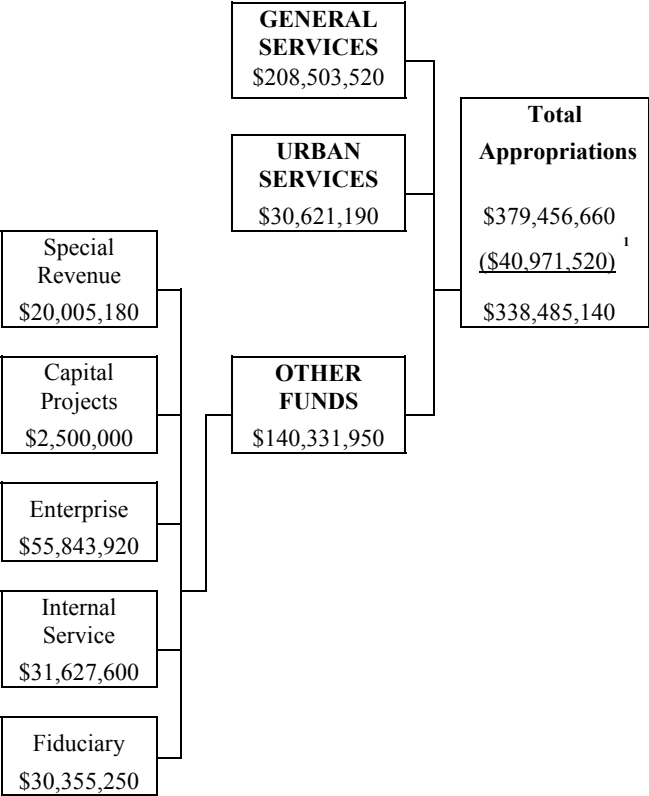


Table of Contents

Section	Page
Organization of the Total Budget By Fund.....	2
Introduction to the Budget	3
FY 2004 Budget Highlights	5
General Services District Fund	11
Outside Agencies	22
Urban Services Districts Fund	34
Other Funds.....	40
Special Revenue Funds	41
Capital Projects Funds	44
Enterprise Funds	44
Sanitary Sewers	44
Landfill	48
Right-of-Way	49
Extended School Program	49
Enhanced 911	49
Public Corporations	48
Internal Service Funds	50
Fiduciary Funds.....	51
FY 2003 - 2004 Budget Formulation Calendar	53
Profile of Lexington-Fayette County	54

Organization of the Total Budget by Fund



¹ Interfund transfers.

Introduction to the Budget

As shown on the prior page, the total budget for all funds combined, net of interfund transfers, is \$338,485,140. This is \$10,149,298 more than the FY 2003 budget.

The finances of the government are segregated into funds in order to account for specific activities in accordance with special regulations or restrictions. The total budget is organized as follows:

- Fund 111, the **General Services District Fund**, supports basic services such as police, fire, planning and zoning, parks and recreation, libraries, public transit, and other community services.² This fund is financed primarily by employee withholdings/net profits license fees and property taxes.
- Fund 115, the **Urban Services Districts Fund**, accounts for refuse collection, street lights, and street cleaning services provided by the government. These services are funded by an additional property tax paid only by the property owners in the respective service districts.

² Due to Medicaid reporting requirements, the *Family Care Center Health Services Fund* (112) is accounted for separately. However, it is essentially a part of the General Services Fund and is included in the General Services Fund totals reported in this document.

Budget In Brief

- **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted for specified expenditures, such as *state and federal grant revenues, and Municipal Aid Program* and *County Aid Program* funds.
- **Capital Projects Funds** account for the receipt and disbursement of resources used in construction projects, such as the *FY 2004 Bond Projects Fund*.
- **Enterprise Funds** are self-supporting through charges for services. LFUCG enterprise funds include *Sanitary Sewers, Landfill, Right-of-Way, Extended School Program, Enhanced 911*, and *Public Corporations*.
- **Internal Service Funds** account for the financing of services by one fund to other funds of the government. Included here are the government's *self-insurance funds*.
- **Fiduciary Funds** are used to account for assets held by the government in a trustee capacity. Included are the *Public Library Corporation Fund*, the *City Employees' Pension Fund*, and the *Policemen's and Firefighters' Retirement Fund*.

FY 2004 Budget Highlights

The Lexington-Fayette Urban County Council voted to ratify the Mayor's Proposed Budget for fiscal year 2003-2004, as amended, on June 10, 2003. The approved expenditure budget for the General Services Fund is \$208,503,520, which includes changes made by the Council, Mayor, and government divisions between April 29 and June 19, 2003. The total budget for all funds combined, net of interfund transfers, is \$338,485,140.

At the *Budget Call* meeting on December 3, 2002, government Commissioners and division Directors were asked to prepare budget requests that would incorporate a ten percent cut to variable operating accounts.

When Mayor Isaac took office on January 6, 2003, the divisions and outside agencies were asked to justify any increases in their budgets since FY 1993. Thus, the FY 1993 expenditure level became the basis for many of the FY 2004 appropriations.

The basic principles in the FY 2004 budget are:

- ✓ Focus on the efficient delivery of core services provided fairly from all levels of government.
- ✓ Doing more through partnerships for housing and lower-income homeowners.
- ✓ Continuing rehabilitation work within Sanitary Sewer areas.
- ✓ Funding for an expanded employee tuition reimbursement program.
- ✓ Review of health plan design changes for flexibility and cost control.
- ✓ Funding for pay equity review of 632 employee positions.

Budget In Brief

- ✓ Funding for an across-the-board employee pay raise of 1% in July and 1% in December.
- ✓ Commitment to the Purchase of Development Rights program.
- ✓ Continuation of efforts to sell surplus city property.
- ✓ Funding and people to accelerate and implement increased economic development.
- ✓ Commitment to enhance our participation with minority vendors.

Late Item Changes

“Late-item” changes are actions taken during the budget ratification process that starts with the delivery of the Mayor’s Proposed Budget the last week of April and ends with a cut off date that will allow for the creation of the ordinance needed to adopt the appropriations. Changes during this time come from the Council, Mayor, Chief Administrative Officer, and division Directors. The budget ratification process ran from April 29 to June 19, 2003.

These changes include:

1. Budget amendments that had passed, or were in process, since April 29th.
2. New business items passed by Council since submission of the Mayor’s Proposed Budget.
3. Divisional requests, such as corrections and/or new resources and expenditures.
4. Council proposed amendments to the Mayor’s Proposed Budget.

Budget In Brief

General Services District Changes

Following is a listing of changes to the Mayor's Proposed FY 2004 Budget that had an impact on budgeted ending fund balance and is a result of items 1 – 3 on page 6.

Late Item Changes - June 10, 2003

Changes to Expenditures:

Pay Equity Adjustments	\$ 59,900
Urban Forestry Grant	(1,000)
Community Juvenile Justice Grant	(16,900)
Project Safe Neighborhoods Grant	(38,080)
Partners For Youth – Delete Overtime Funding	(3,510)
Friend of the Court – Adjust Longevity and Associated Fringe Benefits	(140)
Engineering - Greenway Funding	50,000
Community Development - Increase HOME Grant Match	13,430
Adjust Commercial Drivers License Pay	(2,310)
Mayor's Training Center - Personnel Recovery for Workforce Investment Act Grant	(111,930)
Mayor's Training Center - Personnel Recovery for Welfare to Work Project	(12,990)
Total Late Item Changes	(\$63,530)

Budget In Brief

In addition, the FY 2004 Mayor's Proposed Budget included a plan to impose a new Health District Tax to fund the Heath Department. The Heath Department would then have provided funding for the Coroner's Office, Animal Control (Humane Society), and the health program at the Detention Center. Council voted against the imposition of this tax, and the FY 2004 budget had to be adjusted by over \$8 million to offset this change. The changes made are listed in the following tables.

Council's Specifically Directed Changes June 10, 2003

Changes to Available Funds:

Increase Revenue from Franchise Fees	(\$1,000,000)
Increase Miscellaneous Revenue ³	(2,201,490)
Fayette County Extension Service Building Rent	(125,000)

Changes to Expenditures:

Fund Fayette County Coroner's Office Program	514,580
Fund Animal Control Contract	634,180
Fund Jail Health Program	2,491,190
Fund Health Department Program	4,359,800
Reduce Council Office Budget	(77,060)
Reduce Allocation for 27th Pay Period	(387,500)
Reduce Corridor Program	(125,000)
Delete Funding for Three New Positions	(137,210)
Hold 12 Positions Vacant	(354,640)
Transfer to Enhanced 911 Fund	(187,010)
Split Payment to the YMCA Between FY 2004 and FY 2005	(75,000)
Reduce PDR Funding	(100,000)
Reduce Outside Agencies Funding	(803,600)

Total Council Changes	(\$2,426,240)
-----------------------	---------------

³ If revenues do not meet this additional target by the end of FY 2004, funds up to this level will be taken from the economic contingency reserve.

