



CITY OF MORGANTOWN

2018-19 Budget Cycle



ON THE RISE

Mayor

Billy Phelps

Council Members

Dustin Embry

Sharon Johnson

Gary Southerland

Russell Givens

Jason Gaskey

Sterling White

City Administrator

Jerrod Barks

TABLE OF CONTENTS

SECTION	TOPIC	PAGE
Ordinance	Ordinance	4
	Budget Breakdown	5
Budget Message	Budget Message	6
Financial Policies	Selected Financial Policies	8
Budget Schedule	March	10
	April	11
	May	12
	June	13
Fund Descriptions	General Fund	14
	Fire	15
	Parks	15
	Street	15
	LGEA	15
	Cemetery	15
	IHC	15
	Utilities	15
	Historical Background	Historical Background
Demographics		17
City Organizational Chart		18
Projects and Goals	Projects and Goals	19
Revenues	Revenues	21
	Revenue Schedules	23
Expenditures	Expenditures	26
	Capital Investment Plan	28
	Other Notable Spending	30
	Notable Decreases	30
	Personnel	31
Fund Balance	All Funds	32
Departmental Information	Departmental Information	34

Ordinance No.

ORDINANCE ADOPTING THE ANNUAL CITY BUDGET

AN ORDINANCE ADOPTING THE CITY OF MORGANTOWN, KENTUCKY ANNUAL OPERATING BUDGET FOR FISCAL YEAR BEGINNING JULY 1, 2018 AND ENDING JUNE 30, 2019, BY ESTIMATING REVENUES AND APPROPRIATING FUNDS FOR THE OPERATION OF CITY GOVERNMENT.

WHEREAS, an Annual Operating Budget proposal has been prepared and delivered to the City Council of the City of Morgantown, Kentucky; and,

WHEREAS, the City Council has reviewed and discussed the proposed Annual Operating Budget and desires to adopt it for Fiscal Year 2019.

NOW THEREFORE, BE IT ORDAINED by the City of Morgantown, Kentucky as follows:

1. The Annual Operating Budget for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019, including all sources of estimated revenues and appropriations for all City funds as set forth in Exhibit 1 attached hereto is hereby adopted.
2. All encumbrances outstanding on June 30, 2018 for goods not yet provided or services not yet rendered are hereby re-appropriated in conformance with generally accepted accounting principles for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019.
3. The balance of all capital construction, renovation, improvement projects and grants currently approved and/or nearing completion are hereby approved for re-appropriation and carry over for Fiscal Year beginning July 1, 2018 and ending June 30, 2019.
4. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.
5. All prior Municipal Orders or Ordinances or parts of any Municipal Orders or Ordinances in conflict herewith are hereby repealed.
6. This Ordinance is adopted pursuant to KRS 83A.060 in that it was introduced on May 10, 2018 and given final reading on _____ and said Ordinance shall be in full force and effect upon signature, recordation and publication in summary pursuant to KRS Chapter 424.

Adopted Date: _____

Approved: _____

Attest: _____

CITY OF MORGANTOWN BUDGET 2018-19

Section 1: That the annual budget for fiscal year beginning July 1, 2015 and ending June 30, 2016 is hereby adopted as follows:								
Resources Available:	General Fund	Fire Fund	Park Fund	Street Fund	LGEA Fund	Cemetery Fund	IHC Fund	Utilities Fund
Fund Balance Forward:	\$1,200,000.00	\$160,000.00	\$30,000.00	\$20,000.00	\$17,000.00	\$20,000.00	\$120,000.00	\$-
Estimated Revenue:								
Property Tax	\$120,000.00							
License/Permit Fees	\$29,000.00							
Intergovernmental Revenue	\$30,000.00	\$35,000.00		\$40,000.00	\$3,000.00			
Other Income	\$35,700.00	\$7,000.00				\$200.00	\$7,200.00	\$-
Insurance Fees	\$300,000.00							
Occupational Fees	\$1,400,000.00							
Grant Restricted	\$200,000.00	\$10,500.00						
CHRP Grant Police								
CDBG Grant								
Interest	\$200.00					\$750.00	\$6,000.00	
Drug Seizure	\$-							
Rent	\$2,000.00							
Charges for Service		\$1,000.00	\$17,000.00			\$3,000.00		\$-
Total Estimated Revenue:	\$2,116,900.00	\$53,500.00	\$17,000.00	\$40,000.00	\$3,000.00	\$3,950.00	\$13,200.00	\$-
Available For Appropriation:	\$3,316,900.00	\$213,500.00	\$47,000.00	\$60,000.00	\$20,000.00	\$23,950.00	\$133,200.00	\$-
Appropriations:								
General Government	\$1,066,000.00							
CDBG Grant	\$-							
Police	\$508,900.00							
Fire	\$35,000.00	\$93,150.00						
Streets	\$678,000.00			\$40,000.00	\$5,500.00			
Park	\$350,200.00		\$27,100.00					
Contributions to IHC	\$-							
Cemetery	\$-					\$5,500.00		
Industrial/Economic Development	\$30,000.00						\$25,000.00	
Utilities	\$-							\$-
Total Appropriations:	\$2,668,100.00	\$93,150.00	\$27,100.00	\$40,000.00	\$5,500.00	\$5,500.00	\$25,000.00	\$-
Funds Over/Under Appropriations	\$648,800.00	\$120,350.00	\$19,900.00	\$20,000.00	\$14,500.00	\$18,450.00	\$108,200.00	\$-
Intrafund Transfers	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Ending Fund Balances of FY	\$648,800.00	\$120,350.00	\$19,900.00	\$20,000.00	\$14,500.00	\$18,450.00	\$108,200.00	\$-

BUDGET MESSAGE

City Council and Community,

The City of Morgantown finds itself in new territory this upcoming fiscal year. A new, and exciting, development that has been years in the making. As we are all aware, over the last several years, the City has been in financial hardship because of the added expenditures of Industrial Holdings Corporation Debt incurred by the loss of a factory, Kentucky Copper. This hardship, while difficult, proved that the City could weather this type of scenario and come out the other side. With the sale of the building earlier this month we are now on that other side.

The theme of this upcoming budget is “On The Rise” because we feel that the City has sound financial footing to begin investing in our infrastructure and community once again. Two years ago, our nationally recognized Morgantown Renaissance Plan was a catalyst to our renewed commitment to better serve our city and constituents. Now, with the ability to make all of those plans a reality, the City is ready to face all the challenges and opportunities of our future.

Our main objective with this budget is to make much needed improvements to our infrastructure, downtown, and the quality of life of our residents. These three main priorities are culminated from the Renaissance Plan which was derived from surveys and questionnaires from hundreds of citizens in the area from different age groups. Most of them citing the dire need to maintain, remodel and renovate our many structures, buildings and land. This renovation will address all three priority categories.

These capital improvement plans and community projects are made possible by the conservative budgeting and spending made by the City over the last three years. Our fund balance at the beginning of 2015 was at 17% of our budget, as of now the city has over 1.2 million dollars in reserves, a tremendous accomplishment to our city staff and leaders. This fund balance in coordination with our better economic circumstances creates a bright future for our city.

