

City of Afton 2024 Proposed Budget Overview

The following is an overview of the City of Afton proposed 2024 budget and tax levy. The proposed 2024 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, including police and fire services, while managing the impact on the tax levy. The following is a link to the proposed 2024 budget spreadsheet that includes the line-item budget detail:

<https://www.ci.afton.mn.us/finance>

Total Tax Levy

The proposed 2024 budget results in a total tax levy, including the General Fund levy and the debt service and transfer levies, of \$2,738,555. This is an increase of \$102,420 or 3.89%, over the total 2023 levy.

Impact of Tax Levy on Property Owners

The proposed tax levy increase of 3.89% would have the following impact on the City's share of property taxes:

Median-Valued Residential Homestead Property (\$680,100): City tax increase of \$66.42 or 4.0%

(Based on the estimated market value of the median-valued residential homestead property increasing from \$584,000 for 2023 taxes to \$680,100 for 2024 taxes).

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 2024 General Fund expenditures are \$1,694,380. This is an increase of \$162,521 or 10.6% over the 2023 budget.

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

- Personnel Expenses are up \$66,901, or 19.91% due to additional staffing to better address zoning violations, as well as economic adjustments and position reclassification-based pay adjustments.
- The Snow and Ice Control Expenditures have been increased to \$125,000, which is \$15,000 or 13.6% over the 2023 budget, to reflect actual expenditure levels.
- Fire and ambulance service expense is up \$11,500, or 3.8%
- General Police Service expense is up \$21,082, or 8.5%

Tax Levies and Transfers

General Fund Levy

- The proposed 2024 General Fund tax levy is \$1,362,730. This is an increase of \$181,020 or 15.3% over the 2023 General Fund levy.

Capital Improvement Levies

- **Street Improvement Levy**

The Street Improvement Capital Fund levy is increasing \$158,000 or 53% to reflect the long term street improvement funding plan and the planned reallocation of an existing levy of \$95,000 from the Downtown Village Improvement Project to the Street Improvement Capital Fund.

- **Bridge Replacement Levy**

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

Debt Service Levies

- The debt service levies for the 2020 Disposal System Bonds (River Road Sanitary Sewer Project) are no longer needed to fund the debt service payments and have been reallocated to other uses. The debt service levy for the 2014 Road Bonds is increasing \$8,600 or 2.7% to reflect the amortization schedule.

Capital Improvement Projects Planning

Street and Bridge Improvements Planning

Streets

There are no major street improvement projects planned for 2024.

Bridges

There are no major bridge improvement projects planned for 2024.

Sanitary Sewer Fund Budget

The 2024 preliminary budget includes a separate Sanitary Sewer Fund budget 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 funding for future equipment repairs and replacements. The Sanitary Sewer Fund budget also accounts for the user fee revenues necessary to fund the costs of the Sanitary Sewer Fund.

Through a Request for Proposals process, the routine and periodic maintenance of the three sanitary sewer lift stations was added to the contract for the operation of the wastewater treatment system. This has resulted in a relatively minor increase in the operating costs, but will prevent or reduce the need for major equipment repairs or replacement.

Based on a projection of revenues and expenditures when all properties are connected to the wastewater treatment system, it is estimated that in order to fully fund operational costs as well as provide funding for future major equipment repairs and replacements, the monthly sewer fee will need to be increased in 2024 and in future years. The monthly sewer fee is proposed to increase from \$50 per sewer unit to \$55 per sewer unit in 2024.