Budget In Brief

Changes Required to Meet Council's Budget Cut Target April 29 to June 19, 2003

Changes to Available Funds:

Revenue from Sale of Vehicles (\$27,500)

Changes to Expenditures:

Personnel Reductions (1,548,630)

Parks and Recreation (133,990)

Purchase of Development Rights (130,640)

Grant Recoveries (125,670)

Neighborhood Match (63,000)

Engineering (35,000)

General Services Commissioner (31,000)

Code Enforcement (30,000)

Boxing Programs (26,890)

Computer Services (20,000)

Traffic Engineering (16,900)

Insurance (11,000)

Roots and Heritage/NIA Day (10,000)

Lexington Sports Authority (8,840)

Streets and Roads (7,000)

Building Maintenance and Construction (5,600)

Budgeting (4,330)

Public Works Commissioner (3,430)

Mileage Reimbursement 5,000

Downtown Lexington Corporation 10,000

Lexington United 10,000

Outplacement Services 12,500

Carnegie Literacy Center 13,500

Snow Conference 15,000

Total Divisional Changes (\$2,173,420)

Summary of General Services District Changes

	Mayor's Proposed	Adopted	Difference
Funds Available	205,223,800	208,577,790	3,353,990
Expenditures	204,960,240	208,503,520	3,543,280
Budgeted Fund Balance	263,560	74,270	(189,290)

Lexington-Fayette Urban County Government

Budget In Brief

Changes to Other Funds

Urban Services Districts Fund

Fund Balance Per Mayor's Proposed Budget	\$8,156,040
Ad Valorem Reduction per Assessments	(150,000)
Reduce Street Light Tax	(712,000)
Adjust Commercial Drivers License Pay	(2,670)
Site Improvements, Glass Grinder, and Compost Pad	(1,590,000)
Various Account Increases	(155,370)
Street Sweeping Truck	(170,000)
Street Sweeping Signs	(35,000)
Reduce Personnel Costs	43,050
Budgeted Fund Balance	\$5,384,050

County Road Aid Fund

Projected Ending FY 2003 Fund Balance	\$18,000
Recognize FY 2004 Appropriation	487,050
County Road Aid - Approved Program	(495,050)
Budgeted Fund Balance	\$10,000

Sanitary Sewer Fund

Fund Balance Per Mayor's Proposed Budget	\$692,260
Generator Fuel	(17,000)
Adjust Commercial Drivers License Pay	1,150
Budgeted Fund Balance	\$676,410

Enhanced 911 Fund

Fund Balance Per Mayor's Proposed Budget	\$45,010
Equity Pay Adjustments	-
Increase Fee Revenue	320,000
Delete Transfer - General Services District	(187,010)
Budgeted Fund Balance	\$178,000

Changes were also made to the Insurance and Risk Management Fund and the Policemen's and Firefighter's Retirement Funds that did not impact budgeted ending fund balance.

FY 2004

General Services District Fund

General Services District Fund

The Charter creating the merged Lexington-Fayette Urban County Government (LFUCG) divided the county into geographical taxing districts—the General Services District and the Urban Services Districts. The **General Services District** covers the entire county and includes most of the basic services provided to residents (police, fire, parks, housing, etc.). FY 2004 appropriations in the General Services District Fund are \$208.5 million.

There are several ways in which one can look at how the LFUCG will spend its budget this year. In the following pages, the budget is explained by category of spending and by department, or service area.

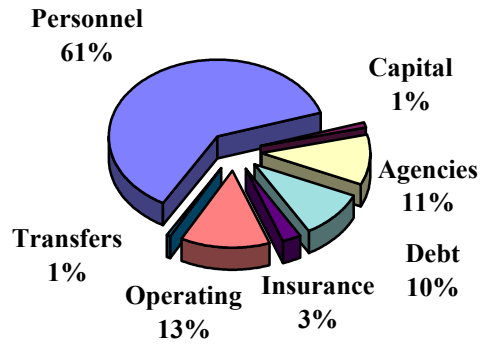
Budget In Brief

General Services District Fund Summary of Revenue and Appropriations

Category	FY 2003	FY 2004	Difference
<i>Revenue</i>			
Ad Valorem Taxes	\$13,987,000	\$14,989,000	\$1,002,000
Licenses and Permits	170,865,770	171,064,650	198,880
Services	13,335,000	12,791,350	(543,650)
Fines and Forfeitures	280,600	245,300	(35,300)
Intergovernmental	1,432,000	1,622,000	190,000
Detention Centers	4,917,000	4,397,000	(520,000)
Miscellaneous	2,613,560	3,468,490	854,930
Total Revenue	\$207,430,930	\$208,577,790	\$1,146,860
Fund Balance, July 1 (Estimated)	2,800,440	-	(2,800,440)
Total Available Funds	\$210,231,370	\$208,577,790	\$(1,653,580)
<i>Appropriations</i>			
Personnel	\$126,656,360	\$128,518,910	\$1,862,550
Agency Services	23,400,430	22,011,570	(1,388,860)
Debt Service	19,790,110	20,679,480	889,370
Insurance	4,830,630	5,687,300	856,670
Other Operating	29,176,430	27,860,750	(1,315,680)
Transfers To\From	1,978,200	1,332,200	(646,000)
Other Funds			
Total Operating	\$205,832,160	\$206,090,210	\$258,050
<i>Capital</i>			
CIP Capital	\$3,564,020	\$1,853,150	\$(1,710,870)
Operating Capital	482,440	560,160	77,720
Total Capital	\$4,046,460	\$2,413,310	\$(1,633,150)
Total Appropriations	\$209,878,620	\$208,503,520	\$(1,375,100)
Fund Balance, June 30 (Estimated)	\$352,750	\$74,270	\$(278,480)

Budget In Brief

Expenditures by Category \$208,503,520



Expenditures by Category FY 2003 vs. FY 2004 (\$000 omitted)

Category	FY 2003	FY 2004	\$ Change	% Change
Personnel	\$126,656	\$128,519	\$1,863	1.5%
Agencies	23,400	22,012	(1,388)	-5.9%
Debt Service	19,790	20,679	889	4.5%
Operating	29,176	27,861	(1,315)	-4.5%
Transfers	1,978	1,332	(646)	-32.7%
Insurance	4,831	5,687	856	17.7%
Capital	4,047	2,413	(1,634)	-40.4%
Total	\$209,878	\$208,503	\$(1,375)	-.7%

Expenditures by Category

Personnel (\$128,518,910) accounts for 61 percent of the total General Services budget. This category includes *wages, overtime, and fringe benefits*. The change in this category over last year is due mainly to

- A pay increase of one percent in July and December.
- A 21 percent increase in health insurance costs.
- Offset with a reduction of about 73 part-time, seasonal, temporary, intern, and full-time positions.

Outside Agencies (\$22,011,570) are non-governmental programs such as the Library, Health Department, LexTran, and various social service organizations that receive full or partial funding from the LFUCG. (See page 22 for a complete list of agencies.)

Debt Service (\$20,679,480) is payment on long and short-term debt incurred to finance public projects. FY 2004 includes both interest and principal payment on phase one of the expansion area boulevard (FY 2003 included only interest) and an interest payment on the Day Treatment facility. These items increased debt service payments increased by \$448,830, while a reduction in revenue collected for debt payment has decreased by \$440,540, resulting in a total increase of \$889,370 to the General Fund.

Insurance (\$5,687,300) is the General Services Fund's payment to the government's self-insurance fund for claims related to workers' compensation, general liability, property, and automobile liability and physical damage. The FY 2004 payment has increased by \$856,670 to better reflect the normal cost of providing coverage under the self-insured programs. Additionally, public liability insurance was not commercially available, and the total exposure for FY 2004 is self insured. The money that would have purchased

Budget In Brief

commercial stop loss insurance will be restricted to settle any claims.

