



City of Eustis

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TO: EUSTIS CITY COMMISSION
FROM: TOM CARRINO, CITY MANAGER
DATE: SEPTEMBER 5, 2024
RE: RESOLUTION NUMBER 24-64: TENTATIVE MILLAGE RATE FOR
THE FISCAL YEAR 2024/25

Introduction

Resolution Number 24-64 establishes the TENTATIVE millage rate for FY 2024/25 as **7.5810** mills.

Recommended Action

Staff recommends approval of Resolution Number 24-64.

Background

Florida State Statutes require each taxing authority to set a millage rate annually for property taxation following required public hearings. The City Commission set the proposed rate of 7.5810 mills at the meeting of the Budget Workshop held on July 8, 2024. The Property Appraiser used that information to prepare TRIM notices distributed on August 21, 2024.

The current millage rate of 7.5810 has been consistent over the past eleven years.

Since last year, the adjusted tax roll (before new construction and annexation) increased by \$123,337,922, from \$1,499,362,895 to \$1,622,700,817. This year's total tax value revenue of \$12,669,864 represents an increase of 7.78%.

Based on that valuation, the Commission may consider any of the following options in setting a millage rate for the FY 2024/25 Fiscal Year:

1. The Current Millage Rate of 7.5810 mills. This rate would generate revenues sufficient to cover annual increases in normal city operating costs and allow for continuing current service levels. This rate can be approved with a two-thirds vote of the Commission (at least four commissioners) and would be advertised as a tax increase. This proposed millage rate is greater than the Roll-Back Rate and represents an increase of 7.78%.
2. The Roll-Back Rate of 7.0340 mills. This rate approximates prior year tax revenues less allowances for new construction, additions, deletions, annexations, and improvements. This rate can be approved with a majority vote of the Commission (at least three commissioners) and would not be advertised as a tax increase.

3. Some other millage rate between 7.0340 and 7.5810. Any rate over the Roll-Back rate would be advertised as a tax increase and requires a two-thirds vote of the Commission.
4. A millage rate over 7.5810 up to the maximum allowed rate of 8.1776 mills would require a two-thirds vote. However, the city would be required, at its own expense, to mail a revised TRIM notice to each taxpayer.

Staff recommends setting the FY 2024/25 millage rate at the current rate of 7.5810 mills to support the revenue assumptions of the proposed budget. State Law allows for a rate reduction during either or both public hearings in September. An increase to the proposed rate at the first hearing, per Florida Statutes 200.065, requires first-class mail notice to all taxpayers of the city since TRIM notices have already been mailed. This would endanger the city's ability to adopt the final millage and budget in time to meet the State-mandated deadlines in September. This could result in the forfeiture of all Ad-Valorem revenue.

Adopting the current rate of 7.5810 mills, the city's share of a home assessed with a taxable value of \$200,000, with homestead exemptions of \$50,000, would equate to an annual tax of \$1,137, or about \$3.12 per day, per Eustis taxpayer. This amount provides Police, Fire, Library, Parks & Recreation, Finance, Administration, Development Services, Human Resources, and Public Works department services. Using the same scenario, the Roll-Back Rate of 7.0340 mills would equate to an annual tax of \$1,055 or about \$2.89 per day per Eustis taxpayer. The difference of \$82 equates to a daily savings of \$0.22 and could possibly result in a reduction of services.

While the City of Eustis has the highest millage rate in the County, the City uses the Functional Millage Rate for comparison with other municipalities. The Functional Rate adds the transfers from the enterprise funds to the general fund, as well as the Fire Assessment Fees. As of this writing, the information for Leesburg, Mount Dora and Tavares is as follows:

Functional Millage Rate
Fiscal Year September 30, 2024/25
Millage Rate Comparison Northern Area Cities with One Billion in Property Values
Includes Millage Rate for Transfer and Fire Assessment

| Taxing Authority | 2024 Taxable Value as Reported October 1 | Taxable Value Per 1,000 | Rank | | Transfer to the General Fund | Millage Rate Needed to accommodate Transfer to the General Fund | Fire Assessment Fees | Millage Value of Fire Assessment | Total Functional Millage | Rank Lowest to Highest Functional Millage Rate | |
|------------------|--|-------------------------|---------------------------------|--------------------------------|------------------------------|---|----------------------|----------------------------------|--------------------------|--|---|
| | | | Highest to Lowest Taxable Value | Lowest to Highest Millage Rate | | | | | | | |
| Leesburg | 3,518,513,293 | 3,518,513 | 1 | 3.4752 | 1 | 9,950,133 | 2.8279 | 3,262,240 | 0.9272 | 7.2303 | 1 |
| Eustis | 1,671,265,493 | 1,671,265 | 4 | 7.5810 | 4 | 2,300,000 | 1.3762 | - | - | 8.9572 | 2 |
| Mount Dora | 1,981,312,586 | 1,981,313 | 2 | 6.6000 | 2 | 5,872,269 | 2.9638 | 1,976,844 | 0.9977 | 10.5616 | 3 |
| * Tavares | 1,731,865,984 | 1,731,866 | 3 | 7.4101 | 3 | 4,214,237 | 2.4334 | 1,988,917 | 1.1484 | 10.9919 | 4 |

* Tavares did not respond for the total estimated revenues for Fire Assessment Fees. Increases from the past two years averaged 2.5%.

As evidenced, the City of Eustis is number two in the lowest to highest ranking of Functional Millage Rate and is nearly the best in the area for cities our size. The city has maintained lower transfers, which help keep rates low for our residents and the cost of fire service is included in our millage rate.

The Proposed TENTATIVE Budget that will be presented immediately following the adoption of the Tentative Millage Rate was prepared with revenue estimates based on the current millage rate of 7.5810.

State Law requires two public hearings on the millage rate and budget. The first public hearing is on September 5, 2024, and the second is scheduled for September 19, 2024. The new fiscal year begins on October 1, 2024.

Alternatives

1. Set the TENTATIVE millage rate at the current rate of **7.5810** mills.
2. Set the TENTATIVE millage rate at the Roll-Back rate of **7.0340** mills.
3. Set the TENTATIVE millage rate at rate between **7.0340** and **8.1776** know that notification to all Eustis residents would be required for any tentative rate adopted over **7.5810** mills.

Budget and Staff Impact

Staff has prepared the FY 2024/25 budget using the current millage rate of 7.5810, resulting in an estimated increase in property taxes of \$ \$1,303,194 compared to the FY 2023/24 proposed tax estimates. If the millage rate is set lower than the 7.5810 proposed, it may require a reduction in Fund Balance or a reduction in proposed General Fund expenditures to balance the budget.

Prepared By:

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Reviewed By:

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