

# 2018

# TRI-CITIES MERGER STUDY



COMMISSIONED BY THE TRI-CITY CHAMBER OF COMMERCE  
ON BEHALF OF THE CITIES OF BENHAM, CUMBERLAND AND LYNCH

Funding provided by the Robert E. Frazier Charitable Grant Foundation



## ACKNOWLEDGEMENTS

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Cynthia Humphrey, Councilmember  
George Massey, Sr., Councilmember  
Patsy McKechnie, Councilmember  
Howard White, Councilmember  
Ruthie Wilson, Councilmember  
Jessica Smith, City Clerk  
Ed Bush, Fire Chief  
Ryan Shepherd, Police Chief

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Tracy Tackett, Councilmember  
April Leisge, Councilmember  
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Randall Tackett, Councilmember  
Robin Smith, City Clerk  
Karen Davenport, City Attorney  
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## CHAPTER 1

# EXECUTIVE SUMMARY

The cities of Cumberland, Benham and Lynch have a long and proud history. Their identities have been ingrained since birth for most residents. Over the past several decades, each city had its own school system and the rivalries were intense. Each city has had its own identity, and truth be told, pride, hard work and high self-esteem have been pervasive since the founding of the cities and coal camps. Those qualities are what make these cities similar as well as unique.

Changing circumstances and economic forces are compelling the cities of Cumberland, Benham and Lynch to make some changes that cause emotional uncertainty in most people. It is understandable then, that suspicion and doubt about how to solve these challenges are disconcerting to people. An old saying – “reality is a good place to start a conversation” – has never been truer as these cities consider merger. If all are to survive, then all must trust and work together.

**The reality is that the financial difficulties facing each city are forcing change whether people are ready for it or not.** The Tri-City Merger Feasibility Study is designed to help the residents of these three cities make an informed choice about the future. It is better to be armed with good information and control your own destiny than to let things continue and be forced into a change that no one wants to fathom – dissolution of the three cities.

Can the individual cities survive? Maybe, but history has shown that taking the necessary action to survive is politically difficult. This study lays out some stark choices that will have to be made with or without merger. The question that the consultants have been asked to address is simple. “Is it feasible for the three cities to merge?” The answer is not so simple. It’s “yes, but...” The city leaders and residents must decide for themselves which course of action is best. This study doesn’t address what they should do. Rather, it is focused on what they could do.

With that introduction, the consultants have provided their answer to that question... not should you, but could you?

1. Is it feasible to merge the three cities from a legal perspective? Yes. The process for the merger of municipal government is clearly defined by Kentucky state law. The city councils in each city initiate the placement of the question on the ballot by majority vote. The voters in each of the cities must approve the merger by a majority vote. The only legal obstacle to be addressed is the requirement that all three cities be contiguous, or the boundaries must touch. Currently, Cumberland and Benham do not touch. There are several options to remedy this situation. Each option does require annexation. The easiest solution lies within the water easement that connects the two cities. A simple annexation of the easement by either city should solve the issue.

2. Is it feasible to merge the three cities from a financial perspective? Yes, maybe. Nothing from a financial perspective prohibits the three cities from merging. The financial benefits in the early years post-merger may not be realized. In fact, it will be very difficult in the short term and some difficult choices will have to be made regarding revenues and expenses, as well as personnel. Historically, this reality has been identified in numerous merger feasibility studies in other communities and has been realized when cities or city and county governments merge. The long-term financial benefits of merger are generally realized through economies of scale, economic growth, and unified leadership. It is interesting to note that no successful merger has ever been undone.
3. Is it feasible to merge from a political will perspective? Yes, although this may be the most difficult. The thought of giving up one’s city identity – even if it is only in a legal sense – is difficult for some people to do. The identities of the individual cities will live on, however, through the communities within the newly merged city. The most difficult challenge for merger will be getting the three governmental entities (city councils) to agree to put the question to the voters in all three cities at the same time. The leaders may be lulled into a false sense of security by thinking the “other cities” may not make it, but my city will. **Given the present circumstances, it is difficult to see a sustainable path forward for any of the three cities without drastic change and courageous leadership.**

The future is hard to predict given the best of circumstances. It is the responsibility of local leaders to gather as much information as possible and make the best decision possible. The Tri-City Chamber of Commerce is trying to do just that. This feasibility study has brought to light the dire situation that each of the cities will have to confront. The Tri-City Chamber is approaching the situation with the best of intentions, providing guidance and bringing forth a variety of options to assist the mayors and city councils as they make some difficult choices. Beyond that, the Tri-City Chamber is providing important information to the residents of the cities so that they can understand the predicament and work together to solve the complex problems of their cities.

In the pages that follow, the consultants have provided detailed information and a variety of options for the cities to consider. We all hope that whatever path is chosen, it will lead to the long-term prosperity of each of the cities.





