

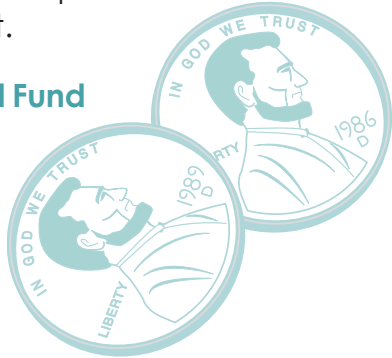
Quick Facts about the City's 2009 General Fund Budget



How did we get here?

There were unprecedented declines in sales tax revenues in October, November and December 2008. These recent declines in sales tax revenue indicate the need for a reduction in the 2009 sales tax revenue forecast. Sales tax revenue was originally budgeted at \$125.4 million for 2009 but due to the recent downward trend it is anticipated that the sales tax revenue will not meet the original budget by approximately \$13 million. The cumulative impact of the unanticipated revenue shortfall in 2008 and continuation of this trend has created a deep deficit and need for reductions in the 2009 budget of approximately \$16.8 million. These reductions are in addition to the \$23 million reduction required to balance the original 2009 budget.

- The City's **General Fund budget pays for** services and programs like **police, fire**, road maintenance, snow plowing, parks, recreation centers, community development and more.
- Over half of the General Fund budget comes from **sale tax revenues**.
- The local sales tax rate is 7.4%, but the General Fund only receives a fraction of the 7.4%.
 - For every \$1.00 taxable purchase, **2 cents** goes to the City's General Fund.
 - The rest of the sales tax is divided up between the state, county and three dedicated voter approved programs --
 - Trails, Open Space and Parks (TOPS)
 - Public Safety (PSST)



- Pikes Peak Rural Transportation Authority (PPRTA)

These three specific taxes cannot be spent on anything other than the purposes spelled out in the ballot language without voter approval.

- When the **economy is weak** and fewer purchases are being made, the amount of sales tax revenue coming to the General Fund as well as to the specialized programs like TOPS declines.
- An **unprecedented downturn** in the local, regional and national economy has meant drastic reductions in the amount of sales tax revenue available for City services and programs.
- By law, the City is required to have a **balanced budget**.
- Because of the decline in sales tax revenue, cuts to programs and services must be made to match our projected available funding.
- First **priority** will be funding for **police and fire**.
- Other services that enhance the community's quality of life are important, but **when revenue shortfalls exist**, funding for these areas will **not be sufficient to maintain the level of services** the community has grown accustomed to.
- The harsh reality is that even **if the economy recovers citizens are going to experience a decrease in city services** due to the local TABOR ratcheting effect. Until the General Fund becomes less reliant on variable sales tax, services are at risk year-to-year.