

**Upper Captiva Fire & Rescue District**

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**Serving the Community with Pride**

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13 June 2023

SUBJECT: FY24 Budget Preparations

1. First, I was **WRONG** in November when I made a budget revenue projection of a 10% increase for valuations for FY24. I used the 10% "Save our Homes" annual cap on valuation increases as my projected average increase, assuming that the lower Homestead Owners 3% cap would be offset by home sales and new construction, both of which are uncapped in their first year. I also assumed that any IAN valuation reductions would reduce the capped valuations, not actual assessments. Recognizing that we had a 26%+ increase in FY23 that wrongly informed my 10% projections, those incorrect assumptions impacted the ad valorem values and the maximum ad valorem income at the maximum 3.75 millage rate for the 3 projected budget years:
  - a. With the \$303.42 Million for FY23, a 10% increase in FY24 would have increased valuations to \$333.871 Million and would have generated \$1.252 Million
  - b. Instead, there is a TENTATIVE 3.33% increase to \$313.647 Million (that might decrease or increase before the FINAL values are provided o/a 1 July 2023) that would generate \$1.176 Million
  - c. I also changed the revenue increase projections for FY25 and FY26 down to 3% (instead of my original 10%)
  - d. The AUDITED total spending in FY21 was \$1.235 Million and current UNAUDITED spending in FY22 was \$1.481 Million, and BUDGETED spending in FY23 (current year) of \$1.380 Million

| Fiscal Year                      | FY21               | FY22               | FY23               | Estimated Numbers  |                    |                    |                    |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                  |                    |                    |                    | FY24               |                    | FY25               | FY26               |
| Ad Valorem Tax Rate (Mils)       | 3.3563             | 3.5000             | 3.1000             | 3.0000             | 3.7500             | 3.7500             | 3.7500             |
| Estimated Rollback Rate          | 3.3563 RB          | 3.2029 RB          | 2.8177 RB          | 3.0000 RB          |                    |                    |                    |
| Estimated Total Value (Millions) | \$227.728          | \$240.536          | \$303.52           | \$313.647          |                    | \$323.056          | \$332.748          |
| Annual Value Increase (Decrease) | \$2.5295           | \$12.807           | \$62.983           | \$10.128           |                    | \$9.409            | \$9.692            |
| Gross Ad Valorem Tax             | \$764,324          | \$841,875          | \$940,910          | \$940,941          | \$1,176,176        | \$1,211,462        | \$1,247,805        |
| Less Tax Discounts               | \$22,930           | \$29,466           | \$30,580           | \$30,581           | \$38,226           | \$39,372           | \$40,554           |
| Net Tax Revenue                  | \$741,395          | \$812,409          | \$910,330          | \$910,360          | \$1,137,951        | \$1,172,089        | \$1,207,252        |
| Other Income                     |                    |                    | \$24,800           | \$25,000           | \$25,000           | \$25,000           | \$25,000           |
| Special Assessment Income        | \$447,400          | \$447,400          | \$447,400          | \$447,400          | \$0                | \$0                | \$0                |
| <b>Total Revenue</b>             | <b>\$1,188,795</b> | <b>\$1,259,809</b> | <b>\$1,382,530</b> | <b>\$1,382,760</b> | <b>\$1,162,951</b> | <b>\$1,197,089</b> | <b>\$1,232,252</b> |

2. I had planned to meet with Chief Cottrell on Wednesday (14 June) but he had a family emergency and we will sit down on Sunday (18 June) to discuss our thoughts.
3. Using FY21, FY22, and FY23 Ad Valorem and Special Assessment revenue numbers above, I believe our likely proposed spending for FY24 should be in the **\$1.1 Million to \$1.2 Million** range after eliminating the non-recurring major costs in FY22 and FY23
  - i. In FY22, there was a \$256,000 increase in spending over FY21
    1. \$75,000+ increase in spending to give our "full-time" chiefs an additional 61+ days of PTO each, without any change to the other components of their benefit packages
    2. And at least \$225,000 was attributable to the new garage
    3. Those costs are non-recurring in future years and would indicate lower spending
  - ii. And in FY23, there was a budgeted spending increase of \$121,000 over FY21 (we still have 3-1/2 months before the end of the FY) but, on an annual basis, we are spending about \$83,000 LESS on

Pay & Benefits since both of the “full-time” chiefs are vacant (and likely to remain vacant for another 3-6 months, if not longer), the \$27,000 for the new UTV, plus unbudgeted garage spending

4. We will have our FINAL taxable valuation totals in 2 weeks and, at that point, we will have to complete the calculations and forms for the TRIM submission of a Rollback Millage Rate, our proposed Tentative Millage Rate, and the projected revenue to be used to develop a proposed FY24 budget during the July – September timeframe.
5. The timeline for this summer will be:
  - a. The Board, at this meeting, must approve the consulting engagement agreement with Russ Weyer to complete the 10<sup>th</sup> and final Special Assessment Methodology and Roll; cost has increased from \$2,500 in the budget to \$3,000
  - b. The Board, at our July meeting, must set the TENTATIVE millage rate for FY24, the TENTATIVE Special Assessment total, and the date for our First Budget hearing in September
    - i. At that July meeting, I will propose the First Budget Hearing for Saturday, 9 September
    - ii. I will then propose the Second Budget Hearing & our Monthly Meeting for Saturday, 23 September or 30 September (that is decided at the First Budget Hearing)
  - c. The Board, at our August meeting, must review and approve the Special Assessment Methodology and Roll
  - d. And finally, the Board, at our September budget hearings, must review and approve the FY24 budget
  - e. The steps to get us through the process include:
    - i. Chief Cottrell and I will create an initial proposed budget for the July board meeting, as well as finalizing the TRIM notice feeder report (calculates the Roll Back rate and other data)
    - ii. Russ Weyer will create and I will propose the Special Assessment Methodology and Roll for board approval at the August meeting (as well as discussing the proposed budget)
    - iii. Chief Cottrell and I will adjust specifics of that tentative and then final proposed budget for the August and September board meetings
    - iv. The board and public will have the opportunity to discuss and change the proposed budget during those 4 scheduled meetings (July & August monthly meetings, plus the First and Second Budget Hearings in September)
6. I look forward to helping the District to reestablish a coherent budget planning and approval process that has been lacking the last 4 years. Former Chief Martin told the board every year that the Florida process was backwards, requiring a tentative millage rate to be announced in July, before he could create a budget. That was incorrect; even the Independent Audit that was completed and approved by the board every June stated that the proposed budget was submitted in the Summer (not the Fall/September):

**1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming first day of October. The operating budget includes proposed expenditures and the means of financing them.**

6. As your Treasurer, I will work with our Chief to return to the budget development processes that were used for the FY16, FY17, and FY18 budget years, when we started talking current and future spending as part of a mid-year review of the current budget in April and May with an initial proposal provided before the July meeting where we set the TENTATIVE millage rate.

Bill Fry  
Secretary/Treasurer