URBAN COUNTY COUNCIL

BUDGET & FINANCE COMMITTEE SUMMARY

FEBRUARY 26, 2008

Dr. Stevens chaired the committee meeting, calling it to order at 1:00 pm. All committee members were present.

I. General Fund Revenue Update FY 2008, Update on FY07 Closing and Update on FY07 Fund Balance

Commissioner Koch stated she combined the three topics on today's agenda into one presentation. She stated things are moving rapidly towards the FY 07 close and they are completely finished with the cash end of the general fund so what she will be talking about is a done deal on the general fund with the exception of having it audited. Commissioner Koch did a PowerPoint presentation Financial Update. (Presentation attached).

CM Ellinger asked about the $5M expenditure savings.

Commissioner Koch stated there was a debt service that was budgeted for this year that we are not going to need because we haven't sold bonds yet. She stated there were some pots of money that was set aside in the budget for reclassifications. She stated they have asked the commissioners to only approve expenditures that are absolutely necessary. She stated they do believe they can come up with $5M on the expenditure side. Commissioner Koch stated if you look at operating expenses with exception of professional services and outside agencies we are running behind last year. We currently are $4M behind at this time. She stated they believe if they aggressively manage this they will finish the year with about $5M savings. She stated they feel like they can pick up $2M in personnel because we have not been filling positions unless they were absolutely necessary.

CM Gorton asked how the issue with purchase orders fit into the expenditure savings.

Commissioner Koch stated the purchase orders allowed them to get to the $13,484,000. She stated had they not cleared out the purchase orders they would have been $3M short in the carry forward.

CM Gorton asked about the FY 08-09 projections. CM Gorton asked if we can presume that the FY08-09 budget will not have any new programs in it that will require funding.

Commissioner Koch stated she really can't answer that.

CM Gorton stated there was a program mentioned in the State of the Merged Government Address which hasn't been discussed among council that would require new money. She stated she is curious about new programs.

Commissioner Koch stated clearly it is the Mayor's decision. She stated if we did everything that was in the management audit then there would be some new things we would have to do. She stated if we want to do things better, faster and cheaper which was one of the goals of the management audit then there are some things that we aren't doing that we need to be doing for an effective government. She stated they will be weighing all the recommendations of the management audit as well as any other items they may want to look at in packaging it to bring forward to council in April.

CM Gorton stated she merely meant new programs.

CM Blevins thanked the Commissioner for the charts. He asked if we are complete with the clean up of FY07 and STARS should be as good as it is going to get for FY07.

Commissioner Koch stated for FY07 they are finished with general fund, cash reconciliation and any entries that would affect the general fund. She stated they are still sorting through some of the other funds. She stated the auditors are working though.

CM Blevins asked if the entries for this year are up to date and we are working off good data.

Commissioner Koch stated the January report still says draft because she asked her staff to concentrate on FY07 before closing January. She stated in the closing process the numbers generally don't change very much.

CM Blevins requested on the monthly reports to have year to date actuals from the prior year. He stated this is exactly what STARS was built for.

CM Beard asked if the 53.6% of revenue collection is a gross aggregate amount as to what was budgeted.

Commissioner Koch stated yes.

CM Beard asked if there was been an attempt to go month to month to see if they are trending differently.

Commissioner Koch stated they do the month by month analysis on the big three. She stated they do month to month over the last ten years.

Vice Mayor Gray asked about the FY08-09 projection. He asked if this means $25M-$30M down from $280M or from $267M this year.

Commissioner Koch stated it is down from the current year.

Vice Mayor Gray asked is it down from expected revenue of $267M or the expected expenditures of $280M.

Commissioner Koch stated we are expecting revenue of $267M and expenditures that would be anywhere from $25M-$30M more than that. She stated this is based on where we are right now. She stated they had to make a lot of assumptions.

Vice Mayor Gray asked if they expected revenue to be flat.

Commissioner Koch stated yes.

CM Ellinger asked what our fund balance is.

Commissioner Koch stated $277K is what is budgeted right now.

CM Ellinger asked what the fund balance was for FY07.

Commissioner Koch stated the fund balance for FY07 was $13,484M is the unrestricted fund balance that is carried into FY08.

CM Ellinger asked when the books are closed what we have.

Commissioner Koch stated they have budgeted a $277K fund balance.

Commissioner Koch stated we have to look at what revenue reductions and expenditure reductions will be. She stated the unrestricted fund balance will actually be a reflection of actual revenue and actual expenditures.