Like last year, In the creation of this year’s budget, we researched extensively to discover in what ways we could:

1. Better serve the citizens of Morgantown
2. Think creatively and outside the norm
3. Draw new residents while respecting and retaining our current inhabitants
4. Recognize our demographics in formulating our plan
5. Responsibly allocate spending to ensure a return on investment
6. Try new things, never been attempted in our city’s history

Prioritization is key when planning for the future, so undoubtedly, we had to prioritize projects as there is not enough funding to fully commit to all needed improvements. After conducting surveys and hearing from the community, in addition to evaluating our own needs, we have prioritized several CIP’s (Capital Improvement Projects) including: Street Repair, signage, sidewalks, City Hall Renovation, Park

Infrastructure, and a downtown refresh. In addition, during the difficult financial times over the past few years, our city departments and employees have shared the impact of our situation. Therefore, in this upcoming budget each department has been funded an additional \$50,000 to purchase equipment, uniforms and supplies that they desperately need. The Street department will be purchasing new road repair equipment, the police department will be purchasing software, ammunition and other needed supplies, and the fire department will be able to purchase new turn out gear for all members.

The City of Morgantown will invest in over one million dollars' worth of Capital and infrastructure improvements. The highest amount of any one year in our City's history.

The City is in an exciting place in its history, our economic situation and our budget have never been higher. We have the talent and personnel to get the job done. I truly believe that Morgantown is on the rise.

Billy Phelps, Mayor

SELECTED FINANCIAL POLICIES

The Financial Policies of the City of Morgantown are in line with those mandated by Kentucky Revised Statutes. The City operates using the modified accrual basis of budgeting and accounting. This type of accounting is a process in which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect the taxes levied and revenue earned. All City funds use this type of accounting. The basis for accounting and budgeting are the same.

Annual Budget Requirement:

1. Each City is required to operate and expend funds under an annual budget that must be adopted by ordinance. City officials and employees are prohibited from expending any city funds except in accordance with the adopted budget. KRS 91A.030(1), (13).
 "Budget" is defined as a proposed plan for raising and spending money for specified programs, functions, activities or objectives during a fiscal year. KRS 91A.030(4)
2. Each city's budget must cover one full fiscal year. KRS 91A.030(4)
 Cities are required by Section 169 of the Kentucky Constitution to operate on a July 1 to June 30 fiscal year.
3. If a city fails to adopt a budget by the beginning of the new fiscal year, the previous year's budget remains in force as if readopted. KRS 91A.030(3). In this event, the previous year's budget will govern the expenditure of funds until a new budget ordinance is adopted.
4. No budget may provide for expenditures in excess of revenues in any one fiscal year (balanced budget). "Revenues" means all income from every source, including unencumbered reserves carried over from the previous fiscal year. "Expenditures" means all funds to be paid out for expenses of the city during the fiscal year, including amounts necessary to pay the principal and interest due during the fiscal year on any debt. Kentucky Constitution section 157b; KRS 91A.030(8)(b)
5. The legislative body is obligated to appropriate in the budget ordinance the full amount necessary to service any outstanding debt of the city for the full fiscal year. KRS 91A.030(9).
6. The budget must be presented in full form to the City Council at least 30 days prior to July 1 of the upcoming fiscal year. The budget must undergo two separate readings in order for passage.

Budget Amendments:

1. The budget ordinance may be amended at any time during the fiscal year, subject to the restriction that expenditures may not exceed revenues for the fiscal year and subject to all other statutory requirements. An ordinance amending the budget must be enacted in the same manner as any other ordinance. Kentucky Constitution Section 157b; KRS 91A.030(10).

Budget Administration:

1. Once adopted, the administration of the budget is the responsibility of the executive authority (mayor) of Morgantown. The executive authority is required to submit operating statements to the legislative body, which must include budgetary comparisons of each governmental fund set forth in the budget. These operating statements must be submitted not less than once every three months in each fiscal year. KRS 91A.030(11)

2. The executive authority is authorized to expend funds in accordance with the adopted budget.

Budgetary Accounting

To the extent practicable, the system utilized in implementing and administering the budget must be consistent with the requirements of KRS 91A.020, which requires each city to keep accounting records and render financial reports that:

1. Determine compliance with statutory provisions.
2. Determine fairly and with full disclosure the financial operation of constituent funds and account groups of the city in conformity with “generally accepted principles of government accounting,” which means in accordance with those standards and procedures issued by the Governmental Accounting Standards Board (GASB)

Fund Balance

The City is committed to retain an adequate fund balance to ensure smooth operation of city services if an emergency or undesirable situation were to occur. The City is committed to providing at least 25% of its funding per budget year in reserves. (At minimum, 25% of the expenditure amount per budget will be retained in reserves.)

Financial Goals

The City of Morgantown is committed to be good stewards of public money. Therefore, practices involving finance must be according to standards of Kentucky Revised statutes, including but not limited to public spending and taxation.

1. Yearly, the City of Morgantown will review tax laws and tax amounts/percentages in the region and state to determine the appropriateness of current tax levels.
 - a. September: Property Tax
 - b. January: Occupational Tax
 - c. April: Insurance Premium Tax
2. The City will provide a balanced budget yearly.
3. The City will retain at least 25% of revenue as reserve funding. The reserve funding, or fund balance, will remain in the General Fund.
4. Financial Statements will be presented to the City Council monthly and/or at every special called meeting.
5. The City will ensure proper funding for all debts incurred during its budget cycle.

BUDGET SCHEDULE

March

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
			1 Budget Process Begins	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20 Department Requests Due	21	22	23	24	25
26	27	28	29	30	31	

Beginning March 1st the Budget process officially begins, during this period data is collected from the previous year’s budget, surveys, and comments gathered throughout the previous year. Invoices and quotes are requested for respective potential projects from area contractors and businesses.

March 20th through the 31st: Department Supervisors are required to submit their requests for funding. An informal meeting is set to determine priorities and department needs.

April

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
						1
2	3 Budget Construction Begins	4	5	6	7	8
9	10	11	12	14	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

April 3rd-April 30th: During this period the majority of the budget is constructed based on prior research and department needs.

May

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
	1 Meeting with Accountant	2 Budget Amounts Finalized	3 Budget Review	4	5	6
7	8	9 Budget Submission to Council	10 First Reading	11 Budget Publication to Public	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

May 1st: A meeting between the Mayor, City Administrator and Accountant is held to determine the feasibility of requested amounts. Prior year budgets and trend lines are analyzed to ensure proper budgeting.

May 2nd: The Accountant will send the City Administrator final numbers for each budgeted category based on the previous day’s meeting.

May 3rd- May 8th: Final numbers are adopted in the budget document and last-minute changes are made before final presentation

May 10th: First Reading of the Budget is conducted.

May 11th: The budget is published online for public view.

