

TAB 10

POINT PAPER
Revenue Reductions and Possible Budget Cuts
Resolution 09-13

Problem: On January 5, 2009, Finance informed Commission that information was received 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.

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

Receipts for Road and Bridge gas taxes have not, as yet, indicated a reduction in revenue as predicted. Therefore, the revenue for Road and Bridge will be monitored for the predicted reductions and a budget amendment will be brought forward at that time.

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 \$79,479. 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 \$496,485 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 \$417,006.

Staff 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.

Alternatives:

1. Do nothing.
2. Approve Resolution #09-13 decreasing revenues and expenses as indicated.

Recommendation: Staff recommends Commission approve Resolution 09-13.

Budget Impact: The budget will be impacted as noted above. General Fund revenue and expense budget will be reduced by \$183,636 and CRA revenue budget will be increased \$417,006.

RESOLUTION NO. 09-13

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA,
AMENDING RESOLUTION NO. 08-32, WHICH RESOLUTION ADOPTED THE BUDGET FOR
FISCAL YEAR 2008-2009, AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, from time to time it is necessary to increase or decrease revenues and expenditures in certain accounts, and;

WHEREAS, it is necessary to provide budgetary authorization for the expenditure of these funds;

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA:

Section 1: That Revenue and Expense Account are adjusted per the following table:

Account Number	Account Title	Increase	Decrease	Total Increase (Decrease)
General Fund				
Revenues				
001 311 1010	Ad Valorem Property Taxes		124,027	
001 335 2100	State Revenue Sharing		17,912	
001 335 8000	Half-cent Sales Tax		41,697	
		<u>-</u>	<u>183,636</u>	<u>(183,636)</u>
Expenses				
001 516 2221	General Employee Pension		9,159	
001 521 2224	Sworn Officers Pension		8,529	
001 540 2221	General Employee Pension		7,395	
001 542 2221	General Employee Pension		7,883	
001 572 2221	General Employee Pension		6,064	
001 513 1201	IT Regular Salaries		11,663	
001 513 2101	IT FICA Taxes		2,805	
001 513 2221	IT Pension		6,082	
001 513 2301	IT Life and Health Insurance		8,400	
001 513 2401	IT Workers Comp		149	
001 543 1201	Planning Regular Salaries		20,000	
001 543 3101	Planning Consulting	20,000		
001 543 1201	Planning Regular Salaries		8,498	
001 543 2101	Planning FICA Taxes		2,180	
001 543 2221	Planning Pension		3,923	
001 543 2301	Planning Life and Health Ins		3,150	
001 543 2401	Planning Workers Comp		35	
001 542 6900	Lease Payments		2,242	
001 514 3106	City Attorney Contract Services		16,000	
001 512 9169	CRA TIF		79,479	
		<u>20,000</u>	<u>203,636</u>	<u>(183,636)</u>
CRA				
Revenues				
690 369 4700	Manatee County TIF	496,485		
690 369 4900	Palmetto TIF		79,479	
		<u>496,485</u>	<u>79,479</u>	<u>417,006</u>

Section 2: This Resolution shall become effective immediately upon its passage.

Section 3: All Resolutions and parts of Resolutions in conflict herewith are repealed.

PASSED AND DULY ADOPTED, in regular session, by the City Commission of the City of Palmetto, with a quorum present and voting, this 23rd day of February, 2009.

CITY OF PALMETTO, FLORIDA
BY AND THROUGH THE CITY
COMMISSION OF THE CITY OF
PALMETTO

By: _____
SHIRLEY GROOVER BRYANT,
MAYOR

ATTEST: JAMES R. FREEMAN

By: _____
City Clerk