

8. **OLD BUSINESS**

b. Budget Updates

- ii. Memorandum regarding updates of State Revenue Estimates shared with the City



MEMORANDUM

TO: JUDIE ZIMOMRA, CITY MANAGER
FROM: SYLVIA EDWARDS, FINANCE DIRECTOR
DATE: DECEMBER 4, 2008
RE: STATE REVENUE ESTIMATES ADJUSTED

DRAFT

BACKGROUND:

Historically, the City of Sanibel, as well as other municipalities in the State of Florida, has received State Shared Revenues. In FY 2006 the City received \$3,005,884 in State Shared Revenues. The City's FY 2009 State Shared Revenues are budgeted at \$2,285,430. This represents 15.1% of FY 2009 General Fund's Total Budgeted Revenues.

DECEMBER 2008 ADJUSTMENTS:

Since the State of Florida's August 2008 General Revenue Estimating Conference, weakness in the state, national and world economies has deepened. At its November 21, 2008 meeting the Revenue Estimating Conference reduced its estimate of General Revenue collections for Fiscal Year 2008-09 by \$1.4 billion or 6.0% below the estimate from August. For Fiscal Year 2009-10, expected revenues were reduced by \$2.3 billion or about 9.5% from the earlier forecast.

In response, the Department of Revenue's Office of Tax Research has issued revised Municipal Revenue Sharing estimates and recommended percentage reductions for other local government revenue sources. The following table provides a history of the State's FY 2009 Municipal Revenue Estimates for the City of Sanibel:

<u>STATE REVENUE ESTIMATES</u>	<u>June</u>	<u>Jul/Aug</u>	<u>% Chg</u>	<u>December</u>	<u>% Chg</u>
Local Option Gas Tax	N/A	\$ 926,970		\$ 866,717	-6.50%
\$0.05 Local Option Gas Tax	N/A	\$ 676,463		\$ 632,493	-6.50%
Communications Services Tax	N/A	\$ 570,063		\$ 570,063	0.00%
State Revenue Sharing	\$ 159,243	\$ 153,522	-3.59%	\$ 148,144	-3.50%
Half-cent Sales Tax	\$ 485,419	\$ 461,809	-4.86%	\$ 439,180	-4.90%
TOTAL		\$ 2,788,827		\$ 2,656,597	

The following table compares the State's December revisions to the City's adopted FY 2009 adopted budget:

STATE REVENUE	State's December Estimates	City's FY 09 Adopted Budget	% Less Than State Estimate
Local Option Gas Tax	\$ 866,717	\$ 700,000	-19.24%
\$0.05 Local Option Gas Tax	\$ 632,493	\$ 550,000	-13.04%
Communications Services Tax	\$ 570,063	\$ 500,000	-12.29%
State Revenue Sharing	\$ 148,144	\$ 126,000	-14.95%
Half-cent Sales Tax	\$ 439,180	\$ 409,430	-6.77%
TOTAL	\$ 2,656,597	\$ 2,285,430	-13.97%

Amending the City's budgeted revenues using the State's reduction percentages will require a matching expenditure reduction of \$105,722.

STATE REVENUE	City's FY 09 Adopted Budget	State's % Reduction	City's FY 09 Budget Reduction	Proposed Revised Budget	State's December Estimates	% Less Than State Estimate
Local Option Gas Tax	\$ 700,000	6.50%	\$ (45,500)	\$ 654,500	\$ 866,717	-24.49%
\$0.05 Local Option Gas Tax	\$ 550,000	6.50%	\$ (35,750)	\$ 514,250	\$ 632,493	-18.69%
Communications Services Tax	\$ 500,000	0.00%	\$ -	\$ 500,000	\$ 570,063	-12.29%
State Revenue Sharing	\$ 126,000	3.50%	\$ (4,410)	\$ 121,590	\$ 148,144	-17.92%
Half-cent Sales Tax	\$ 409,430	4.90%	\$ (20,062)	\$ 389,368	\$ 439,180	-11.34%
TOTAL	\$2,285,430			\$2,179,708	\$2,656,597	-17.95%
PROPOSED REDUCTION			\$ (105,722)			

CITY'S CURRENT REVENUE ANALYSIS:

To date the City has received \$551,931 from the State (24.1% of FY 2009 budget). The table below shows the actual receipts for October and November 2009, the City's FY 2009 Revised Annual Estimate, FY 2009 Adopted Budget, and FY 2009 Estimated Overage (Shortfall). The Revised Annual Estimate revenue is based on FY 2009 monthly actual receipts compared to the FY 2009 adopted budget that has been allocated based on FY 2008 historical monthly collection percentages.

Using the historical monthly collection percentage method instead of the straight line method to allocate the budgeted revenue provides a seasonality basis for budgetary analysis. Based on the revenue analysis, four of the five revenues are over budget for the first two months. This report will be updated and provided on a monthly basis.

STATE REVENUE	FYTD as of 11/30/2008	City's Revised Annual Estimate	FY 2009 Adopted Budget	Estimated Overage (Shortfall)
Local Option Gas Tax	\$ 139,044	\$ 731,322	\$ 700,000	\$ 31,322
\$0.05 Local Option Gas Tax	\$ 105,525	\$ 562,887	\$ 550,000	\$ 12,887
Communications Services Tax	\$ 88,702	\$ 512,103	\$ 500,000	\$ 12,103
State Revenue Sharing	\$ 159,712	\$ 129,010	\$ 126,000	\$ 3,010
Half-cent Sales Tax	\$ 58,948	\$ 406,012	\$ 409,430	\$ (3,418)
TOTAL	\$ 551,931	\$ 2,341,334	\$ 2,285,430	
ESTIMATED REVENUE OVERAGE (SHORTAGE)				\$ 55,904