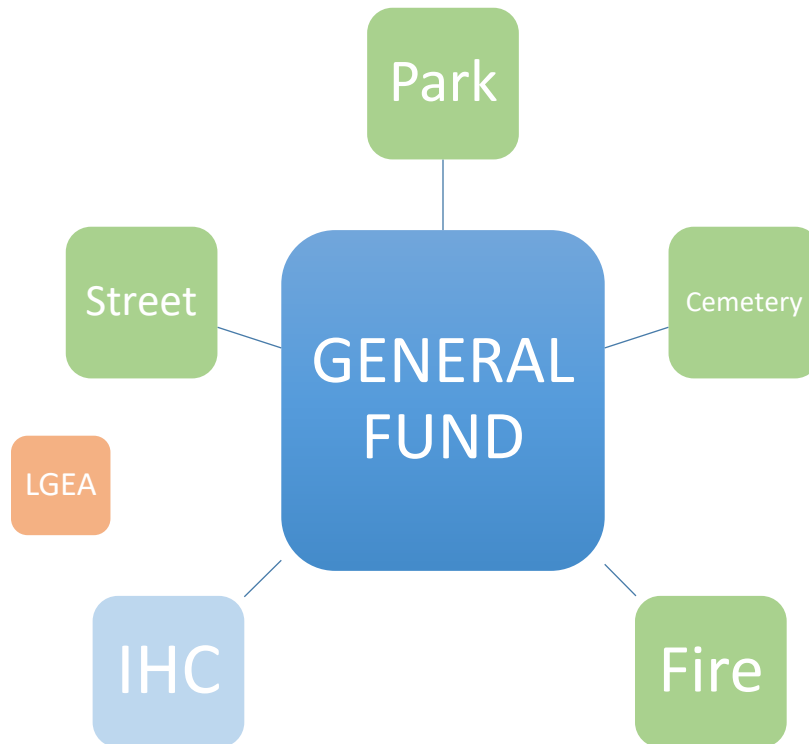
June

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
				1	2	3
4	5	6	7	8	9	10
11	12	13	14 Second Reading	15	16	17
18	19	20 Budget Publication	21	22	23	24
25	26	27	28	29	30	

June 14th: Second and final reading of the budget is conducted. Budget period begins July 1, 2018.

June 20th: The finalized and approved budget is published in the newspaper according to KRS 424.

FUND DESCRIPTIONS



The Following Funds are allocated for in the Budget:

General

The General Fund is the largest of all the City's funds. This fund is used for expenses generally thought of as "government spending" Most revenue is deposited into the general fund, including all occupational tax, insurance premium tax, and property tax which accounts for 95% of all revenue. Expenses for General fund include, but are not limited to:

- Insurance
- Payroll
- Administration
- Police
- Street
- Park
- Cemetery
- IHC Funds
- Code Enforcement
- Planning and Zoning
- Capital Improvements
- General Government expenses

Noted in Green above with a direct link to the General Fund, Street, Park, Fire and Cemetery funds do receive assistance from the General Fund in their goals, however, they do possess funding mechanisms of their own as a standalone account.

Noted in Light Blue, IHC fund depends solely on intra-fund transfers from General Fund for all of its funding.

Fire

The Fire Fund receives an annual allotment from the General Fund to use throughout the FY. Traditionally this money is deposited into the Fire fund during the month of July after the new fiscal year. Additionally, the Fire fund does receive monies from Fire Runs and membership fees. The Fire Fund possesses a savings account, the money is accounted in the budget yearly. This savings is considered a fund balance and will be utilized for the purchase of additional fire trucks as needed.

Park

The park fund is funded by pool admission and concession fees. Funds are used to operate the City Park and all that that entails.

Street

The Street Fund receives monies from the state of Kentucky called “Municipal Road Aid” This money is given based on population to the city for asphalt paving of roads and streets. This money is restricted. The general fund funds all additional paving needs.

LGEA

LGEA, an acronym for Local Government Economic Assistance, is state funding provided by the state of Kentucky. This money is also known as “Coal Severance” This fund is completely independent from the General Fund. These funds are restricted but can be applied to many government uses. Traditionally lawnmowers and lawn care equipment has been purchased with this fund for the Public Works department.

Cemetery

The Cemetery Fund is allocated revenue from the General Fund but does also generate revenue as a standalone fund from the sale of Cemetery Plots. This fund is used for care and upkeep of the Riverview Cemetery and Bell Street Cemetery.

IHC

The IHC, or Industrial Holdings Corporation, is a semi-independent entity of the City that depends solely on the General Fund for all funding. The IHC holds all debts currently applicable to the City. The IHC handles and owns all industrial buildings and Industrial land owned by the City. Debt payments will comprise of all expenses from this account.

Utilities

The utilities Department of the City, Morgantown Utilities, is a semi-independent operated entity with a separate budget and accounts operated independently of the City government.

HISTORICAL BACKGROUND

Butler County, located in the south-central portion of Kentucky in the Western Coal Field Region, is bounded on the north by Ohio and Grayson Counties, on the east by Edmonson and Warren Counties, on the south by Logan County, and on the west by Muhlenberg County. Butler County contains a land area of 444 square miles. The Barren River and Green River along with their tributaries run through Butler County.

Based upon an act of the Kentucky General Assembly, Butler County was formed on January 18, 1810 from portions of Logan and Ohio Counties. The county was 55th in order of formation. The first selected officers of Butler County appointed a commission to select the county seat, identifying two acres of land belonging to Christopher Funkhouser. The spot was first called Funkhouser Hill, and would later become the City of Morgantown. The City of Morgantown currently has a total land area of 3.39 square miles.

Economic Indicators

Personal Income by Year

2012	\$55,640,726.37
2013	\$58,791,527.21
2014	\$59,835,392.70
2015	\$65,592,556.16
2016	\$77,147,048.29
2017	\$73,602,958.66

Top Employers

Employer Name	# of Employees
Board of Education	382
Delta Faucet	267
ARC	204
Corvac	181
Morgantown Care and Rehab	177
Real Alloy	135
Kelly Services	129
Casco	76
Butler Co. Fiscal Court	64
McDonald's	55

