

City of Belle Isle



1600 Nela Ave. Belle Isle, FL 32809
407.851.7730 | FAX : 407.240.2222

August 6, 2024

Honorable Mayor, Members of the City Council, and Citizens of Belle Isle:

We are pleased to submit the FY 2024/2025 Proposed Annual Budget and Capital Improvement Program in accordance with the City Charter. This budget is based on the direction provided by the City Council and our current financial status, revenue trends, economic data, and our standard of providing top-level service while maintaining our focus on keeping Belle Isle the best place to live, work, and play for our community.

Over the past year, the city has continued to progress, emphasizing the repairing and replacing of sidewalks throughout the city, landscaping efforts, stormwater maintenance, construction of the new police boat dock, and upgrades to our City Hall and Police station. The city is in the process of a Stormwater Utility Rate Study, updating our Comprehensive Plan, and enjoying the city's 2024 Centennial Celebrations.

This budget represents a balanced budget for the upcoming fiscal year and maintains the current level of service to the community. The city maintains the same millage rate of 4.4018 adopted since FY 2010/2011. The city continues to use ARPA funding for essential projects which has helped fund expenditures. The General Fund ending fund balance is \$1,780.834 in this proposed budget. This fund balance equates to 18.9% of revenues, which is lower than the 25% recommended by the Budget Committee. Also, in this draft budget is a 35% increase in fire protection due to the proposed 0.6 millage increase by Orange County.

The city continues to partner with ClearGov, a financial transparency platform, to provide an infographic-based fiscal dashboard for a more inclusive and transparent budget and financial process. Throughout the year, residents can review the budget and budget activity, historical budget data, and financial reports by visiting <https://cleargov.com/florida/orange/city/belle-isle>.

THE BUDGET

The budget represents the official organizational plan by which city policies, priorities, and programs are implemented. It also details the revenues and expenditures for the fiscal year and serves as a planning and communication tool for residents, businesses, and employees about how the city's financial resources are allocated to provide services to the community.

Belle Isle's fiscal year is from October 1st through September 30th. The city has seven governmental funds – the general fund, five special revenue funds, and one capital project fund. Revenue projections are based on historical data and financial forecasts provided by city staff, Orange County, and the Department of Revenue Office of Tax Research for state-shared revenues.

The general fund provides approximately 96% of the total operating budget for all governmental funds. The total proposed city budget (all funds), including reserves, is \$13,403,339.

As an overview, here is the proposed budget for FY 24/25 for all funds compared to the FY 23/24 budget:

FUNDS	FY23/24 BUDGET	FY 24/25 PROPOSED
General Fund	11,384,101	12,869,505
Transportation Impact Fee Fund	119,688	128,226
Stormwater Fund	56,165	358,698
LE Education Fund	27,324	29,923
Parks Impact Fee Fund	0	781
Gen Govt Impact Fee Fund	0	1,023
Equipment Replacement Fund	13,673	15,183
TOTALS	11,600,951	13,403,339

THE BUDGET PROCESS

With the Council's goals for the upcoming year, departments prepared their budgets and reviewed them with the finance director. Then the finance director put together a draft proposed budget and discussed it with the City Manager. The proposed budget was given to the budget committee for review in June. They are responsible for reviewing and making recommendations regarding the annual operating budget and capital expenditures as proposed by the City Manager.

The following individuals serve on the committee:

- District 1: Nate Davenport
- District 2: Jackie Hoevenaar (Secretary)
- District 3: Nash Shook (Chair)
- District 4: Kevin Pierre
- District 5: Kirk Leff
- District 6: John Evertsen
- District 7: Vacant

The Budget Committee held a meeting on July 12, 2024, to review the final proposed draft budget. They approved the final draft budget with changes. The budget was given to the Council before the August 6th budget workshop.

