

**City of Bowling Green, Kentucky**  
**Monthly Financial Memorandum**  
**October 2009**

This report is to be used for informational purposes only and is only a snapshot of the City's general ledger as of the last day of each month. Therefore, anomalies may occur from time to time given the irregularity in some of the revenue and expenditure categories. Please refer to the CFO Commentary section for summary analysis at the end of each report.

**RESOURCES IN:**

**GENERAL FUND**

Operating revenue through October as collected and reported by the Treasury Division:

<u>FY09-YTD</u>	<u>FY10-YTD</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
\$13,023,000	\$11,154,000	(\$1,869,000)	-14.4%*

\*This is in comparison to FY09 year-to-date which was +6.5% through October last year. Please read CFO commentary for further explanation.

General Fund operating receipts totaled \$2,999,000 for the month, bringing the fiscal year total to \$11,154,000 which is down \$1,869,000 (-14.4%) from last year. Last month's report showed a decrease of -14.6%. The FY10 adopted budget for General Fund operating revenue is \$49,077,500, which represents a 6.3% decrease from the FY09 adopted budget and a 1.9% decrease from FY09 actual revenues. Our percentage of actual money collected of the FY10 adopted budget figure for the year stands at 22.7%. The major revenue categories are listed below:

**Property tax** receipts total \$51,000 for the month which brings the fiscal year total to \$221,000, up \$7,000 (+3.3%) compared to last year. Last month's report showed an increase of 9.7%. Revenues in this category include real and personal property taxes, motor vehicle & boat taxes, franchise taxes, and payments in lieu of taxes. Our adopted revenue budget for this category is \$9,849,000, representing an increase of 7.1% from last year's actual revenues, and 4% growth over FY09 budget. The 2009 tax bills were mailed on October 14<sup>th</sup>. Our percentage of actual money collected of adopted budgeted figures stand at 2.2%.

**Insurance premium taxes** are paid on a quarterly basis, with \$159,000 in receipts processed this month, bringing the total to \$478,000, down \$44,000 (-8.4%) from last year. Last months figures reflected growth of 0.0%. The adopted budget for this revenue source is \$1,485,000, which is the same as the FY09 budget, but an 8.8% increase over FY09 actual revenues. Our percentage of actual money collected of adopted budget figures for the year stands at 32.2%.

**Net profit fees** total \$274,000, down \$246,000 (-47.3%) from last year. Last month's report showed a decrease of 18.2%. The FY10 adopted budget has been set at \$4,091,000, which is a 22.8% decrease from FY09 original budget and a 13.4% decrease from FY09 actual revenues. The budget projection reflects a 3-year trend of shortfalls in this category and the anticipated effects of the recession. Our percentage of actual money collected of adopted budget figures for the year stands at 6.7%.

**Employee withholding fees** collected this month total \$1,875,000, totaling \$7,252,000 down \$560,000 (-7.2%) over last year. Last month's report showed a decrease of -9.3%. The adopted budget for this, the single most important revenue source to the City, is \$22,026,000, which represents an 8.2% decrease from the FY09 budget and a 2.4% decrease from FY09 actual revenues. Again, the budget projection reflected a 3-year trend of shortfalls in this category and the anticipated effects of the recession and local unemployment. Our percentage of actual money collected of adopted budget figures for the year stands at 32.9%.

So far, nine of the ten Standard Industry Code (SIC) groups show decreases in payroll. Of those ten, the top three stood as follows: our largest group-Services (-0.2%), our second largest group-Manufacturing (-15.4%) and our third largest group-Retail (-16.7%).

**Service enhancement fee** collections totaled \$490,000 this month, bringing the fiscal year total to \$1,820,000 down - \$142,000 (-7.2%) from last year. Last month's report showed a decrease of 10.1%. This revenue category was originally the .5% increase of the 2% occupational tax rate adopted in 2003, but now represents .35% of the lower 1.85% occupational tax rate that was effective January 1, 2007. Our adopted budget estimate for this revenue source is \$6,431,000, which is a 9.6% decrease from the FY09 original budget and a 3.0% decrease from last year's actual revenue. Our percentage of actual money collected of adopted budget figures for the year stands at 28.3%.

**Building fees** received this month were \$24,000, totaling \$171,000 down -\$28,000 (-14.1%) from last fiscal year. Last month stayed even at 0.0%. The adopted budget for this revenue source is \$473,000, which is decrease of 26.1% from the FY09 original budget but an increase of 10.5% over last year's actual revenue. Our percentage of actual money collected of adopted budget figures for the year stands at 36.2%.

