



Budget, Finance & Economic Development Committee (Committee of the Whole)

October 21, 2025

Summary and Motions

Chair James Brown called the meeting to order at 1:02 p.m. Vice Mayor Dan Wu, and Council Members Chuck Ellinger, Tyler Morton, Shayla Lynch, Hannah LeGris, Emma Curtis, Liz Sheehan, Lisa Higgins-Hord, Joseph Hale, Amy Beasley, Whitney Baxter, Dave Sevigny, Jennifer Reynolds, and Hil Boone were in attendance as voting members.

I. APPROVAL OF SEPTEMBER 16, 2025 COMMITTEE SUMMARY

A motion by Reynolds to approve the September 16, 2025, Committee Summary, seconded by Baxter, passed without dissent.

II. ANNUAL CHANGE ORDERS REPORT

The Annual Change Orders report was in the committee packet for information only, as required by resolution 630-2020. No action was taken on this item.

III. QUARTER 1 FINANCIAL UPDATE – SEPTEMBER 2025

Commissioner Hensley and Directors Lueker and Holbrook presented the quarterly financials to the committee. The review of the top 4 revenue sources shows stabilization; however, net profit revenues trail the FY26 budget and FY25 actual collections. There is a 1.6% variance in revenue between FY26 actuals and budget, totaling \$1.8 million. When comparing FY26 to FY25 revenues, there is a positive variance of 4.5% or \$4.9 million.

Over 40% of total operating variance is in public safety departments and falls within budgeted accounts expected to be expended within the operating year. Q1 reporting includes the impact of SBITA (subscription and leased asset) reporting as required by governmental accounting standards. This reporting creates variances in revenues under other financing sources and expenses under capital. Both will be offset by a pending budget amendment. Expenses have a 6.7% variance between the FY26 budget and actuals. To date, insurance and capital expenditures are exceeding the budget. When comparing FY25 expenses to FY26, there is a 6% variance, totaling \$7.4 million.

Commissioner Hensley reviewed the quarterly revenue and expenses for the Urban Services Fund, Sanitary Sewer Funds, Water Quality Funds, and Landfill Fund. The Urban Services Fund has a -57% revenue variance between FY26 actuals and the budget. Expenses in Urban Services have a 30.3% variance, totaling \$4.57 million, compared with FY26 actuals. Property tax collections will increase revenue in the coming months as property tax bills are paid. The Urban Services fund balance as of June 30, 2025, totaled \$30,285,253.

The sanitary sewer funds derived from sewer user fees show a -27.2% variance in revenue between FY26 actuals and the budget. Expenses in the sanitary sewer fund have a 66.2% variance from actuals, totaling \$9.98 million. Sanitary sewer funds fund balance totaled \$76,886,362 as of June 30, 2025.

The water quality funds, paid for by water quality management fees, have a -18% variance in revenue between FY26 actuals and budget. Expenses in water quality funds have a 42.2% variance totaling nearly \$1.4 million when comparing the FY26 budget to actuals. The fund balance from the water quality funds as of June 30, 2025, totaled \$38,041,044.

Comparing FY26 actuals to budget, the landfill fund revenue has a -48.6% variance. Expenses have a 44.8% variance totaling \$1.28 million when comparing FY26 actuals to the budget. Landfill revenue is made possible by solid waste disposal fees. As of June 30, 2025, the landfill fund had a fund balance of \$44,872,532. No action was taken on this item.

IV. FY25 FUND BALANCE PRESENTATION

Commissioner Hensley presented the FY25 fund balance. Hensley explained that “fund balance” is a piece of the balance and what is generally unassigned at this point in the audit process. The fund balance has a beginning balance, changes in balance throughout the fiscal year, and an ending balance. As of June 30, 2025, before accounting for commitments, restrictions, non-spendable funds, and obligations, the fund balance was \$189,495,051. After accounting for non-spendable, restrictions, commitments, historical assignments, and obligations, the remaining unassigned fund balance for FY25 is \$6,296,172.

The Economic Contingency fund balance as of June 30, 2025, is \$46,210,840. As required by ordinance, 10% of the available fund balance, or \$699,575, is committed to the Economic Contingency fund. An investment of an additional \$2.5 million would be needed to satisfy the goal of investing 10% of the prior year's revenue into the economic contingency fund. No action was taken on this item.

V. FY25 COUNCIL FUND BALANCE DISCUSSION

Council Members proposed the following funding allocations for the unassigned fund balance:

- \$750,000 for Council Capital funds
- \$700,000 for STREET Safety Task Force recommendations
- \$110,000 for the Loudon Avenue/Bryan Avenue intersection project
- \$20,000 for the Neighborhood Voices pilot project
- \$50,000 for the Boys and Girls Club of Lexington Chapter
- \$20,000 for Black and Williams Community Center programming
- \$475,000 for the Micro-Transit Pilot program with Lextran
- \$50,000 for A Caring Place Village Model pilot program
- \$50,000 for Code Enforcement “tough book” laptops
- \$55,000 to remove dilapidated wayfinding signs on Corridors
- \$460,000 for the Solarize Lexington initiative

A motion by Ellinger to refer the Micro-Transit presentation and funding request to Work Session today, October 21, 2025, seconded by Wu, passed without dissent.

A motion by Morton to approve all proposed funding allocations, excluding Micro-Transit (\$475,000), seconded by Curtis, passed without dissent.

The council left \$4,031,172 in unassigned funds for future use. No other action was taken on this item.

VI. ADJOURNMENT

A motion by Reynolds to adjourn at 2:47 p.m., seconded by Curtis, passed without dissent.