



155 F Road Loxahatchee Groves, FL 33470

TO: Town Council of Town of Loxahatchee Grove
FROM: Francine Ramaglia, CPA, AICP, ICMA-CM, Town Manager
DATE: August 13, 2024
SUBJECT: Proposed FY 2025 Budget

Background:

As discussed at the July 2, 2024 Town Council meeting the Town/District faces revenue versus expenditure challenges for FY25. At that meeting the Council decided established preliminary TRIM rates as follows to give the Town flexibility in its budget considerations.

1. Ad valorem tax rate – 4.0 mils (each mil generates net revenue of approximately \$580,000)
2. Road and Drainage Assessment - \$250 per acre (each \$50 of assessment generates net revenue of approximately \$374,000)
3. Solid Waste Assessment - \$450 per unit (each \$50 of assessment generates net revenue of approximately \$72,000)

Attached is a proposed line item budget that balances with an ad valorem rate of 3 mils, a road and drainage assessment of \$250 per acre and a solid waste assessment of \$450 per unit. The capital improvement plan has 2.254 million dollar budget. The general fund is balanced at 4.261 million dollars and includes transfers to the CIP of \$569,000 and \$221,000 to the Road and Drainage fund. The Road and Drainage fund is balanced at 2.432 million dollars. There is no proposed use of fund balance in either the general of road and drainage funds. The solid waste fund is balanced at \$720,000 with a transfer from fund balance of \$61,900.

Funding Flexibility

A \$50 increase in the road and drainage assessment raises approximately \$374,000 which is the equivalent revenue as would be raised with a .65 mil increase in the ad valorem rate. Attached is a worksheet that compares the impact on the Town's revenue based on incremental adjustments to Town's millage and road and drainage assessment rates.

Road and drainage assessments are to be used to cover the District's (road and drainage) expenses. Ad valorem revenue generated from the millage rate goes into the general fund, but can be transferred to other funds and utilized by the Town for any expenses. The impact to



155 F Road Loxahatchee Groves, FL 33470

overall revenues is the same to the Town regardless of the source and an increase in the millage rate can be utilized to offset or negate a necessary increase in the road and drainage assessment.

The impact of the of an increase in the assessment rate versus an increase in the millage rate will be different on individual parcels because the assessment rate is based on acreage and the millage rate is based on taxable value on the property. So generally, an increase in millage would impact a commercial property more than an increase in the assessment rate because commercial properties usually have a higher taxable value per acre than residential or agricultural properties do. When you compare residential properties with each other, it will depend on factors such as whether the property is homesteaded, for how long it has the homestead exemption, whether there has been recent construction on the site, whether it has an agricultural classification and, of course, how large the property is. Once again, in general, a property that has been owned as a homesteaded property for a long time by the same owner is going to be impacted more by an increase in the assessment than an increase in the millage rate.

On a five acre parcel of land an \$50 increase in the assessment rate will result in a \$250 increase to the property owner. Property owners with a taxable value (which is not necessarily analogous to market value) of less than \$ 384,615 will have less than a \$ 250 cost with a .65 mil increase. A property with a taxable value of more than \$384,615 will pay more than \$250 if there is an increase of .65 mil.

The attached worksheet, is an illustration of how an increase in assessment or an increase in the millage rate would impact properties. The valuations and acreage are examples from the property appraiser's website.

Local Option Sales Tax (L.O.S.T.) and Gas Tax Funds

The local option sales tax revenues are proposed to be used to fund capital projects. The gas tax funds are proposed to be used for roadway maintenance and capital projects. Pursuant to state statute allowable use of the gas tax funds includes transportation project and roadway drainage is included in the definition of such a project. Over the years, the Town has programmed gas tax monies to be the first funds utilized for such maintenance and capital projects. The staff will be bringing forward a resolution to make that practice explicit prior to the beginning of the next fiscal year. The budget anticipates the use of all L.O.S.T. and gas tax monies received during the next fiscal year to be used during the next fiscal year.



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August 13th Workshop

The August 13th Workshop will present an overview of the budget but focus on the proposed Capital Improvement Plan (CIP) and the public works department and their proposed work plan for FY2025. The August 20th Workshop will focus on the proposed pay plan, go over individual line items and answer the Council's operational questions. If necessary, an additional workshop has been tentatively scheduled for August 22nd. A copy of the following materials are attached for your reference.

1. Proposed Capital Plan
2. Overview of Public Works work plan for FY2025
3. Proposed FY 25 line item budget
4. Previously distributed budget summary
5. Millage v Assessment Worksheets

FY25 Adoption Schedule

The District and Solid Waste budgets and assessments are scheduled for adoption at the September 3rd Council Meeting along with First Reading of the TRIM and Town budgets. Final adoption of the Town budget and ad valorem rate are set for September 18th.

Recommendation:

Council review and direction with respect to FY25 budget.