

To: Department Heads
Member of City Council

I am pleased to present to you the initial draft of my Proposed Budget for the 2008-2009 Fiscal Year as well as the estimated revised Budget for the 2007-2008 Fiscal Year, and I would like to comment on those items of special note.

Budget for Fiscal Year Ending June 30, 2009

General Fund Revenues

General Fund revenues are budgeted to increase by 6.5% or \$340,741. The increase is mainly due to a \$154,000 increase in grants which have corresponding expenditures and a \$225,000 increase in insurance premium taxes (net of refunds). Real Estate taxes are budgeted to increase \$32,000. Payroll License Fees are budgeted to decrease a small amount due to the current downturn in the economy, loss of Columbia Sussex and last year's balance included \$44,000 of old taxes. Investment income is budgeted to decrease due to the drop in interest rates.

General Fund Expenditures

General Fund expenditures and transfers of all departments are budgeted to increase 8.9% or \$473,959. 3.4% of the increase is attributed to grants "applied for" and expenditures that have corresponding revenues. 1% of the increase is attributed to the increase in gas and utilities that is not within the City's control. Also, the city building is in need of a significant amount of maintenance and improvements. The current inflation rate is approximately 3.94%. With the uncertainty of today's economy and the skyrocketing gas prices, a 5.5% increase is budgeted for most expenditures. A 6.5% increase is budgeted for wages to allow for promotions, etc. A 20% increase is applied to gas and utilities and a 15% increase is budgeted for medical insurance.

General Government and Administrative Department

The general and administrative budget includes an additional \$15,000 over the amended budget for planting of trees. Also, Kenton County increased their occupational license collection from 1 to 2% resulting in a \$19,000 increase. The City attorney's hourly rate has increased from \$90 to \$120 per hour. Mr. Ziegler's hourly rate has not increased in over 10 years. This resulted in an increase of \$3,500.

Police Department

The police budget includes promoting a new captain and the purchase of vehicle computer systems and video cameras.

Fire Department

The fire department budget includes \$263,410 for breathing apparatus, radio equipment, thermal imaging camera and other equipment with corresponding grant revenues of \$217,594. The fire department is currently working on trying to increase the grant amount to cover more of the expenditures. We do not know if the City's application for these grants will be approved. Also, the fire department has budgeted for 3 mobile data units, 2 replacement computers and some furniture for downstairs.

Public Works Department

The public works budget includes an increase in lawn care maintenance of \$9,000 over the 07-08 amended budget, because last year very little mowing was needed due to the dry weather. Also, the "Safe Routes to School" grant of \$90,000 is budgeted for with corresponding revenue for the same amount.

Recreation Department

There are no significant changes to the recreation program.

Park Fund

The Park fund continues to make annual payments to the general fund of \$21,000. There are 8 payments remaining.

Sewer Maintenance Fund

The last payment to the Sanitation Department will be made in the fiscal year ending June 30, 2009 and will deplete this account.

Capital Fund

This fund included major capital purchases or improvements for all of the departments. The general and administrative department has budgeted \$250,000 for necessary improvements to the building (roof and HVAC) and improvements to the parking lot. The fire department included \$407,000 for 2 cars and a fire engine. There is \$347,000 budgeted in the revenue for a grant for the fire truck. The fire truck will only be purchased this year if the grant is received. \$250,000 is budgeted for Dixie Highway sidewalks and beautification.

Road and Storm Sewer Funds

The following roads are scheduled for fiscal year 08-09 (Ross Avenue, Krumpleman Farm, Amsterdam Road, Oxford Drive, Beechwood & Dixie Intersection, Huckleberry Lane/Plantation Drive, Seville Court, East Drive and Lawrence Drive). Amsterdam Road is completely covered by a grant. It is very likely that not all of this work will be completed. The amount of work initiated will depend on the bids received. Currently, bids are coming in 20 to 30% less than the engineer's estimate. If the City can complete these jobs while the costs are lower, we will try to do so.

Please contact us with any questions you have pertaining to the Budget. It is our intention to provide you with responses to your questions prior to the Budget meeting. I think providing responses to your questions in advance will facilitate a much smoother and professional exchange of information during our public meeting.

Thank you for taking the time to review my message and the accompanying budget, I look forward to discussing these issues with you.

Sincerely,

Thomas E. Holocher
Mayor