Other Operating (\$27,860,750) includes the day-to-day expenditures needed to run the various departments, such as office supplies, telephone expenses, fuel, and utilities. Also included are professional services for medical, legal, engineering, and other professional fees. The reduction of \$1,315,680 in many of these accounts reflects the FY 2004 budget balancing process where FY 1993 became the base for many operating expenditure budgets.

Transfers To/From Other Funds (\$1,332,200) represents the transfer of resources from one fund to another. FY 2004 transfers are \$646,000 less than FY 2003.

Transfers To or (From)	FY 2003	FY 2004	Difference
CEP - Administrative	\$ 1,740	\$ 1,080	\$ (660)
CEP - Retirees' Insurance	111,510	110,500	(1,010)
E-911 Subsidy	892,510	0	(892,510)
CATCH Program	0	(10,000)	(10,000)
Juvenile Justice	0	(16,900)	(16,900)
Project Safe Neighborhoods	0	(38,080)	(38,080)
Golf Course Improvements	101,600	101,600	0
Indirect Cost	(140,690)	(150,370)	(9,680)
LexCall Recovery	(22,460)	(49,630)	(27,170)
Park Impact Fees	319,820	475,000	155,180
Parks Projects	0	43,450	43,450
Police & Fire – Admin.	139,170	142,200	3,030
Police & Fire - Retirees' Ins.	2,065,000	2,213,350	148,350
Snow Removal Costs	10,000	10,000	0
Streets & Roads Salaries	(1,500,000)	(1,500,000)	0
Total Transfers	\$1,978,200	\$1,332,200	\$(646,000)

Capital (\$2,413,310) includes payments for capital improvement projects such as storm drainage, the PDR program, and operating capital such as telephone line cards, computer software, and copier leases. This category reflects

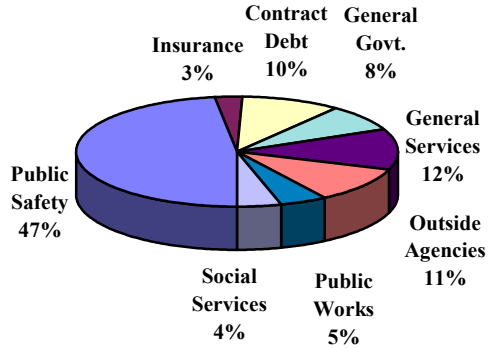
Budget In Brief

a reduction of \$1,633,150, with storm water and traffic projects representing the majority of the change.

Expenditures by Department or Service Area

Governmental departments are unique units with specific responsibilities, generally defined in the LFUCG Charter. The budget is explained along departmental lines in the following section.

Expenditures by Department \$208,503,520



Expenditures by Department or Service Area (\$000 omitted)

Department	FY 2003	FY 2004	Difference
Public Safety	\$ 98,068	\$ 99,777	\$ 1,709
General Services	24,945	24,506	(439)
Outside Agencies	23,400	22,012	(1,389)
Contract Debt	19,790	20,679	889
General Government	18,445	16,474	(1,971)
Public Works	11,629	10,369	(1,260)
Social Services	8,770	8,999	229
Insurance	4,831	5,687	857
Total	\$209,878	\$208,503	\$(1,375)

Budget In Brief

Public Safety

\$99,776,750

1,655.4 FTE

The largest department in the General Services Fund is Public Safety, accounting for 47 percent of the FY 2004 budget. Alcohol Beverage Control, Building Inspection, Code Enforcement, Enhanced 911, Community Corrections, Environmental and Emergency Management (DEEM), Fire and Emergency Services, and Police are included in this department.

A funding increase of \$1.7 million is included, with most of that increase earmarked for a pay increase, increased training incentive pay for the Division of Fire, and increased health and vision insurance costs.

Program	FY 2003	FY 2004	Change
Police	\$36,063,690	\$37,327,400	\$1,263,710
Fire/Emergency	33,072,310	33,616,620	544,310
Comm. Corrections	21,399,390	22,095,190	695,800
Commissioner	2,566,090	2,662,760	96,670
Bldg. Inspection	2,113,790	2,118,940	5,150
Code Enforcement	1,509,610	1,484,070	(25,540)
Enhanced 911	892,510	-	(892,510)
DEEM	435,940	458,800	22,860
ABC ⁴	14,660	12,970	(1,690)
Department Total	\$98,067,990	\$99,776,750	\$1,708,760

⁴ The ABC (Alcohol Beverage Control) budget includes funds for the part-time ABC Administrator position only. The remainder of the budget is included in the Division of Police.

Budget In Brief

Public Safety budgets include:

- ✓ The one percent pay increase effective in July and in December.
- ✓ Increased health and vision insurance costs.
- ✓ A training incentive pay increase for Division of Fire sworn employees from 13 percent to 14 percent. This benefit, combined with state training incentive pay, provides Firefighters a pay supplement equal to 14 percent of their base salary plus \$600. This year's increase completes the ongoing plan to bring Fire training incentive pay up to the same percentage paid to Police Officers (14 percent).
- ✓ Funds are included in the debt service budget for the first of three payments on the 2003 equipment notes and the second of three payments on the 2002 equipment notes issued to purchase equipment, including items such as replacement police and fire vehicles.

Operating costs have decreased as required in the budget process implemented to bring the overall budget into balance.

Budget In Brief

General Services

\$24,505,730

375.5 FTE

Funding for the Department of General Services is \$(439,090) less than FY 2003, with most of the change due to decreases in operating costs.

Program	FY 2003	FY 2004	Change
Parks and Recreation	\$14,203,980	\$14,468,460	\$264,480
Property Management	3,256,560	3,029,190	(227,370)
Building Maint./Const.	3,027,770	2,673,700	(354,070)
Fleet Services	2,666,150	2,725,980	59,830
Commissioner's Office	1,790,360	1,608,400	(181,960)
Department Total	\$24,944,820	\$24,505,730	\$(439,090)

The ***Commissioner's Office*** oversees the management of the government's telephone system, utilities, parking facilities, rental facilities, pool vehicle fleet, and special events.

Fleet Services includes funds for vehicle repair and maintenance.

Property Management includes decreased funding of \$128,300 for mowing contracts and \$12,360 for custodial contracts.

Building Maintenance includes \$560,850 for roof repairs and other maintenance expenses, a decrease of \$214,210 from FY 2003. A debt service payment of \$280,140 is included in the FY 2004 budget for a \$2.3 million bond issue for elevator and HVAC system improvements in the Government Center.

Over \$14 million is budgeted for ***Parks and Recreation***, which is responsible for over 4,200 acres of public parks, playgrounds, swimming pools, and public golf courses.

Budget In Brief

As a result of the reduction in available funds, the FY 2004 budget includes a provision to use revenues from the dedicated building permit fees⁵ (\$475,000) to fund park maintenance and development projects. This was also done in FY 2003. Additionally, some parks programs will have a shortened schedule and parks fees will be increased.

Outside Agencies

\$22,011,570

Outside agencies account for approximately 11 percent of all General Services District expenditures. Funding for outside agencies has decreased by \$1,388,860 as a result of the budget balancing process.

The *Lexington Public Library* receives 45 percent of the total outside agency funding (\$9.8 million) due to a legal requirement that mandates the government to provide a funding level of 5 cents per \$100 assessed valuation of taxable property in Fayette County.

Funding for the Fayette County Conservation District and Fayette County Extension Service will be provided by new ad valorem taxes for FY 2004.

FY 2003 completed the UCG's debt service funding obligation to the Christian Church Homes.

Administration of an elder nutrition program is being moved from Bluegrass Community Services to Bluegrass Community Action.

⁵ A dedicated building permit fee was passed in 1983, and in 1995 the ordinance imposing this fee was clarified to restrict its use to park land acquisition.