**Cemetery** operation receipts for the month were \$14,000, totaling \$69,000 for the year, down \$5,000 (-6.8%). Last month showed a +3.8% increase from last fiscal year. Our adopted budget estimate is \$246,000, representing a 6.5% growth over FY09 actual revenues and the same as the FY09 budget. Our percentage of actual money collected of adopted budget figures for the year stands at 28.0%.

**Parks & Recreation** receipts this month were \$25,000 bringing the fiscal year total to \$143,000, up \$21,000 (+17.2%) from last year. Last month's report showed an increase of 40.5% The adopted budget for Parks receipts is \$360,500, a decrease of -5.1% from last year's actual but a 15.3% increase over the FY09 budget. Our percentage of actual money collected of adopted budget figures for the year stands at 39.7%.

**Interest Earnings** total \$26,000 for the year, which is down \$571,000 (-95.6%) compared to last year. This is due to historic lows in interest rates, and the termination of the interest rate swap agreements. We have projected \$350,000 for the FY10 adopted budget due to the plans of spending reserves and lower interest rates.

### **LIQUID FUEL TAX FUND**

**Liquid Fuel Tax State Grant** receipts received this month were \$76,000, totaling \$314,000, up \$13,000 (+4.3%) from last year. Last month's report showed an increase of +6.3%. This is the major source of revenue for funding the City's annual street overlay and maintenance and is anticipated to bring in \$870,000 this year, a decrease of -1.4% over actual FY09 revenues but a 2.3% increase from the FY09 budget. Our percentage of actual money collected of adopted budget figures for the year stands at 36.1%.

### **FIRE IMPROVEMENT FUND**

**Insurance premium taxes** are collected on a quarterly basis with \$232,000 in receipts being processed this month, bringing the grand total for the year to \$661,000, down \$67,000 (-9.2%) over last year. Last month's report showed a decrease of 7.7%. This is the major source of revenue to the Fire Improvement Fund, and is anticipated to produce \$1,800,000 this year, an increase of 3.8% over actual revenues for FY09 and a 1.8% increase from the FY09 budget. Our percentage of actual money collected of adopted budget figures for the year stands at 36.7%.

## RESOURCES OUT:

### GENERAL FUND:

#### Operating expenditures through October as reported by Wilma Brown, Comptroller:

<u>FY09YTD</u>	<u>FY10YTD</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
\$15,758,000	\$14,858,000	-\$900,000	-5.7%

General Fund operating expenditures totaled \$3,407,000 for the month of October, bringing the fiscal year total to \$14,858,000, which is down \$900,000 (-5.7%) from last year compared to an increase of \$711,000 (+6.6%) reported last month. The FY10 adjusted budget for General Fund operating expenditures is \$52,498,000; of which 28.3% has been utilized through the current month. Details for the major expenditure categories are listed below.

**Personnel service costs** totaled \$2,310,000 for the month, bringing the fiscal year total to \$9,797,000, up \$252,000 (+2.6%) over last year and compared to an increase of \$1,279,000 (+20.6%) reported last month. The budget for personnel costs is \$30,545,000, and through this month, 32.1% has been consumed.

Full-time and part-time wages total \$5,489,000 for this fiscal year, which is up \$19,000 (+0.4%) over last year and compared to an increase of \$650,000 (+18.4%) reported last month. Overtime costs total \$774,000 for the fiscal year, down \$25,000 (-3.2%) from last year and compared to an increase of \$92,000 (+18.3%) last month. Recall time through the month of October totals \$133,000, up \$3,000 (+2.1%) over last year and compared to an increase of \$13,000 (+17.1%) reported last month.

Other fringe benefits, including Health Insurance, FICA, Medicare and Retirement total \$3,400,000 for the fiscal year, up \$256,000 (+8.1%) over last year and compared to an increase of \$523,000 (+25.0%) on last month's report.

**Contractual service costs** for the month totaled \$665,000 and for the fiscal year totaled \$3,348,000, down \$395,000 (-10.6%) from last year. Through last month, this cost category was down \$308,000 (-10.3%) from the previous fiscal year. The adjusted budget for this expenditure is \$11,142,000, of which 30.1% has currently been expended.