CM Ellinger asked what we are looking at since we have to have a balanced budget.

Commissioner Koch stated they think we will barely get out of FY08. She stated they have budgeted $277K to end FY08 with. She stated we will end FY07 very close to $13,484M and every penny has been carried forward to use in FY08. She stated there may be some very minor audit adjustments.

Dr. Stevens asked if there are net profits under licenses and permits.

Commissioner Koch stated yes.

Dr. Stevens stated the Occupational License fee is a pretty steady source of income month to month. He stated the net profit looks like it varies month to month. He asked if this was factored into the $5M whole.

Commissioner Koch stated the payroll end of the Occupational License fee we are pretty dependent on some big government entities in Lexington. She stated with the state budget looking the way it is looking it will directly affect the payroll Occupational License fee.

Dr. Stevens asked about the net profits. He asked if net profits were included under license and permits.

Commissioner Koch stated yes. She stated they factored in that April is usually a strong month.

Dr. Stevens asked if the minus number will hold for net profits through the year.

Commissioner Koch stated what she gave the committee is what they think it will do to the end of the year. She stated they will have the committee the reports before each Budget and Finance meeting.

Dr. Stevens asked that when this months' report is done to go on and forward to the committee.

CM Beard stated he hoped STARS would be able to get data out in economic segments so we could see if we are having expansion or contraction in whatever segments and how to address those.

Bill O'Mara, Dept of Finance, stated they try to track SIC within the licensing system which isn't gravitated over to STARS yet. He stated they are limited as to what they can classify them. He stated they are working on this.

CM Beard stated the net result from the university might be a plus instead of a minus because the head count might change. He asked if we would know this.

Mr. O'Mara stated he wouldn't know this and because of confidentiality he doesn't know if he could share this information.

CM Beard stated they are subject to open records. He stated he is thinking of groups.

Mr. O'Mara stated hospitals as groups they can report on.

CM James asked for the list of FY08-09 personnel projections of $16.9M.

Commissioner Koch stated it is $3.8 sick payout, 2% increase in Police and Firefighters' Retirement Fund, $1.1 million for new police officers scheduled to begin May-June 2008, $4.9 million health insurance, $6.6 million retirement payouts, Step increases for police and fire, costs associated with corrections contract, no raises for other employees and no new employees other than police

CM James asked if the $6.6M retirement is something that has to automatically go in.

Commissioner Koch stated this is a one time deal because of the window.

Dr. Stevens asked Commissioner Koch to email the list of expenditures to the committee.

The meeting adjourned at 1:46 pm.

Financial Report

February 26, 2008

FY 2006-07 CARRY FORWARD FINALIZED!!

Carry Forward Budgeted	$13,500,000
Carry Forward Actual	$13,484,000
Shortfall	($16,000)

FY 2007-08 CHALLENGES

Revenue Slowing

- Witholding OLF
  - Budgeted +6.1% Actual +4.23%
- Net Profit OLF
  - Budgeted +5.4% Actual -0.67%
- Insurance
  - Budgeted +8.3% Actual +1.34%

REVENUES SLOWING

($5-7,000,000)

FY 2007-08 CHALLENGES CONT'

- Re-appropriations and other expenditure needs

Re-appropriations $3M
Animal Control
County Attorney
Disaster Recovery
CHFS: Race Community and Child Welfare
SCORE
E-911 AS400s

FY 2007-08 CHALLENGES CONT'

- Retirement Window Impact

$6.6 million

- Expenditure Savings

FY 2008-09 PROJECTIONS

- Revenue Growth flat to 1%
- Structural Deficit $13.5 million
- Personnel $16.9 million

