



FY2024 and FY2025 PROPOSED BIENNIAL BUDGET

Overview

April 10, 2023

Budget Document

2-Year Biennial Budget for FY2024 and FY2025 (FY denotes fiscal year ending June 30)

Budget Adoption requires:

- 2 readings of ordinances (Appropriating Revenues and Personnel Ordinances);
- 2 public hearings; approval of two resolutions with format required by state law;
- Approval of the budget document that may also include changes approved on the floor.

Key Dates

Formally receive budget

Departmental Budget Workshops

First Public Hearing

Second Public Hearing

Third Public Hearing/Final Adoption

April 12, Council Mtg

May 6, most departments

May 8, Water & Sewer

May 22, School Department

May 10

May 24

June 14 (if needed)

Two-Tier Percentage Critical to Tax Bill Preparation

- We are asking the Council to approve as soon as reasonably possible the percentage of average assessed value at 12/31/22 to apply to the owner-occupied residential properties
- Each application has to be entered into 2 different tax systems in order to set up the tax bills for printing and mailing, and that can't be done until we know the percentage of exemption to apply.
- Tax bills generally get mailed out in the first two weeks of July so that people have them for the 1st quarter due date of August 5.

Budget Format

The budget document contains a lot of information. Some key pages include:

- Detailed line item General Fund revenues on pages 44-45
- General Fund Tax Rate Calculation on page 48
- Line Item General Fund expenditures on pages 51-58
- Consolidated Debt Schedule on page 40
- Parking, Equipment Operations, Maritime, Water and Sewer Budgets behind their respective tabs
- Capital Budget behind respective tab
- Employee pay plans are found at Appendix 1

Budget Format (cont.)

Document also includes certain operational, budget and financial policies; City profile information; information on long-term goals, individual departmental goals and statistics; a glossary on terminology; and a wealth of other information.

The budget is designed to comply with best practices and the budget award program of the Government Finance Officer's Association.

General Fund Budget Increase

	FY2023	FY2024	FY2025
Proposed Expenditures	\$105,030,930	\$110,179,691	\$113,663,017
Percentage Increase		4.9%	3.16%
Revenues Other Than Tax	\$22,257,135	\$24,434,718	\$24,639,193
Property Tax Revenue	\$82,773,795	\$85,744,973	\$89,023,824

PROPOSED TAX RATES

	FY2023	FY2024	FY2025*
Residential Rate	\$9.61		
OOCR		\$9.92	\$10.30
NOOCR		\$10.93	\$11.70
Commercial Rate	\$14.41	\$14.88	\$15.45
OOCR Exemption		\$111,722	\$148,963

*FY2025 are preliminary numbers only

TAX RATES (cont)

Overall residential and commercial increases are 3.23% and 3.26%, respectively

NOOCR increase is 13.74% in total






Budget Drivers

	FY2024	FY2025
Solid Waste Contract	743,750	120,000
Benefits incl P & F Pension	546,223	131,690
Salaries, OT, Holiday Pay	1,278,063	1,170,740
Transfer to OPEB Trust	1,555,098	811,351
School Department	681,942 (2.5%)	559,192 (2%)
Capital Budget	575,634	534,326

EMPLOYEE COLA'S

	AFSCME	NEA	IAFF	FOP	NU
FY2018	2.00%	2.00%	2.00%	2.00%	2.00%
FY2019	2.00%	2.00%	2.00%	2.00%	2.00%
FY2020	2.00%	2.00%	2.00%	2.00%	2.00%
FY2021 July 1, 2020	1%	1%	2.00%	1.50%	0.00%
FY2021 January 1, 2021	1%	1%		0.50%	
FY2022	\$ 2,500	2%	1.75%	2.50%	1.00%
FY2023	\$ 1,000	N/C	1.75%	2.75%	1.75%
FY2024 (Proposed)	\$ 2,500	N/C	1.75%	2.75%	2.50%

REVENUES

- M&B Tax - projected at \$3M in FY23,24 & 25  of \$550,000
- Hotel Tax - projected at \$3.6M in FY23,24, & 25 -  of \$600,000
- State Aid not anticipated to change by much
- Special Detail  by \$230,000 but offset by expense
- \$80,000  in parking tickets in FY24 and \$200,000 in FY25
- Beach Parking  by \$125,000 based on FY22 actuals

RESIDENTIAL TWO-TIER TAX PROGRAM

INFORMATION BASED ON ANALYSIS OF APPLICATIONS AND TAX SCENARIOS



Terminology

OOCR - Owner-Occupied Residential Taxpayer that was approved based on application submitted during the open application period

NOOCR - Non Owner-Occupied Residential Taxpayer - those that are not eligible and/or did not submit an application during the open application period

AAV - Average assessed value of all residential properties at 12/31/22

PROPOSED RATES

The Proposed Budget includes an exemption for OOCR approved applicants of 15% of the average assessed value (AAV) at 12/31/22 in FY2024 and 20% of the AAV in FY2025

The average assessed valuation at 12/31/22 is \$744,815

The 15% exemption would reduce OOCR properties by \$111,722 in FY2024 and by \$148,963 in FY2025 (using the 12/31/22 AAV)

Two-Tier Residential (cont)

How does this work?

- The tax rates were calculated for residential in total and commercial to determine what rates were needed to bring in the desired tax levy.
- We determined that tax rate increases of 3.23% and 3.26% were needed for residential and commercial, respectively.
- We split the assessed valuation of residential property into OOCR properties and NOOCR properties based on the value of the OOCR properties.
- The exemption of \$111,722 (FY24) was given to each OOCR property and the total value of the exemptions was subtracted from the value of OOCR property in total.
- We then determined what tax rate on NOOCR properties would be needed to restore the levy back to the initial determined need.

Two-Tier Residential (cont)

Why we chose 15% and 20%

- 15% gives most approved applicants a savings of \$800-\$1,000 in their tax bill even with the tax rate increase of 3.23%. All OOCR taxpayers with houses valued at under \$3.5M will see some kind of savings.
- The impact on NOOCR is an increase to the tax rate of 13.74%.
- Stepping up to a higher exemption amount in FY2025 will help to offset the proposed tax increase of 3.8% plus the impact of the required statistical update (revaluation).