DEMOGRAPHICS

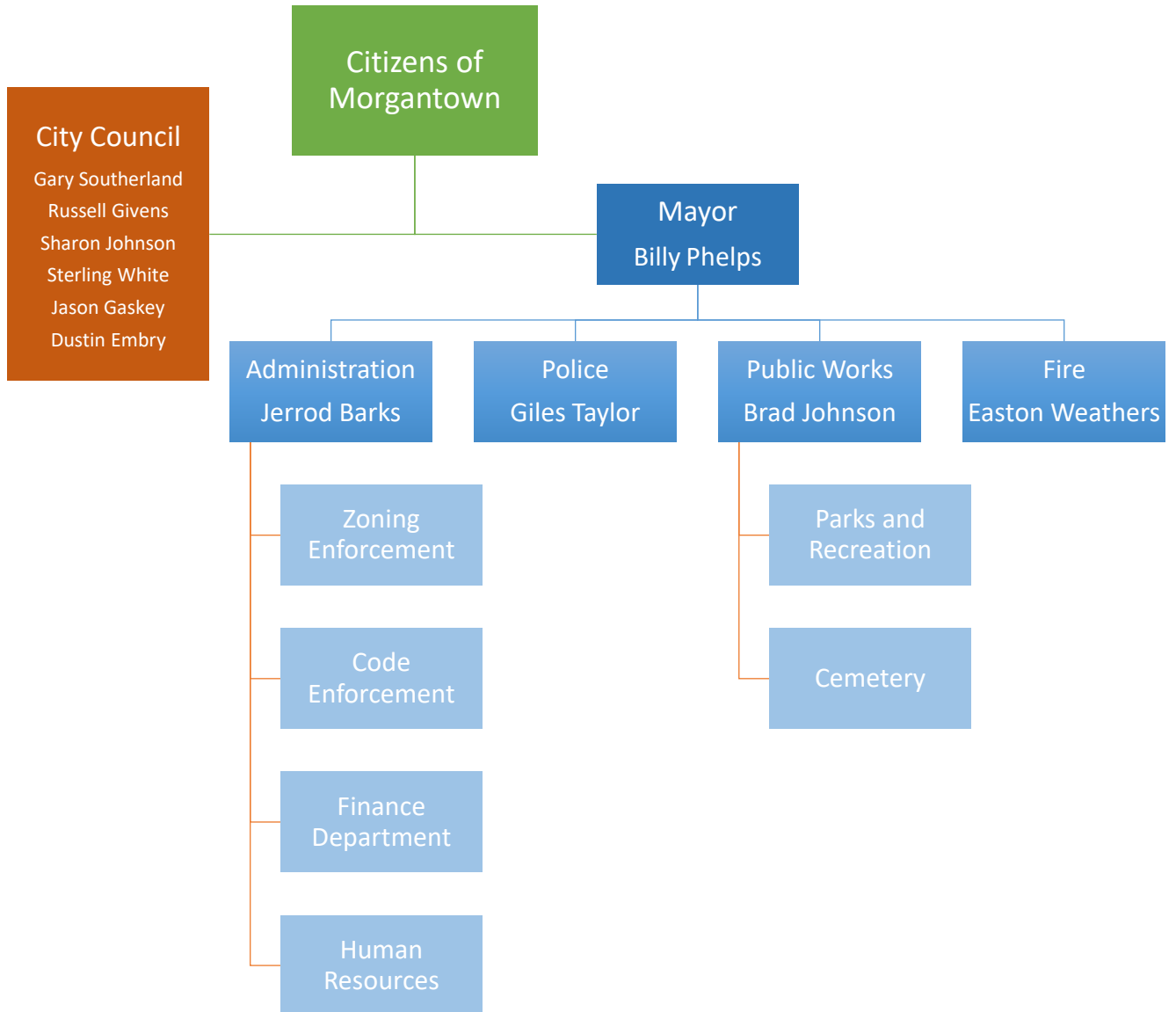
Demographic Information	Morgantown	Kentucky
Population, 2016 Estimate:	2628	4,425,092
Population, 2010:	2394	4,339,367
Population, Estimated Percent Change:	9.8%	2.00%
White Persons, percent, 2010:	91.60%	87.80%
Black Persons, percent, 2010:	0.60%	7.80%
Hispanic or Latino, percent, 2010:	5.80%	3.10%
Asian Persons, percent, 2010:	0.30%	1.10%
Median Age, 2016 Estimate:	32.9	38.3
High School Graduate, 2016 Estimate:	65.2%	83.50%
Bachelor's Degree:	5.60%	21.80%
Mean Travel Time to Work:	16.2 mins	22.8 mins
Median Household Income	\$18,707	\$43,342
Population Below Poverty Level:	1,415	57.50%
Occupied Housing Units	1004	90%
Owner Occupied Units	400	39.80%
Population in Owner Occupied	885	37%
Renter Occupied Units	604	60.20%
Population in Renter Occupied	1341	56%
Average Household Size	2.22	
Average Family Size	2.87	
Non-Family Households	447	44.50%
Work Experience (16 years and older)	1826	100%
Worked Full Time (Past 12 months)	392	21.50%
Worked Part Time (Past 12 months)	332	18.20%
Did Not Work	1102	60.40%

*Green boxes represent Morgantown statistics

*Blue Boxes represent Kentucky state statistics

Figures are garnered from the Census Bureau at: https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml

CITY ORGANIZATIONAL CHART



PROJECTS AND GOALS

Fiscal Year 2018-19 Goals

Administration

City Hall

- Create a “Business Toolbox” page online for new businesses
- Continuing updating and modernizing all forms
- Continue expanding online payment capabilities
- Continue expanding online form submission capabilities
- Explore paper-less computerization options
- Update and maintain Cemetery Records with the goal of 100% computerization of records and online Burial search capabilities
- Explore Trail Grant Applications
- Submit Budget for GFOA consideration
- Create a more efficient process for receiving funds in office
- Create a computerized database of all assets

Code Enforcement Board and Officer

- Review Appeals of the Code Enforcement Officer
- Create an Abandoned Urban Property Tax List before December 31st
- Maintain accurate records of Property Violations
- Increase patrolling of neighborhoods to identify violations and blight
- Create a streamlined and appropriate procedure for violations
- Review and recommend needed changes to IPMC as needed
- Explore Grant opportunities for home and downtown façade restoration

Planning and Zoning

- Create an Updated Comprehensive Plan
- Update and Computerize the Zoning Map
- Review fees for Zoning Changes
- Create a consistent and fair process for zoning applications

Capital Improvement Projects

- Explore Park Costs and Updates
- Explore Street updates and restoration
- Continue sidewalk improvements for walkability
- Back Exit of the Park
- Downtown Improvements

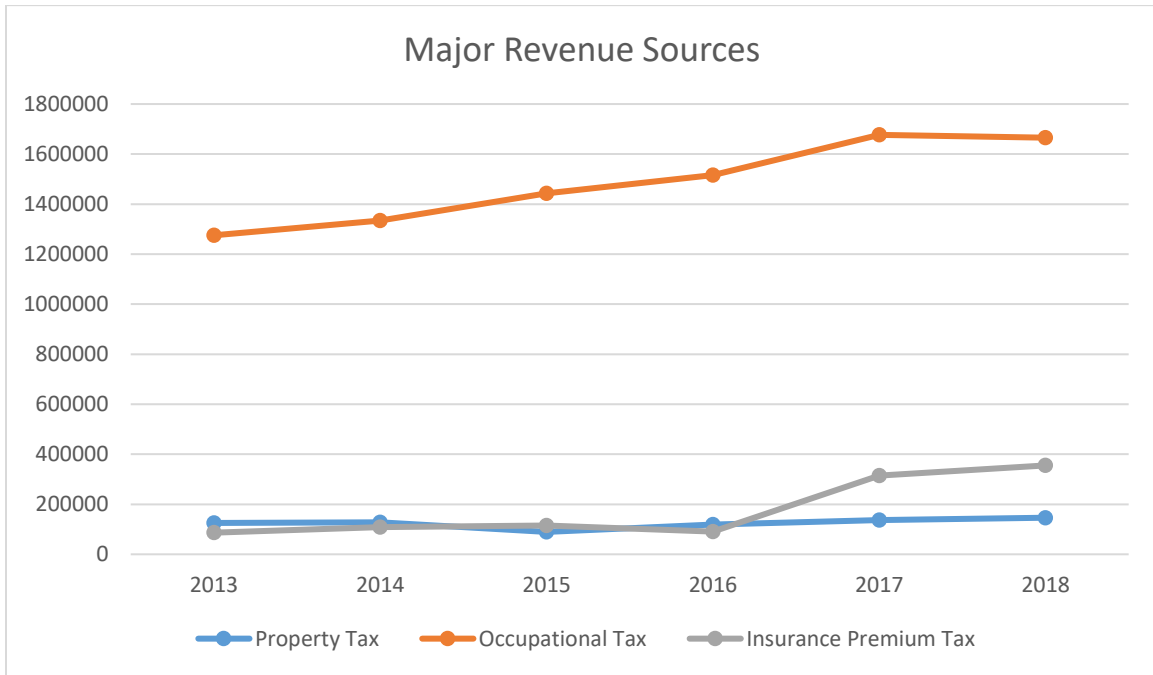
Police

- Reward System such as a “Crime Stoppers” program
- To be accredited during the 2017-18 FY by the Kentucky Law Enforcement Council
- Maintain personnel levels and retain current employees
- Begin inventory determining asset and equipment needs