## CHAPTER 2 INTRODUCTION

Three small cities within Harlan County, Kentucky, find themselves at a crossroads. Volumes have been written about the hardships that continue to plague the mountain people of Appalachia. With the boom-and-bust cycles of the coal industry, these cities find themselves mired in debt with an uncertain future. This document is a comprehensive study to examine the feasibility of merging the Kentucky cities of Cumberland, Benham, and Lynch in Harlan County.

The Tri-Cities of Cumberland, Benham, and Lynch, individually and collectively, have fallen on hard times. This is in stark contrast to the way they were for many years. Within the last decade, however, each of them began to struggle financially as they sought to maintain basic services for their citizens.



City of Benham, Kentucky

Benham and Lynch, for a large part of their existence as stand-alone municipalities, received considerable help financially and materially from International Harvester/Benham Coal Company and U.S. Steel/Arch of Kentucky. In fact, it was the steel industry that formed these communities as coal camps. With the demise of these companies all such help has long ceased. Historically, cities have relied upon property taxes based upon property value to provide significant funding to operate. In Benham the loss of population and the increase in the number of residents taking advantage of the homestead exemption have caused those revenue streams to drastically fall.



City of Lynch, Kentucky

Cumberland's tax revenues have always been more broad-based. Property tax and business taxes have historically been drivers of the city's revenues. The loss of population, the aging of the population and the closure of businesses over the past two decades have negatively impacted city revenues in multiple ways.



City of Cumberland, Kentucky



# INTRODUCTION

The result has been that the three communities have struggled in their efforts to maintain basic services to their citizens.

The elected leaders and influential citizens of the three cities realized they were reaching the end of options, ideas and strategies enabling them to succeed. As they talked with one another and with legal, city, county and state-affiliated organizations, it became increasingly clear that something must be done. A Tri-City Citizens Committee was formed in March 2017, as part of the Tri-City Chamber of Commerce merger group. This group of local leaders was tasked to work alongside consultants in developing a comprehensive merger feasibility study. Funding for the feasibility study was obtained from the Robert E. Frazier Charitable Grant Foundation.

The Tri-City Merger Feasibility Study will assist city leaders to:

- Determine the feasibility of merging the cities of Cumberland, Benham and Lynch into a single municipal government.
- Examine and determine the specific steps and timeline of the merger process.
- Engage the leadership and citizens in an open and transparent process to gather information, thoughts and opinions about the issue of merger.
- Review and evaluate relevant data to determine the need for, benefits derived from and cost of hiring of a city manager for a proposed municipal government.
- Provide relevant information so that they can make an informed decision through self-determination.

Now that the feasibility study is complete, local leaders will be able to make a more informed decision about merger. They can evaluate the feasibility and finally answer the question,

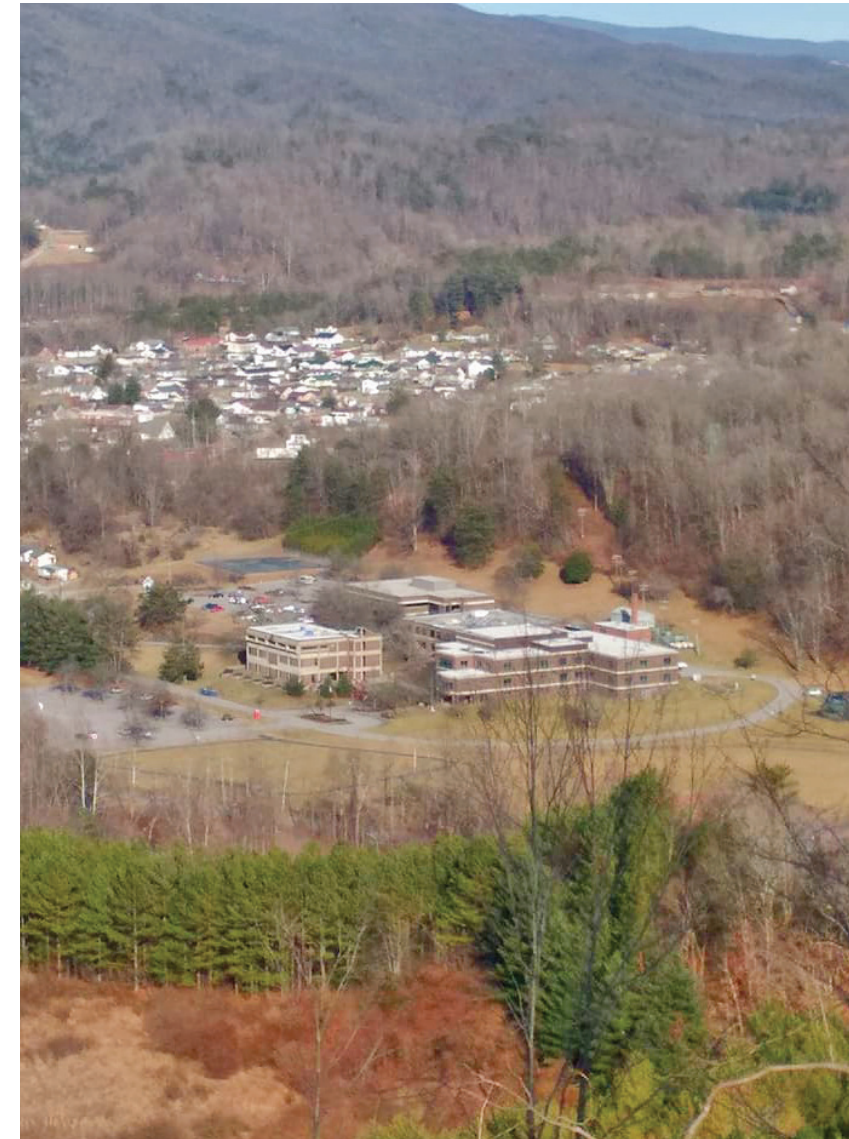
“Is merger feasible for Cumberland, Benham and Lynch?”

