

Current Expense Financial Plan  
Footnotes

(a) The 2001 Actual column reflects actual amounts as reported in the 2001 Consolidated Annual Financial Report (CAFR)

(b) Revenue estimates for 2002 - 2005 are based on the following assumptions. The percentages indicate the expected annual percent change over the previous year, except for interest earnings, which is stated as the projected annual rate of return.

	2001	2002	2003	2004	2005
Property Tax (net debt service)	Actuals	1.42%	3.36%	2.12%	3.05%
Sales Tax	Actuals	-4.00%	-2.10%	3.85%	5.05%
Interest Earnings	Actuals	3.71%	3.15%	4.70%	5.05%
All Other	Actuals	Individual Estimates	Individual Estimates	Individual Estimates	Individual Estimates

(c) The debt service schedule for 2001 - 2005 is based on the following table:  
(in millions)

Debt Service Element	2001	2002	2003	2004	2005
Prior Debt Issues	19,181,334	13,493,382	13,413,393	10,185,141	9,789,382
A) Regional Communications & Emergency Command Center			1,208,000	2,416,000	2,416,000
B) Courthouse Seismic Project				3,439,000	6,878,000
C) Financial System Replacement Project Reserve				840,000	840,000
D) Technology Bond Placeholder					488,286
E) North Rehabilitation Facility Reserve				141,000	141,000
F) Integrated Security Project (KCCF-ISP)					640,500
Total Debt Service	19,181,334	13,493,382	14,621,393	17,021,141	21,193,168

(d) The financial plan assumes an underexpenditure rate of 2.00% of the total CX expenditures for 2002 forward. The 2003 Adopted Budget includes a 1.25% underexpenditure contra in each CX operating and CX transfer budget. This will directly budget for assumed underexpenditure levels. A remaining central contra of .75% is being held in the CX Financial Plan, for a total assumption of 2.0% underexpenditure in many CX operating and CX transfer budgets. This is the same policy as was enacted in the 2002 budget. A list of agencies exempt or partially exempt from the underexpenditure requirement is provided in footnote (l).

(e) An amount equal to 25% of the additional .2% sales tax has been set aside in the Sales Tax Reserve Fund until it reaches a threshold of \$15 million. This amount is set by the Council and is to be kept in reserve for emergency needs. The 2003 Budget assumes full use of the Sales Tax Reserve collections \$4.0 million for major maintenance. The Sales Tax Reserve is held steady at \$15 million for 2004-2005 by programming all of the excess collection to major maintenance activities during those years.

(f) An amount equal to 25% of the additional .2% sales tax is set aside in the Children and Family Services Fund.

(g) Other Reserves include the following for each of the years:

(in millions)

	2001	2002	2002 Rev	2003	2004	2005
Designated for Net Unrealized Gains	(3,566,200)	(2,308,841)	(3,566,200)	(3,566,200)	(3,566,200)	(3,566,200)
Inventory	(79,031)	(67,448)	(79,031)	(79,031)	(79,031)	(79,031)
Reserved for Advances to Other Funds	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Crime Victim Compensation Program	(901,887)	(779,023)	(901,887)	(701,887)	(701,887)	(701,887)
Drug Enforcement Program	(293,312)	(96,709)	(293,312)	(293,312)	(293,312)	(293,312)
Anti-Profiteering Program	(395,416)	(444,201)	(395,416)	(395,416)	(395,416)	(395,416)
Superior Court Pro Se Facilitator	(13,844)	(40,060)	(13,844)	(13,844)	(13,844)	(13,844)
Reserve for Sheriff/Laptop Replacement	(668,559)	(487,764)	(565,259)	(340,359)	(340,359)	(340,359)
Reserve for Dispute Resolution	(32,210)		(32,210)	(32,210)	(32,210)	(32,210)
Criminal Justice (I695 Replacement funds)	(2,661,862)					
Reserve for Prepayment	(72,137)		(72,137)	(72,137)	(72,137)	(72,137)
Council Reserve		(120,530)				
Jail Population Reserve				(2,000,000)	(2,000,000)	(2,000,000)
Reserve for Public Health				(281,532)		
Reserve for Outyear Revenue Impacts	(19,950,000)		(4,082,178)			
Total "Other Reserves"	(28,934,458)	(4,644,576)	(10,301,474)	(8,075,928)	(7,794,396)	(7,794,396)

(h) 2002 Operating Expenditures

Adopted Budget	(483,509,437)
2001 Carryovers	(6,915,742)
Supplemental Activity	<u>(8,316,647)</u>
Total	(498,741,826)

(i) 2002 CIP/Other Contributions

Parks CIP	(169,776)
Major Maintenance- Sales Tax Reserve	(6,390,717)
Housing Opportunity	(2,992,051)
General Government - CX	<u>(229,498)</u>
Total	(9,782,042)

(j) The 2003 Adopted beginning fund balance is \$1,110,832 higher than what is shown as the ending fund balance in the 2002 revised. The 2003 Adopted beginning fund balance reflects the transfer of \$783,500 from the Cultural Development Authority Fund to CX and an increase in investment pool service fees by \$100,000. In the 2002 Revised column, the Third Quarter report is used to estimate Fourth Quarter Omnibus costs to CX. The 2003 Adopted column uses actual Fourth Quarter Omnibus numbers in calculating beginning fund balance. The actual Fourth Quarter Omnibus supplemental was \$227,352 less than was estimated in the Third Quarter report freeing this money up in fund balance for 2003.

(k) 2003 CIP/Other Contributions

Parks CIP	(254,717)
Major Maintenance- Sales Tax Reserve	(5,074,311)
Housing Opportunity	(422,901)
General Government - CX	<u>(1,810,432)</u>
	(7,562,361)

(l) Agencies exempt from 2.00% Underexpenditure

Agencies partially exempt:

Drug Enforcement Forfeits	Sheriff
Antiprofitteering	Prosecuting Attorney's Office
State Auditor	District Court
Special Programs	CX Transfers
Salary and Wage Contingency	Dept of Adult and Juvenile Detention
Executive Contingency	Community Services
Internal Support	Public Defense

(m) Expenditure estimates for 2004 - 2005 are based on the following assumptions. The percentages indicate the expected annual percent change over the previous year.

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Labor	As Proposed	4.75%	4.88%
Medical/Life Insurance Benefit	As Proposed	17.05%	15.00%
Flex Benefit	As Proposed	14.04%	15.00%
Dental Benefits	As Proposed	15.02%	14.96%
Services/Other Charges	As Proposed	2.00%	2.00%
Supplies	As Proposed	2.00%	2.00%
All Others	As Proposed	2.0% - 5.0%	2.0% - 5.0%

(n) The Outyear Estimated Financial Plan requires ongoing reductions of:

\$20.0 million in 2004                      \$21.65 million in 2005

These additional reductions to Current Expense agency budgets are necessary to accommodate a shrinking revenue base and an increasing salary and benefit growth rate beyond inflation.