

QUESTIONS AND ANSWERS

Some of the most common questions regarding the budget follow, along with related answers.

Q: WHAT IS THE PURPOSE OF THE TOWN BUDGET?

A: The budget is an annual financial plan for the Town of Indian Shores. It specifies the level of municipal services to be provided in the coming year and the resources, including personnel positions, capital expenditures and operating expenses, needed to provide those services. It reflects the policies and priorities set by the Town Council.

Q: WHAT IS A FISCAL YEAR?

A: A fiscal year is a 12-month operating cycle that comprises a budget and financial reporting period. The Town's fiscal year, along with other local governments and special districts within the State of Florida, begins on October 1 and ends on September 30.

Q: FROM WHERE DOES THE TOWN OBTAIN ITS REVENUES?

A: From Town levied taxes, state and federal shared revenues and fees for municipal services, such as law enforcement services and recreation.

Q: HOW IS REVENUE USED BY THE TOWN?

A: Revenue is used to pay for salaries, operating supplies, other operating costs such as utilities and insurance, and capital purchases such as buildings, vehicles, and equipment as specified in the Town budget.

Q: WHAT IS PROPERTY RATE?

A: When the Town adopts the annual budget, it determines the tax rate that must be applied on property in order to generate the necessary revenue in addition to all other sources which are available. The current tax rate for the Town of Indian Shores is 1.6000 mills, or \$1.60 per \$1,000 of taxable value. The taxable value of all property in the Town is established by the Pinellas County Property Appraiser. The Town has no control over the taxable value of property; it only has control over the Town's portion of the tax rate that is levied.

Q: WHAT IS HOMESTEAD EXEMPTION?

A: The Florida Constitution provides that a home owner may apply for, and receive, a homestead exemption in the amount of \$25,000 plus an additional \$25,000 above the just value of \$50,000 on his or her principal residence. After property is appraised by the County Property Appraiser, up to \$50,000 is subtracted from the appraised value; the remainder is the taxable value upon which the property tax rate is applied.

Q: WHAT IS A MILL OF TAX?

A: One mill is equal to \$1 for each \$1,000 of taxable property value. In FY 2008 property taxes on a \$500,000 home to which the \$25,000 homestead exemption was applied paid, with the town millage rate of 1.6000 mills, a property tax of \$760.00 to the Town of Indian Shores. The total Property Tax bill for this property was \$8,008.22.

Q: THE TOTAL PROPERTY TAX RATE FOR FY 2008 ON PROPERTY IN THE TOWN OF INDIAN SHORES WAS 16.8594 MILLS. HOW MUCH OF THAT WAS PAID TO THE TOWN?

A: Only 1.6000 mills of the 16.8594 levied in FY 2008 were paid to the Town. This represents only 9.49% of the total property tax bill. The largest taxing entity is the County School Board, which comprises 45.86% of the total tax bill. The second largest taxing entity is Pinellas County, which comprises 28.9% of the total tax bill.

Q: WHAT IS THE DIFFERENCE BETWEEN AD VALOREM TAX AND PROPERTY TAX?

A: There is no difference. They are different names for the same tax.

Q: WHAT IS AN OPERATING BUDGET?

A: An operating budget is an annual financial plan for recurring expenditures, such as salaries, utilities, and supplies.

Q: WHAT IS A CAPITAL IMPROVEMENT BUDGET?

A: A capital improvement budget is both a short and long range plan for the construction of physical assets, such as buildings, streets, sewers, and the purchase of vehicles and equipment.

Q: WHAT IS A FUND?

A: A fund is a separate accounting entity within the Town that receives revenues from a specific source and expends them on a specific activity or activities. The Town maintains four separate funds, all of which account for distinct activities.

Q: WHAT IS AN ENTERPRISE FUND?

A: An enterprise fund earns its own revenues by charging customers for the services that are provided; the fund receives no tax funds. The Town of Indian Shores operates its parking activity as an enterprise fund.

Q: WHAT IS A BUDGET APPROPRIATION?

A: A budget appropriation is a specific amount of money that has been approved by the Town Council for use in a particular manner.

Q: WHAT IS A BUDGET AMENDMENT?

A: A budget amendment is a resolution adopted by the Town Council which alters the adopted budget by appropriating additional monies to a particular department or fund, decreasing appropriations to a particular department or fund, or transferring funds from one department or fund to another.

Q: WHO ESTABLISHES THE RULES BY WHICH THE TOWN OF INDIAN SHORES ADOPTS ITS ANNUAL BUDGET AND PROPERTY TAX RATE?

A: The property tax rate and budget adoption process are governed by both the Town Charter and State Statutes.

Q: WHO IS THE CHIEF EXECUTIVE OFFICER OF THE TOWN OF INDIAN SHORES?

A: The Town Administrator is both the Chief Executive and Chief Administrative Officer of the Town of Indian Shores. The individual is hired by and reports directly to the Town Council.

Q: WHAT ARE FRANCHISE FEES, AND WHY DOES THE TOWN OF INDIAN SHORES LEVY THEM?

A: The franchise fee is a charge levied by the Town on a utility to operate within the Town and to use the Town rights-of-way and other properties for locating pipes, wires, etc. The state allows utilities to pass on the franchise fee directly to customers on their bills.