Budget In Brief

Outside Agencies

Organization	FY 2003	FY 2004	Difference
Airport Board	\$123,780	\$ -	(123,780)
Baby Health Service	16,970	16,150	(820)
Bluegrass Area Development Dist.	21,140	20,080	(1,060)
Bluegrass Community Action	-	17,820	17,820
Bluegrass Community Services	17,860	-	(17,860)
Bluegrass Technology Center	-	2,370	2,370
Board of Health	4,359,800	4,359,800	-
Carnegie Literacy Center	259,800	53,500	(206,300)
Cntr. Women, Children, and Families	23,220	22,060	(1,160)
Children's Museum	290,220	237,500	(52,720)
Christian Church Homes	241,840	-	(241,840)
CityLife Youth Foundation	4,460	-	(4,460)
Community Action Council	138,680	151,050	12,370
Comprehensive Care Center	214,900	194,750	(20,150)
Downtown Arts Center	150,000	128,250	(21,750)
Downtown Development Auth.	150,000	75,000	(75,000)
Downtown Lexington Corporation	111,620	60,000	(51,620)
Environmental Commission	2,820	2,680	(140)
Fayette County Conservation Dist.	25,710	-	(25,710)
Fayette County Extension Service	258,120	-	(258,120)
First-Link	27,950	24,700	(3,250)
Group Home	77,850	47,500	(30,350)
Hope Center	264,150	199,500	(64,650)
Human Rights	156,800	125,210	(31,590)
Humane Society	667,530	634,180	(33,350)
Legal Aid/Public Defender	100,790	108,540	7,750
Lexington United	89,300	50,000	(39,300)
Library Board	9,249,710	9,786,500	536,790
Manchester Center	18,530	14,250	(4,280)
Operation Read	29,010	27,550	(1,460)
Pope Villa	-	2,370	2,370
Rape Crisis Center	51,790	47,500	(4,290)
Salvation Army	96,440	79,170	(17,270)
Tenant Services	131,640	118,750	(12,890)
Transit Authority (LexTran)	3,583,180	3,404,020	(179,160)
World Trade Center	191,100	100,000	(91,100)
YWCA - Spouse Abuse Center	60,720	50,820	(9,900)
Subtotal	\$21,207,430	\$20,161,570	\$(1,045,860)
Lexington Center Corporation			
LFUCG Subsidy	\$343,000	\$ -	\$(343,000)
From Room Tax Proceeds	1,850,000	1,850,000	-
Subtotal Lexington Center	\$2,193,000	\$1,850,000	\$(343,000)
Total All Agencies	\$23,400,430	\$22,011,570	\$(1,388,860)

Budget In Brief

General Government

\$16,474,080

336.7 FTE

General Government programs include: Council Office, Office of the Mayor, Special Projects, Internal Audit, Administrative Services, Constitutional and Judicial Officers, Contingency, Finance, and Law.

- Three positions budgeted in the Council Office are moved to the new Internal Audit office budget for FY 2004.
- Funding for the Summer Shades program is moved from the Office of the Mayor to the Office of the CAO for FY 2004.
- Contingency and Indirect Cost budgets include \$300,000 to address employee pay inequities.
- The Finance Department includes funds of \$150,000 for a taxpayer amnesty program for occupational license fees in the Division of Revenue. The program is expected to generate about \$400,000 in additional revenues in FY 2004.
- The Special Projects budget is detailed in the following chart.

Budget In Brief

Special Projects

Program	FY 2003	FY 2004	Change
Arts Program	\$ 285,000	\$ 255,000	\$(30,000)
YMCA	150,000	75,000	(75,000)
Neighborhood Match	70,000	-	(70,000)
Corridors Program	50,000	50,000	-
Sports Authority	37,600	25,000	(12,600)
Roots and Heritage	35,720	22,150	(13,570)
Sister Cities	35,370	31,830	(3,540)
Boxing Program	29,880	-	(29,880)
Public Art	25,000	22,500	(2,500)
Bluegrass State Games	25,000	22,500	(2,500)
Eldercrafters	18,470	17,370	(1,100)
Race Relations	16,920	15,230	(1,690)
Sweet 16	16,000	16,000	-
Shakespeare in the Park	15,200	13,680	(1,520)
MLK Celebration	9,000	8,100	(900)
Total	\$ 819,160	\$ 574,360	\$(244,800)

General Government budgets also include funding for:

- ✓ \$1.4 million for the Purchase of Development Rights (PDR) operating budget⁶.
- ✓ \$75,900 for Youth Violence Prevention.
- ✓ \$2,380 for Minority Business Development Support.
- ✓ \$50,000 for Downtown Improvements.
- ✓ \$75,000 for the Vacant Lot program.
- ✓ \$120,000 for Council Neighborhood Development Funds (NDF).
- ✓ \$10,000 for the Downtown Façade program.
- ✓ \$2,500 for the Stone Wall Preservation program.
- ✓ \$50,000 for an employee tuition reimbursement program.

⁶ With the inclusion of a debt service payment of \$564,680, a total of \$1,956,300 is included in the General Services Fund for the PDR program. This the second payment on a \$7.5 million bond issue.

Budget In Brief

Public Works

\$10,369,260

183.5 FTE

Public Works is comprised of five divisions providing public services in the areas of Engineering, Solid Waste, Streets and Roads, Traffic Engineering, and Sanitary Sewers.⁷

Program	FY 2003	FY 2004	Change
Engineering	\$5,072,450	\$3,745,180	(\$1,327,270)
Traffic Engineering	3,772,670	3,622,750	(149,920)
Streets and Roads	2,270,530	2,519,940	249,410
Commissioner	513,480	481,390	(32,090)
Department Total	\$11,629,130	\$10,369,260	(\$1,259,870)

Approximately \$1.9 million is budgeted for storm water management projects in Engineering. This includes \$1,340,290 for the debt payment on the \$10.6 million storm water bonds issued in FY 2002, and \$597,810 for other storm water projects (detailed in the table below).

General Fund Storm Water Projects

Storm Drain Rehab./Reconstruction	\$ 110,000
Detention/Retention Basin, Facility Maintenance	120,000
Water Quality Capital Improvements	25,690
Storm Water Monitoring	150,000
Floodproofing	107,120
Rain Gauge Program	85,000
Total	\$ 597,810

The Streets and Roads budget includes a transfer of \$1.5 million from the Municipal Aid Program Fund (MAP) for personnel costs. A total of \$230,000 is included for roadway salt. The MAP Fund includes \$900,000 for

⁷ Sanitary sewer, street lights, street cleaning, refuse collection, and refuse disposal services are accounted for in other funds.

Budget In Brief

resurfacing, of which \$200,000 is for resurfacing a section of Man O' War Boulevard.

Funding is included in the division of Traffic Engineering for:

- \$34,000 for the Neighborhood Traffic Management (Traffic Calming) program.
- \$60,000 for Fiber Optic Cabling grant match, and \$40,000 for fiber optic cabling ineligible for grant funding.
- \$40,000 additional grant match for traffic signal upgrades and other improvements.

Social Services

\$8,999,350

198.1 FTE

The Department of Social Services consists of the Divisions of Adult Services, Family Services, Youth Services, and the Mayor's Training Center.

Program	FY 2003	FY 2004	Change
Family Services	\$3,650,200	\$3,972,390	\$322,190
Youth Services	2,183,520	2,329,860	146,340
Adult Services	1,036,810	1,028,310	(8,500)
Training Center	1,075,750	950,270	(125,480)
Commissioner	823,910	718,520	(105,390)
Department Total	\$8,770,190	\$8,999,350	\$229,160

- *Adult Services* provides assistance in crisis situations to help individuals pay rent and utilities, and offers financial help with payment of landfill and sewer user fees, sewer assessments, and sidewalk repairs. The

Budget In Brief

division also operates the Lexington Senior Citizens Center.

- **Family Services** provides childcare, education, health, and social services at the Family Care Center, a program to assist families in becoming self-sufficient. As a result of the Kentucky Children's Health Insurance Plan (K-CHIP), greater numbers of children are being seen at the clinic. Reimbursement in excess of \$970,000 is expected from the state Medicaid program to offset the cost of providing health and dental care services during FY 2004.
- **Youth Services** provides social and counseling services for children and their families. The division also oversees the application of the juvenile justice system in Fayette County. Funds of \$135,220 are budgeted for interest payment on bonds issued in FY 2003 for a new Day Treatment building.
- Federal grant funds continue to be available to provide staffing for the following social services programs:
 - Lexington Senior Citizens Center, a centralized facility providing social services to the elderly.
 - Coleman House Emergency Shelter, for children up to age 18 who need to be removed from their homes due to neglect, abuse, status offenses, or pre-delinquency.
 - Day Treatment Center, a community-based treatment program for teenage youths.

