



City of Ludlow

51 Elm Street • P.O. Box 16188
Ludlow, Kentucky 41016

To: Council Members, Citizens and Employees of Ludlow, Kentucky

From: Josh Boone, Mayor

Date: June 13, 2019

Subject: Fiscal Year 2019-2020 Budget Proposal and Narrative

Introduction

The Kentucky Revised Statutes (KRS) set forth the requirements and guidelines for financial administration of the fiscal affairs for cities in the Commonwealth of Kentucky. The specific statutes are as follows: KRS 91A.010 through 91A.060, KRS 83A.130(12), 83A.140(8) and KRS 83A.150(5).

Overview

The overall preparation of the budget was taken to address concerns of the city's ability to pay existing debt and questionable revenue stream. The main concern was the city's debt load being close to exceeding its ability to meet its obligations and function properly. Several conditions and events in the 2018 fiscal year have led to the growing concern for risk to financial stability. The city has been taking all the proper steps to rectify financial concerns and debts, while explaining actions being taken by the city for immediate recovery and a long-term financial stability.

Over the past two fiscal years the city has practiced "loose" financial accountability, while poorly budgeting projects and making purchases of property and equipment. There had been no standard for collection of delinquent taxes and miscalculations of revenues versus expenses in the budget. There have been several areas throughout the proposed budgets that mistakes and areas of concern have been located and addressed.

The new administration has taken a proactive and aggressive position in fixing the listed problems. After identifying areas in the budget that needed to be addressed, the mayor, city administrator and council took steps to address the issues. The increase and added revenue sources will generate more than \$400,000 a year of added revenue.



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Revenue

Future revenues generated 2019-2020 are all direct reflections of the city's need to rectify its financial obligations. Below indicates the added revenue to the budget.

- a. Insurance Premium tax \$116,000-\$125,000 (annually)
- b. Bromley Fire contract \$32,690, with possible \$20,000
- c. Franchise tax \$150,000
- d. Increased Payroll \$108,000
- e. Increased Gross receipt \$48,000

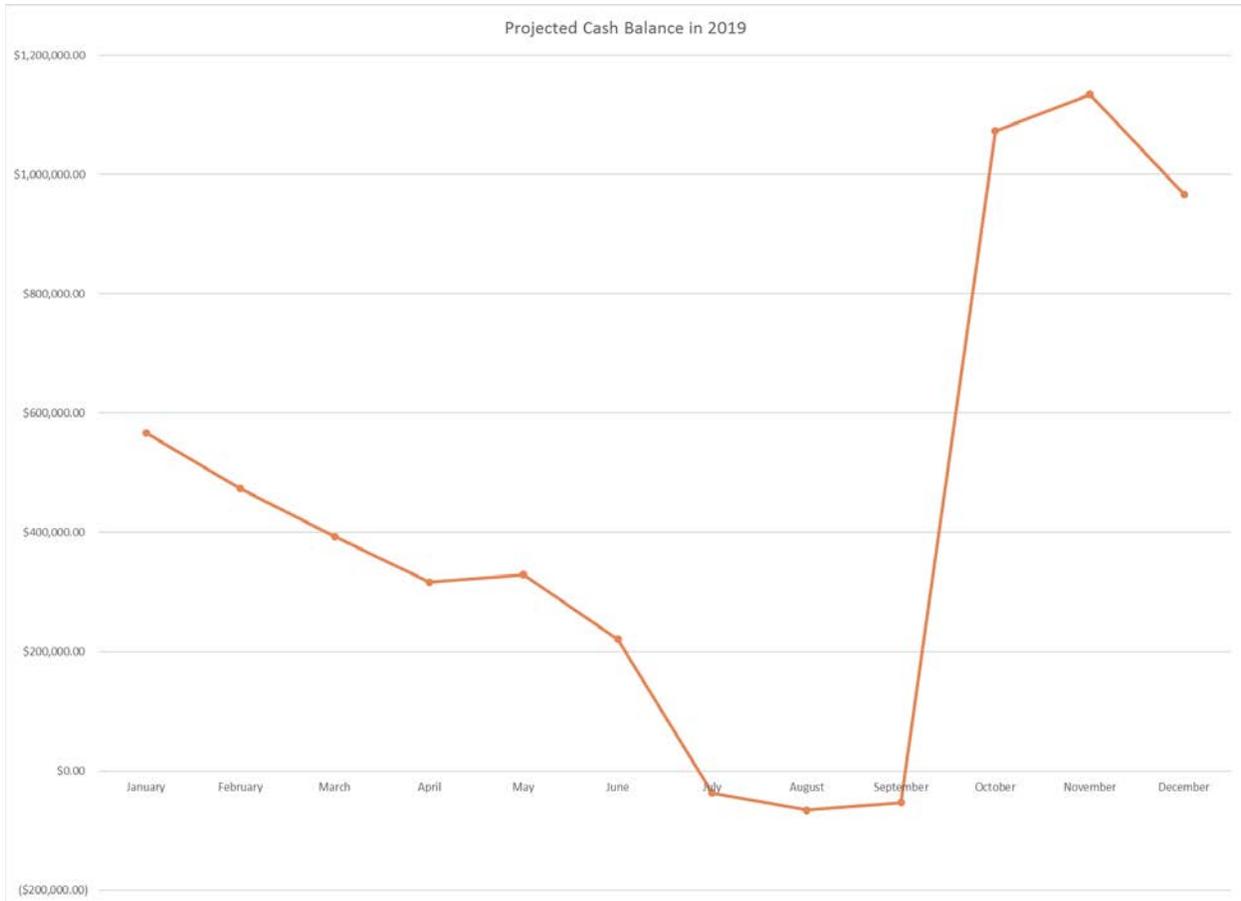
The basic plan is for the city to lessen its expenditures, better manage its debts and generate revenues to alleviate risks of future shortfalls. The city is taking proactive steps to ensure that its expenditures do not exceed its revenues. The plan set in place is the first stage in managements plan to create a balanced budget focused on addressing problems never addressed by past administrations. The administration will accomplish this by eliminating the need for financial loans and assistance during parts of the fiscal year when revenue sources are low, by generating new revenue. Second, is to maintain low expenditures that do not exceed revenues brought in. Third, develop a plan that better manages, collects and generates taxes, fees and fines owed to the city. Lastly, the administrator will work more closely with the finance committee to better facilitate meetings and reviews of the budget and finances to ensure better accountability. It is important that the proposed budget and action plan is adhered to and having more checks and balances will only increase the chances of success.