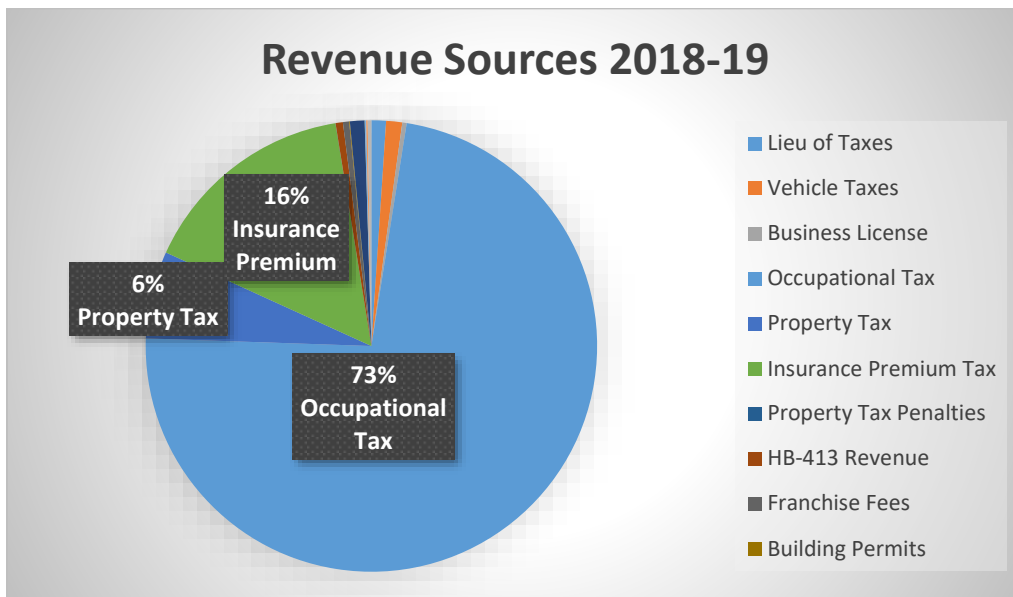
Public Works

- Maintain Contract with the Butler County Jail
- Increase debris pickup to 2 days per week
- Purchase new mowers

REVENUES



Revenues from the three major funds seen above have increased year after year, except for a small decrease in 2018 in the Occupational Tax Category, since 2012. Occupational Tax has seen the largest increase over that time period indicating strong job growth in addition to job retention within the City. Second, Insurance premium tax has seen a 400% increase due to the increase of the taxation rate by the City Council in 2016. Property tax levels, while appearing stagnant on the chart has seen a marginal increase within the last three years due to a 4% increase approved by the City Council in 2015.



Occupational Tax

The Occupational Tax rate is currently at 2% for both employer wages and Net Profits for businesses. Occupational Tax represents the majority of all revenues received by the City, in 2016 the budget was composed of 85% occupational tax. After the increase of the Insurance Premium Tax in 2016 the OT Tax percentage has decreased to 73% bringing it closer to the state average of 58%. The revenue from occupational tax rises approximately \$50,000 per year since 2012. 2012's revenue from occupational tax was approximately 1.2 million dollars increasing year after year until its peak during the last cycle at 1.62 million dollars. This increase in funding is an indication that the City has a higher number of, and better paying, jobs in addition to increased business revenue. The City must encourage businesses to locate in Morgantown while simultaneously retaining jobs already in place to ensure the continuation of this upward trend of revenue. Occupational Tax revenue is deposited solely into the General Fund.

Insurance Premium Tax

Accounting for approximately 16% of revenue, Insurance Premium taxes are up from 7% from two years prior due to its increase approved by the City Council in 2016. The insurance tax increased from a 12% fire and allied peril tax to an 8% tax among all taxable insurance categories (Casualty, Fire and Allied Peril, Homeowners, Health, Inland Marine, Life, and Motor Vehicle). The insurance premium tax saw a slight increase over the last five years, increasing from approximately 78,000 dollars to approximately 110,000 dollars prior to the increase. Post-increase the city has seen an increase to approximately 100,000 dollars per quarter in returns. Insurance Premium Taxes are deposited solely into the General Fund.

Property Tax

Accounting for 6% of revenue, the City of Morgantown's property tax rate (0.118) is approximately half that of the average of Kentucky's other cities (0.25) The City Council raised the property tax in 2015 four percent after a stagnant rate for over 30 years. There are no plans currently to raise the property tax rate in this current budget year. The revenue unless increased will remain at the same levels. We project no increase in revenue this upcoming budget cycle due to no projected increase. Property Taxes are deposited solely into the general fund. The City of Morgantown has the lowest property tax rate of any city in the BRADD Region.

Miscellaneous Revenue

All other revenues collectively account for approximately 5% of the budgeted revenue. All revenue types can be found on page 21. Miscellaneous revenues are deposited into the general fund.

REVENUE SCHEDULES

Gen Fund Category	2016-17 Budget	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
Occupational Tax	\$1,300,000	1,400,000	\$1,655,324.56	1,400,000
Insurance Premium	\$200,000	300,000	\$355,187.37	300,000
Property Tax	\$120,000	120,000	\$146,143.21	120,000
Vehicle Taxes	\$22,000	22,000	\$34,824.51	22,000
Lieu of Taxes	\$20,000	20,000	\$25,661.20	20,000
KLEFPF	\$15,000	20,000	\$17,884.83	20,000
HB-413	\$10,000	10,000	\$6,462.90	10,000
Franchise Fees	\$8,500	8,500	6,860.64	8,500
Business License	\$8,000	8,000	\$8,647.75	8,000
Misc: Gen Fund	\$5,000	5,000	\$17,886.03	5,000
Arrest Fees	\$2,000	2,000	\$1,119.20	2,000
Community Building	\$2,000	2,000	\$5,620.77	2,000
Building Permits	\$1,000	1,000	\$650.00	1,000
Interest Earned	\$200	200	\$12,758.10	200
Property Tax Penalties	\$200	200	0	200
Property Taxes (Prior Years)	\$0	0	\$2,221.32	0
ABC License Fee	\$0	0	\$7,550.00	0
Bond Issues	\$0	0	\$0	0
Contributions for Police	\$0	0	\$0	0
Grant Restricted	0	0	0	200,000*
Grand Totals	\$1,713,900.00	1,916,900.00	\$2,189,024.78	2,116,900.00

*The City has received a CDBG Grant in the amount of \$200,000.00 for the renovation and ADA compliant construction of City Hall.

