
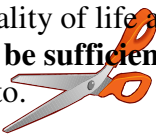


Quick Facts about the City's 2009 General Fund Budget

- 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) and
 - 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 **until the economy recovers** and/or the General Fund becomes less reliant on variable sales tax, **citizens are going to experience a decrease in city services**.

How did we get here?

There were unprecedented declines in sales tax revenues in October and November 2008. A similar decline is anticipated for December 2008 revenue which will be determined in February 2009. 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 up to \$16.8 million. These reductions are in addition to the \$23 million reduction required to balance the original 2009 budget.