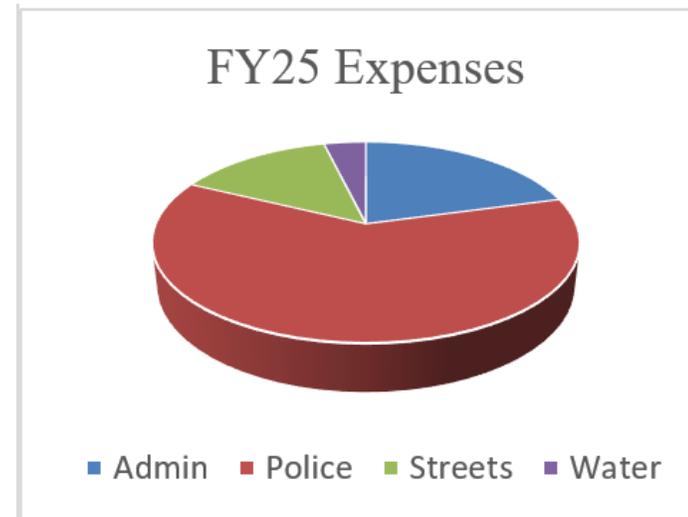
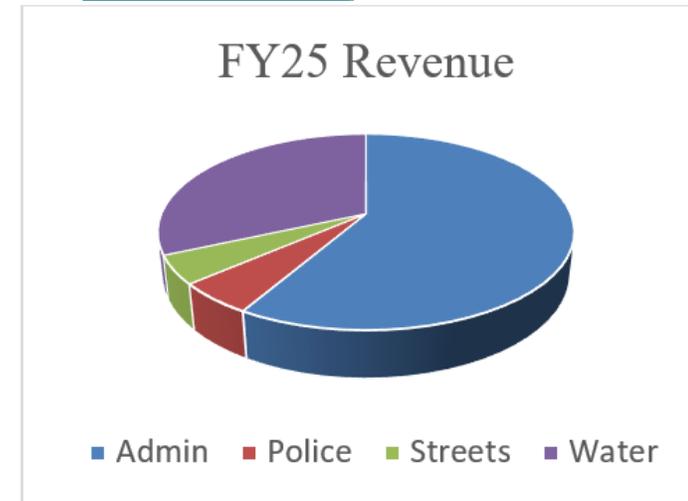




FY25 Operating Budget Summary

Budget Adopted June 10, 2024

REVENUE			FY25
General- Administrative Dept			\$ 1,702,718
General- Police Dept			\$ 153,000
General- Street Dept			\$ 136,050
	General Fund		\$ 1,991,768
Enterprise- Water Dept			\$ 923,100
	Enterprise Funds		\$ 923,100
	Income Total =		\$ 2,914,868
EXPENSE			
General-Administrative Dept			\$ 484,225
General- Police Dept			\$ 1,433,008
General- Street Dept			\$ 326,558
	General Fund		\$ 2,243,791
Enterprise- Water Dept			\$ 881,384
	Enterprise Funds		\$ 881,384
	Expense Total =		\$ 3,125,174
	General Net		\$ (252,022.87)
	Enterprise Net		\$ 41,716.44
	Approved Reserves for PD		\$ 255,000.00
	New General Fund Net		\$ 2,977.13
	New Enterprise Net		\$ 41,716.44



Key Points of the FY25 Budget

- The overall budget has an 11% increase in Revenue from FY24 (Including Reserves).
- The overall budget has a 13% increase in Expenses from FY24.
- Property Taxes fund 47.5% of the FY25 Budget, from 43.1% in FY24.
- Property Taxes, as part of the Administrative Fund Revenue, cover any shortfalls in the Streets and Police Departments that are not high revenue generators.
- Approximately 45.8% of the Operating Budget is dedicated to the Police Department/Public Safety.
- The Consumer Price Index (CPI) average for 2023 is 3.4%.
- The Water Department is still operating sufficiently within the rates determined in 2022, and a review of the rate structure was determined as not needed for the FY25 Budget year.

Changes from FY24

- Includes the Addition of **4 Staff Members** to the existing 16 (In 3 Departments)
 - 2 Police Officers – New Total - 10
 - 1 Administrative Staff – New Total - 5
 - 1 Public Works – New Total - 4 (1 on LTD, not counted)
 - Increases in staff will assist in service demand due to our growing population. Staffing levels in Public Works and Administration are still lower or will again be equal to where they were prior to 2019.
- Reorganize the Streets and Water Departments to Public Works
 - Creates a Public Works Director from existing (not hiring new) that oversees both Departments, with 3 employees under that umbrella.
 - Resources and finances are still tracked separately by Fund.
 - Merge focuses on streamlining workflows, sharing resources across departments as needed, and allowing a more defined management hierarchy.

