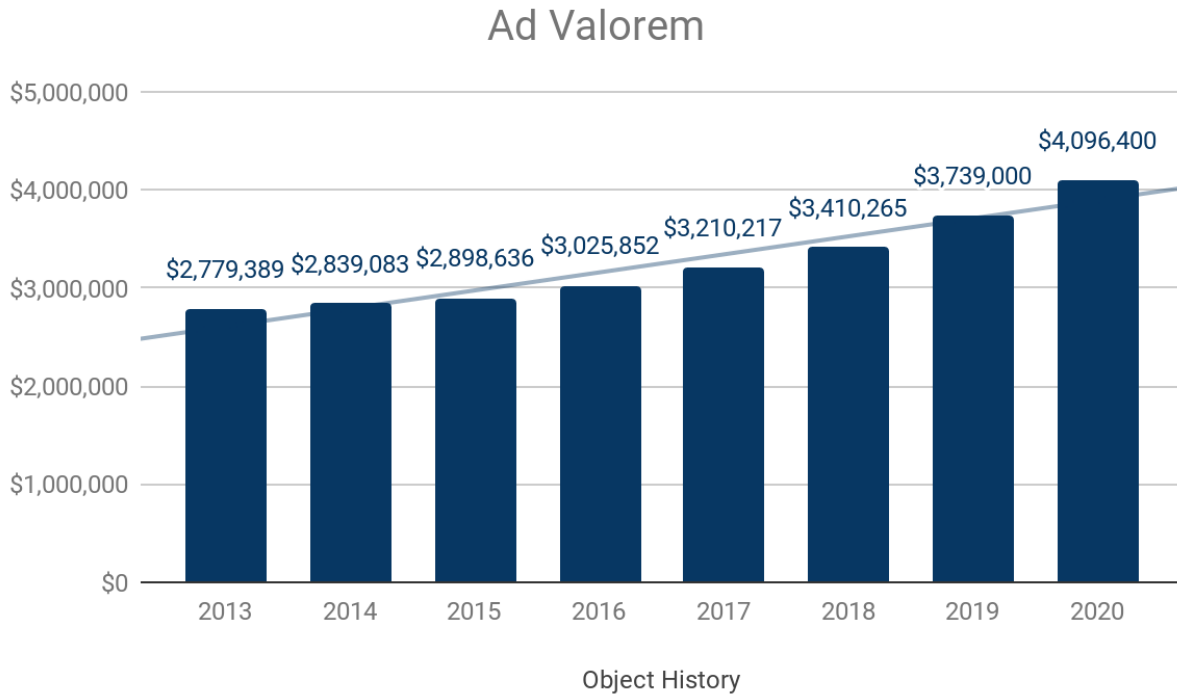


A Guide to Major Revenue Sources Within the General Fund

AD VALOREM TAXES

DESCRIPTION:

A levy against the taxable value of real and personal property. The Town Commission sets the millage rate annually prior to October 1st. One mill is \$1 of tax per \$1,000 of taxable assessed value. The adopted operating millage from FY 2018-2019 is 6.5000.



LEGAL AUTHORITY:

Florida Constitution, Article VII, Section 9
Chapters 192-197 and 200, Florida Statutes

AUTHORIZED EXEMPTION:

All legal Florida residents are eligible for a Homestead Exemption on their homes, condominiums, apartments and certain mobile home lots if they qualify. The Florida Constitution provides this tax-saving exemption on the first and third \$25,000 of the assessed value of an owner/occupied residence.

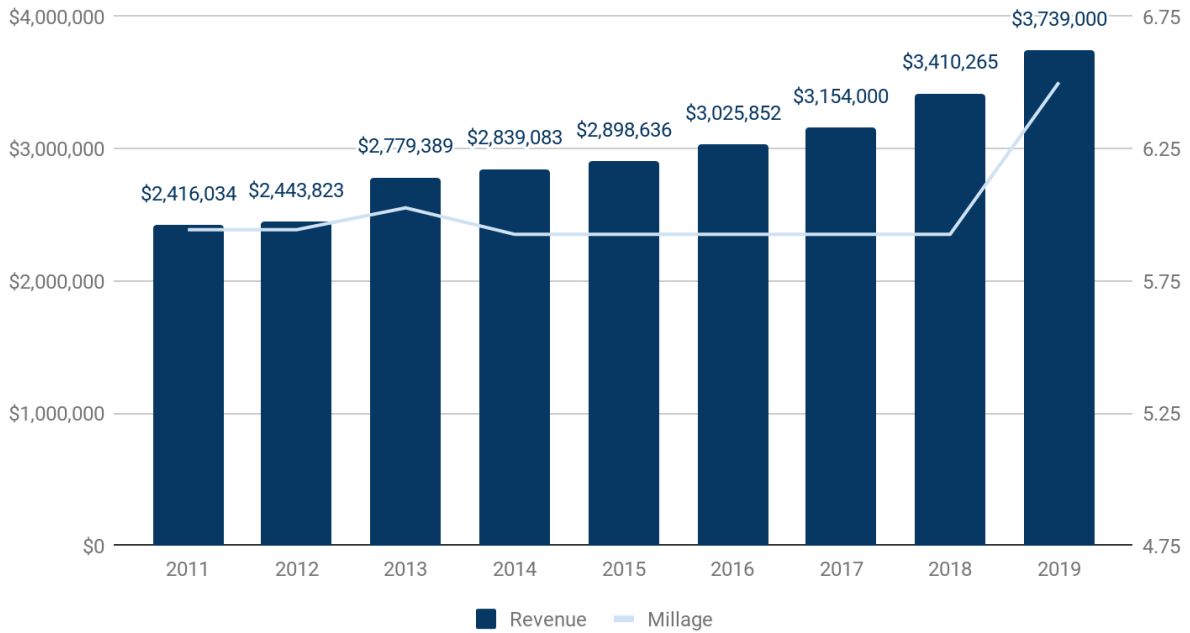
CURRENT METHODOLOGY:

Belleair's millage rate has recently increased from 5.9257 to 6.5000. Belleair has the capacity to levy up to 10 mills for operating expenditures based on State law. The millage rate is set by the Commission each fiscal year. The amount of revenue received through ad valorem taxes is the product of two factors: 1) the tax rate (millage) set by the Town Commission; and 2) the value the Pinellas County Property Appraiser's Office (PCPAO) places upon the property.

The exact amount of proceeds for Ad Valorem revenue can be difficult to calculate exactly due to changes save our homes portability, exemption status and value adjustments. An additional homestead exemption proposed last year was not approved. This forecast includes assumptions for

the Belleview Place properties which will be better understood over the next few years as they are added to the property tax rolls. This number could come in short depending on how many owners carry their Save Our Homes cap from their previous properties.

Millage Against Ad Valorem

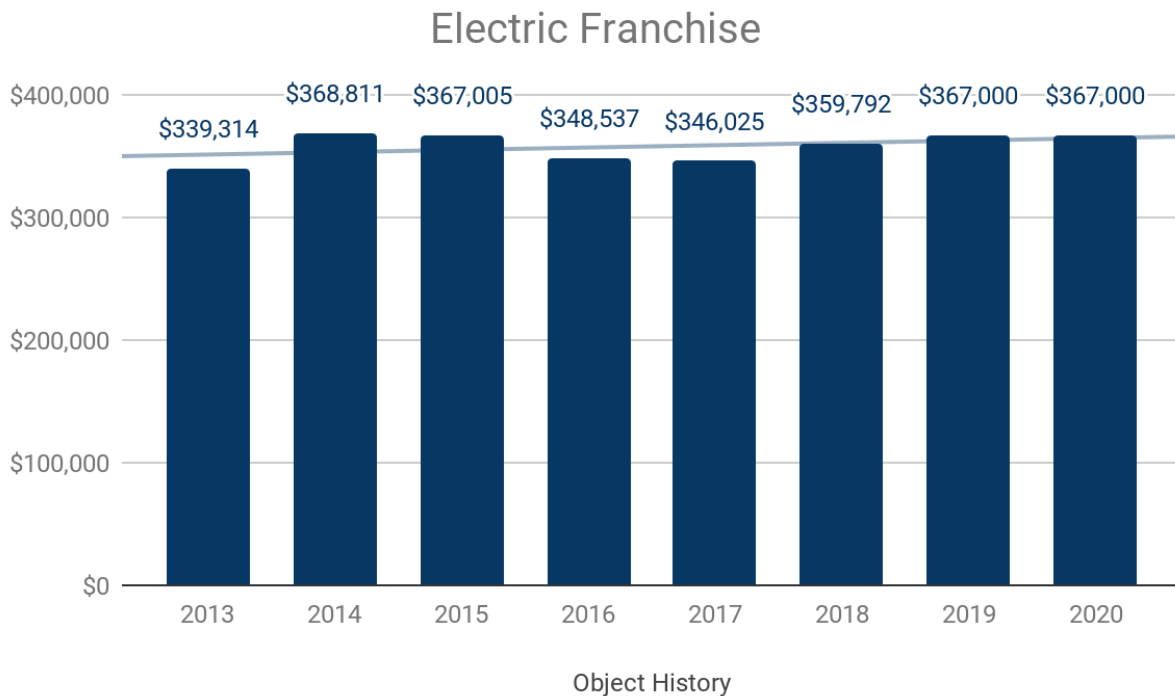


<i>Year</i>	2012	2013	2014	2015	2016	2017	2018	2019
<i>Millage</i>	5.9432	6.0257	5.9257	5.9257	5.9257	5.9257	5.9257	6.5000
<i>Revenue</i>	\$2,443,823	\$2,779,389	\$2,839,083	\$2,898,636	\$3,025,852	\$3,154,000	\$3,410,265	\$3,739,000

ELECTRIC FRANCHISE

DESCRIPTION:

This revenue source consists of payments made for the privilege of operating within the rights of way owned by the Town. The basis for this fee is provided for in a franchise agreement with Duke Energy for payments to the city calculated from gross revenue derived from accounts within Town limits. Any electric sales for streetlights, government, or municipal services are exempted from the franchise fee.



LEGAL AUTHORITY:

Florida State Statute chapter 166.231

CURRENT METHODOLOGY:

The Town is currently expecting revenue amounts to stay the same.