Fire Fund Category	2016-17 Budget	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
Grants	\$8,500	\$8,500	\$0	10,500
Fire Run Payments	\$1,000	\$1,000	\$500.00	1,000
Interest Earned	0	0	\$111.31	0
Misc Fire	\$2,000	\$2,000	\$7,392.02	2,000
Membership Fees	\$3,000	\$3,000	\$130	3,000
Contributions	\$2,000	\$2,000	\$0	2,000
Transfers	\$35,000	\$35,000	\$0	35,000
Grand Totals:	\$51,500	\$51,500	\$8,133.33	\$53,500

CITY OF MORGANTOWN BUDGET 2018-19 PROPOSAL

Park Fund Category	2016-17 Budget	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
Pool Admissions	\$6,000	6,000	\$2835.00	6,000
Pool Season Passes	\$500	500	\$40.00	500
Pool Parties	\$4,000	4,000	\$5500.00	4,000
Swim Lessons Fee	\$0	0	\$540.00	0
Chair Rental	\$500	500	\$204.00	500
Concession Sales-Park	\$1,000	1,000	\$0	1,000
Concession Sales- Pool	\$5,000	5,000	\$2653.21	5,000
Misc. Park	\$0		\$1000.00	
Grand Totals:	\$17,000	\$17,000	\$12,772.21	\$17,000

Street Fund Category	2016-17 Budget	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
Municipal Aid Program	\$40,000	\$40,000	\$46,888.00	40,000
Grants	\$0	\$0	\$0	0
Grand Totals:	\$40,000	\$40,000	\$46,888.00	\$40,000

LGEA Fund Category	2016-17 Budget	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
State Entitlement Fund	\$3,000	\$3,000	\$2653.34	3,000
Misc	\$0	\$0	\$597.26	0
Grand Totals:	\$3,000	\$3,000	\$3250.60	\$3,000

Cemetery Fund Category	2016-17 Budget	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
Interest Earned	\$750	\$750	\$707.33	750
Misc	\$100	\$100	\$24.08	100
Contributions	\$100	\$100	\$25.00	100
Sale of Plots	\$2,000	\$3,000	\$3,000.00	3,000
Grand Totals:	\$2,950	\$3,950	\$3756.41	\$3,950

CITY OF MORGANTOWN BUDGET 2018-19 PROPOSAL

IHC Fund Category	2016-17 Budget	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
Transfers from Gen Fund	\$200,000.00	\$150,000.00	\$150,000.00	<u>\$0.00*</u>
Interest	\$7,000.00	\$6,000.00	\$2,175.75	\$6,000.00
Other Income	\$7,200.00	\$7,200.00	\$5,500.00	\$7,200.00
Grand Totals:	\$214,700.00	\$163,200.00	\$157,675.75	\$13,200.00

***With the sale of Kentucky Copper building, the General Fund will no longer transfer funds to the IHC as they are no longer needed for debt payments.**

EXPENDITURES

Gen Fund Category	2016-17 Actual	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
General Government	\$590,927.53	\$783,000	\$284,097.53	\$1,066,000*
Police	\$480,171.15	\$465,900	\$356,488.07	\$508,900
Fire	\$35,000	\$35,000	\$35,000	\$35,000
Streets	\$343,671.47	545,000	\$372,083.04	\$678,000*
Park	\$135,641.42	295,200	\$89,617.22	\$350,200*
Contribution to IHC	\$200,000	150,000	\$125,000	\$0
Industrial/Economic Development	\$26,318.08	30,000	\$24,827.57	\$30,000
Grand Totals	\$1,776,729.65	\$2,304,100.00	\$1,487,341.94	\$2,668,100.00

***Expenditures of greater than 10% increase from the previous Budget Cycle**

General Government*

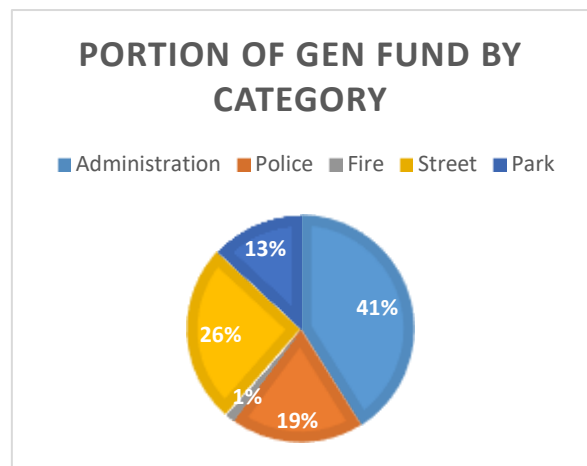
The General Government Expenditure sees an increase of 36%. This increase is due to the large grant in the amount of \$200,000 for the CDBG renovation of City Hall. In addition to, additional capital expenditures of Downtown and signage. These are one-time purchases and will be taken from reserve funds. Long-term ramifications are not a concern.

Streets*

The Streets Expenditure sees an increase of 24%. This includes additional Capital expenditures of additional street paving and Public Works equipment. These are one-time purchases and will be taken from reserve funds. Long-term ramifications are not a concern.

Park*

The Park Expenditure sees an increase of 18%. This includes Capital Expenditures for the Park Infrastructure. This is a one-time purchase and will be taken from reserve funds. Long-term ramifications are not a concern.



* Administration includes:
Industrial/Economic Development,
Contribution to IHC, and General
Government

CITY OF MORGANTOWN BUDGET 2018-19 PROPOSAL

All other nonmajor funds	2016-17 Actual	2017-18 Budget	YTD Actual Balance	2018-19 Proposed
Fire Fund	\$10,210.24	\$73,150.00	\$29,656.83	\$93,150.00*
Park Fund	\$25,394.34	\$27,100.00	\$8,762.64	\$27,100.00
Street Fund	\$12,618.29	\$168,000.00	\$2,375.33	\$40,000.00*
LGEA Fund	\$5,000.00	\$5,500.00	0.00	\$5,500.00
Cemetery Fund	\$7,853.44	\$5,500.00	650.00	\$5,500.00
IHC Fund	\$339,003.53	\$370,000.00	\$261,382.60	\$25,000.00*

*** Expenditures of greater than 10% increase or decrease from the previous Budget Cycle**

Fire Fund*

The Fire Fund sees an increase of 27%. This is due to a capital expenditure for new uniforms for all volunteer firemen. An estimated cost of \$65,000. \$21,000 will come from the Fire Dept bank account while the remaining funds will be derived from grant restricted funds from the State of Kentucky. This is a one-time purchase and will be taken from reserve funds. Long-term ramifications are not a concern.

