



Legislation Text

File #: 24-0106, **Version:** 1

Summary

To: Town Commission
Via: Gay Lancaster, Town Manager
From: Tina R Porter, Finance Director
Date: 7/9/2024

Subject:

Maximum Millage Levy Approval FY 2024-25

Summary:

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.

Previous Commission Action: Town Commission has reviewed the draft FY 2024-25 budget that included a proposed deficit in the General Fund. Additional discussion included the proposed budget for the Equipment Replacement Fund which receives revenue from the sale of capital assets, interest and dividends and from transfers from the General Fund.

Background/Problem Discussion: The draft FY 2024-25 budget is not balanced, meaning expenditures exceed anticipated revenues.

Expenditure Challenges: Establishing a conservative 15% margin for the Town's unplanned replacement or emergency purchase of additional equipment to bridge the approximate \$525K gap.

Financial Implications: If the budget is not balanced through increased revenue, millage increase, or a reduction in expenses, the unreserved fund balance must be used to offset the deficit. This is a short-term solution and cannot be carried over year to year because the Town has adopted financial polices wherein the General Fund must maintain a reserve of 20% of personnel and operating expenditures and current accrued compensated absences balance. The unassigned fund balance as of 9-30-23 was \$4,047,069; operating expenditures totaled \$8,174,773 and current compensated absences was \$109,476. Based on this information, the required reserve for the General Fund balance is \$1,744,430. After the reserve set aside, the remaining unassigned fund balance that could be used to offset the draft deficit would be \$2,302,640. Rather than drawing down this important "Rainy Day Fund" which every prudent government must maintain, staff is proposing the establishment of a 15% Reserve (based on the total value of the Town's equipment) for the operation and maintenance of the Town's equipment and facilities.

Recommendation: I request approval of the maximum millage rate levy of 6.9777

Proposed Motion: I move approval of the maximum millage rate levy of 6.9777