



FY2025 PROPOSED BUDGET

Overview

April 23, 2024

Key Dates

Formally receive budget

Departmental Budget Workshops

First Public Hearing

Second Public Hearing

Third Public Hearing/Final Adoption

April 24, Council Mtg

April 23, Budget Overview, Finance,
Personnel & Capital

April 29, Fire, Maritime, Parking,
Resilience & Sustainability

April 30, Public Services, Planning &
Economic Development,
Building Inspections

May 1, School Department

May 2, Water & Sewer

May 8

May 22

June 12 (if needed)

ERP Implementation Critical to Tax Bill Preparation

- We are asking the Council to approve as soon as reasonably possible the tax rates for the fiscal year 2025 tax billings. The Munis implementation has a Go-Live date of July 1, 2024 which will require a week to two week conversion process which may impact the tax bill mailing.
- Tax bills generally go to 3rd party printer by mid-June to accommodate the early July mailing so that people have them for the 1st quarter due date of August 5.

Proposed Fiscal Year 2025 Tax Levy - 3.95%

| | |
|------------------------------|---------------|
| FY 2024 Certified Tax Levy | 85,780,645.13 |
| FY 2025 Tax Levy Increase % | 3.95% |
| FY 2025 Tax Levy Increase \$ | 3,388,335.48 |
| FY 2025 Proposed Tax Levy | 89,168,980.61 |

Tax Rate Calculation Explanation

- ▶ Tax rate increases are calculated based on equalized tax rates due to the statistical revaluation of assessed values
- ▶ Equalized tax rates mean that tax rates were adjusted downward to bring in the same FY2024 levy with the new valuations as the starting tax rates in FY2025 assuming no increase in the tax levy.
- ▶ After the equalization the FY2025 tax levy increase is added to get the FY2025 tax rates.
- ▶ Based on the equalization FY2025 proposed tax rates for Owner Occupied and Non Owner Occupied increased 7.97% and 7.33%, respectively. The Commercial tax rate decreased 3.74%.

PROPOSED TAX RATES

| | FY2023 | FY2024 | FY2025 |
|------------------|---------|-----------|-----------|
| Residential Rate | \$9.61 | | |
| OOCR | | \$9.92 | \$ 6.98 |
| NOOCR | | \$10.93 | \$ 8.22 |
| Commercial Rate | \$14.41 | \$14.88 | \$10.46 |
| Tangible Rate | \$14.41 | \$14.88 | \$14.88 |
| OOCR Exemption | | \$111,722 | \$284,433 |

Residential Two-Tier Tax 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 12/31/23

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.
- Due to the significant increase in assessed values, we determined that tax rate decreases of 29.69% and 29.68% 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 \$284,433 (FY25) 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.

PROPOSED RATES

The Proposed Budget includes an exemption for OOCR approved applicants of 24% of the average assessed value (AAV) at 12/31/23 in FY2025 compared to 15% of the AAV in FY2024

The average assessed valuation at 12/31/23 is \$1,185,138 compared to \$744,815 last year which is a 59% increase (statistical valuation conducted 12/31/23)

The 24% exemption would reduce OOCR properties by \$284,433 in FY2025 compared to \$111,722 in FY2024

Impact of Statistical Revaluation as a Comparison to Prior Year

| | Proposed FY 2025 | | Actual FY2024 |
|--|---------------------|--|------------------|
| Average Assessed Value (AAV) \$ | 1,185,137 | | 744,813 |
| Owner Occupied Proposed Exemption % | 24% | | 15% |
| Owner Occupied Proposed Exemption \$ | 284,433 | | 111,722 |
| AAV Net of Proposed Expemption (in \$ thous) | 900.704 | | 633.091 |
| Owner Occupied Tax Levy Rate \$ | 6.98 | | 9.92 |
| Proposed Owner Occupied Tax Levy \$ | 6,282 | | 6,280 |
| | | | |
| \$ Difference | 2.15 | | |
| % Difference | 0.03% | | |

REVENUES

| | FY2025 |
|-----------------------------------|--|
| Meals & Beverage Tax | Increase of \$500,000 to \$3.5M based on actuals |
| Hotel Tax | Increase of \$100,000 to \$3.7M based on actuals |
| State Aid | Not anticipated to change by much (unknown is tangible property exemption reimbursement) |
| Parking Tickets | Decrease of \$130,000 to \$900K based on actuals |
| Building & Electrical Inspections | Increase of \$683,600 to \$1.8M based on actuals |
| Investment & Interest Income | Increase of \$741,200 to \$1.2M based on projections |

General Fund Budget Increase

| | FY2023 | FY2024 | FY2025 |
|-------------------------|---------------|---------------|---------------|
| Proposed Expenditures | \$105,030,930 | \$111,453,541 | \$115,073,223 |
| Dollar Increase | | \$ 6,422,611 | \$ 3,619,682 |
| Percentage Increase | | 6.1% | 3.2% |
| Revenues Other Than Tax | \$22,257,135 | \$24,434,718 | \$25,904,242 |
| Property Tax Revenue | \$82,773,795 | \$85,744,973 | \$89,168,981 |

Budget Drivers - Expenditures

| | FY2025 |
|--|---------------|
| Salaries, OT, Holiday Pay | 2,187,754 |
| Contribution to Police & Fire Pension | 1,165,658 |
| Benefits other than Police & Fire Pensions | 767,884 |
| School Department | 556,492 (2%) |
| Transfer to OPEB Trust | 167,617 |
| Capital Budget | (2,045,060) |

EMPLOYEE COLA'S

| | | AFSCME | NEA | IAFF | FOP | NU |
|------|-----------------|--------|-------|-------|-------|-------|
| 2018 | | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 2019 | | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 2020 | | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 2021 | July 1, 2020 | 1.00% | 1.00% | 2.00% | 1.50% | 0.00% |
| | January 1, 2021 | 1.00% | 1.00% | | 0.50% | |
| 2022 | \$ 2,500 | 2.00% | 1.75% | 2.50% | 1.00% | |
| 2023 | \$ 1,000 | 1.75% | 1.75% | 2.75% | 1.75% | |
| 2024 | \$ 2,500 | 2.00% | 1.75% | 2.75% | 2.50% | |
| 2025 | | N/C | 2.50% | N/C | N/C | 2.50% |