

Answers to Your Top Budget Questions

by Andrea Shindlebower Main, Senior Legal Analyst, Kentucky League of Cities

As the fiscal year starts to draw to a close, cities need to be working on their budget ordinances. To help you with the process, here are the answers to a few frequently asked legal questions the KLC Legal Department receives each year.

Is a city required by law to have a new budget for each new year?

Yes. Each city must adopt an annual budget ordinance covering one fiscal year (July 1 to June 30) that controls how revenue is raised and funds are expended.

Who prepares the budget proposal?

The executive authority of each city must prepare a budget proposal and message, which must be submitted to the legislative body at least 30 days prior to July 1. The budget message must explain revenue-raising and expenditure goals, any significant changes in program goals and appropriations, and any important budget features or major changes in financial policy. In mayor-council cities, this duty falls to the mayor. It is the responsibility of the city commission

in commission forms of government and the city manager in cities that have the manager form of government.

Does the legislative body have to adopt the budget as proposed by the executive authority?

No. The legislative body determines the final form and detail of the city budget and adopts it by ordinance. While the proposal submitted by the executive authority should be given serious consideration, the legislative body is free to make any changes in the budget as it sees fit.

Is a budget ordinance adopted differently from other types of ordinances?

No. It is adopted in the same manner as any other ordinance and becomes effective when published. As soon as the ordinance is adopted, the city clerk must cause a summary or the text of the ordinance to be published in a newspaper. Publication is always required, unless an emergency is declared, in which case the budget ordinance would become effective immediately upon adoption.

What happens if a city fails to adopt its budget by the beginning of the fiscal year?

The previous year's budget will remain in force as if readopted until a new budget ordinance is adopted. However, because city financial goals and situations change from year to year, the city should attempt to enact a new budget ordinance as quickly as possible to reflect the city's current financial status.

What should a city do if, after the budget is adopted, the city realizes it did not appropriate enough money to a certain fund?

The budget ordinance should be amended prior to spending funds in excess of money appropriated to a certain fund or before transferring money between funds. Although many cities wait until the end of the year to reflect that these transfers or expenditures were made, this is technically illegal. The budget ordinance can be amended at any time during the fiscal year, as long as expenditures do not exceed revenues. **KYC**

For more information on requirements for establishing and administering your city budget, contact KLC's Legal Department at 800.876.4552.

All Aboard Amtrak Kentucky Cities Benefit from Train Tourism

by Sarah Razor, Governmental Affairs Communications and Training Manager, Kentucky League of Cities

For Maysville Mayor David Cartmell, catching the train down the street from city hall is a long-standing family tradition. His great-great-uncle was the president of the Maysville and Lexington Railroad Company in 1871. His mother and grandmother, who were both previous mayors of Maysville, frequently took the train to Washington, D.C., to lobby on city issues.

"When my grandmother was mayor, she estimated she made the journey to Washington by train 37 times to get continuation of funding for the city floodwall," Cartmell said.

He began catching the train in his hometown in 1964 to attend school in Philadelphia. These days, he takes it a few



Will Fitzgerald, Mayor Cartmell's great-great-uncle, was the president of the Maysville and Lexington railroad company in 1871.

times a year to advocate city issues and to attend National League of Cities meetings.

"You always meet some interesting people while riding the train. I've sat next to

John Madden and several members of the Cincinnati Bengals on their way home from a game," Cartmell said.

Amtrak operates two long-distance trains through Kentucky. The *Cardinal* is a triweekly train providing service to Chicago, Cincinnati and New York. Riders can board in Ashland, Maysville and South Shore. The *City of New Orleans* is a daily train servicing Chicago, Memphis and New Orleans via Fulton. In 2011, nearly 5,500 people boarded a train in Ashland, South Shore or Maysville. Another 3,500 were served at the Fulton Amtrak.

A quick price check reveals that an Amtrak ticket from Maysville to Washington, D.C., and back would cost around \$150. In many instances, a plane ticket from Lexington or Louisville can cost more than twice as much.