

# TAB 2

**POINT PAPER**  
**Revenue Reductions and Possible Budget Cuts**  
(For Discussion Only)

**Problem:** Finance has received information that property values have been reduced which affects ad valorem taxes and TIF payments. The state and county have also notified us that the estimates for Revenue Sharing, Sales Taxes, and State and Local Fuel taxes have been reduced. This results in reductions to city revenues in the General Fund, Road and Bridge. CRA revenues have increased due to conservative budget estimates, even though values have decreased slightly.

**Background:** Each year Manatee County issues final property values during the month of October. It was reported to Commission that the City would receive \$124,027 less in ad valorem taxes than is budgeted in FY2009. The Legislative Committee on Intergovernmental Relations (LCIR) has also informed us that they have reduced their estimates of state revenue to the city by a range of 3.6% to 6.5%. This includes the gas taxes given to the city through the county. Total General Fund and Road and Bridge reductions are shown below.

Total reduction in non-CRA revenue is \$219,452 (refer to Attachment A and A-1).

General Fund	\$183,636
Road and Bridge Fund	<u>\$ 35,816</u>
	\$219,452

Due to the fact that final property values in the CRA district were reduced, the TIF revenue to the CRA from the City will be reduced by \$53,030. This results in less revenue for the CRA and less TIF expense to the City. However, the TIF from Manatee County was underbudgeted by approximately \$496,000 which more than offsets the reduction in property values for CRA properties. The net effect of these two items results in an overall increase to CRA revenues of approximately \$443,000.

Staff has identified budget items to compensate for the revenue reductions. These items are eligible for reduction through DROP participant city pension contributions, attrition and other accounts as itemized in Attachment B.

**Recommendation:** Staff recommends discussion resulting in a recommendation of desired budget cuts.

**Budget Impact:** The budget will be impacted as noted above and the necessary budget resolutions will come forward to Commission with recommended budget cuts.

# REVENUE REDUCTION SUMMARY

## Attachment A

Changes in revenue from state and county

Acct #	Description	Increase (Reduction) Amount
001 311 1010	Property Tax	(124,027.22)
001 335 2100	Revenue Sharing	(17,911.25)
001 335 8000	1/2 Sales Tax	(41,697.30)
	<b>General Fund</b>	<u>(183,635.77)</u>
307 312 3000	9th Cent Fuel Tax	(4,077.45)
307 312 4201	5 Cent Local Option	(27,262.04)
307 335 2200	Revenue Sharing	(4,476.92)
	<b>Road and Bridge</b>	<u>(35,816.41)</u>
	<b>Total Non-CRA Revenue Reductions</b>	<u>(219,452.18)</u>
690 369 4700	TIF - Manatee County	496,484.00
690 369 4900	TIF - Palmetto	(53,030.01)
	<b>Total CRA Revenue changes</b>	<u>443,453.99</u>

Fund Balance Reserves (As stated in FY09 Budget)

Fund	Unreserved Fund Balance	Minimum Required	Over (Under) Required Minimum	Fund Balance Reserve	# of Months of Reserve
General Fund	2,983,247	2,782,094	201,153	51,927	3.27
Road and Bridge	967,894	284,989	682,905	87,076	11.11

## REVENUE DETAIL Attachment A-1

Acct #	Description	LCIR 9/30	Adopted Budget for FY09		Amount	Revised Budget
			95%	Est. Reduction		
001 311 1010	Current Property Taxes	5,183,113	4,923,957	2.52%	124,027	4,799,930
001 335 8000	1/2 Sales Tax	895,753	850,965	4.90%	41,697	809,268
001 335 2100	Revenue Sharing	282,296	286,580	6.25%	17,911	268,669
307 335 2200	Revenue Sharing	112,469	111,923	4.00%	4,477	107,446
307 312 4201	5 Cent Local Option	County	419,416	6.50%	27,262	392,154
307 312 3000	9th Cent Fuel Tax	County	62,730	6.50%	4,077	58,653
001 311 1010	Property Tax	County	4,923,957	2.52%	124,027	4,799,930
690 369 4900	TIF FINAL CRA TIF	County	2,121,200	2.50%	53,030	2,068,170

Property Values	Property Value (thousands)	Millage Rate	100%		95%	
			5,183,080	4,923,957		
1,110,770,974	1,110,771	4.6662	5,183,080	4,923,957	Current Budget	
1,082,799,208	1,082,799	4.6662	5,052,558	4,799,930	Reduced Budget	
				<u>124,027</u>	Reduction amt	

# BUDGET CUTS Attachment B

## General Fund

**1. DROP Participants** (The City is not required to make pension contributions for employees in the DROP program.)

Name	Effective Date	09 Budget for Pension	Applicable Budget to Cut
Van Brown	7/1/2008	7,883	7,883
Sharon Jones	12/1/2008	10,991	9,159
Garry Lowe	10/1/2008	8,529	8,529
Ron Koper	2/1/2009	11,092	7,395
George Williamson	10/1/2008	6,064	6,064
			39,030

### 2. Attrition

Position or Name	Vacancy Date	09 Budget for position	Applicable Budget to Cut
IT Specialist	Vacant	54,099	54,099 Full year
Contract consultant for IT			(15,000)
City Planner	1/1/2009	103,124	54,255 (6 months)
ZNS consultant in place of City Planner (estimate)			(20,000)
			73,354

### 3. Other Accounts

Account	Reason	Applicable Budget to Cut
001 542 6900	Last lease pmt budget not needed	2,242
001 514 3106	Amount duplicated - CRA expense	16,000
001 512 9169	TIF to CRA reduced	53,010
		71,252
Total possible cuts		183,636
Total necessary General Fund cuts		183,636
Total possible cuts		183,636
Remaining cuts needed		0

## Road and Bridge Fund

### 1. Attrition

Position or Name	Vacancy Date	09 Budget for position	Applicable Budget to Cut
Freddie Freeman - Service Worker II	12/9/2008	53,970	40,478
			If position remains unfilled for remainder of year
Total necessary Road and Bridge cuts			(35,816)
Remaining cuts needed			(76,294)