The Charter requires that on or before the first council meeting in August of each year, the City Manager shall submit to the Council a budget for the ensuing fiscal year and an accompanying message. The Council will hold a series of workshops on the budget, which are scheduled this year for August 6th and August 22nd (if necessary). Then, the city will hold two public hearings on the budget, which are scheduled this year for September 3rd and September 17th. The Council adopts the budget at the second public hearing. These meetings allow the public to participate in the budget process. Any person may appear to discuss any item in the budget. Once adopted, the budget is published on the city's website and takes effect on October 1st.

AMERICAN RESCUE PLAN ACT (ARPA)

The Coronavirus State and Local Fiscal Recovery Fund (SLFRF) authorized by the American Rescue Plan Act (ARPA) provided financial support to all state and local governments to help support funding from lost revenues and to make infrastructure and safety enhancements. Belle Isle received over \$3.6 million in ARPA funding. All funds must be obligated by the end of 2024 and spent by the end of 2026.

GENERAL FUND – FUND 001

The **General Fund** is the primary operating fund for the city. It accounts for all general revenues of the city not explicitly levied or collected for other city funds and related expenditures. The General Fund provides the following direct services to the community: Public Safety (Police, Fire, and Dispatch Service); Legislative (Mayor and City Council); General Government (City Manager, Finance, Human Resources, City Clerk, City Attorney, Planning, and Building); and Public Works (Street and Infrastructure Maintenance, Parks, and Urban Forestry).

REVENUES

General Fund revenues are from the following sources: taxes; special assessments; intergovernmental revenues; licenses and permits; fines and forfeitures; public charges for services; and other miscellaneous revenue. This budget calls for no new revenues in the general fund. When projecting ad-valorem and non-ad-valorem taxes, we anticipate a collection rate of 95%.

Ad Valorem Taxes

The proposed property tax millage rate for FY 24/25 remains unchanged at \$4.4018 per one thousand dollars (\$1,000) of assessed value. The current year’s taxable value for property in Belle Isle is \$1,109,529,596, a 6.1% increase from \$1,045,718,431. The total budgeted ad valorem revenue is \$4,639,731, an increase of 6.1% from last year’s ad valorem revenue of \$4,372,891. The current year’s budgeted ad valorem revenue is based on the total property valuation for taxation, the general economic environment, and a collection rate of 95%. This increase in ad valorem is due to increased property values and the property appraiser assessments, **not** a tax increase or millage rate increase done by the city.

Non-Ad Valorem Assessments

A non-ad valorem assessment is a special assessment or service charge not based on the property’s value. Non-ad valorem assessments are assessed to provide certain benefits to your property, including services such as security, lighting, and trash disposal. Currently, the city only has a solid waste non-ad valorem assessment in the general fund and a stormwater assessment in the stormwater fund. The city approved a new 5-year contract for the solid waste and recycling company. Therefore, the residential rate will stay at \$305.40 annually. The total expected revenue from solid waste assessments is \$766,814.

Other Revenue Sources (Combined)

The city also collects gas tax, utility tax (collected only on propane), license and permit fees, franchise fees (electric and solid waste), state-shared revenues, fines, rent revenue from the charter school, and other miscellaneous revenues. These revenues make up \$3,999,996 or 42.5% of the general fund revenues.

General Fund Revenue Breakdown

The chart below depicts the breakdown of various revenue types and compares FY 23/24 to the FY 24/25 budget (minus reserves).

REVENUES	FY 23/24 BUDGET	FY 24/25 PROPOSED
Ad Valorem Taxes	4,372,891	4,639,731
Local Option, Use, & Fuel Taxes	215,000	210,000
Utility and Services Taxes	206,000	206,500
Local Business Taxes	15,000	15,000
Permits, Fees, & Special Assessments	557,200	611,300
Intergovernmental	1,614,029	1,759,015
Charges for Services	766,814	766,814
Fines and Forfeitures	631,000	681,000
Miscellaneous Revenue	507,249	517,181
TOTAL REVENUES	8,885,183	9,406,541

EXPENDITURES

The General Fund accounts for all expenditures not restricted to specific purposes or otherwise required to be accounted for in another fund. General fund dollars are used to support such city services as police, public works, planning, and administrative support services. The city expects no reduction in services and programs this fiscal year. Total General fund expenditures are proposed to be \$11,088,671 which includes a 35% increase for fire service protection.