**Supplies** totaled \$166,000 for the month and \$459,000 for the fiscal year, which represents a decrease of \$107,000 (-18.9%) from last year. Last month's report reflected a decrease of \$72,000 or -19.7% compared to the previous year. The adjusted budget for this category is \$1,606,000 and through October, 28.6% has been utilized.

**Subsidies and assistance** totaled \$338,000 for the month, which contributes to a fiscal year total of \$729,000, down \$185,000 (-20.3%) from last fiscal year. A decrease of \$98,000 (-19.9%) was reported through last month. The amount budgeted for this cost category is \$3,230,000; thus far 22.6% has been consumed.

**Property and fixed assets** category purchases were \$22,000 this month with the fiscal year-to-date total also at \$22,000, down \$190,000 (-89.6%). Purchases from this cost category for this fiscal year include air condensers for the Police Station. The budget for this expenditure is set at \$98,000 and through October, 22% has been utilized.

**Fund transfers** totaled -\$94,000 for the month and \$503,000 for the fiscal year, which is down \$252,000 (-33.4%) from last year. This expenditure category incurred a negative cost amount for October as a result of a correcting entry that moved debt service expenditures from the General Fund to the Job Development Improvement Fund; effective July 1, 2010, debt service expenses for the KLC Lease were transferred to JDIF. Last month this expenditure category was down \$68,000 or -10.2% from the prior fiscal year. The budget for this category is \$5,630,000 with 8.9% utilized through this month.

**Contingency for transfers** shows a remaining budget to date amount of \$247,000. The above expenditure categories will utilize this amount as necessary.

## **EMPLOYEE HEALTH TRUST FUND:**

**Health insurance claims** paid in October totaled \$350,000; which includes \$293,000 paid for medical and vision, \$45,000 for prescriptions and \$13,000 for dental claims. The fiscal year total is \$990,000, which is down \$90,000 (-8.3%) compared to last year. The budget for all claims expense is \$3,680,000 of which 26.9% has been spent. Total costs for FY10 in the Health Care Trust Fund through October total \$1,282,000, down \$93,000 or 6.7% from FY09. The adjusted budget for this fund is \$4,690,000 of which 27.3% has been expended.

## **ENTERPRISE FUNDS:**

### **GOLF ENTERPRISE FUND**

**Golf Course operating receipts** this month were \$88,000, bringing the fiscal year total to \$579,000 down \$54,000 (-8.6%) compared to last year. Last month's report showed a decrease of -5.5%. CrossWinds is down \$36,000 (-9.0%), Riverview decreased \$14,000 (-13.1%), and Paul Walker is down \$4,000 (-3.4%) compared to last year. The operating revenue adopted budget for this Fund is \$1,505,285, which represents a 2.7% increase from last year's actual operating revenue, but a decrease of -0.6% from FY09 adopted budget. Our percentage of actual money collected of adopted budget figures for the year stands at 38.5%. Non-operating receipts, which includes Transfers-In, increased by \$36,000 bringing the FY10 total to \$378,000. This year's total revenue adopted budget is \$2,664,500.

**Golf Course operating expenses** for October total \$149,000 and \$1,119,000 for the fiscal year, which is down \$6,000 (-0.6%) compared to last year. The Crosswinds course has expended \$794,000 this fiscal year, down \$23,000 (-2.8%); Paul Walker year-to-date expenses total \$172,000, an increase of \$20,000 (+13.5%); and the Riverview course expenses total \$153,000, down \$4,000 (-2.4%) from this time last year. The expenditure budget for the Golf Fund is \$2,709,000 of which 41.3% has been utilized.

### **AQUATICS ENTERPRISE FUND**

**Aquatics operating receipts** were \$0 this month, keeping the fiscal year total at \$157,000, which is down -\$37,000 (-18.9%) from last year. The 2009 swimming season at Sims Aquatic Center, which ran from May to September, reflected a decrease of \$24,000 (-5.6%) from the 2008 season. The total FY10 operating revenue adopted budget for this fund is \$453,500, which is a decrease of -7.2% compared to FY09 actual operating revenue but a 4.9% increase from the FY09 operating budget. Our percentage of actual money collected of adopted budget figures for the year stands at 34.8%. There is no non-operating revenue, including Transfers-In to report at this point.

**Aquatics operating expenses** total \$16,000 this month and \$188,000 for the fiscal year, which is down \$1,500 (-0.8%) from last year and compared to a decrease of \$3,000 (-1.9%) reported last month. The adjusted budget for the Aquatics Fund is \$966,000 of which 19.4% has been spent.