FY 2008-09 PROJECTIONS

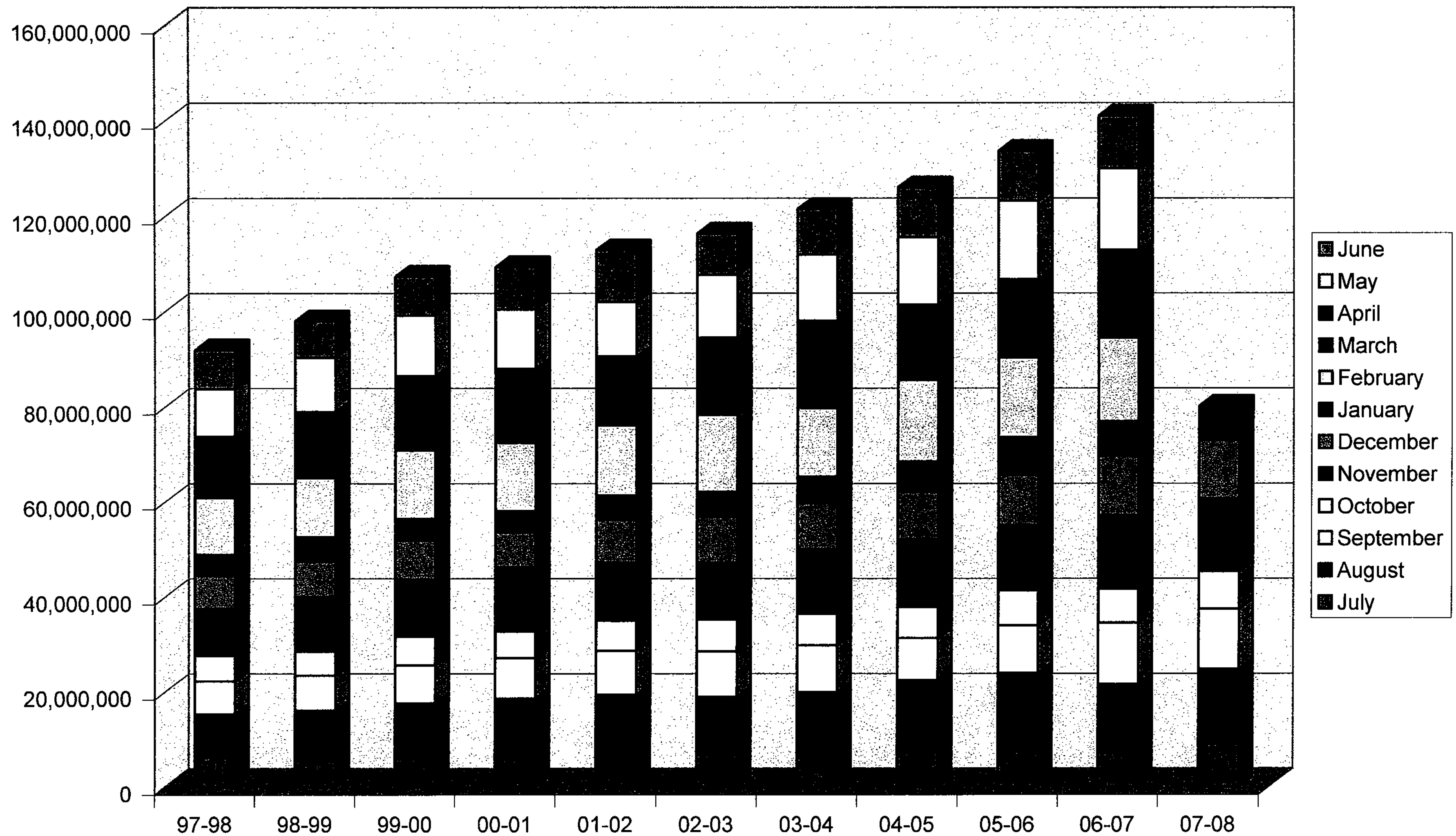
($25 – 30 million)

Economic Contingency Fund

- Balance as of June 30, 2007
  $11,894,100
- Adding $50,000 monthly per ordinance
- No flat contribution for FY 2007-08 due to shortage in carry forward.