General Fund Expense Breakdown

The chart below depicts the breakdown of expenditures by department and compares the FY 23/24 to the FY 24/25 budget.

EXPENDITURES	FY 23/24 BUDGET	FY 24/25 PROPOSED
Governing Board (Executive and Legislative)	23,450	46,570
Administration (Administration, Finance, Planning)	785,170	923,050
General Government	3,801,222	4,565,811
Police	3,942,967	4,071,803
Public Works	913,640	1,217,438
Debt Service	265,000	264,000
TOTAL EXPENDITURES	9,731,449	11,088,671

ENDING FUND BALANCE

The ending fund balance is calculated by taking the beginning fund balance (the ending fund balance from the prior year), adding the current year’s budgeted revenues, and subtracting the current year’s budgeted expenditures.

The General Fund has a delicate balance between maintaining a healthy reserve and allocating the necessary funds to maintain systems; however, an average fund balance should range between 15-20% of the operating budget. The budget committee recommends a minimum fund balance of 25% of revenues. We expect this budget to end the year with a fund balance in the general fund of \$1,780,834, which is 18.9% of the budgeted revenues. While this does not achieve the budget committee’s recommendation, we will be working with the budget committee over the next several months to identify ways to increase revenue.

TRANSPORTATION IMPACT FEE FUND – FUND 102

The **Transportation Impact Fee Fund** receives revenue from traffic impact fees for new residential, commercial, and industrial development to be used solely for the purpose of administering, planning, acquisition, expansion, and development of non-site related improvements to the major roadway system determined to be needed to serve new land uses.

REVENUE

The city has no projected impact fees being collected this fiscal year; the fund has a projected beginning fund balance of \$127,726.

EXPENDITURES

A city-wide traffic study was previously done to determine where the city will need to expand its infrastructure and roadways in the future. The city originally budgeted \$65,000 in FY 22/23 to hire a traffic consultant to analyze and plan road improvements to Hoffner Avenue, Judge Road, and Daetwyler Drive. As this has not yet been completed, it will carry over and be the only expense in this fund for FY 24/25.

ENDING FUND BALANCE

The projected ending fund balance is \$63,226.

STORMWATER FUND – FUND 103

The **Stormwater Fund**, operating much like an electric or water utility, collects fees related to the control and treatment of stormwater that can be used to fund a stormwater management program. The utility enables the city to manage and upgrade stormwater infrastructure, protect Lake Conway, provide technical assistance with stormwater management issues, and provide educational programs for residents and schools.

REVENUES

The primary revenue source in the Stormwater Fund is from stormwater fees that are assessed by equivalent dwelling units (EDUs) by the city and collected as a non-ad valorem assessment. This fiscal year, the assessment will increase from \$135/EDU to \$140/EDU as included in the stormwater capital improvement program, resulting in anticipated revenue of \$465,612. The city is currently working with a consultant to review and update the stormwater assessment program. We are also waiting to receive the Sol Ave grant reimbursement for \$196,862 and the \$80,000 grant for a vulnerability assessment for potential flooding.

EXPENDITURES

Expenditures in the Stormwater Fund consist of the payroll cost allocation for employees who do work associated with stormwater and for all equipment and projects necessary to maintain the city's stormwater system. The total proposed expenditures for this fund is \$505,484.

ENDING FUND BALANCE

Although the city has contributed a portion of ARPA funding to the Stormwater Fund to complete projects, the fund is still struggling to recover from the impact of prior year issues with flooding and corrugated metal pipe failures. Additionally, expenditures continue to exceed revenue in this fund. The projected beginning fund balance for FY 23/24 is negative by \$106,914 and by the end of FY 24/25, we project a negative ending fund balance of \$146,786.

