

City of Afton 2026 Proposed Budget Overview

The following is an overview of the City of Afton proposed 2026 budget and tax levy. The proposed 2026 budget reflects an on-going effort to provide sufficient staff resources to meet increasing service demands and to continue to provide sufficient funding to meet current and long term capital improvement needs, as well as to continue to provide 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 2026 budget spreadsheet that includes the line-item budget detail:

https://www.ci.afton.mn.us/vertical/sites/%7B255148F5-88B9-45F6-9726-DD95D24AA11D%7D/uploads/Copy_of_Proposed_2026_Budget_9.9.25.9.10.25.9.15.25.9.16xlsx.pdf

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 2026 General Fund expenditures are \$1,995,873. This is an increase of \$92,598 or 4.9% over the 2025 budget.

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

- Personnel Expenses are up \$24,281 or 5.7% due to a proposed 3.5% economic adjustment for wages and an increase of \$10,000 for additional seasonal staff for public works/parks maintenance.
- Building Inspection Fees expense is up \$6000 or 3.7% to reflect a fee increase for Stensland Inspection Services, the City's contracted building inspector.
- Fire and ambulance service expense is up \$48,663 or 15%
- General Police Service expense is up \$4,054 or 1.4%

Revenue Highlights

- In 2025, the City received \$88,000 in Small Cities Street Aid funding from the state. The 2026 budget reflects \$68,000 of Small Cities Street Aid funding, due to a reduction in the aid amount from the state.
- Building Permit Fee Revenue is projected to remain at the 2025 level of \$228,000.

Tax Levies and Tax Levy Transfers

Total Tax Levy

- The proposed 2026 budget results in a total tax levy, including the General Fund levy and the debt service and transfer levies, of \$2,915,448. This is an increase of \$123,880 or 4.44% over the total 2025 levy.

General Fund Levy

- The proposed 2026 General Fund tax levy is \$1,425,303. This is an increase of \$60,263, or 4.4% over the 2025 General Fund levy.

Capital Improvement Levies

- Street Improvement Levy

The Street Improvement Capital Fund levy is increasing from \$488,000 to \$553,700. This is an increase of \$65,700 or 13.5%, as called for in the Long Term Street Improvement Funding Plan.

Bridge/Culvert Replacement Levy

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

Debt Service Levies

- The debt service levy for the 2014 Road Bonds is increasing \$9,800 or 3.0% to reflect the amortization schedule.

Sanitary Sewer Fund Budget and Sewer Fee Increase

The 2026 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, including equipment repair and replacement costs. The budget also includes the costs of periodic maintenance of lift stations and sewer lines. The Sanitary Sewer budget also accounts for the user fee revenues necessary to fund the operating costs.

2026 Sanitary Sewer Fee Increase

Staff has worked with the wastewater treatment system operator to develop a multi-year budget and funding plan worksheet for the operation and maintenance of the wastewater treatment system, the three lift stations, the emergency generators, and the sewer lines.

Based on the budget worksheet's projection of revenues and expenditures, it is estimated that in order to adequately 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 2026 and in future years. The monthly sewer fee is proposed to increase from \$60 per sewer unit to \$65 per sewer unit in 2026.