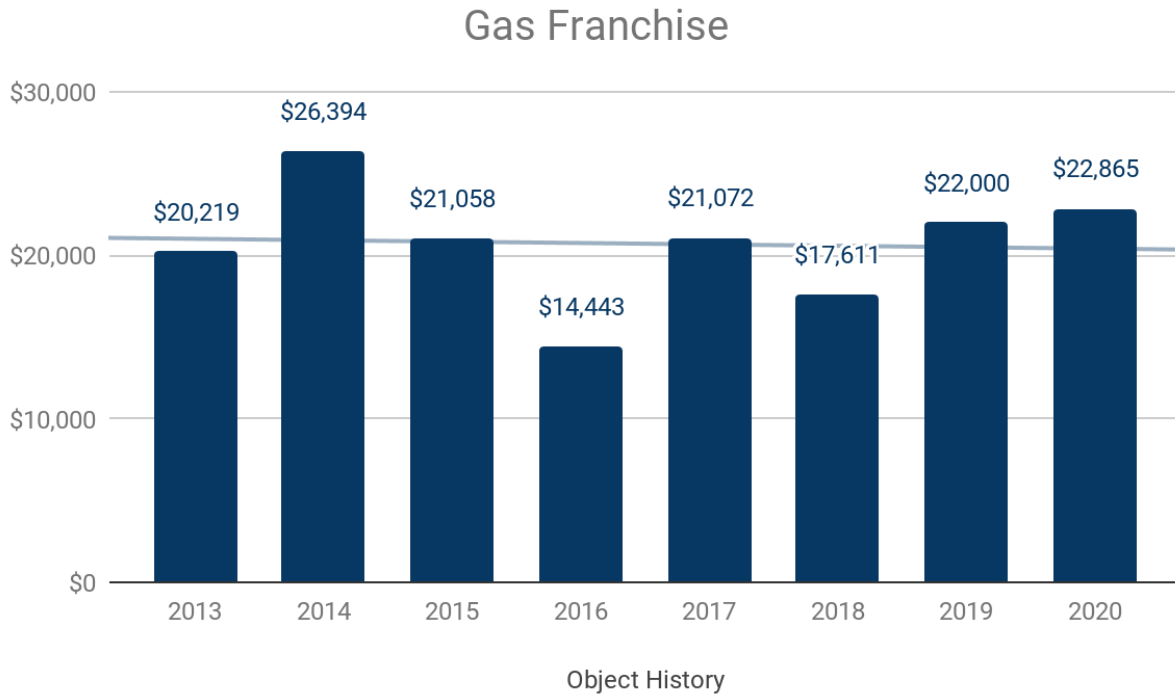
This revenue account is contractually guaranteed through our franchise agreement with Duke Energy. Assumptions utilize historic trends and smoothing during the budget planning phase. The 30-year agreement between the Town of Belleair and Duke Energy will be available for renegotiation in 2036. At the end of the term the Town of Belleair shall have the right to purchase power generation and transmission infrastructure servicing the town, or renegotiate the terms of a future franchise agreement.

Despite this account having a positive trendline, averaging the change in revenue over the past 8 years shows a decrease of \$1,700. Duke Energy is considering price hikes, but staff feels comfortable estimating this revenue at \$367,000.

GAS FRANCHISE

DESCRIPTION:

This revenue source consists of payments made by Clearwater Gas for the privilege of operating within the rights of way owned by the Town. The basis for this fee is provided in a franchise agreement for payments to the Town of 5.5% on the sale of gas within the limits of the Town.



LEGAL AUTHORITY:

Town of Belleair Ordinance No. 298

CURRENT METHODOLOGY:

The two factors that influence the amount of revenue collected are the sale of natural gas to customers within the Town limits and the rate negotiated in the agreement. The agreement between the City of Clearwater and the Town of Belleair is a 30-year agreement that is up for renegotiation in 2020. At this time the Town can request a change in rates.

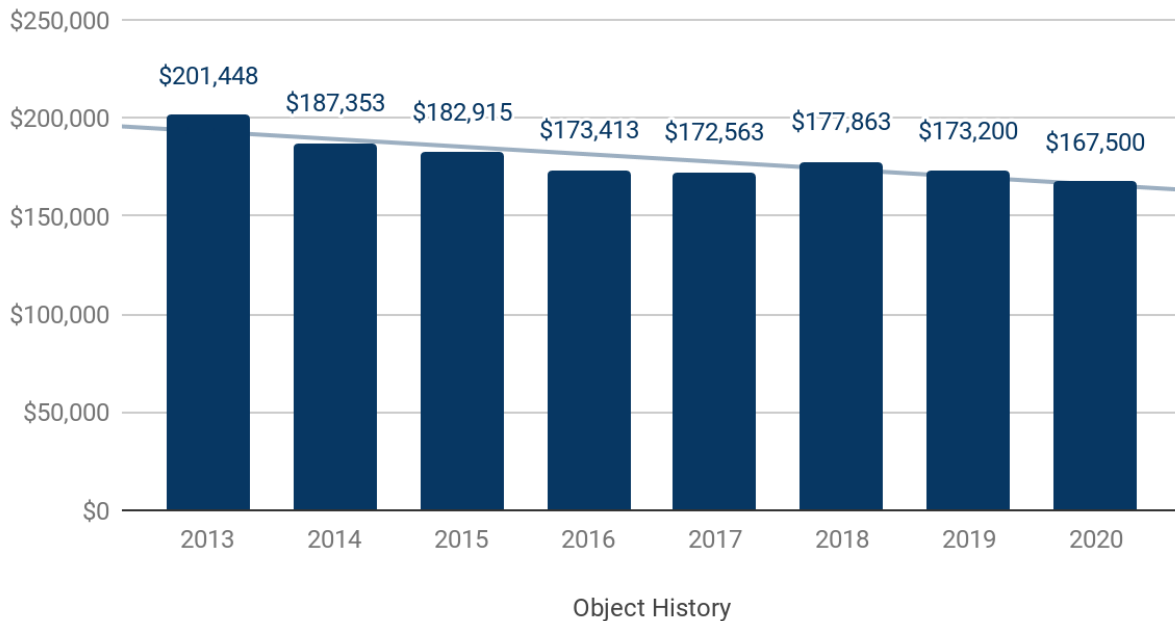
Gas franchise, while relatively stable has seen a small increase of about 3.70%, or \$150, each year. Staff estimates this line to increase by \$850 this year.