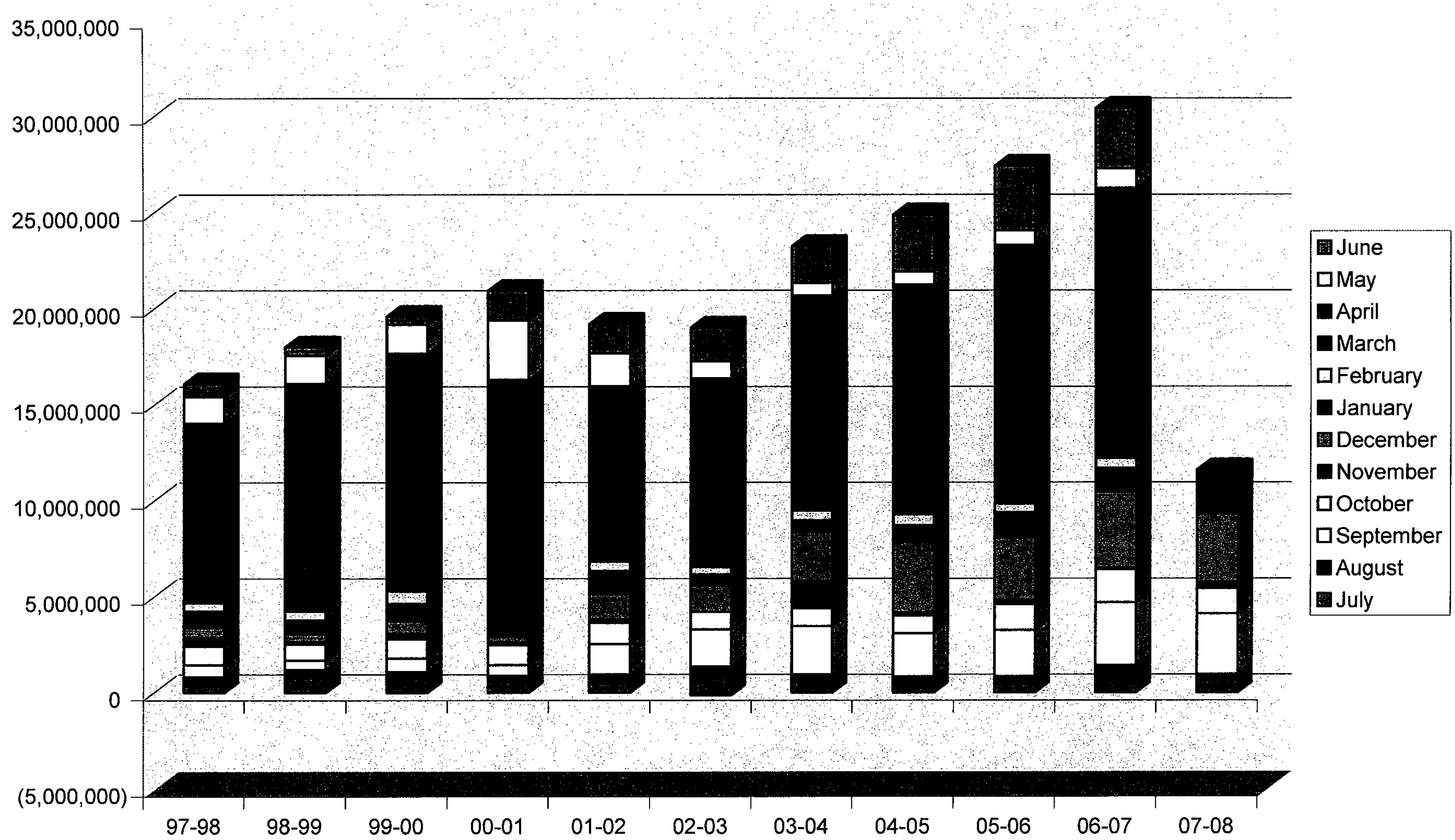
QUESTIONS??