Budget In Brief

General Services District Fund

Expenditures by Department⁸

Departments/Divisions	FY 2004	FTE
Council Office	\$1,464,080	31.0
Citizens' Advocate	111,790	2.0
Council Clerk	548,260	6.3
Internal Audit	214,100	3.0
Office of the Mayor ⁹	1,774,470	22.3
Special Projects	574,360	0.0
Office of the CAO	2,649,640	11.0
Administrative Services	6,744,760	124.4
Budgeting	417,520	6.0
Government Communications	1,091,540	27.9
Human Resources	2,398,510	31.5
Historic Preservation	281,250	5.0
Community Development	767,290	18.0
Planning	1,788,650	36.0
Insurance	5,687,300	0.0
Contract Debt	20,679,480	0.0
Contingency/Indirect Cost	(8,457,470)	0.0
Constitutional Officers and Judicial	2,280,220	19.0
Finance	6,934,350	97.0
Commissioner's Office	529,920	5.0
Accounting	547,580	10.0
Computer Services	3,359,130	38.0
Revenue	2,056,280	36.0
Purchasing	441,440	8.0
Public Works	10,369,260	183.5
Commissioner's Office	481,390	6.0
Engineering	3,745,180	59.0
Streets and Roads	2,519,940	76.0
Traffic Engineering	3,622,750	42.5
Law	1,635,520	20.7

⁸ See pages 17-26 for comparisons to prior year.

⁹ Includes \$733,930 for Programs for the Elderly, Economic Development Office, and Youth Programs.

Budget In Brief**General Services District Fund****Expenditures by Department**

Departments/Divisions	FY 2004	FTE
Public Safety	99,776,750	1,655.4
Commissioner's Office/Pension	2,662,760	3.0
DEEM	458,800	9.5
Community Corrections	22,095,190	378.8
Police ¹⁰	37,327,400	683.1
Fire ¹¹	33,616,620	516.0
Code Enforcement	1,484,070	23.5
Building Inspection	2,118,940	41.0
Alcohol Beverage Control	12,970	0.5
Social Services	8,999,350	198.1
Commissioner's Office	718,520	16.0
Adult Services	1,028,310	16.5
Family Services	2,845,890	77.1
Health Care Services	1,126,500	12.7
Youth Services	2,329,860	55.7
Mayor's Training Center	950,270	20.1
General Services	24,505,730	375.5
Commissioner's Office	1,608,400	10.0
Fleet Services	2,725,980	55.1
Property Management	3,029,190	74.0
Building Maintenance	2,673,700	50.0
Parks and Recreation	14,468,460	186.4
Outside Agencies	22,011,570	0.0
Library	9,786,500	0.0
Health Department	4,359,800	0.0
LexTran	3,404,020	0.0
Other Agencies	4,461,250	0.0
Total General Services District	\$208,503,520	2,749.2

FTE = Full-time equivalent positions

¹⁰ 491 FTE sworn, 192.1 non-sworn

¹¹ 476 FTE sworn, 40 non-sworn

General Services District Revenue

General Services Fund revenues are estimated at \$208,577,790 for FY 2004, or a .07 percent decrease from FY 2003 budgeted revenues (see page 13).

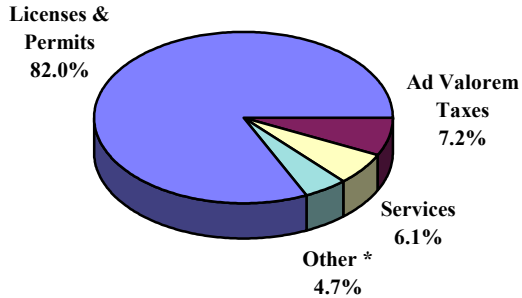
Category	FY 2004 Budget
Licenses and Permits	\$171,064,650
Ad Valorem Taxes	14,989,000
Services	12,791,350
Detention Centers Revenue *	4,397,000
Miscellaneous *	3,468,490
Intergovernmental *	1,622,000
Fines and Forfeitures *	245,300
Total Revenue	\$208,577,790
July 1, 2003, Estimated Fund Balance	-
Total Available Funds	\$208,577,790

* Compiled as "Other" on chart on page 31.

Licenses and permits revenue is the largest single category of revenue in the General Services District Fund, accounting for 82 percent of all revenues. This category includes revenue from employee withholdings, franchise permits, insurance premium tax, and net profits license fee on businesses.

The second largest category of revenue in this fund (7.2 percent) comes from **ad valorem** (property) taxes. The LFUCG levies two categories of property taxes: (1) a county-wide tax (General Services District) for the support of the general operations of the government; and (2) an Urban Services Districts tax paid by residents receiving government services of refuse collection, street lights, and street cleaning (see page 35).

General Services District
Revenue by Category
\$208,577,790



The FY 2004 budget maintains the General Services property tax rate on real property at **7.90 cents per \$100 assessed value** (personal property rate 8.67; motor vehicle rate 8.10).

NOTE: The LFUCG is required by law to provide funding for the Lexington Public Library at a level based on 5 cents per \$100 assessed value of property subject to taxation in Fayette County. The FY 2004 appropriation to the Library is \$9,786,500. Total ad valorem revenues are forecast to be \$14,989,000.

Additional sources of General Services revenues are ***services*** (golf course fees, EMS fees, etc.), ***finer***, ***detention***, ***intergovernmental***, and ***miscellaneous*** revenues.

Beginning Fund Balance

Revenues for a budget year are estimated 18 months in advance of total collections; therefore, conservative estimates are essential. Current year projections are revised during the budget process when better information is available. This usually results in the recognition of additional funds that are carried over to the following budget year as a *beginning fund balance*.

During FY 2003 extraordinary steps were taken when an estimated \$6 million budgeted revenue shortfall was identified. A hiring freeze was implemented, along with cuts to operating accounts as ways to deal with the shortfall.

Preliminary data indicates that there will be no carry forward balance, normally shown as beginning fund balance, for FY 2004.

FY 2004

Urban Services Districts Fund

Urban Services Districts Fund**Summary of Revenue and Appropriations**

Category	FY 2003	FY 2004	Difference
<i>Revenue</i>			
Ad Valorem	\$25,614,000	\$26,534,000	\$920,000
Licenses and Permits	820,000	861,000	41,000
Services	38,000	38,000	-
Miscellaneous	789,660	748,500	(41,160)
Total Revenue	\$27,261,660	\$28,181,500	\$919,840
Fund Balance, July 1 (Estimated)	5,611,750	7,823,740	2,211,990
Total Available Funds	\$32,873,410	\$36,005,240	\$3,131,830
<i>Appropriations</i>			
Personnel	\$10,732,480	\$12,144,060	\$1,411,580
Debt Service	340,970	202,980	(137,990)
Insurance	708,490	849,500	141,010
Other Operating	9,627,460	11,006,610	1,379,150
Transfers To\From Other Funds	143,770	169,470	25,700
Total Operating	\$21,553,170	\$24,372,620	\$2,819,450
<i>Capital</i>			
CIP Capital	\$1,310,000	\$2,477,000	\$1,167,000
Operating Capital	3,891,630	3,771,570	(120,060)
Total Capital	\$5,201,630	\$6,248,570	\$1,046,940
Total Appropriations	\$26,754,800	\$30,621,190	\$3,866,390
Fund Balance, June 30 (Estimated)	\$6,118,610	\$5,384,050	\$(734,560)

Budget In Brief

Urban Services Districts Fund

In addition to the basic services provided to all residents of Fayette County, property owners in the urban services area have one or more of the following services available to them: *refuse collection, street lights, and street cleaning*. These services are funded by an additional ad valorem tax paid only by the property owners in the respective service districts.

Summary of Revenue and Appropriations By Service

Category	Refuse Collection	Street Lights	Street Cleaning
Revenue			
Ad Valorem Taxes	\$22,041,000	\$3,665,000	\$1,169,000
Other	1,161,885	109,643	34,972
Total Revenue	\$23,202,885	\$3,774,643	\$1,203,972
Fund Balance, July 1	3,656,299	3,354,180	813,262
Total Available	\$26,859,183	\$7,128,823	\$2,017,234
Appropriations			
Direct Expenditures			
Personnel	\$11,159,470	\$ 0	\$ 696,800
Operating	6,053,720	2,751,000	199,920
Capital	5,319,580	460,000	340,000
Other Costs	3,183,838	315,742	141,120
Total Appropriations	\$25,716,608	\$3,526,742	\$1,377,840
Fund Balance, June 30	\$ 1,142,575	\$3,602,081	\$ 639,394

A total of 282.0 full-time equivalent positions are authorized for the Urban Services Districts Fund.