COMMUNICATION SERVICES TAX

DESCRIPTION:

Communication services tax (CST) is imposed on each sale of communications services in Florida. Examples include Telephone, video and music streaming, cable, direct-to-home satellite, mobile communications and similar services. Internet access services, sometimes referred to as "data" are specifically exempt, as are sales to governments, religious organizations, schools and assisted living facilities.

Communication Services Tax



LEGAL AUTHORITY:

Florida Statute chapter 202.19, 202.20
Town of Belleair Resolution No. 2001-26

CURRENT METHODOLOGY:

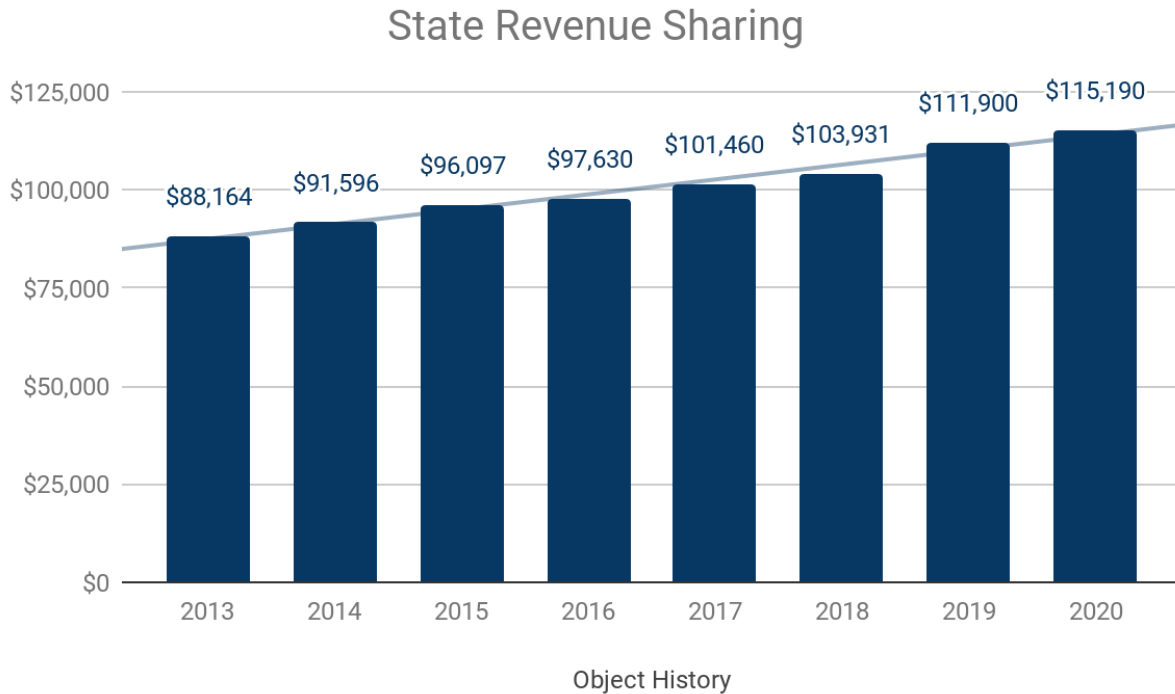
According to the Town of Belleair Resolution No. 2001-26, Beginning on October 1, 2002, the local communications services tax rate shall be five and one-tenth (5.1) percent or such other rate as may be authorized by the Florida legislature and adopted by resolution of the town. Increasing the rate for this revenue source would require authorization by both the Florida legislature and the Town's Commission.

Unfortunately, this line item has been decreasing consistently by about 2% every year, which results in this year's estimate decreasing to \$167,500. The decrease can be directly attributed to the reduction of telephone and cable services being purchased as consumers shift to purchase more internet access. Staff has observed the state increasing enforcement on sales of streaming video services like Netflix and Hulu.

STATE REVENUE SHARING

DESCRIPTION:

The municipal revenue sharing program is administered by the Department of Revenue, and monthly distributions are made to eligible governments. The revenue account reflects a combination of both States Sales taxes and fuel taxes.



