

The City of Midway, Kentucky

A Financial Update to Our Citizens



2012 Budget Report

As of March 31, 2012

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Midway City Budget - A Financial Update

The City of Midway will soon begin working on the 2012-13 budget. I want to take this opportunity to share with you some information about the current year's finances as we prepare for the coming year.

The purpose of this report is to provide an overview of the city's current financial condition. The budget is divided into three sections for the purposes of this report: the total budget, the general fund budget and the department budgets. Like many Kentucky cities, Midway has tightened its belt through these challenging

economic conditions. We have taken a prudent and conservative approach in our financial management approach.

As we review the past year, let's begin with the overall budget of the city. Table 1 reflects the estimated revenues and appropriations (expenses) for the current budget year. The city must maintain a balanced budget. Our goal has been to reduce expenses and carry forward an appropriate cushion in the event of some unforeseen emergency.

City of Midway 2011-12 Total Budget
Estimated Revenues
Table 1

	General Fund	Special Fund	Fiduciary Fund Cemetery	Sewer Fund	Water Fund
Beginning Balance	215,078	32,485	82,072	269,889	176,785
Estimated Revenue	950,912	36,000	2,000	346,647	455,528
Total Resources	1,165,990	68,485	84,072	615,536	632,313

Total Appropriations

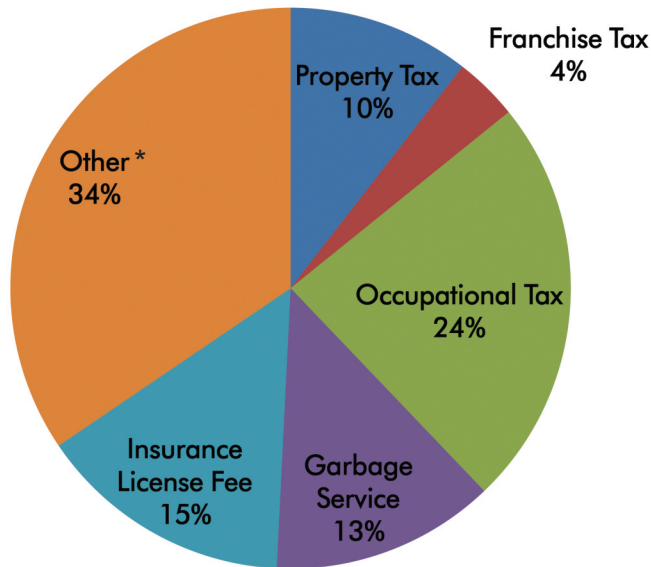
	General Fund	Special Fund	Fiduciary Fund Cemetery	Sewer Fund	Water Fund
Appropriations	950,912	36,000	2,000	346,647	455,528
Estimated Ending Fund Balance	\$215,078	\$32,485	\$82,072	\$269,889	\$176,785



The City of Midway, Kentucky

General Fund

General Fund Revenue Sources by Percentage



The city collects revenues from many sources as illustrated in the General Funds Revenue Sources chart above. The primary sources of revenue include property taxes, occupational license taxes, insurance license fees and garbage fees. Collectively, these sources comprise 62% of total revenue.

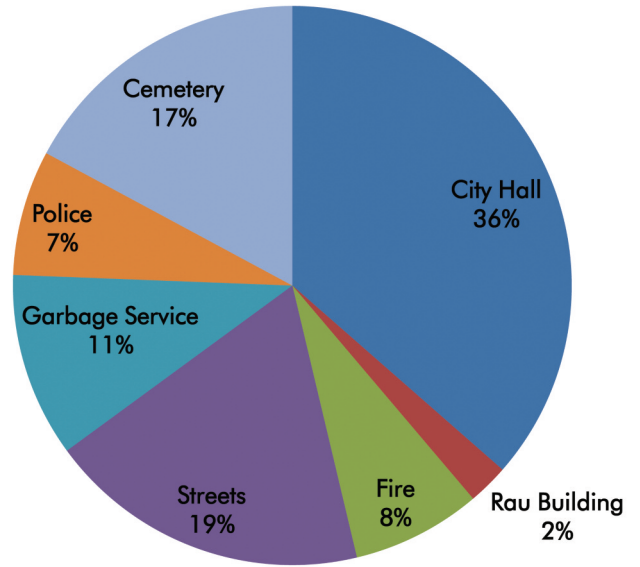
* Other sources include:

- Franchise tax
- Federal grants
- State grants
- Rents

The city appropriates its revenues to pay for services that are provided to our citizens. The General Fund Department Appropriations chart illustrates the amount of funding provided to each department.