Division	FTE
Street Cleaning	15.0
Refuse Collection	267.0
Total	282.0

Budget In Brief

Urban Services Fund Expenditures By Department or Function

Department/Function	FY 2003	FY 2004	Difference
Insurance	\$708,490	\$849,500	\$141,010
Contract Debt	340,970	202,980	(137,990)
Indirect Cost/Contingency	1,398,150	2,013,570	615,420
Government Communications	315,420	363,400	47,980
Annual Audit	22,400	14,900	(7,500)
Personnel Programs	78,100	27,790	(50,310)
Public Works	22,385,160	25,471,810	3,086,650
Street Cleaning	802,030	1,236,720	434,690
Refuse Collection	18,522,130	21,024,090	2,501,960
Street Lights	3,061,000	3,211,000	150,000
General Services	1,506,110	1,677,240	171,130
Administration	10,500	10,500	0
Vehicles	1,190,700	1,220,000	29,300
Vacuum Leaf Collection	293,000	340,830	47,830
Building Maintenance	11,910	105,910	94,000
Total Urban Services	\$26,754,800	\$30,621,190	\$3,866,390

Government Communications includes the budgets for LexCall and Public Information. Program costs for LexCall are allocated among three funds based on actual calls received. Sixty-nine percent of the total cost is allocated to the Urban Services Fund. Public Information provides public education services for the refuse collection, street light, and street cleaning programs.

The increase in *insurance* is due to a higher casualty loss budget for FY 2004.

An *indirect cost* payment is made to the General Services Fund (\$1,736,480) administrative costs not directly charged to this fund (such as accounting, purchasing, payroll, etc.).

The *contingency* budget includes the budgets for termination pay (\$170,000 for unused sick and vacation hours); the 27th pay period contingency (\$67,000); vacancy credit (\$831,610); and funds to transfer solid

Budget In Brief

waste workers from non-hazardous to hazardous coverage with the County Employees Retirement System (\$621,700). Kentucky Retirement Systems' Board of Trustees denied this request, and the appeal is pending in the Franklin Circuit Court.

The \$27,790 budget for *personnel programs* provides for a literacy program and certain required medical exams for employees in the Urban Services Fund. The budget decrease is due to one position being abolished and a ten percent cut to most other account budgets.

Refuse collection is provided twice each week to approximately 69,000 households via roll carts called "*Herbies*." Business, institutional, and other non-residential waste is collected through the dumpster program. The recyclables of over 43,000 households are collected via roll carts called "*Rosies*." Yard waste containers ("*Lennies*") and bags are provided to residents receiving LFUCG trash collection services.

The Division of Property Management administers the *vacuum leaf collection* program. This service is provided only to those properties within the Urban Services Districts that have LUCG refuse collection service.

Approximately 700 *street lights* are installed in Fayette County annually. This budget includes \$460,000 for installation of additional street lights. The utility expense is budgeted at \$2,750,000, a \$150,000 increase over FY 2003.

The Division of Streets and Roads provides *street cleaning* in the urban services area. FY 2004 includes funding for an additional position and two dump trucks.

Contract debt provides debt payments for the sanitation building.

Budget In Brief

Urban Services Revenue Sources

Total resources available for FY 2004 expenditures in the Urban Services Fund include a projected beginning fund balance of \$7.8 million and revenues of \$28.2 million. The largest single category of revenue to the Urban Services Districts Fund is *ad valorem*, or property taxes. Property taxes account for 94 percent of the total revenues, and are estimated at \$26.5 million for the 2003 tax year (FY 2004).

Urban Services property taxes are determined by a separate rate established for each service available. The tax rates will be adopted in September of 2003. The current rates per \$100 of assessed value on real property are:

NOTE: Revenue raised from Urban Services Districts' property taxes cannot be used to fund the general operations of the government.

Service	Current Rate
Refuse Collection	17.50 cents
Street Lights	03.11 cents
Street Cleaning	00.94 cents
<i>Full Urban Rate</i>	21.55 cents

If **all** of the services are available, the property is located in the ***Full Urban Services District***. If one or two of the services are available, the tax rate is based on the particular service(s) available.

The FY 2004 budget includes a reduction of .51 cents in the street lights rate, for a proposed rate of 2.60 cents, and a proposed full urban services district rate of 21.04 cents.

FY 2004

Other Funds

Budget In Brief

Special Revenue Funds

Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted for specified expenditures. The government operates two special revenue funds. In addition, state and federal grants are also considered special revenue funds.

Municipal Aid Fund (MAP)	\$3,940,650
---------------------------------	--------------------

Fayette County receives a share of the state gasoline tax revenues (allocation is based on population). Use of these funds is restricted to certain expenditures related to the construction, reconstruction, or maintenance of urban streets and roads.

Summary of Revenues and Appropriations Municipal Aid Fund

	FY 2003	FY 2004	Difference
<i>Revenue</i>			
State MAP Funds	\$4,207,350	\$3,932,900	\$(274,450)
Interest Income	69,000	28,000	(41,000)
<i>Total Revenue</i>	<i>\$4,276,350</i>	<i>\$3,960,900</i>	<i>\$(315,450)</i>
Fund Balance, July 1 (Estimated)	60,640	-	(60,640)
<i>Total Available</i>	<i>\$4,336,990</i>	<i>\$3,960,900</i>	<i>\$(376,090)</i>
<i>Expenditures</i>			
Engineering	\$1,546,310	\$1,540,650	\$(5,660)
Streets and Roads	1,290,680	900,000	(390,680)
Transfer To General Fund	1,500,000	1,500,000	1,500,000
<i>Total Expenditures</i>	<i>\$4,336,990</i>	<i>\$3,940,650</i>	<i>\$(396,340)</i>
Fund Balance, June 30 (Estimated)	\$0	\$20,250	\$20,250

Due to budgetary constraints in the General Fund, \$1.5 million in MAP funds are designated for eligible personnel costs in the Division of Streets and Roads for FY 2004, the same as for FY 2003.

Budget In Brief

MAP projects for FY 2004 include **\$900,000 for resurfacing** (including \$200,000 for Man O' War), and \$1,500,000 for the following road projects.

Project	Local	Grant	Grant ¹²
Citation Boulevard, Phase 2	\$500,000	\$2,500,000	STP
Brighton West Trail	18,000	90,000	TE
Richmond Road Trail	92,000	460,000	SLX
Town Branch Trail, Phase 1,2	2,000	10,000	TE
West Hickman Trail	57,000	285,000	SLX
Rose Street Bike Lanes	25,000	125,000	BPEP ¹³
Masterson Station Trail	36,000		
Reynolds Road Bridge	225,000		
Intersection Reconstruction	100,000		
Mt. Tabor Road Reconstruction	75,000		
Handicap Ramp Program	20,000		
Bridge Repairs	75,000		
Project Testing	25,000		
Small Projects	60,000		
Clays Mill Road Slope Repairs	155,000		
Seventh Street Railroad Crossing	35,000		
Total	\$1,500,000	\$3,470,000	

County Road Aid	\$495,050
------------------------	------------------

Use of these state gasoline tax revenues is restricted to expenditures related to county roads. Projects include resurfacing, crack sealing, culvert and bridge repairs, guardrail installation, and other road repairs.

¹²SLX (Surface Transportation Program - Lexington), TE (Transportation Enhancement Projects), and STP (Surface Transportation Project) projects are included in the Transportation Improvement Program for the Lexington Area Metropolitan Planning Organization. Local funds (generally 20 percent) are budgeted to match the federal funds.

¹³ Bike and Pedestrian Enhancement Program.

Budget In Brief

Grant Funds **\$15,569,480**

State and federal grant funds of approximately \$12.8 million are anticipated for FY 2004. The LFUCG will provide more than \$2.7 million in matching funds for these grants. The following table lists information on some of the major grants that have been awarded to date. A more extensive list will be included in the FY 2004 Annual Budget document. Additional grants will be budgeted throughout the year as they are awarded.

