

City of Afton 2022 Proposed Budget Overview

The following is an overview of the City of Afton proposed 2022 budget and tax levy. The proposed 2022 budget reflects an on-going effort to provide sufficient staff resources to meet increasing service demands and continue to provide sufficient funding to meet current and long term capital improvement needs, as well as to provide additional speed enforcement and absorb increased costs for contracted services, while managing the impact on the tax levy. The following is a link to the proposed 2022 budget spreadsheet that includes the line-item budget detail.

<https://www.ci.afton.mn.us/index.asp?SEC=7837D5C2-D367-4654-82EA-033913820714>

Total Tax Levy

The proposed 2022 budget results in a total tax levy, including the General Fund levy and the debt service and transfer levies, of \$2,524,653. This is an increase of \$69,241 or 2.82% over the total 2021 levy.

Impact of Tax Levy on Property Owners

The proposed tax levy increase of 2.82% would have the following impacts on the City's share of property taxes:

Residential property valued at \$300,000: tax increase of \$23.81, or 2.56%

Residential property valued at \$500,000: tax increase of \$43.04, or 2.68%

Commercial property valued at \$500,000: tax increase of \$75.15 or 2.53%

General Fund Budget

The General Fund Budget includes expenditures and revenues related to the general day-to-day operation of the City, such as police and fire services, streets and parks maintenance, and general administration.

General Fund Expenditure Highlights

The proposed 2022 General Fund expenditures are \$1,474,714. This is an increase of \$95,646 or 6.9% over the 2021 budget.

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

- Building inspection fees are up \$26,655 or 61.5%, to reflect the increased building permit activity. These fees are more than offset by the building permit fee revenue.
- Fire and ambulance service expense is up \$8,747, or 3.2%
- General Police Service expense is up \$ 6,579 or 3.1%
- Additional patrols expense is up \$3,000, or 17.6% to reflect increased additional speed enforcement patrol hours.
- Accounting fees are up \$5,505, or 16.2% to reflect the transition to a new accounting firm.
- Engineering fees are or 47.8% to up \$12,900 reflect actual expense levels.

General Fund Revenue Highlights

- Building permit fees and zoning permit fees are up significantly. 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 2022 General Fund tax levy is \$1,152,641. This is an increase of \$36,754 or 3.3% over the 2021 General Fund levy.

Capital Improvement Levies

- Street Improvement Levy

The Street Improvement Capital Fund levy is increasing \$19,500 or 8.8%.

- Bridge Replacement Levy

The Bridge Replacement Fund Levy is proposed to remain at \$52,000.

Debt Service Levies

- The debt service levy for a planned condemnation bond has been increased from \$12,000 to \$18,000, in anticipation of the debt service on a planned bond issue to pay the unexpectedly large judgement in the easement condemnation matter involving the Afton House.

Capital Improvement Projects and Funding

Street and Bridge Improvements Planning

Streets

The Street Improvement Capital Fund levy is proposed to be increased by 19,500 or 8.8%. In addition to the street improvement levy, a new source of revenue for street improvements, called the Small Cities Assistance Account for road projects was initiated by the state legislature in 2021. The amount allocated to Afton is \$89,362. It is anticipated that the City will receive approximately that amount in 2022 also. There is not a street improvement project planned for 2022.

Bridges

The 2022 preliminary budget reflects a levy in the amount of \$52,000, which is sufficient to provide adequate funding for bridge repair needs.

Sanitary Sewer Budget

The 2022 preliminary 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 operating the wastewater treatment facility and the costs of periodic maintenance of lift stations and sewer lines, as well as to account for the user fee revenues necessary to fund the operating costs.