

Discussion of Fiscal Year 2018-19 Annual Budget

Millage Levy

Each year, as part of the Truth-in-Millage (TRIM) process, the Town of Belleair is required to set a maximum millage levy in the month of July. This is a not-to-exceed millage rate that is included in the TRIM notices that are mailed to property owners in the town before the final budget is approved. For this year the Town Commission has set the maximum millage levy at 6.50000. For purposes of the budget presentation below an assumption of 95% collections at the 6.50000 levy is included for the Ad Valorem portion of the budget. The millage is broken into two portions: 1.25000 is dedicated to the Capital Projects Fund and 5.25000 is for General Fund. This represents a 25% increase for Capital Projects Fund and a 6.6% increase in the General Fund.

Budgeting Method

Staff has prepared preliminary budgets for each department in the General Fund, Water Fund, and Solid Waste Fund, including revenues as well as expenditures for the funds as a whole. This is the first year that the Town of Belleair is converting its budgetary process from a line-item method to a program-based model. The program-based model discusses the actual efforts pursued by each department and any revenues that are directly related to each type of effort. It is staff's hope that this will enhance the way that the town's Annual Budget is communicated to residents, and at the same time provide informative data to improve the effectiveness of each department.

Because the fiscal year 2017-18 budget was completed using the line-item method staff will be using a crosswalk sheet for the revenues, and each department's expenditures, to provide a comparison between budget years.

General Fund Budget Outlook for FY 2018-19

Revenue Totals	2018-19
Operating Income	6,316,660
Total Non-Operating Income	199,201
Total Income	\$6,515,861
Expenditure Totals by Department	
Administration	\$758,940
Building	\$149,710
Support Services	\$2,132,777
Police	1,745,041
Public Works	\$902,219
Recreation	\$821,406
Transfer to Reserves	\$5,768
Total Expenditures	\$6,515,861
Net Income before Reimbursements	\$0

General Fund Budget Outlook for FY 2018-19 (continued)

In reviewing the forecast of revenues and expenditures for the upcoming fiscal year there is currently a transfer to reserves of roughly \$6,000. A summary of these changes is detailed in the attached preliminary Annual Budget for the General Fund.

The values for FY 2018-19 represent the proposed budget. The expenditures listed above include a 1.5% cost of living adjustment (COLA) and a merit increase of up to 3% for employees.

Revenue challenges for FY 2018-19

A detailed listing of revenues for FY 2017-18 and preliminary FY 2018-19 can be found on page 5. Significant reductions in revenues are forecasted in Building Permits \$(25,000) and Sale of surplus assets of \$(13,500).

Expenditure challenges for FY 2018-19

There are multiple expenditure areas that are anticipated to increase for FY 2018-19 which are summarized in the table below:

Expenditure Description	Magnitude (\$)
Police Pension Payment (net of carryover)	\$32,800
Property & Casualty Insurance	\$20,000
Contractual increases for Police	\$48,000
Pinellas County Sheriff's Office agreement	\$4,000
Largo Fire & Rescue Services	\$27,000
Health Insurance	\$66,000
Additional Critical Needs Capital Set-aside	\$20,000
Additional Critical Needs Capital Purchases	\$5,000
Total	<u>\$222,800</u>

The Police Pension payment fluctuates each year depending on the most recent actuarial calculation of liability. The most recent calculation was slightly higher, partly due to increased overtime expenses related to Hurricane Irma. The increase to Property & Casualty is partly a result of adding the town's street lights to the schedule of insured property in the open. Generally property insurance in the marketplace increased in response to the significant hurricane-related claims last year. Largo Fire & Rescue is calculated using a measurement of city costs known as the municipal cost index, which this year was calculated at close to 5%. The health insurance renewal increase is 14%, which is higher than in past years.

The capital equipment set-aside amount for the Police Department reflects an increase of \$16,500 to fund future replacement of the radio system, tasers and other equipment.

In reviewing current year capital purchase needs an expenditure of \$31,800 has been included for an urban forestry vehicle in the Public Works Department as well as \$20,000 for police radio purchases.

Additional Reserves from Millage Increase

Following Hurricane Irma fund balance for the General Fund has been reduced to approximately \$1,200,000, which is below its minimum required level. The town is not anticipating repayment from FEMA until fiscal year ending 2019. Included in this budget is a \$95,000 placeholder in the Administration Department under Maintenance of Equipment related to future capital replacement needs, including security improvements in town government facilities.

The increased millage rate of 5.25 for General Fund presents an opportunity to transfer additional funds for future capital needs while also ensuring that the minimum fund balance is maintained in the General Fund. Although the town has worked to set aside funding in the Capital Equipment Replacement Fund over the course of several years, in the past year we have seen that there are items that were not considered, such as the roof and electrical panel at Town Hall. The Dimmitt Community Center is already roughly ten years old, and as that facility and Town Hall continue to age it is important that sufficient funds are available to keep them functioning properly.

Water Fund FY 18-19

	17-18	18-19
Revenues	Amended Budget	Proposed
Water Utility Revenue	\$1,480,000	\$1,564,000
Water Tap Fees	\$600	\$5,600
Interest	\$1,000	\$1,000
Capital Reserves	\$0	\$610,075
Transfers In	\$55,000	\$0
SWFWMD Grant	\$0	\$509,900
Revenue Total	\$1,536,600	\$2,690,575

	17-18	18-19
Expenditures	Amended Budget	Proposed
Personnel	\$553,000	\$578,400
Operating	\$433,665	\$513,700
Capital Expense	\$120,285	\$1,119,975
Transfers	\$65,600	\$0
Admin. Fees	\$364,050	\$478,500
Expenditure Total	\$1,536,600	\$2,690,575

Net Surplus/(Deficit) from Operations	<u>\$0</u>
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Water Fund Budget Outlook

The Water Fund presently includes a transfer to reserves of \$114,450. On a budgetary basis the Water Fund is balanced, however the transfer to reserves amount can be interpreted as the operating surplus which is to be used for future capital replacement needs. Included in this budget is rehabilitation of one well in the amount of \$30,000 and additional Water Plant equipment needed for chlorine treatment in the amount of \$70,000. Additional well rehabilitations are needed and will be added to the capital replacement schedule for future years.

Solid Waste Fund FY 18-19

	17-18	18-19
Revenues	Amended Budget	Proposed
User Fees	\$805,500	\$825,000
Grants	\$3,000	\$3,300
Miscellaneous	\$60,500	\$1,000
Reserve	\$355,853	\$69,350
Transfers	\$0	\$0
Revenue Total	\$1,224,853	\$898,650
	17-18	18-19
Expenditures	Amended Budget	Proposed
Personnel	\$414,900	\$316,600
Operating	\$250,150	\$259,250
Capital Expense	\$355,853	\$113,200
Transfers	\$203,950	\$209,600
Expenditure Total	\$1,224,853	\$898,650
Net Surplus/(Deficit) from Operations		\$ 0

Solid Waste Fund Budget Outlook

The Solid Waste Fund presently includes a transfer from reserves of \$69,350. On a budgetary basis the Solid Waste Fund is balanced, however the transfer from reserves amount can be interpreted as the operating deficit. Included in this budget is depreciation expense of \$113,200 which will be added reserves to fund future capital purchase needs. This amount has increased in this budget year with the conversion of the Solid Waste Fund's fleet to newer vehicles with a five-year replacement schedule. This will assist in reducing maintenance costs and maximizing proceeds from the sale of capital assets.