Table 2 provides a snapshot of the city's General Fund expenses as of March 31, 2012. Total expenses are approximately 14% under the projected budget. Your city is working diligently to conserve costs while providing the critical services and quality of life that our citizens expect.

General Fund Department Appropriations by Percentage



General Fund Expenses Year-to-Date
Table 2

	Current YTD	Budget YTD	±	Total Budget
City Hall	186,848	259,127	-28%	\$345,503
Fire	54,452	53,212	+2%	\$70,950
Street	130,988	132,629	-1%	\$176,839
Garbage	74,763	75,825	-1%	\$101,100
Police	55,250	51,500	+7%	\$68,667
Cemetery	100,216	121,915	-18%	\$162,553
Rau Bldg	11,540	16,725	-31%	\$22,300
Total Expenses	614,976	713,184	-14%	\$950,912



The City of Midway, Kentucky

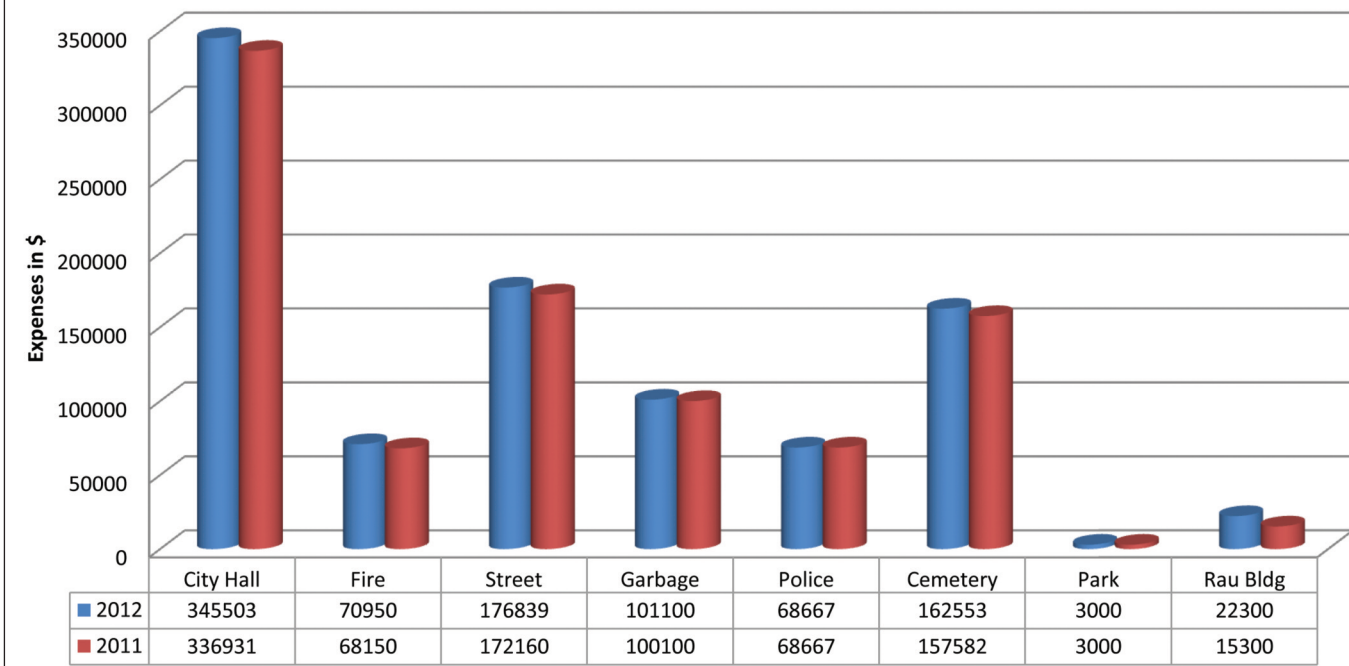
General Fund Budget Comparison

General Fund FY Budget Comparison
2011-2012
Table 3

Revenues			
	2012	2011	±
Revenue	\$950912	\$934390	+1.77%
Expenses			
	2012	2011	±
City Hall	345503	336931	+2.54%
Fire	70950	68150	+4.11%
Street	176839	172160	+2.72%
Garbage	101100	100100	0.00%
Police	68667	68667	0.00%
Cemetery	162553	157582	+3.15%
Park	3000	3000	0.00%
Rau Bldg	22300	15300	+45.75%
Total Expenses	\$950,912	\$921,890	+3.15%

As the City of Midway begins the process of developing the FY 2012-13 budget, a comparison of the FY 2010-11 and the FY 2011-12 General Fund budgets provides a useful place to begin the discussion. Table 3 shows the revenues and department budget expenses over the two-year period and includes the net increase/decrease over the period.