### **CONVENTION CENTER ENTERPRISE FUND**

**Convention Center operating revenues** (room rentals, catering receipts, and interest income) total \$28,000 for the month, bringing the fiscal year total to \$54,000, down \$21,000 (-28.0%) from last year. Last month's report showed a decrease of -50.0%. Pursuant to the revised management agreement, the City now receives 12% of the room rentals, catering revenue, and audiovisual equipment rentals. This year's total operating revenue adopted budget is \$228,000 a decrease of 17.1% from actual revenues in FY09 but an 11.5% increase over the FY09 budget. Our percentage of actual money collected of adopted budget figures for the year stands at 23.7%. Non-operating receipts, including Transient Room tax and Transfers-In, stand at \$218,000 for the year. This year's total adopted budget is \$1,411,100.

**Convention Center expenses** were \$27,000 this month and fiscal year expenditure total \$100,000, which is up \$37,000 (+58.5%) from last year and compared to an increase of \$10,000 (+16.5%) reported last month. The adjusted budget for this fund is \$1,214,000 and through October 8.3% has been consumed.

## **CFO COMMENTARY:**

**Revenues** in the General Fund showed very little improvement from last month, standing at -14.4% through October compared to the first four (4) months of FY09. Part of the -\$1,869,000 (-14.4%) decrease can be attributed to the \$700,000 posting of one-time revenues in July and August of 2008, which would diminish the decrease to **-9% (-\$1,169,000)**. This remaining \$1,169,000 of the decrease is mainly comprised of decreases in Net Profit fees, Withholding fees, and Service Enhancement fees. Property taxes are near par with FY09 at this point. Insurance Premiums are down again slightly, but this may be due to timing of quarterly payments. Net Profit fees lag FY09 by 47.3% (-\$246,000) at this point, but final outcome will not be determined until May and June. Employee Withholding fees and Service Enhancement fees both showed some improvement from the -9% and -10% levels we saw through September. Hopefully, this trend will continue, but these two categories are still the victims of the current high unemployment rate and the jobless recovery that is supposedly in progress. On the bright side, Withholding Fees stand at 32.9% of budget, which is still on track with the reduced original budget projection through the first four months. The FY10 budgets for withholding fees, net profit fees, and service enhancement fees were all reduced in FY10 in anticipation of decreased occupational tax revenues due to high unemployment, business closures, reductions in hours worked, and the overall effects of the recession. In terms of the General Fund budget, we stand at 22.7% of budgeted revenues after four months.

**Expenditures** in the General Fund returned to favorable variance this month, standing at -5.7% (-\$900,000) compared to the first four months of FY09. Overall, the General Fund expenditures are tracking below adjusted budget projections at 28.3% consumption. Personnel expenditures corrected somewhat from the extra payroll posting in the month of September that inflated last month's report and now stand at a more tolerable growth of +2.6% (+\$256,000), which is all found in the fringe benefits component. The CERS hazardous rate and the CERS non-hazardous rate rose 3% and 3.7% respectively from FY09. The Personnel expenditure category amounts to approximately 62% of the total FY10 General Fund expenditure budget. All the other categories of General Fund expenditures continue to be well below last year, showing decreases after four (4) months. So far, the non-personnel categories show a combined decrease of approximately \$1.1 million after four (4) months compared to FY09. As mentioned before, the reduced FY10 General Fund expenditure budget was certainly justified by the looks of the General Fund revenues. Hopefully, the reductions in the non-personnel expenditure categories will continue to help offset the problems with revenues.

In the Healthcare Trust Fund, October claims were again higher than those posted in July, August, or September. However, both the Claims expenditures (-8.3%) and total fund expenditures (-6.7%) are still tracking below the year-to-date FY09 actuals. We may continue to see this upward trend in claims through December as deductibles and out-of-pocket maximums are met during the last two (2) months of calendar year. This is the first year in which the plan has been on a calendar-year basis. We will continue to monitor the claims closely as well as the impacts of the plan changes made at the beginning of 2009 to determine if there is any more tweaking needed before the next budget cycle. In terms of budget, both claims and the total expenditures are still within budget at this point.

Many thanks go out to the Finance employees who compile the information contained in this report each month. If you should have questions regarding the information presented, please do not hesitate to contact me. I hope the information contained in this report is of benefit to you.

Sincerely,

*Jeff Meisel*  
Chief Financial Officer

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