LEGAL AUTHORITY:

Florida State Statute chapter 206.605(1), 206.997, 212.20(6)
Florida State Statute chapter 218.20-.26

CURRENT METHODOLOGY:

In order to calculate the municipal sales tax collection estimate, it is first necessary to allocate a share of the sales tax collected within a county to each of its respective municipalities. This allocation is derived based on population. Once that is done, an apportionment factor is calculated by the Department of Revenue for each eligible municipality using a formula consisting of the following equally weighted factors: adjusted municipal population, derived municipal sales tax collections, and the municipality's relative ability to raise revenue via rate increases.

As per the State Statutes, the proceeds will be distributed as follows:

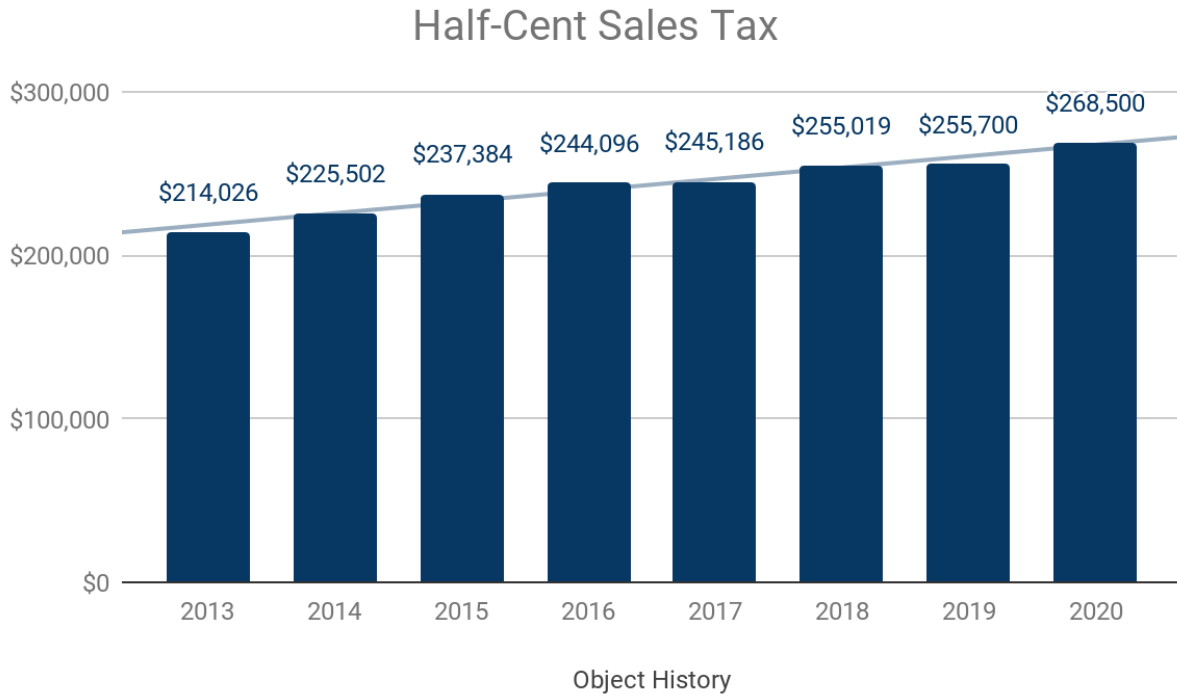
- 50% shall be transferred to the State Board of Administration for distribution according to the provisions of the State Constitution of 1885
- 25% shall be transferred to the Revenue Sharing Trust Fund for Municipalities
- After deducting administrative costs incurred in the collection, administration, and enforcement of the service charge, the remaining 25% shall be divided monthly in the same manner as the constitutional fuel tax found under s. 206.47.

This object has experienced a steady increase of nearly 4% every year. Staff has predicted that this trend will continue, increasing the budget by \$3,300 this year. The total amount for 2019 is \$105,800.

HALF-CENT SALES TAX

DESCRIPTION:

This program generates the largest portion of revenue for local governments among the state-shared revenue sources currently authorized by the legislature. It distributes a portion of state sales tax revenue earmarked for distribution to the county's governing body and each municipality.



LEGAL AUTHORITY:

Florida State Statute chapter 202.18(2)(c), 212.20(6)

Florida State Statute chapter 218.60-.67

Florida State Statute chapter 409.915

CURRENT METHODOLOGY:

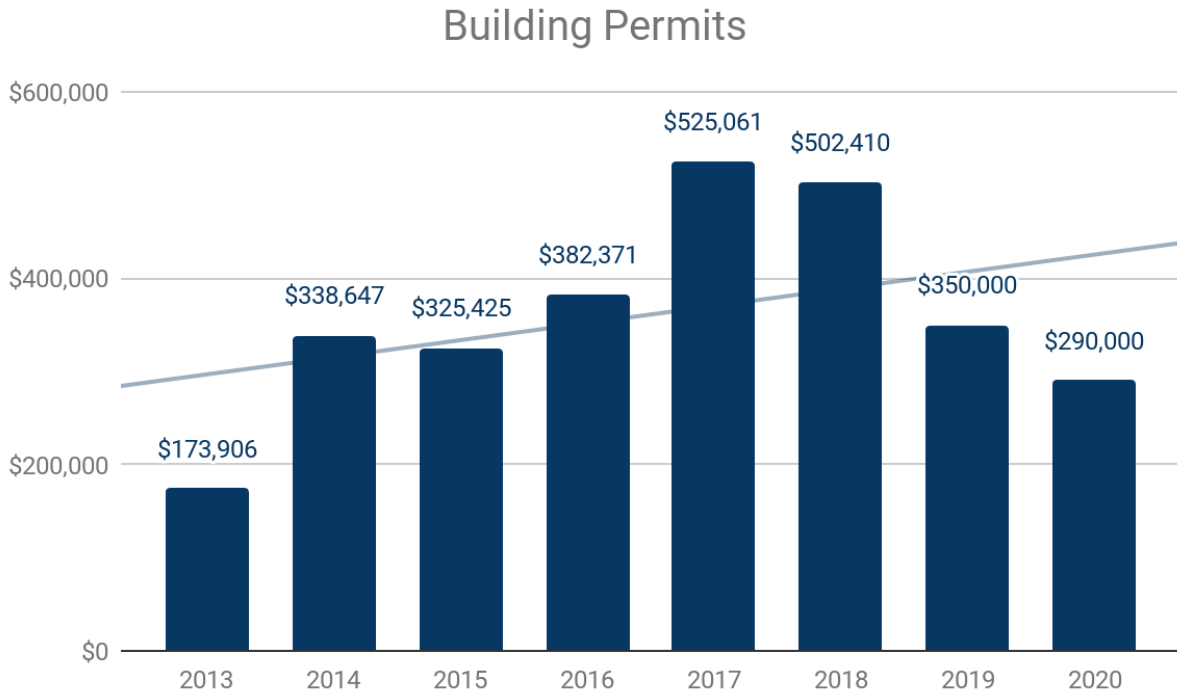
The allocation factor for each municipality is computed by dividing the municipality's total population by the sum of the county's total population plus two-thirds of the County's incorporated population. Each municipality's distribution is determined by multiplying the allocation factor by the sales tax monies earmarked for distribution within its respective county. Only an increase in population or total sales would generate an increase in revenue for the Town of Belleair.

Half-cent Sales Tax can be a line item that is estimated by the state and has a consistently positive trend. This object will increase by \$12,800 in the 2019-2020 budget.

BUILDING PERMITS

DESCRIPTION:

Building revenue is collected from fees and the sale of permits issued to authorize the renovation or construction of homes within Belleair.



LEGAL AUTHORITY:

Town of Belleair Ordinance No. 446

FISCAL CAPACITY:

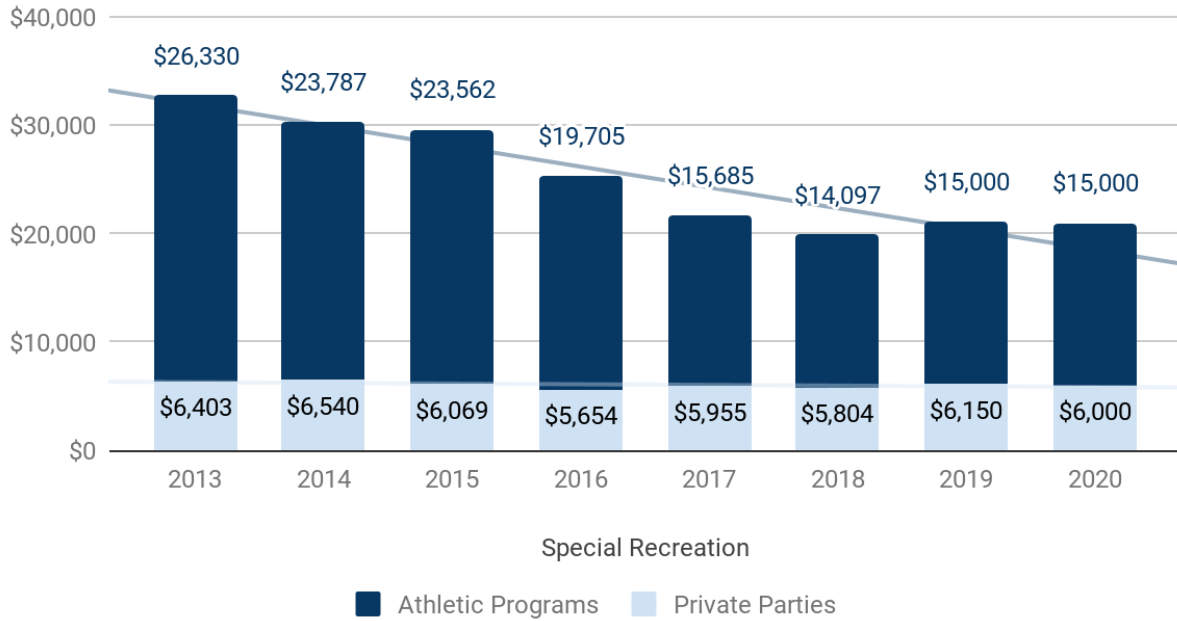
This source of revenue is derived primarily from two components being the permit fee, which is 2% of the total project value, and the administration fee applied to every project. Building Permits experienced a boom between 2016 and 2019 due to the Belleview Place properties and the Pelican Golf Course. As these projects come to a close, this object will resume a normal baseline of \$250,000.

RECREATION PRIVATE EVENTS

DESCRIPTION:

This account is comprised of revenues generated from events that the Recreation Department hosts, such as private parties or athletic programs.

