



City of Eustis

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TO: EUSTIS CITY COMMISSION
FROM: TOM CARRINO, CITY MANAGER
DATE: SEPTEMBER 7, 2023
RE: RESOLUTION NUMBER 23-76: ADOPTING A TENTATIVE BUDGET FOR THE FISCAL YEAR 2023-2024

Introduction

Resolution Number 23-76 adopts the TENTATIVE Budget for FY 2023-2024 after the required public hearing.

Recommended Action

Staff recommends approval of Resolution Number 23-76.

Background

Florida State Statutes require each taxing authority to adopt tentative and final budgets annually. The law also requires that the local government hold a public hearing before adopting each of those budgets. The public hearings and adoption of the budget take place after the public hearing and adoption of the millage rates. The TRIM notice that was sent to all property owners in August notified all Eustis property owners of the proposed millage rate and the date of the first public hearing on the millage. The City will advertise the adoption of the final budget and the notice of tax increase before the second public hearing per state law. The second and final hearing will be held on September 21st, 2023.

The proposed tentative budget has been prepared based on Commission directives authorized at the Budget Workshops. Those directives included the adoption of the current millage rate of 7.5810. The budget has been prepared in compliance with the requirements of the City Charter and appropriate State Statutes. It is consistent with the provisions of the City's Financial Policies adopted in 2015.

The General Fund Budget, as proposed, contains more revenues than expenditures for Fiscal Year 2023-2024. The proposed tentative budget also includes funding for employee compensation increases, insurance increases, and the Capital Improvement Plan funding. The City will advertise the budget on the City website as State Law requires, and a copy will be provided to the Commission with this agenda item.

Alternatives

1. Adopt Resolution Number 23-76 and approve the budget presented as TENTATIVE.
2. Direct staff to make specific changes to the budget and immediately adopt the revised version as TENTATIVE during the hearing.

Discussion of Alternatives

1. **Alternative 1** provides for adopting Resolution Number 23-76 and approving the budget presented as TENTATIVE.
 - a. Advantages:
 - i. The proposed tentative budget maintains all service levels and enhances Recreation by adding staffing, programs, and expansion of pool services and Police and Fire Services.
 - ii. There is funding to implement the City's Strategic Plan.
 - iii. There is funding to address employee pay increases based on performance and set forth a plan to bring the City to the required minimum wage within the next three years.
 - iv. General Fund revenues exceed expenses with a surplus of \$431,948, however, overall expenses do surpass overall revenues by \$4,853,589. This is attributable to numerous one-time projects within the Water and Sewer Funds (WWTP Expansion as well as other projects), Street Improvement Fund (crosswalks/intersections), CRA, Stormwater (culvert replacement), Law Enforcement Impact Fund (evidence storage), Water & Sewer Impact Funds (expansion reclaim, tanks and force man extensions) and Economic Development (matching grants/incubator). All funds associated with the above have positive fund balances as of 9-30-2024. Many of them are designed to collect sufficient funds, which in turn are expended to cover large projects.
 - v. The Budgets are balanced and utilize reserve funds only as authorized by the City Commission.
 - b. Disadvantages:
 - i. Although the millage rate of 7.5810 mills is the same as the prior year, it exceeds the rollback rate and must be advertised as a tax increase.
2. **Alternative 2** directs staff to make specific changes to the budget and immediately adopt the revised version as TENTATIVE during the hearing. The budget must be revised accordingly if the Commission approves a millage rate other than 7.5810.
 - a. Advantages:
 - i. Provides an opportunity for the Commission to revise the budget.
 - ii. Could provide an opportunity for further cost reductions, priority shifts, and reductions/changes in services.
 - b. Disadvantages:
 - i. If the millage rate is reduced, expenditures may have to be reduced to maintain the balance of revenues and expenditures.
 - ii. If the millage rate or expenditures are reduced, service levels will likely have to be reduced accordingly.
 - iii. If expenditures are increased, the Commission must provide additional revenue from the fund balance or other funding sources.
 - iv. A change in the millage rate could affect previously established City Commission priorities.
 - v. A change in the millage rate could delay the adoption of the TENTATIVE Budget and hinder compliance with State Law.

Community Input

There will be sufficient time for input at the public hearings held before the tentative and final budgets are adopted. There was also sufficient time for input at all the preceding budget and millage-related Commission workshops and meetings.

Budget and Staff Impact

As presented, there are budgeted revenues and expenditures citywide of \$67,048,640 and \$71,902,229, respectively, estimated reserves of \$63,292,074, and fund balances totaling \$98,851,750 at the end of September 30th, 2023.

Prepared By:

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Reviewed By:

Mike Sheppard, Finance Director