and maintenance needs.
- Building Inspection Fees are up \$5,250 or 23.1% to reflect additional building and remodeling. (These expenditures are offset by additional building permit revenues.)
- City Administrator pay is increasing by \$5,887, or 6.6%, due to the 3% general cost-of-living adjustment and a step adjustment.
- Fire and Ambulance service expenditures are up \$12,940, or 5.9%, which reflects the Lower St. Croix Valley Fire Department's 20,990, or 4.91% increase in its charges to its contracted cities and a larger cost share for Afton due to the cost allocation formula.
- Police Service expenditures are up \$2,100, or 1.2% based on the estimated cost increase from the Washington County Sheriff's Department

General Fund Revenue Highlights

- Building Permit revenue is up \$8,000 or 12.3%. Other revenues are generally flat.

Tax levies and Transfers

- The levy and transfer for the Road Paving debt service has been reduced by \$50,000, or 16.1% to reflect reduced debt service obtained by the refunding of the road paving bonds.
- A levy and transfer for the interest payments on the temporary bonds for the downtown improvement project has been added in the amount of \$28,000

- A levy and transfer for the debt service on a planned low interest loan from the Public Facilities Authority (PFA) for the wastewater collection and treatment system project has been added in the amount of \$70,000.
- A levy of \$125,000 has been added to pay the cost of the City-wide expansion and upgrade of high speed internet access

Downtown Improvement Projects

The wastewater treatment system is planned to be bid in November of 2015 and constructed in the spring and early summer of 2016. The remainder of the downtown improvement projects are planned to be bid in February of 2016 and constructed in 2016 and 2017. Costs related to interest payments on temporary bonds being used to provide interim financing, and debt service on a planned long term low interest loan from the state Public Facilities Authority to repay the temporary bonds, are included in the proposed 2016 budget.

Tax Levy, Tax Rate and Impact on Property Owners

The proposed 2016 budget results in a total tax levy, including the General Fund levy and the debt service and transfer levies, of \$1,926,467. This is a \$222,284, or 13.04% increase over the total 2015 levy. The three main items causing this increase are the \$125,000 levy for the internet access expansion project, a \$48,535 or 13.2%, increase in debt service (related to the downtown improvement projects) and a \$57,749, or 6.2% increase in the levy to fund General Fund expenditures, particularly street maintenance expenditures.

Tax Rate

Based on the proposed total levy, the City's tax rate would be increased from 27.716% in 2015 to 30.454% in 2016.

Impact on Property Owners

The proposed budget and tax levy would result in the City's share of property taxes on a home valued at \$200,000 being \$570.42, an increase of \$69.31 or 13.83% over 2015. For a home valued at \$500,000 the City's share of property taxes would be \$1,579.85, an increase of \$194.04 or 14.00% over 2015. For a commercial property valued at \$500,000, the city's share of property taxes would be \$2,908.44, an increase of \$344.69 or 13.44%.