Street Fund*

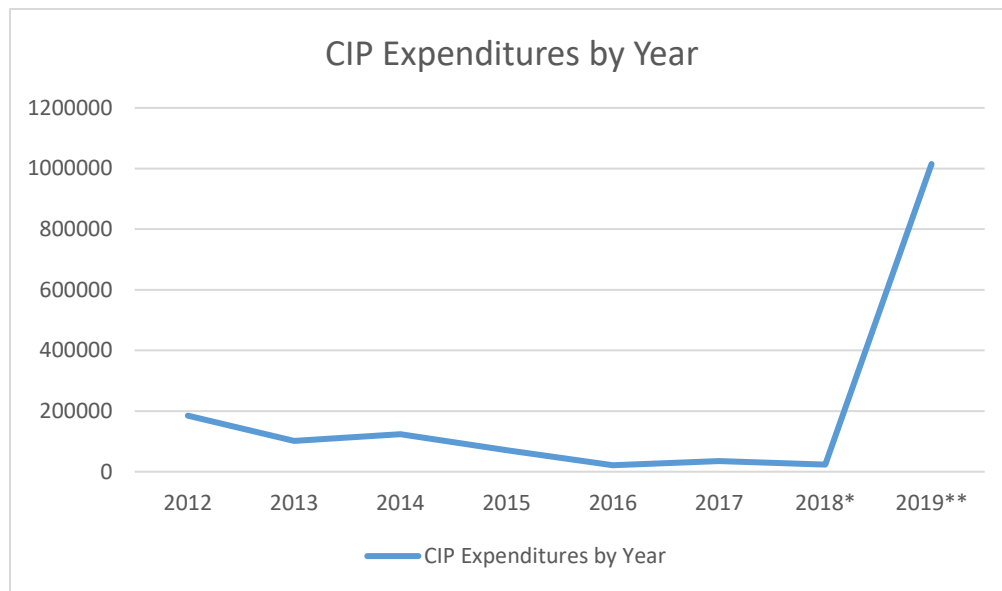
The Street Fund sees a decrease of 76%. This is due to the large amounts of paving to come in the Fiscal Year 2017-18. The Street Fund is funded by Municipal Road Aid by the State of Kentucky and is restricted. The City did not allocate spending by this account for three years and budgeted the majority of what was in the account to be spent in the 2017-18 Fiscal Year. The City will maintain an expenditure of approximately \$40,000.00 yearly from this account in the future as this is the allotted amount given by the state.

IHC Fund*

The IHC Fund sees a decrease of 93% in expenditures. This is due to the sale of industrial property and the City's decision to pay off all debts incurred by the City in the 2017-18 Fiscal Year. This will alleviate all debt payments from the City

CAPITAL INVESTMENT PLAN

The centerpiece of this budget is the Capital Investment Plan (CIP). This budget allocates more funding toward capital outlay than the last 7 years combined. Capital Investment, Capital Outlay and Capital expenditures are those that purchase assets for the city, this can range from computers, to vehicles, to bridges, paving and sidewalks. Listed below are the notable items within this category, other than these expenditures there are no significant nonrecurring capital investments:



***2018 CIP expenditures reflect the actual amount spent on May 10, 2018. Final outcomes could change by the end of this current Fiscal Year.**

**** 2019 CIP expenditures are the proposed amounts for the Fiscal Year.**

Signage: \$20,000

The City has allocated \$20,000 for signage in the City. This expenditure will include new entrance signs, gateway improvements, way finding signage in addition to new downtown banners.

City Hall Building: \$370,000

The City has is in the process of a CDBG grant application for the remodel and renovation of City Hall to:

- Repair the brick façade of the building
- Make the building handicap accessible including the addition of an elevator
- Roof Repair

The City Hall building is one of the few historic buildings to the City of Morgantown and is a centerpiece for visitors and new comers to the town. The building, located on Main Street, is a staple to the downtown district and must be preserved. This allotted amount is comprised of \$200,000 worth of restricted CDBG Grant Funds and a \$170,000 match from the General Fund.

Police Equipment: 50,000

The police department will be purchasing a NCIC Computer system, matching funds for a Vehicle Grant, ammunition, guns, and other needed supplies.

Street Department Equipment: 50,000

The Street Department has plans to purchase a small asphalt roller as well as an asphalt mixer. This will allow better and faster repairs and patching of streets within the City. The Street department will have a remaining amount of \$20,000 after these purchases which will be reserved for the replacement of a vehicle in their fleet.

Fire Department Equipment: \$65,000

The Fire Department desires to replace outdated Fire Protective Uniforms and equipment for their volunteers. This expenditure comes at an estimated cost of \$65,000. \$21,000 of this amount will be derived from State Aid restricted funds.

Sidewalks: 50,000

The City is once again investing in the walkability of the City of Morgantown. This year's allocation will add a sidewalk to Dave Gaskey Lane. Making access to the park more readily available to the many residents of this street.

Streets: 160,000

The City will be investing in street paving in addition to the monies allocated in the Street fund that are supplied by Municipal Road Aid. The City will be creating a 10-year road replacement plan to ensure the adequate and timely resurfacing of all city roadways. This money will be combined with the allotted \$40,000 from the Street Fund that will also be utilized for paving needs for a total of \$200,000 for asphalt and road repair.

Park: 250,000

Charles Black City Park, a centerpiece of this community, is due for an upgrade. The city has chosen Arnold Engineering to develop a Park Master Plan. The City Park's last bond ended as of February 2017, currently the city holds no debt on behalf of the Park. The bond was issued in 1997 for park improvements, this is the last major investment in park infrastructure.

OTHER NOTABLE SPENDING***Quality of Life*****Donations for 501C3: \$3,500**

In the April meeting, the City Council allotted \$3,500 to designated non-profits, this funding will be allocated in the month of July to those respective agencies.

Community Betterment Fund: \$25,000

This fund's purpose is to assist area events and programs and to sponsor city held events. This will be a community centered fund that the City will use to provide activities and events for the community.

Trail Town: \$5,000

The City is absorbing the Trail Town commission as an entity of the City. We see potential in this group and its ability to bring commerce to the City.

Crimestoppers: \$5,000

The City is creating a “Crimestoppers” type program, details are to be determined at a later meeting.

Downtown

Grants for Façade Restoration: \$25,000

This program will provide grant opportunities to business owners, downtown building owners, and home owners that qualify (elderly and low-income residents) for the restoration of their property. This program will work with Code Enforcement. More details will follow at a later meeting.

Downtown Improvements: \$25,000

The City will be refreshing the downtown area. Plans include a speaker system, new lighting, curb and sidewalk repair, new trees, and new signage.

NOTABLE DECREASES

IHC Contribution: \$0

Due to the sale of the Kentucky Copper Building the IHC Contribution fund has been decreased from \$150,000 this current year to \$0 this upcoming budget.

EXPENDITURES: PERSONNEL

Grade	Minimum	Maximum
10	7.24	11.58
11	7.60	12.15
12	7.97	12.75
13	8.37	13.40
14	8.79	14.06
15	9.23	14.76
16	9.70	15.51
17	10.18	16.28
18	10.69	17.10
19	11.22	17.95
20	11.78	18.85
21	12.37	19.79
22	12.99	20.78
23	13.64	21.83
24	14.32	22.92
25	15.03	24.05
26	15.78	25.25
27	16.57	26.51
28	17.40	27.84
29	18.27	29.23
30	19.18	30.69

Positions and Grades

Position	Grade		# of Positions
City Administrative Officer	30	Full Time	1
City Clerk	28	Full Time	0
City Treasurer/Assistant Clerk	20	Full Time	1
Assistant Clerk	16	Part Time	1
Planning and Zoning Administrator	13	Part Time	1
Code Enforcement Officer	14	Part Time	1
Police Chief	28	Full Time	1
Police Captain	26	Full Time	1
Police Sergeant	24	Full Time	1
Police Officer	21	Full Time	2
Police Officer/New Recruit	20	Full Time	1
Police Officer/Academy Attendee	18	Full Time	0
Police Officer/Part Time	16	Part Time	1
Maintenance Supervisor	28	Full Time	1
Maintenance Worker	18	Full Time	3
Street Cleaner	16	Part Time	0
Park Supervisor	16	Part Time	0
Park Worker/Seasonal	10	Part Time	33

Wage and Salary Proposed Amendments

There are no proposed amendments to the Position and Grades scale for Fiscal Year 2018-19

FUND BALANCE**Ending Fund Balances by Fiscal Year**

FUND	2015	2016	2017	2018	2019*
General Fund	192,000	700,000	1,000,000	1,200,000	648,800**
Fire Fund	63,000	105,000	145,000	160,000	120,350**
Park Fund	15,000	30,000	30,000	30,000	19,900**
Street Fund	30,000	50,000	130,000	20,000	20,000
LGEA Fund	10,000	19,000	17,000	17,000	14,500**
Cemetery Fund	18,000	20,000	20,000	20,000	18,450
IHC Fund	2,000	160,000	400,000	120,000	108,200

*Expected Fund Balance at the conclusion of the 2018-19 Fiscal Year.