Private Events and Rentals



CURRENT METHODOLOGY:

The largest portion of this revenue is derived from athletic rentals such as sports clubs from private schools, hosted by the Town of Belleair's Recreation Department. Any private parties that the Town agrees to host makes up about 20% of the incoming revenue. This revenue is a relatively stable source, though it can pose a challenge with predicting income.

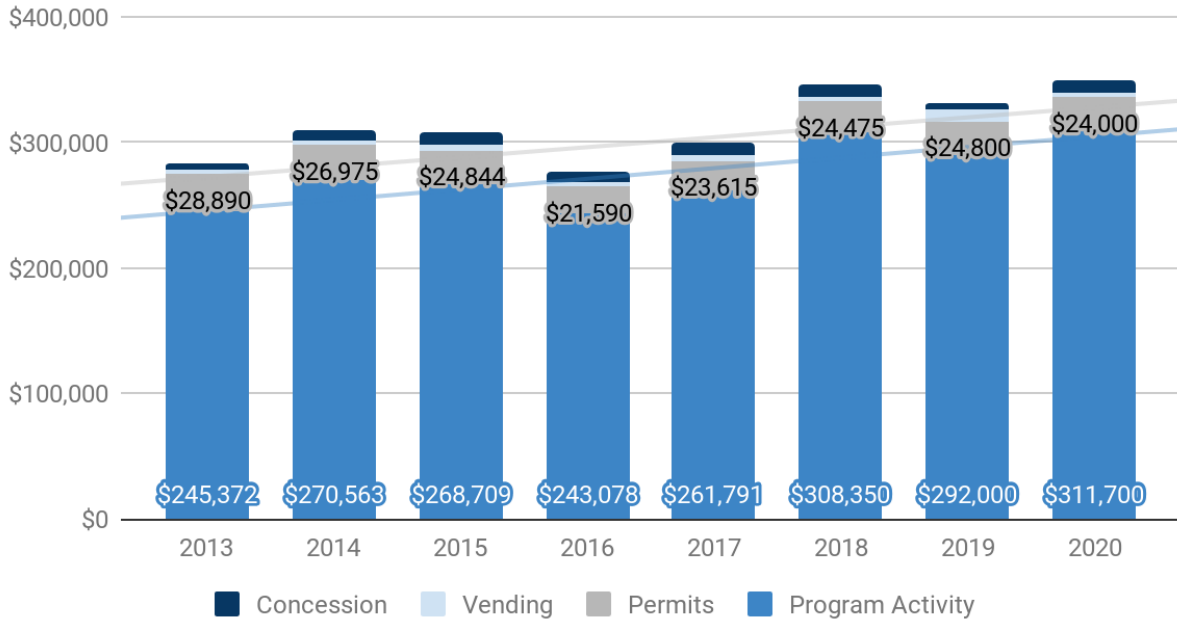
Town Staff is expecting this revenue account to remain stable in the fiscal year 2019-2020.

RECREATION PROGRAMS

DESCRIPTION:

Recreation revenues are generated from the sale of program activities, recreation memberships (permits), vending, concession sales, and the sale of merchandise.

Recreation Programs



FISCAL CAPACITY:

Program activity generates the largest portion of revenue for this segment. The estimates for these programs are generated based on historical analysis combined with smoothing trends. Listed below is a table with the actual revenue for 2013 to 2018, and budgeted revenue for 2019 and 2020.

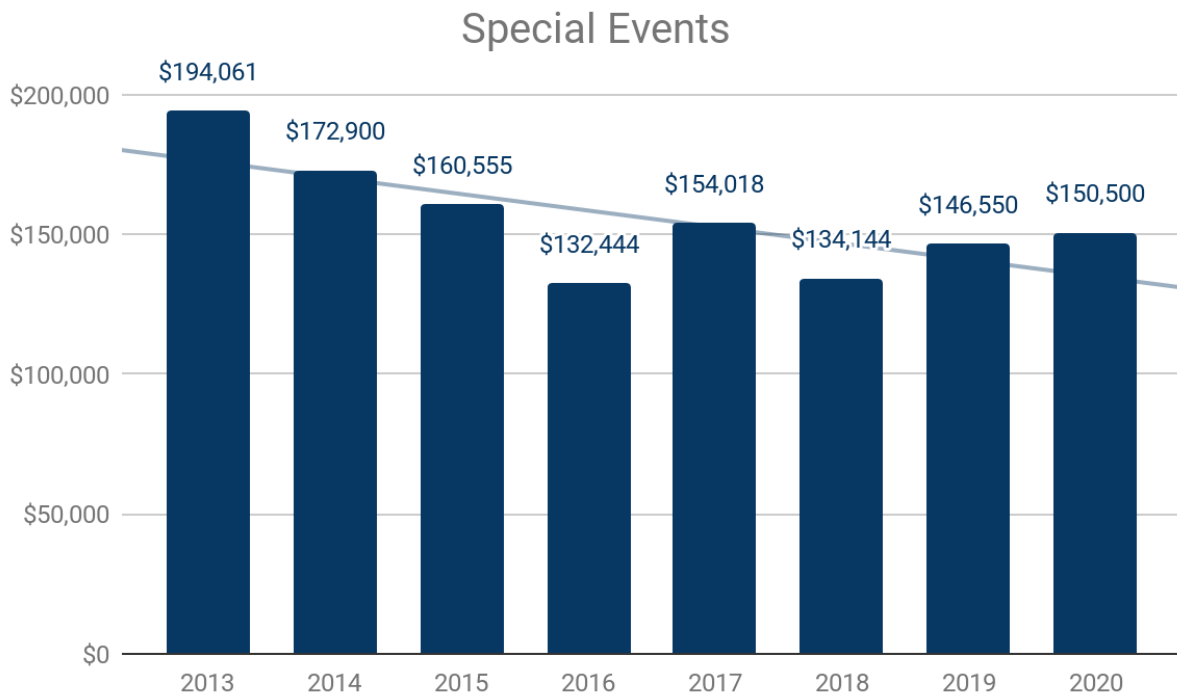
	2013	2014	2015	2016	2017	2018	2019	2020
Program Activity	\$245,372	\$270,563	\$268,709	\$243,078	\$261,791	\$308,350	\$292,000	\$311,700
Permits	\$28,890	\$26,975	\$24,844	\$21,590	\$23,615	\$24,475	\$24,800	\$24,000
Vending	\$3,399	\$3,632	\$3,976	\$3,553	\$3,570	\$2,518	\$9,700	\$3,500
Concession	\$5,815	\$7,755	\$11,056	\$8,307	\$10,086	\$11,200	\$4,100	\$10,000

