

Interim Joint Committee on Local Government

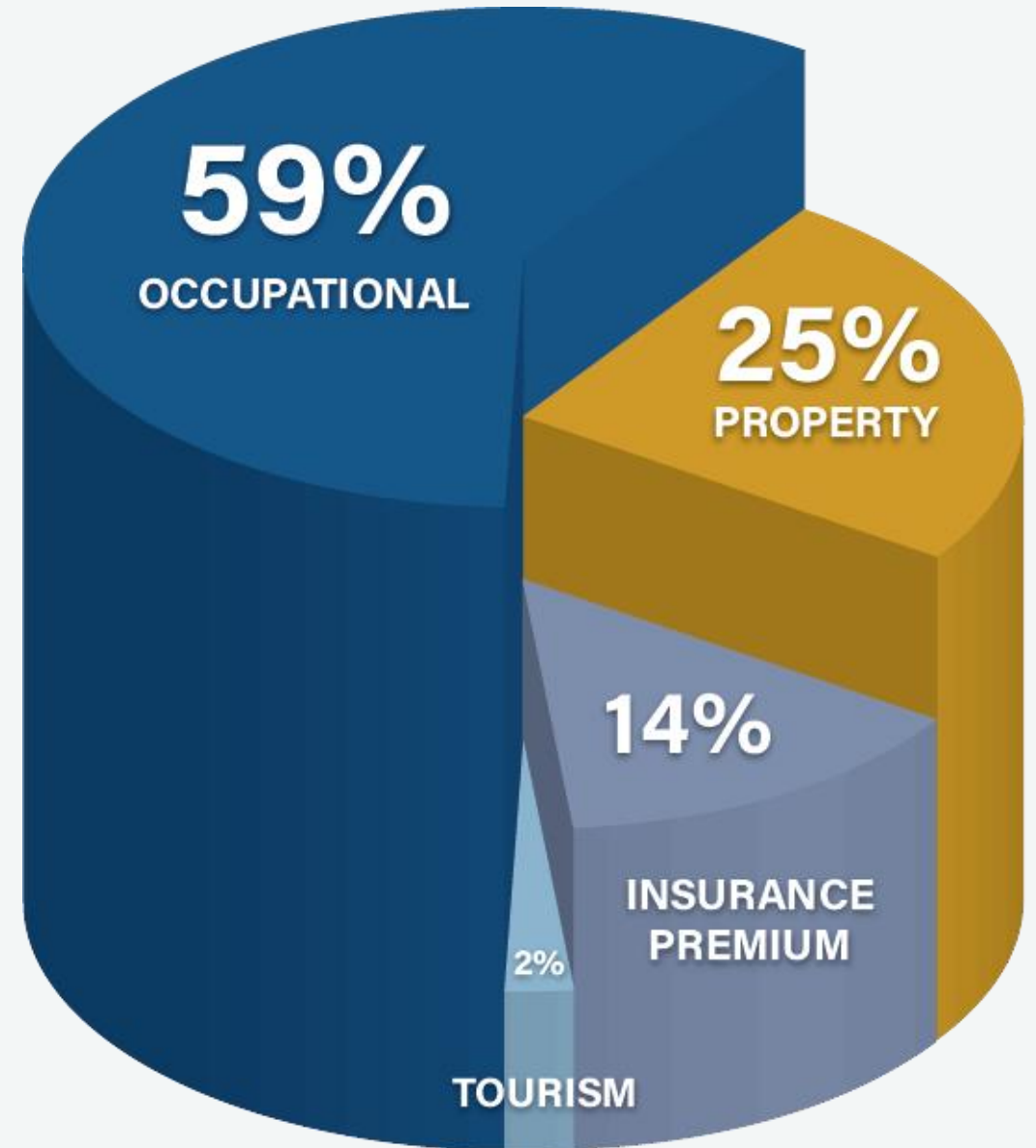
James D. Chaney
KLC Executive Director | CEO



Municipal Revenues

Kentucky cities collect revenue through the implementation of taxes and fees:

- Property Taxes
- Occupational/Business Taxes
- Insurance Premiums
- Alcoholic Beverage Licenses
- Hotel Transient Room Taxes
- Restaurant Taxes
- Franchise User Fees



Municipal Revenues

Kentucky cities are limited in their ability to collect revenues.

