

## **Discussion of Fiscal Year 2024-25 Annual Budget and Maximum Millage Levy**

### **Maximum 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 the property owners in the Town before the final budget is approved.

### **Budget Method**

In preparation of this year's maximum millage levy, staff have prepared the preliminary budgets for each General Fund Department based on a line item budgeting method. Each line item describes the type of revenue and the classification (personnel, operating or capital outlay) and description of the type of expense.

### **Preliminary Budget Outlook for 2024-25**

In reviewing the forecast of revenues and expenditures for the upcoming fiscal year, there is currently a deficit of nearly \$700,000. A Summary budget is attached that details by Department the projected deficit.

A detailed list of projected revenues is also attached. Staff have estimated ad valorem tax revenue based on the Pinellas County Property Appraiser's 2024 Taxable Value as of July 1, 2024. Staff is not anticipating any significant variations to the estimated tax revenue projections that are provided today with the budget that will be submitted in September for approval.

The proposed personnel budget does not include a cost of living adjustment (COLA) increase. There is, however, an up to 4% merit increase included in this budget.

The operating budget includes anticipated costs of all contractual agreements, including consultant costs, and facility maintenance costs to appropriately address aging infrastructure as well as equipment maintenance.

Staff have reviewed the capital asset list and have requested replacement of those items that are in critical need due to age, service capacity or required to address future maintenance. This budget includes a transfer from the General Fund (\$310,703) to the Equipment Replacement Fund to set a reserve at 15% of equipment value. The current value of equipment is \$3,520,952, a 15% reserve amounts to \$528,145. Historically, this fund has not received appropriate allocations to allow proper planning of equipment replacement or to have funds set aside for emergency purchase of equipment for the Town. The ending fund balance of this fund is projected to be \$185,442 at 9-30-24.

### **Recommendation for Maximum Millage Levy**

Staff will continue to work in the coming weeks to identify opportunities for cost reduction as well as increased revenue streams, such as increases in permitting fees, prior to presenting the final budget in

the upcoming Commission meetings. At the same time, staff is recommending that the maximum millage rate be set to a level that is sufficient to significantly reduce the budget deficit. To balance the proposed budget an increase of almost a full ½ mill or .4977 mills, or an equivalent of \$49.77 per \$100,000 of taxable value would be required. This increase would bring the total millage rate for the Town of Belleair to 6.9777.