The Vending and Concession accounts are being switched this year in order to accurately reflect the programs. Program Activity has been experiencing an increase in participation, resulting in more revenue.

SPECIAL EVENTS

DESCRIPTION:

This revenue account is funded from the proceeds of Special Events hosted by the town, including concerts, holiday events, the annual golf tournament, and the annual 5K Fun Sun Run. Revenue is generated from sponsorships, food and beverage sales, user fees and participant registrations



CURRENT METHODOLOGY:

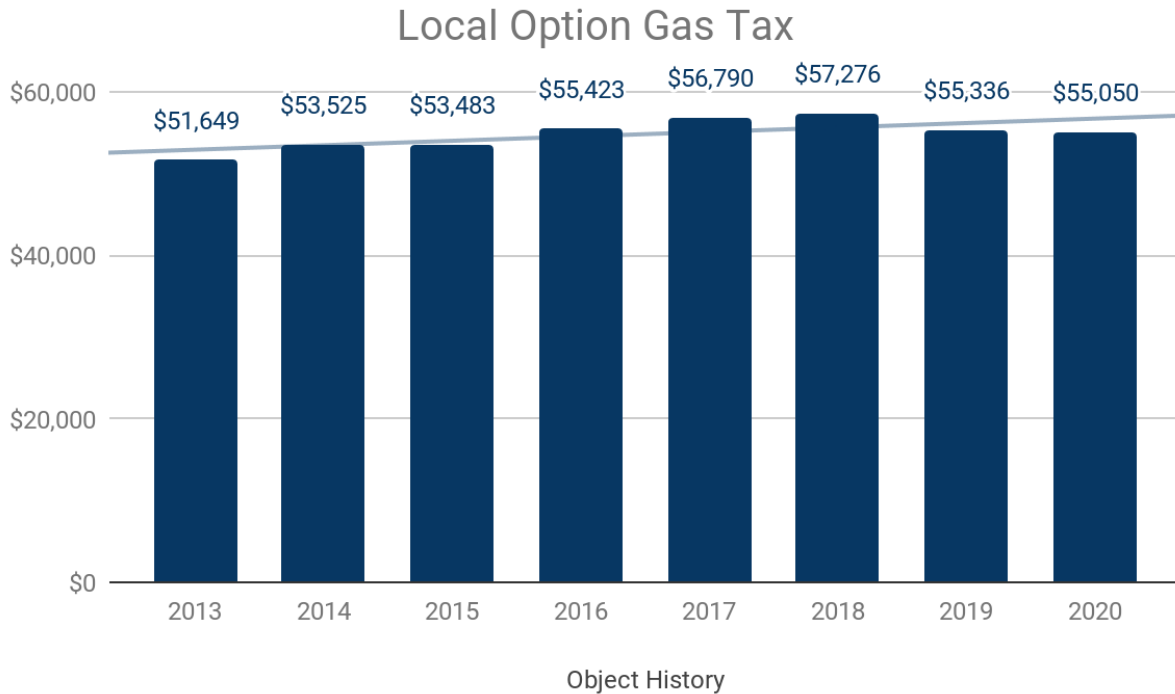
To forecast this line, staff utilizes a historic trend analysis as well as averages of attendance and participation for the events.

In the upcoming fiscal year, there is a projected increase of nearly \$4,000, as this account has historically exceeded revenue expectations.

LOCAL OPTION GAS TAX

DESCRIPTION:

County governments are authorized to levy up to 6 cents on every gallon of motor fuel sold within the county limits. The proceeds may be used to fund only transportation expenditures. Pinellas County is currently levying the maximum rate of 6 cents per gallon.



LEGAL AUTHORITY:

Florida Statute chapter 336.025

CURRENT METHODOLOGY:

The Revenue source is distributed to the Town through an interlocal agreement with the County. The formula for distribution to municipalities is based on population. An increase in the amount of motor fuel sold within Pinellas County, or an increase in the population of Belleair would result in an increase of revenue for the Town.

The forecast is based on Fiscal Year 2020 budget with no assumed increases in revenue.