The largest revenue sources they do collect are:



Property Taxes (Real, Personal, Motor/Watercraft)



Occupational/Business Taxes and Fees



Insurance Premiums

Municipal Revenues

Taxes and Other Revenues

FY 2021

Property Taxes (Real, Personal, Motor
Vehicle/Watercraft)

\$490,358,520

Occupational/Business Taxes

1,250,830,467

Insurance Premiums

301,993,906

FY 2021 Total Taxes and Other Revenues

\$2,043,182,893

Source: FY 2021 Uniform Financial Information Report (UFIR)

Municipal Revenues

Kentucky cities also collect:

- Bank Deposit Franchise Fees
- Alcoholic Beverage Licenses and Regulatory Fees
- Hotel Transient Room Taxes
- Restaurant Taxes
- Franchise Fees: Electric, Natural Gas, Water/Wastewater, Other
 - ▶ These taxes and fees bring in relatively little revenue compared to the other three sources.

Municipal Revenues

Taxes and Other Revenues	FY 2021
Bank Deposit Franchise Fees	\$24,637,996
Alcoholic Beverage Licenses	21,223,875
Hotel Transient Taxes	6,129,179
Restaurant Taxes	28,705,072
Total Franchise Fees (Electric, Natural Gas, Water/Wastewater, Other)	72,199,710
FY 2021 Total Taxes and Other Revenues	\$152,895,832

Source: FY 2021 Uniform Financial Information Report (UFIR)

Municipal Revenues

Franchise Fees

FY 2021

Franchise Fees: Electric

\$37,886,273

Franchise Fees: Natural Gas

5,876,532

Franchise Fees: Water/Wastewater

4,800,175

Franchise Fees: Other Franchise Fees

23,636,730

Total Franchise Fees

\$72,199,710

Source: FY 2021 Uniform Financial Information Report (UFIR)

Municipal Revenues

Other Revenue Sources

- Intergovernmental Transfers
 - Municipal Road Aid
 - Law Enforcement Citation Fees
 - Federal and State Grants
- User Fees
 - Parking
 - Parks and Recreation
 - Permits and Licensure
 - Transit
 - Utility Operations
 - Investment Earnings (Investment Income)



Municipal Revenues

Taxes and Other Revenues: User Fees

FY 2021

Parking	\$13,954,830
Parks and Recreation	40,289,991
Permits and Licensure	16,336,491
Transit	8,318,012
Utility Operations: Water, Sewer, Electric, Natural Gas, Telecommunications	1,416,388,914
Investment Earnings (Investment Income)	19,687,646

FY 2021 Taxes and Other Revenues: User Fees

\$1,514,975,884

Source: FY 2021 Uniform Financial Information Report (UFIR)

Municipal Revenues

Utility Operations: User Fees

FY 2021





Water	\$799,707,000
Sewerage	299,000,360
Electric	179,351,065
Natural Gas	112,438,116
Telecommunications	25,892,373

Total Utility Operations: User Fees

\$1,416,388,914

Source: FY 2021 Uniform Financial Information Report (UFIR)

Budgetary Process

-  Each city must adopt an annual budget by ordinance.
-  City budgets must appropriate for a single fiscal year that runs from July 1 - June 30.
-  City budgets must balance – expenditures cannot exceed revenues for the fiscal year.
-  Cities that fail to adopt a budget by July 1, continue to operate under the previous fiscal year budget as if it has been readopted.

Budgetary Process

The executive authority of the city must prepare and propose the budget to the city legislative body at least 30 days prior to July 1. The budget message must include the following elements:

- A description of the governmental goals fixed by the budget proposal;
- An explanation of important features of the activities anticipated in the proposed budget;
- A statement of the reasons for any changes from the previous year in terms of programs, program goals, and appropriation levels; and
- An explanation of any major changes in the fiscal policy from the previous fiscal year's budget.

Budgetary Process

The final form and detail of the budget ordinance is completely within the discretion of the legislative body.

Budget ordinances must have two readings and must be published to become effective.

Budget ordinances can be amended at any time by the enactment of an ordinance by the legislative body.

Budgetary Process

Once adopted, administration of the budget is the responsibility of the executive authority of the city or the city manager in cities that operate under the city manager form of government.

Operating statements containing budgetary comparisons for each governmental fund must be submitted to the legislative body at least quarterly.

Accounting system utilized must conform to state law and GASB standards.

Budgetary Process

City funds can only be spent in accordance with the adopted budget ordinance.

Any contracts that exceed the budget appropriations are void.

No individual officer or employee of the city may bind the city beyond amounts provided in the budget.

Monies paid or spent in violation are recoverable by the city.