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Projected cash balance in 2019

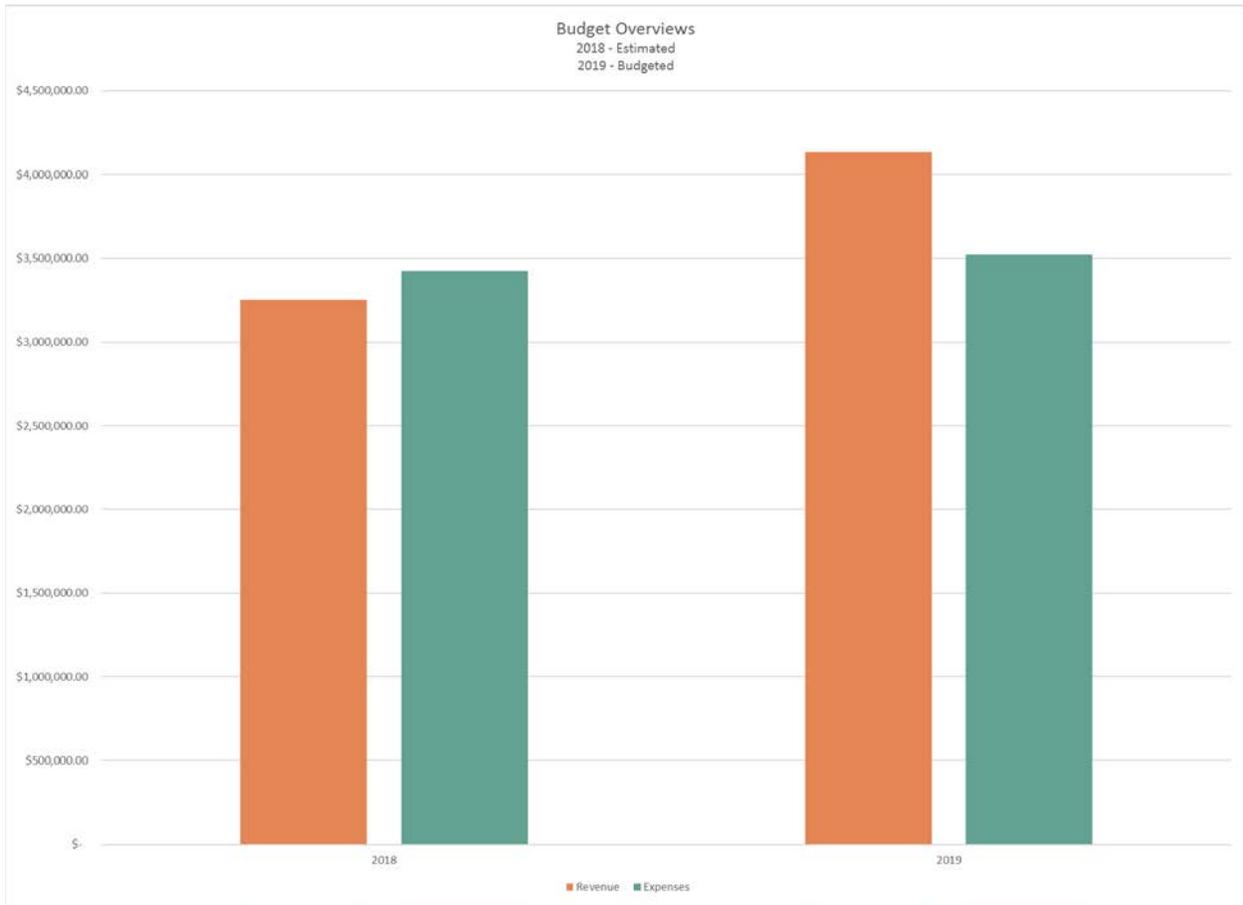




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Budget Comparison Overview





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Budget for the City of Ludlow fiscal year July 1, 2019 through June 30, 2020:

Police Department Revenue	\$	65,850.00
Grant Revenue	\$	60,000.00
Fire and EMS Revenue	\$	526,000.00
Capital	\$	15,000.00
MRA	\$	41,000.00
Other	\$	513,840.00
Total Revenues	\$	4,163,596.00
Expenses		
General Government/ Admin	\$	1,326,055.00
Public Works	\$	252,503.00
Police	\$	1,346,320.00
Fire	\$	724,626.00
Parks	\$	15,000.00
Total Expenses	\$	3,664,504.00
Balance	\$	(499,092.00)