



**GARDINER CITY COUNCIL
AGENDA ITEM INFORMATION SHEET**



Meeting Date	07/10/2019	Department	City Council
Agenda Item	4.2 Consideration of how to apply increased State Revenue Sharing		
Est. Cost	n/a		

Background Information	<p>At the last meeting of the City Council, each councilor was provided a sheet with options of how to apply the increased revenue sharing that now has been allocated by the State of Maine. The increased amount of \$118,566 has statutory limitations on how to allocate it.</p> <p>The options are as follows:</p> <ol style="list-style-type: none"> 1. Create a special designated account to use the \$118,566 revenue sharing increase in the FY21 budget 2. Use the originally budgeted number of \$532, 023 in the FY20 budget and allow the increased amount to lapse to fund balance 3. Use \$118,566 less in budgeted fund balance for FY20 (originally proposed \$225,000, so new amount to be used would be \$106,434) 4. Allow the proposed \$225,000 use of fund balance to stay the same and apply the \$118,566 revenue sharing increase to FY20 tax calculations <p>The City Manager is recommending option number four. The use of increased revenue sharing in the amount of \$118,566 would potentially decrease the mil rate by .33 (this does not include the possibility that Gardiner property values may be increased over what was originally determined in calculating the mil rate during the budget process). The city's fund balance is within auditor's recommended standards.</p> <p>(The original memo is attached that notes \$106,404 in increased revenue sharing. The State of Maine has since updated the estimated revenue sharing amount.)</p>
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Requested Action	'I move to allow the estimated increased revenue sharing in the amount of \$118,566 be applied to the FY20 tax commitment.'
City Manager and/or Finance Review	The City Manager recommends the above action.
Council Vote/ Action Taken	
Departmental Follow-Up	

City Clerk Use Only	1 st Reading _____	Advertised _____	EFFECTIVE DATE _____
	2 nd Reading _____	Advertised _____ w/in 15 Days	
	Final to Dept _____	Updated Book _____	Online _____

FY 2020 Projected Municipal Revenue Sharing*

7/1/2019 - 6/30/2020 Published 06/20/2019

County	Municipality Name	July 1, 2017 Census Population	2017 Tax Assessment	2017 Tax Assessment	2019 State Valuation	Rev I Distribution Percentage	Rev II Distribution Percentage	Rev I Projected FY20 Distribution	Rev II Projected FY20 Distribution	Total Projected FY20 Distribution	Budgeted 2.5%	Diff between 3% and 2.5%
Kennebec	GARDINER	5745	7733924	7733924	348,750.00	0.005680570	0.007601	464,728.22	185,861.21	650,589.43	\$ 532,023.00	\$ 118,566.43



June 19, 2019

To: Mayor Hart and City Councilors

From: Christine M. Landes

Re: Increased Revenue Sharing from Governor's Biennial Budget

As you are all aware, Governor Mills signed the State of Maine's biennial budget on Monday. As part of that budget, revenue sharing will be increased from the proposed 2.5% to 3% in the upcoming year, and the following year it will increase to 3.75%.

When the proposed FY20 budget was prepared for the city, we conservatively budgeted the 2.5% that was in the Governor's proposal. Now that the state budget has passed with the 3% revenue sharing, it will mean an additional \$106,404 over what was proposed in the city budget. (For FY21, the city's total revenue sharing amount will be \$798,035; an increase of \$159,608 from FY20.)

Maine State law allows for the municipal officers to estimate the revenue sharing amount in each fiscal budget. With that being said, the City Council will be asked to make a decision on how to apply this increase. The following options are available:

- Create a special designated account to use the \$106,404 revenue sharing increase in the FY21 budget
- Use the originally budgeted number of \$532,023 in the FY20 budget and allow the increased amount to lapse to fund balance
- Use \$106,000 less in fund balance for the FY20 budget (originally proposed \$225,000, so new amount to be used would be \$119,000)
- Allow the proposed \$225,000 use of fund balance to stay the same and apply the \$106,404 revenue sharing increase to FY20 tax calculations*

This decision will be placed on your July 10th agenda. Please take the time to consider the options and reach out to me with any questions, concerns, or comments.

***Recommended:** The use of increased revenue sharing in the amount of \$106,404 would potentially decrease the mil rate by .30 (this does not include the possibility that Gardiner property values may be increased over what was originally determined in calculating the mil rate during the budget process). The city's fund balance is within auditor's recommended standards.

Fund Balance Analysis for FY20 Budget Year

	Undesignated <u>Fund Balance</u>	% of <u>Budget</u>	W/LH TIF <u>Deficit</u>	% of <u>Budget</u>
Actual @ 6.30.18	2,338,023	22%	(384,049)	18%
Projected @ 6.30.19	2,338,023	24%	(289,874)	21%
FY20 proposed use of Fund Balance	(225,000)			
Radio Upgrades	<u>(50,000)</u>			
Projected @ 6.30.20	2,063,023	20%	(176,786)	18%

Creditors - minimum 20%

Auditors - 1 to 2 months or 8.3% to 16.7%

***Note - assumes no major increase/decrease in fund balance due to annual operations**

Historical Unassigned Fund Balance

<u>Fiscal Year End</u>	<u>Unassigned Fund Balance</u>	<u>Budget</u>	<u>% of Budget</u>	<u>RKO Rec 2 Mths Exp</u>	<u>+/-</u>	<u>Creditors 20%</u>	<u>+/-</u>
FY18	2,338,023	10,757,369	21.73%	1,792,895	545,128	2,151,474	186,549
FY17	2,470,079	10,943,755	22.57%	1,823,959	646,120	2,188,751	281,328
FY16	2,239,229	10,395,834	21.54%	1,732,639	506,590	2,079,167	160,062
FY15	2,606,097	10,106,124	25.79%	1,684,354	921,743	2,021,225	584,872
FY14	2,170,022	8,708,773	24.92%	1,451,462	718,560	1,741,755	428,267
FY13	2,012,584	8,735,111	23.04%	1,455,852	556,732	1,747,022	265,562
FY12	1,918,418	8,787,136	21.83%	1,464,523	453,895	1,757,427	160,991
FY11	1,701,542	8,452,313	20.13%	1,408,719	292,823	1,690,463	11,079
FY10	1,702,304	8,437,030	20.18%	1,406,172	296,132	1,687,406	14,898
FY09	1,592,312	8,481,907	18.77%	1,413,651	178,661	1,696,381	-104,069
FY08	1,198,108	8,349,196	14.35%	1,391,533	-193,425	1,669,839	-471,731
FY07	873,955	7,609,504	11.49%	1,268,251	-394,296	1,521,901	-647,946
FY06	1,618,322	7,491,163	21.60%	1,248,527	369,795	1,498,233	120,089
FY05	1,146,193	7,259,403	15.79%	1,209,901	-63,708	1,451,881	-305,688
FY04	592,792	6,818,209	8.69%	1,136,368	-543,576	1,363,642	-770,850
FY03	193,932	6,698,524	2.90%	1,116,421	-922,489	1,339,705	-1,145,773
FY02	6,129	5,929,402	0.10%	988,234	-982,105	1,185,880	-1,179,751