Changes from FY24 (continued)

- Addresses the **27% increase** in Health Insurance passed down by the State of Delaware Health Insurance Plan
 - Provides better coverage for employees under the State Health Plan by increasing coverage provided by the town for individual and family plans **that helps cover the significantly higher cost burden on employees and assists in increasing employee retention.**
 - Allows for 100% of employee coverage
 - Allows for 100% employee coverage, plus 50% spouse
 - Allows for 100% employee coverage, plus 50% children
 - Allows for 100% employee coverage, plus 75% family
 - ****Cost varies by plan choice, but at a minimal amount at equal plan levels.**
 - Costs for Dental Insurance have not changed and are still out-of-pocket options for employees.

Changes from FY24 (continued)

- Reduced dependency on estimated building permit applications to balance the budget. The last three years have seen a surge in development, which greatly helped to cover costs, but it has dropped significantly in the past year as the COVID and post-COVID construction boom has calmed. Building permit revenue has only reached 28.1% of projected revenues for FY24 as of May 31, 2024.
- The FY25 Budget uses \$255,000 of Realty Transfer Taxes in reserves to balance the budget by supporting the Police Department. The Commissioners previously approved up to \$335,000 in FY24 to expand the department but have moved the remaining unused funds to help cover the shortfall for FY25.
- The remaining shortfall is covered by an increase in property taxes. The current property tax rate is \$3.00 per 100 of 50% of the Sussex County Assessment. At the \$3.00 rate, the estimated assessment values of 40,858,406 would amount to \$1,225,752.18. By increasing 22% to \$3.66, that amount becomes \$1,495,418.00 – a \$269,666 increase in revenue.

Changes from FY24 (continued)

- By balancing the increase with Realty Transfer Tax Reserves, the Town can revisit FY26 with the County Reassessment Project and calculate how those changes impact the Town Budget. Changes are anticipated to be revenue-neutral – but the decision has been made to be cautious and wait for the results rather than create a large increase in FY24.
- **This method helps maintain strong reserves while preparing for growth by increasing operational capacity.**

Tax Increase Records				% Increase
1997		\$ 1.10	Ordinance 97-1	
	Missing Data			
2006	Reduced from \$1.83	\$ 1.73	Ordinance A06-3	57%
2010	Increased from \$1.73	\$ 2.00	Ordinance A10-4	15.6%
2014	Increased from \$2.00	\$ 2.40	Ordinance 14-4	20%
2018	Planned 5 Year Increase 25% over 5 Years		Ordinance 2018-03	
2019		\$ 2.52	Ordinance 2018-03	5%
2020		\$ 2.64	Ordinance 2018-03	5%
2021		\$ 2.76	Ordinance 2018-03	5%
2022		\$ 2.88	Ordinance 2018-03	5%
2023		\$ 3.00	Ordinance 2018-03	5%

CPI	Dec-Dec %	Avg Change	Matching to PTAX Rate Increases
1997	1.7	2.3	
1998	1.6	1.6	
1999	2.7	2.2	
2000	3.4	3.4	
2001	1.6	2.8	
2002	2.4	1.6	
2003	1.9	2.3	
2004	3.3	2.7	
2005	3.4	3.4	22%
2006	2.5	3.2	
2007	4.1	2.8	
2008	0.1	3.8	
2009	2.7	-0.4	9.4%
2010	1.5	1.6	
2011	3	3.2	
2012	1.7	2.1	
2013	1.5	1.5	7.7%
2014	0.8	1.6	
2015	0.7	0.1	
2016	2.1	1.3	
2017	2.1	2.1	
2018	1.9	2.4	
2019	2.3	1.8	
2020	1.4	1.2	
2021	7	4.7	
2022	6.5	8	
2023	3.4	4.1	28.2%

Property Tax Rate History

Key Takeaways from Tables

- For most of the past increases, the amount built into the property tax rate did not cover the average CPI (Consumer Price Index) percentage for the same time period.
- The 2018-2023 increase at 5% per year, with the prior rate change in 2014, was intended to wean the Operating Budget off the dependence on realty transfer taxes and the impending loss/sale of the wastewater system. In that same time period, the CPI was 28.2% on average. This means the increases were not actual increases in revenue; they did not replace other sources of revenue; they were still 3.2% less than the inflation.

Comparable Property Tax Rates

Town	Tax Rate (per 100 assessed)	Population (2020)	Last Increase
Greenwood	\$1.70	990	No change since 2016
Rehoboth Beach	\$7.75 (From 6.00)	1,108	Increased 29% 2024
Milton	\$3.53 (From 3.24)	3,291	18% 2023, 9% 2024
Lewes	\$5.70	3,303	2023
Millsboro	\$3.90 (From 3.80)	6,863	2.6% 2024
Seaford	\$3.40	7,957	Uses 2019 Market Value
Smyrna	\$9.40 (From 4.70)	10,023	100% 2024