Grant	Federal & State Funds	Local & Other Funds	Total Grant
CDBG	\$ 2,584,000	\$ 250,000	\$ 2,834,000
Drug Free Communities	100,000	109,750	209,750
Training Incentive – Police	1,803,840	0	1,803,840
Training Incentive – Fire	1,748,730	0	1,748,730
HOME	1,557,670	337,980	1,895,650
New Chance	328,480	33,780	362,260
Fiber Optic Cable Installation – CMAQ	240,000	60,000	300,000
Local Law Enforcement Block Grant	306,000	34,000	340,000
FHWA Transportation Planning	267,050	47,130	314,180
Home Network	252,000	81,780	333,780
Street Sales Enforcement	336,250	229,460	565,710
M.A.S.H. Drop Inn	200,000	22,220	222,220
Mobility Office	96,000	24,000	120,000
Mobility Office	96,000	24,000	120,000
Project Safe Neighborhood	380,840	0	380,840
Traffic Signal Upgrades – SLX	128,000	32,000	160,000
Firefighter Investment and Response Enhancement Act.	56,000	24,000	80,000
Day Treatment	153,720	214,930	368,650
Protection and Permanency Program	143,890	31,230	175,120
Community Juvenile Justice	354,970	0	354,970
Other Grants	1,691,340	1,188,440	2,879,780
Total	\$12,824,780	\$2,744,700	\$15,569,480

Budget In Brief

Capital Projects Funds

Bond Projects	\$2,500,000
----------------------	--------------------

The Capital Projects Fund includes \$2,500,000 for construction of Phase Two of the boulevard in the expansion area.

Enterprise Funds

Enterprise funds are those funds in which operations are supported primarily by charges for services.

Sanitary Sewers	\$27,594,540
Operating and Construction Funds	152.0 FTE

The Sanitary Sewer Fund accounts for the expenses associated with collecting, transporting, and treating all sanitary sewage in Fayette County and the Industrial Pre-treatment Program. The fund is supported primarily by sewer user fees. Sewer user fees based on water consumption were initiated in July 1982 to replace property tax funding of the sanitary sewer system, as mandated by the Environmental Protection Agency. Since July 1, 1995, the Kentucky-American Water Company has billed and collected sewer user fees for the government.

During FY 2001, \$25.2 million in bonds were sold for rehabilitation projects outlined in the 20-year Sanitary Sewer Capital Improvement Plan. The capital plan includes two components: the 201 Plan and the Sanitary Sewer Overflow Plan. Sanitary sewer user fees provide the funding for the debt service on the bonds and provide funding for any non-bond funded sewer projects. In addition, the fees pay for the staff, maintenance, and operations of the two wastewater treatment plants and other facilities and services required to support the LFUCG sanitary sewer system.

Budget In Brief

The 201 Plan is a federally-mandated/state-enforced capital improvement program for the LFUCG sanitary sewer system. The Sanitary Sewer Overflow Plan (SSO Plan) is a comprehensive sanitary sewer line/watershed rehabilitation program to address major sanitary sewer overflow problems. The SSO Plan requires the identification of all overflow locations within the collection system.

The FY 2004 budget includes \$1.4 million to continue the implementation of the SSO Plan (inflow and infiltration prevention), and \$3.4 million to begin the North Elkhorn force main and pump station project.

Sanitary Sewer Fund Revenue is projected at \$25,485,000 for FY 2004 and will come from the following sources:

- \$23,700,000 from User Fees
- \$1,400,000 from Tap-On Fees
- \$320,000 in Interest Earnings
- \$65,000 in Other Revenue

Sanitary Sewer Fund revenues are restricted to current year operating and capital expenses. All funds remaining at year-end are placed into a restricted reserve for capital improvements.

Budget In Brief

Landfill	\$10,569,410 4.0 FTE
-----------------	---------------------------------------

The Landfill Fund was established in 1995 to account for the revenues and expenses associated with the capping and closure of the landfills in Fayette County and the on-going costs of refuse disposal. State and federal regulations have mandated significant changes in the requirements for designing, constructing, operating, managing, maintaining, and closing landfills. The revised requirements have imposed extraordinary expenses on the government. A solid waste disposal fee was established to fund the increased cost of capping and closing the government's landfill and for the expense of a solid waste disposal contract. FY 2004 total Landfill Fund revenues are projected at approximately \$7.6 million.

The FY 2004 *capital budget* includes \$30,000 for the corrective action plan for the closed *Raven Run* landfill, \$610,000 in post closure costs, \$30,000 for final closure costs at the *Old Frankfort Pike* landfill, and \$2,800,000 for closure of the *Haley Pike* landfill per state regulations passed in 1990. Closure of the *Haley Pike* landfill will be in yearly increments, with the final increment planned for FY 2006.

The landfill closure reserve consists of the fund balance as of June 30, 1997, and is increased annually based on excess revenues over expenses. The reserve can only be used to pay the costs of landfill closure or extraordinary operating expenses that exceed available revenues.

Budget In Brief

Right-of-Way Program	\$246,320 5.0 FTE
-----------------------------	------------------------------------

The Right-of-Way Program Fund was established in FY 2003 to account for the revenues and expenses associated with the adoption of the Right-of-Way ordinance.

Fees are projected to provide approximately \$264,000 in FY 2004 for the operation of the program.

Extended School Program	\$1,511,040 7.0 FTE
--------------------------------	--------------------------------------

The Extended School Program Fund was created in FY 1994 to account for the revenues and expenses of an after-school program administered by the Division of Parks and Recreation in various Fayette County Public Schools.

Fees are projected to provide approximately \$1,416,110 in FY 2004 for the operation of the program.

Participating schools include: Stonewall Elementary, Deep Springs Elementary, Dixie Elementary, Meadowthorpe Elementary, Julia R. Ewan Elementary, Yates Elementary, Arlington Elementary, Jessie Clark Middle School, Northern Elementary, Millcreek Elementary, Linlee Elementary, Veterans Park Elementary, and Russell Cave Elementary.

Enhanced 911	\$2,153,000 4.0 FTE
---------------------	--------------------------------------

On January 1, 1996, a monthly fee of **95 cents per phone line** was applied to Fayette County residents' phone bills in order to provide funding for an ***Enhanced 911 (E-911) system***. The Council took action with the adoption of the FY 2004 Budget to increase this fee to \$1.31.

Budget In Brief

This system saves time and communicates information even when a caller cannot – by providing a resident’s name, telephone number, and address. A major improvement to the system was the linking of **E-911** to the GIS system. When an **E-911** call is received, the calltaker automatically sees a map, pinpointing the location of the caller.

This fund pays for 23 percent of the personnel costs for 911 emergency calltakers and dispatchers in the police and fire divisions (the balance of the personnel cost is paid by the General Services District Fund). The General Fund provides annual subsidies (based on projected expenses) to this fund when necessary. The FY 2004 budget includes no subsidy from the General Fund; the FY 2003 budget included a subsidy of \$892,510.

Total fund resources are \$2,331,000, with \$2,330,000 projected to come from **E-911** fees (including \$330,000 for wireless calls), and \$1,000 from interest income.

Public Corporations	\$13,769,610
----------------------------	---------------------

Due to prior state constitutional restrictions, the government did not issue general obligation bonds until FY 2000. Instead, mortgage revenue bonds were issued through various public corporations in order to finance public projects. “Lease payments” from the General Services District and Urban Services Districts Funds are combined with revenues generated by the operation of the projects in order to make debt service payments on these prior bond issues.

The **Public Facilities Corporation** (\$11,151,090) financed various projects through bank and mortgage notes and the issuance of revenue bonds. Projects included government buildings, parks, swimming pools, fire stations, and other public buildings.

Budget In Brief

The ***Public Parking Corporation*** (\$1,513,410) issued bonds to finance the construction of a downtown transit center, parking garage, and the Martin Luther King Boulevard construction project; and for the construction of the Victorian Square parking structure. Obligations are paid from operations of the public parking facilities and from General Fund appropriations.

The ***Fayette County Detention Center Corporation Funds*** (\$485,560) account for the revenues and expenses associated with the financing and construction of the juvenile detention facility and a note issued to finance the land purchase for the new detention facility. Construction of the new adult detention facility is financed through general obligation bonds and is not included in the Public Facilities Fund.

FY 2003 included the final payment on the bonds for the Clark Street facility.

The ***Parks Projects Fund*** (\$619,550) accounts for the use of dedicated fees for acquisition of park land and golf course improvements.

A dedicated building permit fee was passed in 1983, and in 1995 the ordinance imposing this fee was clarified to restrict its use to park land acquisition. FY 2004 includes a special provision to use the projected FY 2004 revenues (\$475,000) to fund park maintenance and development costs, as did FY 2003. A transfer from the General Fund of \$43,450 is also budgeted.

Dedicated revenues from golf fees are estimated at \$101,600 for FY 2004. These revenues are restricted to golf course improvements.

Internal Service Funds

Internal Service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. The LFUCG operates two internal service funds.