Municipal Expenditures

Municipal expenditures are primarily in three functions:

- Salaries and Wages
- General Operations
- Capital Outlays (Equipment and Construction)



These governmental functions are in the areas of:

- General Government
- Public Safety
- Public Services
- Community Services
- Utilities

Municipal Expenditures

Expenditure Function	FY 2021
Total Direct Expenditures by City: Salaries and Wages	\$1,325,278,905
Total Direct Expenditures: Other Operations	2,184,168,016
Total Direct Expenditures: Capital Outlay	1,019,672,838
Total Municipal Expenditures	\$4,529,119,759

Source: FY 2021 Uniform Financial Information Report (UFIR)

Municipal Expenditures

Pension/Benefit Expenditures	FY 2021
CERS Non-Hazardous	\$142,576,309
CERS Hazardous	164,116,481
City Pensions	37,740,852
Health Insurance	172,457,758
Other Benefits	119,002,317
Total Pension/Benefit Expenditures	\$635,893,717

Source: FY 2021 Uniform Financial Information Report (UFIR)

City Example

Municipal Expenditure	Henderson	Paducah	Brownsville	Lexington	Coal Run Village	Berea
Salaries and Wages: General Government	\$2,772,582	\$4,069,592	\$77,199	\$31,257,084	\$117,829	\$804,248
Salaries and Wages: Public Safety	7,933,456	11,186,589	54,194	120,978,164	207,156	3,605,800
Salaries and Wages: Public Services	1,756,458	2,476,801	45,107	15,443,719	98,490	1,022,679
Salaries and Wages: Community Services	1,141,230	1,318,066	-	14,860,873	-	376,499
Salaries and Wages: Utilities	1,127,431	-	36,506	14,484,957	-	1,924,657
Total Salaries and Wages	\$14,731,157	\$19,051,048	\$213,006	\$197,024,797	\$423,475	\$7,733,883

Source: FY 2021 Uniform Financial Information Report (UFIR)

City Example

Municipal Expenditure	Henderson	Paducah	Brownsville	Lexington	Coal Run Village	Berea
Other Operations: General Government	\$1,850,729	\$6,997,267	\$199,781	\$28,571,382	\$125,507	\$1,237,532
Other Operations: Public Safety	1,705,866	3,070,889	55,890	32,694,369	118,778	759,738
Other Operations: Public Services	4,090,529	3,936,112	157,117	27,797,777	206,531	861,734
Other Operations: Community Services	1,124,947	1,091,102	-	26,200,152	76,358	752,405
Other Operations: Utilities	9,770,004	-	359,196	21,832,388	-	11,668,318
Total Other Operations	\$18,542,075	\$15,095,370	\$771,984	\$137,096,068	\$527,174	\$15,279,727

Source: FY 2021 Uniform Financial Information Report (UFIR)

City Example

Municipal Expenditure	Henderson	Paducah	Brownsville	Lexington	Coal Run Village	Berea
Capital Outlay: General Government	\$1,464,042	\$731,896	\$23,112	\$24,008,152	-	\$514,667
Capital Outlay: Public Safety	806,350	927,137	23,112	19,114,470	\$214,490	1,138,443
Capital Outlay: Public Services	84,900	2,750,733	36,497	14,939,730	1,147,854	392,063
Capital Outlay: Community Services	71,019	1,161,135	-	352,551	12,236	22,733
Capital Outlay: Utilities	-	-	-	36,964,467	-	-
Total Capital Outlay	\$2,426,311	\$5,570,901	\$82,721	\$95,379,370	\$1,374,580	\$2,067,906

Source: FY 2021 Uniform Financial Information Report (UFIR)

City Example

Pension and Benefits	Henderson	Paducah	Brownsville	Lexington	Coal Run Village	Berea
CERS Non-Hazardous	\$2,352,468	\$2,430,973	-	\$18,881,857	\$28,744	\$2,315,885
CERS Hazardous	2,594,171	3,984,199	-	5,459,694	60,159	-
City Pensions	435,817	-	-	31,385,815	-	-
Health Insurance	5,689,919	2,518,033	-	8,806,039	70,138	917,370
Other Benefits	906,744	2,390,954	-	45,389,773	44,660	-
Total Pension/Benefit Expenditures	\$11,979,119	\$11,324,159	-	\$109,923,178	\$203,701	\$3,233,255

Source: FY 2021 Uniform Financial Information Report (UFIR)

Questions?



THANK YOU

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