



Setting the Priorities of Government

June, 2008



Community Forum

- The Longmont City Council has invited residents to attend one of three community forums to seek community input about municipal service priorities that will help guide the City in preparing its 2009 General Fund Budget.



Overview

- Why are we here?
- Why only the General Fund?
- What are you being asked to do?
- How will this information be used?



City Financial Structure

- Government financial statements include a number of funds and each fund functions as a separate fiscal and accounting entity.
- The Principal operating fund for a government is known as the “General Fund”. Most services in the General Fund are supported by tax revenues.
- Services not included in the General Fund are either fee-supported enterprises or revenues that are legally designated to be used for a specific purpose. These services are accounted for in other funds such as Enterprise Funds and Special Revenue Funds.



Other Major Operating Funds

■ Enterprise Funds

1. Electric
2. Water
3. Wastewater
4. Storm Drainage
5. Solid Waste
6. Golf
7. Airport
8. Telecommunications

■ Special Revenue Funds

1. Public Improvement Fund
2. Streets Fund
3. Open Space Fund
4. Public Safety Fund



General Fund

- Revenue growth in the General Fund has slowed considerably in recent years

Annual Ongoing Revenue Growth

<u>Year</u>	<u>Budgeted Revenue</u>	<u>\$ Increase</u>	<u>%Inc</u>
2002	\$49,727,812	-	-
2003	\$48,866,435	(\$861,377)	(1.73)%
2004	\$49,818,675	\$952,240	1.94%
2005	\$54,627,263	\$4,808,588	9.65%
2006	\$56,052,111	\$1,424,848	2.60%
2007	\$56,441,127	\$389,016	0.69%
2008	\$57,053,325	\$612,198	1.08%



General Fund Expenditures

- 75% of General Fund expenditures are for salary and benefits costs (over \$44 million).
- Salary increases since 2002 have averaged 2.5%. Medical cost increases experienced double digit growth from 2002 through 2006 but have since slowed.
- With most of our General Fund revenue growth coming from sales & use tax and property tax, the rate of growth from those sources from 2002 to 2007 has not always been sufficient to cover increases in salary and benefits.



General Fund Revenues

2007

		Revenues that Support Specific Services	Non-Earmarked Revenues
Sales taxes	36.3%		36.3%
Use taxes	6.7%		6.7%
Property taxes	23.5%		23.5%
Other taxes	8.9%		8.9%
Licenses & permits	2.2%	2.2%	
Intergovernmental	1.2%	1.2%	
Charges for services	7.7%	7.7%	
Administrative transfer fees	10.3%	10.3%	
Fines & forfeits	1.4%	1.4%	
Investment income & Misc.	1.8%		1.8%
	100.0%	22.8%	77.2%



General Fund Revenue 1995-2001

	Residential Dwellings Permits	Property Tax Growth %	Sales and Use Tax Growth %
1995	868	5.4%	7.9%
1996	616	12.3%	9.7%
1997	1358	7.6%	11.6%
1998	1588	12.5%	12.9%
1999	1242	4.9%	5.2%
2000	1507	18.9%	19.8%
2001	1641	10.7%	5.9%



General Fund Revenue 2002-2007

	Residential Dwellings Permits	Property Tax Growth %	Sales and Use Tax Growth %
2002	983	21.6%	(4.4)%
2003	866	3.6%	2.4%
2004	843	9.2%	9.8%
2005	502	2.3%	1.2%
2006	282	1.0%	2.7%
2007	213	3.4%	1.9%
2008	145 (estimate)	6.5%	(1.0)%



General Fund Expenditures

General Fund FTE by Department

Department	2001	2008
Administration	35.75	33.00
Community Development	93.34	89.00
Community Services	81.53	87.70
Finance	62.70	65.20
Fire	83.50	84.50
Police	143.50	156.50
Communications	19.00	20.00
Public Works	10.00	-
General Fund total	529.32	535.90



2009 Preliminary Budget Projections

- ❑ More Optimistic Projection
 - 2% Sales and Use Tax Growth
 - 3% Salaries & Benefits Growth
 - Expenses exceed revenues by over \$900,000
- ❑ Less Optimistic Projection
 - 0% Sales and Use Tax Growth
 - 4% Salaries & Benefits Growth
 - Expenses exceed revenue by \$1.6 million



General Fund Service Prioritization

- General Fund services are either supported by revenues specifically charged or collected for an individual service or else they are generally supported by tax revenues.
- The workshop booklet includes a summary of the types of municipal services that are generally supported by tax revenues.
- Those services are separated into five general categories:
 1. Improve economic health
 2. Improve environmental health
 3. Improve neighborhood quality
 4. Improve community safety
 5. Improve cultural, educational, recreation and human service opportunities
- These categories are intended to reflect the strategic policy directions from our Focus on Longmont strategic planning process as well as adding community safety which is always a high community value on citizen surveys.



General Fund Prioritization

- Our first goal is to get community input on the relative priorities among the five municipal service categories.
- Our second goal is to get community input on the relative priorities of the service areas within each of the five municipal service categories.
- Our third goal is get community input on how we could deliver or fund municipal services differently.



Suggested Solutions

- Raise revenues

Tell us which services we should charge for.

- Be more efficient

We will always strive to deliver city services more efficiently but let us know where we can do better.

- Prioritize services

We agree we need to do this and we need to know your input on what your priorities are.



Tough Questions

- If we are forced to reduce services, which services should we cut?
- As a member of this community what is of most importance to you, what do you value the most, for which services do you want to see your tax dollars spent?



Setting the Priorities of Government

- What happens Next?
- We will combine community input with our professional judgment and the decision-making authority of the City Council to adopt a 2009 balanced General Fund budget in October.