Payroll Revenue



Division of Revenue
2/18/2008

Net Profit Revenue



Division of Revenue
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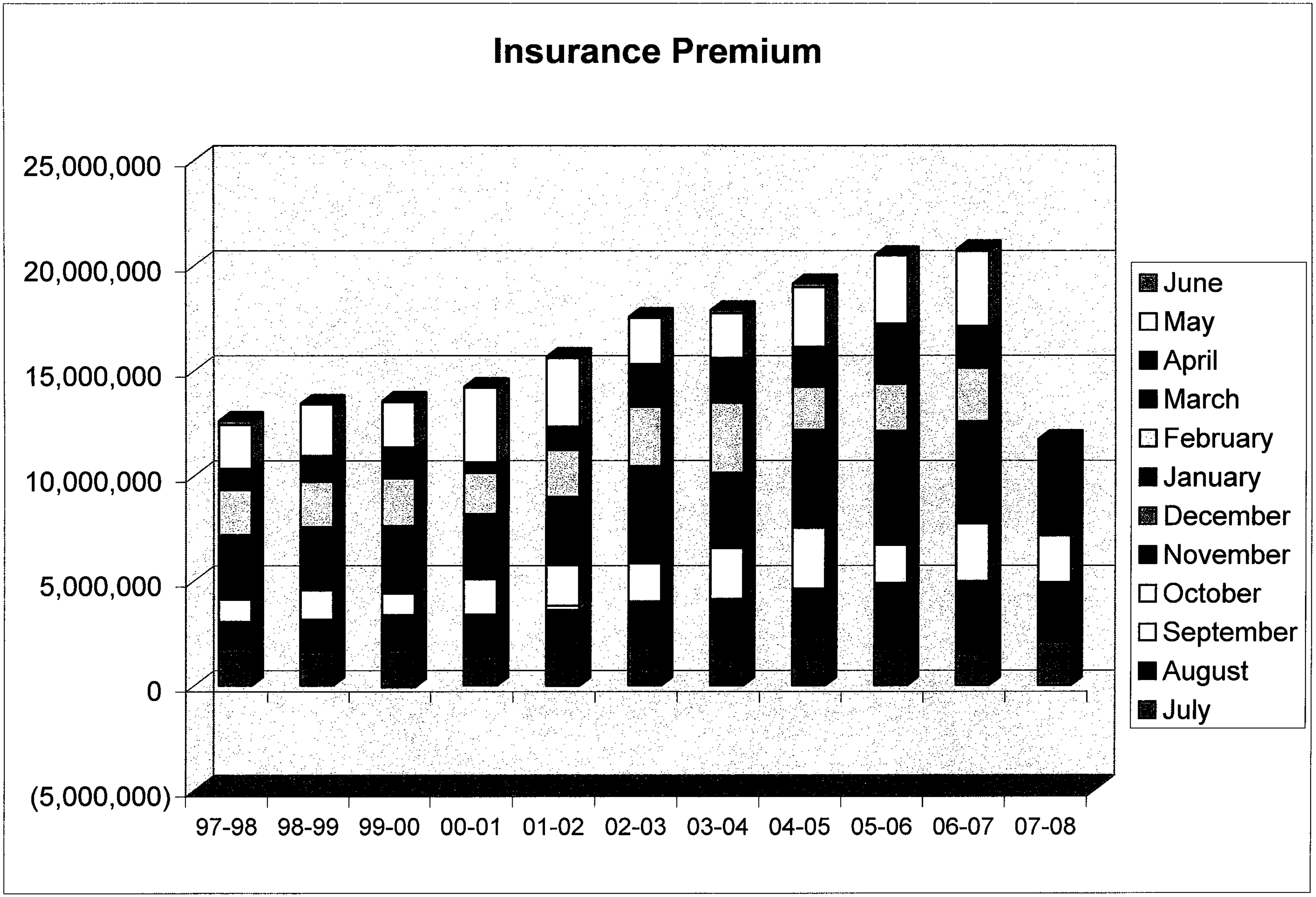

Division of Revenue
2/18/2008

Statement of Revenues and Expenditures
For Period Ending: January 31, 2008
Fund: 1101 - General Services District
DRAFT

USER_56B
Run Date: 02/26/2008

Title	Original Budget	Amended Budget	Current Month of January	YTD Through 01/31/08	Remaining Budget	Percent Collected/Used
Carry Forward	13,500,000	13,500,000			13,500,000	
Revenues:						
Licences and Permits	224,319,970	224,319,970	12,426,097	113,692,153	110,627,817	50.7%
Property Tax Accounts	18,795,000	18,795,000	1,774,891	16,416,768	2,378,232	87.3%
Charges for Services	18,908,000	18,935,370	1,386,024	10,688,032	8,247,338	56.4%
Fines and Forteitures	82,000	82,000	(157,279)	84,470	(2,470)	103.0%
Intergovernmental Revenue	875,000	887,429	162,544	605,815	281,614	68.3%
Health Insurance Premiums	0	0	0	50	50	0.0%
Property Sales	420,000	420,000	25,434	262,813	157,187	62.6%
Investment Income	2,023,000	2,023,000	0	203,991	1,819,009	10.1%
Other Financing Sources	727,330	736,230	585	2,336	733,894	0.3%
Pension Fund Revenue	0	0	0	219	219	0.0%
Other Income	1,116,200	1,728,510	119,975	1,528,529	199,981	88.4%
Total Revenue	267,266,500	267,927,509	15,738,270	143,485,175	124,442,334	53.6%
Expenses:						
Personnel	188,465,820	188,093,932	18,148,884	103,862,705	84,231,226	55.2%
Operating Expenses	75,067,990	76,314,526	2,184,778	32,552,374	43,762,152	42.7%
Transfers	16,422,010	15,268,733	745,426	13,876,876	1,391,858	90.9%
Capital	579,400	1,472,411	106,872	1,113,806	358,605	75.6%
Total Expenditures	280,535,220	281,149,602	21,185,960	151,405,761	129,743,841	53.9%
	231,280	277,907			8,198,493	

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