Health, Dental, Vision	\$24,009,620
-------------------------------	---------------------

The government offers health, dental, and vision care insurance options to LFUCG employees under self-insurance plans administered by various third parties. The FY 2004 budget of \$24 million is funded through premiums paid by the government for single coverage for all full-time employees; premiums paid by employees with family coverage; and premiums paid by certain non-employee groups that are allowed to participate in this plan. This includes City Employees' Pension Fund retirees, Policemen's and Firefighters' Retirement Fund retirees, and employees of other affiliated agencies.

Prior to FY 2002, Anthem was the only health care insurance included in the self-insurance fund.

Workers' Compensation/Liability	\$7,617,980 18.0 FTE
--	---------------------------------------

The government's Division of Risk Management administers the workers' compensation, property and casualty, and general liability insurance programs. The government reduces financial risks by purchasing reinsurance. Administration of these programs is combined with a risk management program designed to identify potential exposures to loss and reduce or eliminate risk and losses. The FY 2004 budget of approximately \$7.6 million is funded through premiums paid from the General Services Fund, Urban Services Fund, and

Budget In Brief

Sanitary Sewer Fund in proportion to risk exposure associated with the personnel and physical assets of each fund.

Public liability insurance was not commercially available, and the total exposure for FY 2004 is self insured. The money that would have purchased commercial stop loss insurance will be restricted to settle any claims.

Fiduciary Funds

Fiduciary funds account for assets held by a governmental unit in a trustee capacity. The LFUCG operates three fiduciary funds.

City Employees' Pension	\$ 2,130,260
--------------------------------	---------------------

The City Employees' Pension Fund (CEPF) was the retirement system of the city of Lexington covering civil service employees prior to merger with Fayette County. The plan was organized in 1939 and closed to new members in 1973. Members of the City Employees' Pension Fund completed the process for transferring to the County Employees Retirement System in November 1992. The City Employees' Pension Fund is administered by a self-governing Board of Trustees and funded by government and employee contributions of 17.5 percent and 8.5 percent of salary, respectively. Only one current employee remains with the CEPF.

The FY 2004 budget includes the cost for 100 percent of the premium for single health care coverage for eligible retirees (\$110,500). The government also pays certain other administrative costs.

Budget In Brief

Policemen's and Firefighters' Retirement	\$26,986,950
	1.0 FTE

The Policemen's and Firefighters' Retirement Fund is a defined benefit pension plan covering all sworn personnel of the Urban County Government's police and fire divisions. The fund is administered by a self-governing board of trustees and funded by government and employee contributions of *20* percent and *11* percent of salary, respectively.

The FY 2004 budget includes the cost for 100 percent of the premium for single health care coverage for eligible retirees (\$2,213,350). The government also pays certain other administrative costs.

Public Library Corporation	\$1,238,040
-----------------------------------	--------------------

The Public Library Corporation was formed in 1985 to manage funds provided to the Lexington Public Library from the government as a result of an increased assessment (the government is required by law to provide a funding level of 5 cents per \$100 assessed valuation of taxable property). The Library Corporation's long-range financial plan includes retirement of bonds issued to finance construction of the Central Library, expansion of library materials, and construction of additional branches.

Public Library Notes were issued in 1996 to finance the construction of a new Beaumont Branch Library. FY 2001 included the first payment on bonds issued to finance the construction of a replacement for the Tate's Creek Library branch.

FY 2003 - 2004 Budget Formulation Calendar

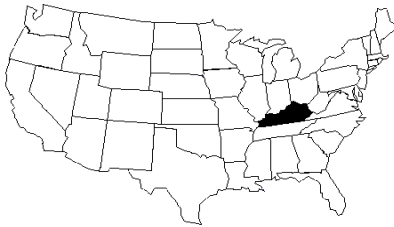
November	December	January
<ul style="list-style-type: none">Forms Mailed to Outside Agencies	<ul style="list-style-type: none">Forms Distributed to Departments	<ul style="list-style-type: none">Revenue Estimates GatheredOutside Agencies and Departments Submit Budget Requests
February	March	April
<ul style="list-style-type: none">Budgeting Reviews All Budget SubmissionsBudgeting Prepares Revenue Estimates	<ul style="list-style-type: none">Mayor's Budget HearingsAdministrative Review Group Recommends Capital Improvement Plan	<ul style="list-style-type: none">Proposed Budget FinalizedMayor's Budget Address
May	June	July
<ul style="list-style-type: none">Council Budget HearingsPublic Hearings	<ul style="list-style-type: none">Budget Ratification1st and 2nd Readings of Budget Ordinance	<ul style="list-style-type: none">Start of the New Fiscal YearNew Budget Implemented

Profile of Lexington-Fayette County

Location

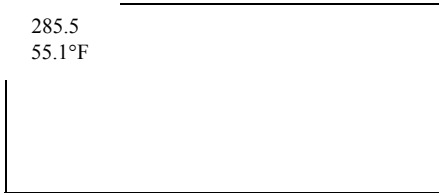
Lexington, located in the heart of central Kentucky's bluegrass region, is the state's second largest metropolitan area. The urbanized central city is surrounded by its scenic countryside of world-famous horse farms. Its central location and excellent transportation system have been major factors in the city's growth and development. Lexington's location at the intersection of two major interstate highways (Interstates 64 and 75) places it within a day's drive of 70 percent of the U.S. markets.

KENTUCKY



FAYETTE COUNTY

Square Miles	285.5
Average Temperature	55.1°F



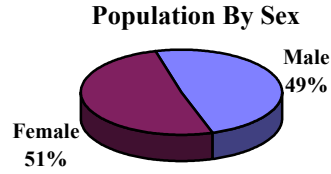
Clip Art ©1995 SoftKey International Inc.

Budget In Brief

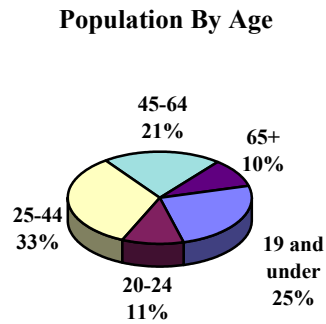
Population

Population Lexington-Fayette County			
Year	Population	Change	% Change
1970	174,323		
1980	204,165	29,842	17.1%
1990	225,366	21,201	10.4%
2000	260,512	21,201	10.4%

Population by Sex 2000	
Male	127,905
Female	132,607
Total	260,512

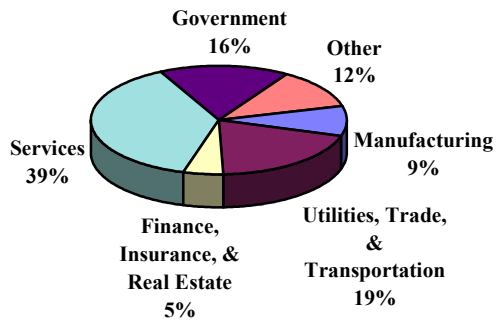


Population by Age 2000	
19 and under	65,226
20-24	28,355
25-44	86,366
45-64	54,391
65+	26,174
Total	260,512



Budget In Brief

Employment by Industry



Average Annual Employment by Industry Lexington-Fayette County – 2002	
All Industries	163,593
Manufacturing	14,739
Utilities, Trade, and Transportation	31,892
Finance, Insurance, and Real Estate	8,163
Services	62,572
Government	26,717
Other	19,510

Source: Kentucky Workforce Development Cabinet, "Average Monthly Employment Covered by Kentucky Unemployment Insurance Law by Industrial Division and by County".

The **service and trade sectors** are the primary sources of employment and income in Fayette County. The **service sector**, which is dominated by jobs in the professional services, such as legal and medical services, accounts for 39 percent of Fayette County jobs. The **trade sector** is the second largest source of jobs, accounting for 19 percent.

Budget In Brief

The Fayette County area is the retail center for the Lexington-Fayette Metropolitan Statistical Area (MSA). Also, the convergence of two major highways, Interstates 75 and 64, makes it ideally suited for the location of wholesale trade facilities.

A stabilizing characteristic of the Lexington economy is its share of employment in the **government sector** (16 percent), of which the University of Kentucky is the largest component.

Local Government

Lexington and Fayette County merged into a single ***urban county government*** on January 1, 1974. The merger was the culmination of an effort to develop a more efficient use of resources for joint programs in planning, parks, and public safety. A Mayor and 15-member legislative body administers the ***Lexington-Fayette Urban County Government***.