**Expected Increase of Decrease of Fund Balance by more than 10%

Expected Fund Balance for Fiscal Year 2018-19

FUND	Beginning (estimated)	Increase/(Decrease)	Percentage Change	Ending (estimated)
General Fund	1,200,000	(551,200)	-46%*	648,800*
Fire Fund	160,000	(39,650)	-24.8%*	120,350*
Park Fund	30,000	(10,100)	-34%*	19,900*
Street Fund	20,000	0	0%	20,000
LGEA Fund	17,000	(2,500)	-15%*	14,500*
Cemetery Fund	20,000	(1,550)	-8%	18,450
IHC Fund	120,000	(11,500)	-9.6%	108,200

Increases/Decreases of greater than 10% explained:**General Fund:**

The General Government Expenditure sees a decrease of 46%.

General Fund: General Government

This increase is due to the large grant in the amount of \$200,000 for the CDBG renovation of City Hall. In addition to, additional capital expenditures of Downtown and signage. These are one-time purchases and will be taken from reserve funds. Long-term ramifications are not a concern.

General Fund: Streets

This includes additional Capital expenditures of additional street paving and Public Works equipment. These are one-time purchases and will be taken from reserve funds. Long-term ramifications are not a concern.

General Fund: Park

This includes Capital Expenditures for the Park Infrastructure. This is a one-time purchase and will be taken from reserve funds. Long-term ramifications are not a concern

Fire Fund:

The Fire Fund sees a decrease of 24.8%. This is due to a capital expenditure for new uniforms for all volunteer firemen. An estimated cost of \$65,000. \$21,000 will come from the Fire Dept bank account while the remaining funds will be derived from grant restricted funds from the State of Kentucky. This is a one-time purchase and will be taken from reserve funds. Long-term ramifications are not a concern.

Park Fund:

The Park Fund sees a decrease of 34%. This is due to the capital expenditures related to the renovation of the City Park. This is a one-time purchase and will be taken from reserve funds. Long-term ramifications are not a concern.

LGEA Fund:

The LGEA Fund is restricted. The City has plans to utilize this fund to purchase new equipment. This is a one-time purchase. Long-term ramifications are not a concern.

DEPARTMENTAL INFORMATION

Administrative Department

Position Title	Number of Positions		
	Prior Year 2017	Current Year 2018	Budgeted Year 2019
City Administrative Officer	1	1	1
City Clerk	0	0	0
City Treasurer/Assistant Clerk	0	1	1
Assistant Clerk	2	1	1
P&Z Administrator	1	1	1
Code Enforcement Officer	1	1	1
Total Positions:	5	5	5

Department Description:

The Administrative Department consists of Five Office staff including the: City Administrator, City Treasurer/Assistant Clerk, Assistant Clerk, Planning and Zoning Administrator and the Code Enforcement Officer. Located at City Hall, the Administrative department houses the Human Resource, Finance, Code Enforcement and Zoning Administration Responsibilities and Departments. The department supervisor is the City Administrative Officer who handles policy formulation and assists the mayor in overseeing day to day functions of the City in addition to assisting other department supervisors in policy goals and implementation. All finance matters of the City are handled by the Administrative department and all employee matters are under the oversight of this branch. Lastly, zoning and code enforcement duties are conducted via the Administration arm of the City.

All board members are considered to be part of the administrative department. The boards include: Planning and Zoning, Code Enforcement, Housing Authority, and Board of Adjustments. The City Administrative Officer serves as liaison between the City government and these respective boards.

Successes:

- Creation of the ICMA nationally recognized Renaissance Plan in 2016
- Successfully integrated the code enforcement process into department in 2017
- Created a more stringent and more accountable Zoning Enforcement process in 2017
- Updated forms with a focus on computerization
- Successfully updated code enforcement and mobile home laws
- Awarded a CDBG Grant for the renovation of City Hall

Position Changes:

There are no position changes for the Administrative Department.

Police Department

Position Title	Number of Positions		
	Prior Year 2016	Current Year 2017	Budgeted Year 2018
Chief of Police	1	1	1
Police Captain	1	1	1
Police Sergeant	0	1	1
Police Officer	3	2	2
Police Officer/New Recruit	0	1	1
Police Officer/Part Time Position	0	1	1
Total Positions:	5	7	7

Department Description:

The Police Department consists of 7 personnel including the: Police Chief, Police Captain, Police Sergeant, two Police Officers, a Police Officer/New Recruit and a Police Officer/Part Time position. Located at the City of Morgantown Police Department on Saling Drive, the Police Department handles all law enforcement matters for the City of Morgantown. The department provides 1-2 officers on duty 24 hours a day, 7 days a week. The Police Department is under the supervision of Chief of Police Giles Taylor.

Successes:

- At least 60% increase in productivity over prior year in all observable categories
- Instituted an activity tracking program within department
- Restructured personnel in accordance with new procedures
- Instituted a new and updated policy and procedure manual
- Renewed focus to community-oriented policing and involvement
- Maintained 24/7 coverage while experiencing heavy employee turnover

Position Changes:

There are no position changes for the Police Department.

Public Works

Position Title	Number of Positions		
	Prior Year 2017	Current Year 2018	Budgeted Year 2019
Maintenance Supervisor	1	1	1
Maintenance Worker	2	2	3
Street Cleaner	1	1	0
Park Supervisor	0	0	0
Park Worker/Seasonal Position	33	33	33
Total Positions:	37	37	37

Department Description:

The Public Works Department consists of a Maintenance Supervisor, three Maintenance Workers, and several seasonal employees required for Summer work including Pool Managers, lifeguards and mowers. The department is located at Charles Black City Park and handles all maintenance and park facilities and duties.

Seasonal employees begin work in May of each year and end in August. Seasonal employees consist of a Pool Manager, 2 assistant managers, 25 lifeguards, and typically 5 seasonal mower positions. These positions are historically filled by youth from the local high school but are not limited to this age group.

Successes:

- Successful Catfish Festival
- Contracted out the concessions at Charles Black City Park saving approximately \$1,500 per year

Position Changes:

The Street Cleaner employee left the City's employment and the position was not replaced.

There was an added Maintenance Worker employee added to this fiscal year due to the increased demands on the department.