

Questions and Answers

Q: What is the purpose of the city budget?

A: The budget is an annual financial plan for the City of Tampa. It specifies the level of municipal services to be provided in the coming year. It reflects the policies and priorities set by the mayor and city council.

Q: How and when is the budget prepared?

A: The City of Tampa's annual budget process routinely begins in November with the preparation of initial revenue and expense estimates which are reviewed with the mayor. In January, departments consider strategic and city-wide goals, and develop service delivery objectives for use in building the budget for the coming year. Then, amounts of funding or threshold budgets for each department are determined. Thresholds are based on current budget levels, level of service desired by the administration and estimates of available revenues. Each department then prepares its budget for the upcoming fiscal year within the threshold amount. The resulting budgets are reviewed and requests for additional funding are considered. The Recommended Annual Budget is presented to city council in August. Finally, budget hearings are held and the budget is adopted by the end of the current fiscal year (September 30).

Q: Where does the city obtain its revenues?

A: From local, state and federal taxes, fees, licenses and payments for municipal services such as water, wastewater and solid waste collection.

Q: How is the money used?

A: It is used to pay for salaries, equipment, supplies, capital improvements and debt service needed to provide fire and police protection, water, wastewater, solid waste collection and other municipal services specified in the city budget.

Q: What is a mill of tax?

A: One mill is equal to \$1.00 for each \$1,000 of assessed property value. City property taxes on a \$185,000 home, with a \$50,000 homestead exemption and millage rate of 10, would be \$1,350.

Assessed Value	\$ 185,000
Less homestead exemption	<u>50,000</u>
Net taxable value	\$ 135,000
	÷ 1,000 = \$135
	<u> x 10</u> Millage
	<u>\$ 1,350</u> Property Tax

Q: What is property tax?

A: When the city adopts its annual budget, it determines the tax rate that must be applied on property in order to generate the necessary general fund revenue. The estimated tax rate (millage) in the City of Tampa's recommended FY09 budget is 5.7326 mills or \$5.7326 per \$1,000 of taxable value. The Hillsborough County Property Appraiser establishes the taxable value of all property within the city. If your home is valued at \$185,000 and you have a \$50,000 homestead exemption, you pay tax on the remaining \$135,000. In this example, your taxes paid to the city would be \$773.90, (135 x 5.7326 mills).

Q: How much of the total millage on property in Tampa was paid to the city?

A: Only 5.7326 mills of the 21.4213 mills levied for tax year 2008 was paid to the city. Using an example of a \$185,000 home with a \$50,000 homestead exemption, tax was paid on \$135,000 x 21.4213 mills, or \$2,891.88 of ad valorem tax; \$773.90 went to the city (27% of the total tax); and the remainder went to Hillsborough County, Hillsborough County School Board, Southwest Florida Water Management District, etc.

Q: What is the difference between ad valorem tax and property tax?

A: There is no difference between ad valorem tax and property tax. They are different names for the same tax.

Q: Why is the city collecting less property taxes if the millage rate is constant?

A: On each parcel of real estate or tangible personal property, a taxable valuation is established by the County Property Appraiser to be used as a basis for levying taxes. This valuation is determined by subtracting all exemptions from the assessed value of a property which is determined by comparing a home to similar homes that have sold recently. Property taxes decline even though the millage rate remains constant because taxable property values within the city decrease.

Q: What is an operating budget?

A: An operating budget is an annual financial plan for recurring expenditures such as salaries, utilities and supplies.

Q: What is a capital improvement budget?

A: A capital improvement budget is a long-range plan for the construction of physical assets such as buildings, streets and sewers.

Q: What is a tax operating fund?

A: A tax operating fund receives its money from the city's general revenues, such as property taxes. Police and fire protection are examples of services provided through a tax operating fund.

Q: What is a revenue or enterprise fund?

A: A revenue or enterprise fund earns its own revenues by charging patrons for municipal services. The water department is an example of an enterprise fund. It generates revenues by billing its customers for the water they use.

Q: What is a budget appropriation?

A: A budget appropriation is a specific amount of money that has been approved for use in a particular manner by city council.

Q: Why doesn't the city add an income tax to generate additional revenue?

A: The city charter and the laws of the State of Florida prohibit the levying of such taxes by cities.

Q: What is the difference between recurring and non-recurring revenues?

A: Recurring revenue is income from sources which continue from year to year, where a similar amount can be expected annually. Property taxes and franchise fees are examples of recurring revenue. Non-recurring revenues are those that exist only for a limited period of time, or whose amounts vary considerably from one year to the next. Examples of non-recurring revenues include surplus land sales and "one-time" grants.

Q: What are the purposes of bond/state loans?

A: To lend money to the government so that they can cover their capital construction costs.

Q: How does the city prepare/pay for unforeseen emergencies such as hurricanes, terrorist threats, etc.?

A: In the tax operating funds, the city's policy is to budget approximately 1% as reserve for contingencies. In addition, due to concerns regarding potential under collection of state and local revenues, revenue reserves of approximately 1% of recurring revenues are budgeted in the general and utility tax funds for potential revenue shortfalls. These measures, along with reserving a portion of existing fund balance (\$7.6 million) are to help the city prepare for future emergencies.