2011-2012 General Fund Expense Comparison



The 2011-2012 General Fund Expense Comparison chart provides a visual side-by-side comparison of the two fiscal budget years.



Midway City Council

Mayor
Tom Bozarth

E. Joy Arnold
Councilmember

Aaron Hamilton
Councilmember

Doris Leigh
Councilmember

Daniel Roller
Councilmember

Sharon Turner
Councilmember

Charlann Wombles
Councilmember

How To Contact Us!

Visit City Hall:
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859-846-4413

By Mail:
101 East Main Street
Midway, KY
40347-4275

On the Web:
www.midwayky.net

Office Hours:
Monday - Friday
8:30 a.m. - 4:30 p.m.

Sewer Budget and Water Budget

Sewer Fund Budget Year-to-Date Table 4				
	Current YTD	Budget YTD	±	Total Budget
Total Revenue	226,730	259,985	-13%	\$346,647
Total Expenses	196,178	259,985	-25%	\$346,647
Net Income	\$30,552			

The Sewer Budget and the Water Budget are represented in Tables 4 and 5, respectively. The Sewer Department expenses have increased about \$18,000 over the past two budget cycles. Two primary drivers of increased costs have been utility expense and an inflow/infiltration repair.

The Water Department expense budget has increased approximately \$45,000 during the past two budget cycles. The largest contributors to the increase are salaries, capital expenditures, the

Water Fund Budget Year-to-Date Table 5				
	Current YTD	Budget YTD	±	Total Budget
Total Revenue	336,554	341,646	-1%	\$455,528
Total Expense	291,884	341,646	-15%	\$455,528
Net Income	\$44,670			

purchase of water, and the water meter project.

The city has been able to hold costs down significantly as illustrated in the year-to-date (as of February 29, 2012) and shown in Tables 4 and 5.

The city has some important choices to make in the near-term that will have long-term consequences for future budgets, particularly in the sewer and water budgets.

Retirement Costs and Projections

The escalation of city contributions to the CERS retirement system for city employees is a source of concern for Midway and all participating Kentucky cities. The Kentucky League of Cities has prepared two charts that provide a five-year history of Midway's contribution to CERS and a five-year projection of Midway's future budget obligation under two scenarios.

The projections assume that the city makes no changes to the number of personnel over the five-year period or cost of living adjustment to retirees.

The table at the top illustrates the city's contribution with no salary increases over the five-year period. The city's obligation would increase from \$41,832 in 2012 to \$46,972 in 2017 - an increase of \$5,140.

The second table shows the city's contribution with a three percent annual salary increase across the board. The city's obligation would increase from \$43,087 in 2012 to \$56,088 in 2017 - an increase of \$13,001.

The city will need to carefully consider the implications of these increasing costs as it creates future budgets beginning in 2012-13.

Projected CERS Contributions: Midway
No changes in salaries since FY 2011

Fiscal Year	Salaries	Rate**	Contribution
2007	\$230,922	13.19%	\$30,459
2008	\$207,314	16.17%	\$33,523
2009	\$213,223	13.50%	\$28,785
2010	\$245,716	16.16%	\$39,708
2011	\$220,631	16.93%	\$37,353
2012*	\$220,631	18.96%	\$41,832
2013*	\$220,631	19.55%	\$43,133
2014*	\$220,631	20.59%	\$45,428
2015*	\$220,631	21.24%	\$46,862
2016*	\$220,631	21.19%	\$46,752
2017*	\$220,631	21.29%	\$46,972

Projected CERS Contributions: Midway
Increases salaries by 3 percent annually since FY 2011

Fiscal Year	Salaries	Rate**	Contribution
2007	\$230,922	13.19%	\$30,459
2008	\$207,314	16.17%	\$33,523
2009	\$213,223	13.50%	\$28,785
2010	\$245,716	16.16%	\$39,708
2011	\$220,631	16.93%	\$37,353
2012*	\$227,250	18.96%	\$43,087
2013*	\$234,068	19.55%	\$45,760
2014*	\$241,090	20.59%	\$49,640
2015*	\$248,322	21.24%	\$52,744
2016*	\$255,772	21.19%	\$54,198
2017*	\$263,445	21.29%	\$56,088

NOTES:

* Projected salaries and contribution rates

**Projected CERS rates assume no cost of living adjustment is provided to retirees. Both the House-passed and Senate-passed versions of the state executive branch budget bill suspend the COLA for CERS in FY 2013 and FY 2014. The budget has not been finalized to date.