LAW ENFORCEMENT EDUCATION FUND – FUND 104

The **Law Enforcement Education Fund** accounts for revenues received pursuant to Florida Statutes, which imposes a \$2.00 cost against persons convicted for violations of civil and criminal statutes. The funds can only be used for police officer training for criminal justice education degree programs and training courses, including basic recruit training.

REVENUES

The city anticipates receiving \$4,000 in revenue for judgments & fines and \$300 in interest for a total of \$4,300.

EXPENDITURES

Expenditures in this fund must be used to educate and train law enforcement personnel. The city budgeted \$20,000 to be used for training.

ENDING FUND BALANCE

The city continues to utilize this fund and projects an ending fund balance of \$9,923.

PARKS IMPACT FEE FUND – FUND 105

The **Parks Impact Fee Fund** receives revenue from park impact fees to be used solely for the purpose of administering, planning, acquiring, expanding, and developing additional land, amenities, and facilities for public parks and recreation purposes.

REVENUES

There are no revenues budgeted for FY 24/25.

EXPENDITURES

There are no expenditures budgeted for FY 24/25.

ENDING FUND BALANCE

The ending fund balance is \$781.

GENERAL GOVT IMPACT FEE FUND – FUND 106

The **General Govt Impact Fee Fund** receives revenue from general government impact fees to be used solely for the purpose of administering, planning, acquiring, expanding, and developing additional land, facilities, vehicles, and equipment for general government facilities.

REVENUES

There are no revenues budgeted for FY 24/25.

EXPENDITURES

There are no expenditures budgeted for FY 24/25.

ENDING FUND BALANCE

The ending fund balance is \$1,023.

CAPITAL EQUIPMENT REPLACEMENT FUND – FUND 301

The **Capital Equipment Replacement Fund** was established by the Council in 2019; however, the use of this fund is on hold until a plan is established for its use.

REVENUES

The only revenue for this year is interest at \$200.

EXPENDITURES

There are no expenditures budgeted for FY 24/25.

ENDING FUND BALANCE

The ending fund balance is \$15,183.

FIVE-YEAR CAPITAL IMPROVEMENT PLAN (CIP)

The capital program consists of a clear general summary of its contents; and a list of all capital improvements/projects that are proposed to be undertaken during the next five (5) fiscal years with an estimated cost of **\$25,404,000**. The plan may be revised and extended each year concerning capital improvements/projects still pending or in the process of construction or acquisition.

CONCLUSION

This budget has been prepared following the provisions of the City Charter, Section 5.02. It includes details and explanations of proposed budget items and a comparison of the proposed and current budgets. A copy of this budget will also be available to the media and on the city's website for examination by our citizens and the City Clerk.

Our General Fund Reserve will only last with additional sustaining revenues added to the General Fund. Through ARPA, the city has been able to complete essential projects and try to conserve the spending of the General Fund Reserve. This one-time restoration will **not sustain** the city in future years. We also cannot depend on the assessed values of the property in our city to continue to rise.

The Budget Committee will start discussions on revenue streams, implementation of these streams, and a plan this year, 2024. The Council discussed many goals they want to accomplish, to provide the high level of service that the citizens of Belle Isle have come to expect. There needs to be an increase in **reoccurring revenues** to achieve, maintain, and sustain those goals.

In closing, we want to thank the City Council for all your efforts and leadership, the Budget Committee members for their hard work, enthusiasm, and commitment to reviewing this budget, finance director Tracey Richardson for her exceptional institutional and financial knowledge, the terrific City Staff who has displayed remarkable dedication and stepped up with helping me your new City Manager, and the Department Heads for their efforts with this budget.

Respectfully,

Rick J Rudometkin
City Manager