

2025 MILLAGE RATE INFORMATION SHEET

MILLAGE RATE DEFINED: Per OCGA 48-5-32.1, “means the levy, in mills (one one-thousandth of one dollar), which is established by the governing authority for purposes of financing, in whole or in part, that taxing jurisdiction’s expenses for its fiscal year.

The Setting of Pike County’s Millage rate is the levy (quotient) needed to be set in order to collect the amount of general tax revenues to meet the anticipated expenses approved for the FY 2025/2026 budget.

COUNTY TAX REVENUE IN FY2025/2026: The FY 2025/2026 provides for \$10,649,035 in anticipated general tax revenues. The General Fund Budget for the FY2025/2026 totals \$20,805,412 (the total budget for FY2025/2026 is \$38,106,472 which includes all funds, general and special). Of the \$20,805,412 General Fund budget portion, the general property tax revenue was estimated at \$10,649,035.

ROLLBACK RATE. The Rollback Rate is the levy that it would take to produce the same amount of general fund revenue that was in last year’s approved budget for FY2024/2025. The Rollback Rate does not reflect the amount of levy that it will take to raise the general fund revenue needed to meet the expenses of the approved budget for FY2025/2026.

CURRENT MILLAGE RATE. The Current Millage Rate is 9.639, which was set in 2024 in connection with last year’s budget. Accordingly, there may be some misunderstanding related to the setting of the Millage Rate for 2025 and the difference between the suggested Rollback Rate and the difference between the current Millage Rate. For clarification purposes, we are providing information related to both: the difference between the suggested Millage Rate for 2025 and the current Millage Rate of 9.639; and, the difference between the suggested Millage Rate for 2025 and the suggested Rollback Rate of 8.94.

MILLAGE RATE SUMMARY SHEET, ROLLBACK RATE CHART, AND OPTIONS 1-6. We are providing a FY 2025-2026 Budget Summary Sheet that identifies the amount of the budget general property tax revenue, that impact of adopting the Rollback Rate of 8.94 versus maintaining the current Millage of 9.639, or increasing the Millage Rate to 11.064, which is the rate needed to meet the budget expenditures with no budget cuts as well as eliminating the shortfall to the required fund balance.

The Rollback Rate Chart and Options 1-6 follow the Budget Summary Sheet. It should be noted that the Rollback Rate Chart identifies potential increases in revenues (based on increase in millage rate and/or use of fund balance) as well as potential budget cuts. The variables are not tied to a particular option and can be modified and changed as deemed appropriate by the Board. The various options were initially created based on incremental increases from the existing millage rate of 9.639, not in the order of priority or order of recommendation.

We have made some changes to the documents from those uploaded with your meeting package. We are recommending your consideration of three (3) options, which are listed in preferential order as follows: **Option 1**, the setting of a 11.064 Millage Rate that will result in sufficient revenues to meet all budget expenditures without budget cuts and will also eliminate the shortfall in our required fund balance (a three-month threshold-which would be approximately (\$4,260,735); **Option 5**, the setting of a 10.639 Millage Rate that will result in sufficient revenues to meet all budget expenditures without budget cuts, provides for the sale of paving equipment, and provides for a net increase in fund balance by \$106,123.00 which does not eliminate the short fall from the required three-month fund balance threshold, but does start reducing the shortfall; and **Option 6**, the setting of a 10.520 Millage Rate that will result in sufficient revenues to meet the budget expenditures without budget cuts but will not change the shortfall in the fund balance. In short, the recommended priority is Option 1, then Option 5, and at a minimum Option 6.

Since the Board of Commissioners have considered various options when setting the millage rate including the suggested Rollback Rate and other variations, we have included Options 2-4, with Option 2 being based on the Rollback Rate. As you will note, if any of the Options 2-4 is selected, that will result in the need to make budget cuts and to dip further into fund balance.

FUND BALANCE. As stated above, our financial policies require that we maintain a three-month minimum fund balance, which is currently estimated at \$4,260,735.00. As also indicated above, the FY 2024/2025 Budget was approved in May 2024 with the use of \$1,500,000.00 in fund balance toward the general revenues to offset the approved expenditures. As we discussed during this year's budget process, the use of fund balance to fund the budget should not be done except in emergencies or when there is sufficient fund balance to justify the use without causing a shortfall. Based on the prudent use of ARPA funds and other budgetary constraints and actions, we were able to reduce the amount of fund balance from the \$1,500,00 budgets amount to a projected \$350,000.00, which has greatly reduced the potential shortfall in our fund balance. Section any of the Options 2-4 will have a negative effect on our fund balance, potentially causing an increase in the current fund balance shortfall.

ESTIMATED TAX IMPACT OF OPTIONS. Lastly, we are providing you with a spreadsheet that reflects the potential tax increase for each option using a property value of \$350,000.00.

KEEP IN MIND that our current financial condition is not the result of any issue with the current budget for FY2025/2026. Rather, our financial condition, and the need to take a hard look at the setting of an appropriate Millage Rate, is the result of the culmination of past budgets and the related setting of millage rates that did not provide adequate funding for the county's expenses.