Once that question is resolved, local leaders can evaluate their political will to merge the cities. This decision should be made easier because of

the intentional process of engaging the local citizens in the conversation as the feasibility study was conducted. This engagement was accomplished through public meetings, personal interviews, social media and other citizen engagement methods used to gather information and opinions, as needed.

Merger is not easy. There is little empirical evidence to support the claims of merger proponents or opponents, specifically in Kentucky and the United States in general. Within the state of Kentucky, the merger of the City of Louisville and Jefferson County to become Louisville Metro, the merger of Lexington and Fayette County to form the Lexington-Fayette Urban County Government, Somerset-Pulaski County’s merger study and Kenton County’s merger study are the local reference points. To date, Jacksonville, Florida; Indianapolis, Indiana; and Nashville, Tennessee are the most common national examples of merger success. Merger initiatives have failed many times, including in the cities of Pittsburgh, Pennsylvania and Memphis, Tennessee. The lessons learned from these mergers and that of the merger of four cities in Australia, were taken into account during the study process.

It is readily apparent that merger within large cities is difficult and rarely happens. The merger of small cities anywhere is virtually nonexistent in recent history.





## CHAPTER 3 PROJECT SCOPE OF WORK

The Tri-City Chamber of Commerce contracted with the Kentucky League of Cities in March 2017, to conduct a feasibility study related to the potential merger of the cities of Cumberland, Benham and Lynch in Harlan County, Kentucky. The study is funded by the Robert E. Frazier Charitable Grant Foundation. The following Scope of Work provides an overview of the process, information, data, and resources utilized during the feasibility study.

### Project Scope of Work Summary

The feasibility study scope of work required by the client:

- Describes the legal requirements under the Kentucky Revised Statutes for the merger of governmental entities.
- Examines the budgets, financial data and audits from each of the three cities. Each city has multiple accounts with a budget for each one.
- Provides current budgets as well as one-, five- and 10-year projected budgets for each city.
- Creates a comparative study of services, budgets and financial data sets. Each city is unique, and the consultants established baseline data that represented the same things for each city.
- Identifies and analyzes merger trends in Kentucky, the U.S. and internationally. This particular study is unique because it examines how three small cities would merge. Merging three cities does not happen often.
- Analyzes population trends, demographic change and the historical context of each city.
- Provides a comprehensive list of options including merging, not merging, and dissolution. The study also describes potential areas for cooperation among the cities through interlocal agreements.
- Examines the political will to merge and the implications on the merger process.
- Describes the merger transition process if the cities decide to merge.
- Analyzes tax rates and revenue options for each city and the impact of merging or not merging.
- Identifies city services or functions most likely to be impacted by merger.
- Examines the potential impact of utilizing a city administrator or changing to a city manager form of government.

### Project Process

The consultants created a timetable that details the steps taken from beginning to end. The study is comprehensive in its approach and findings.

### Step 1 – Gathering of Information/Public Outreach

#### 1. March 2017

Tri-City Chamber of Commerce created a local oversight committee called the “Tri-City Citizens Committee.” This 15-person committee was tasked to assist the KLC Community Development Services (CDS) team throughout the study.

#### 2. March - October 2017

Gathered background data and information from the cities’ public agencies including utilities, police, and fire. Other data collected included:

- 1) Uniform Financial Information Reports (UFIRs) collected by the Kentucky Department for Local Government
- 2) Tax Rates:
  - a) Real Property – Adopted Rate
  - b) Personal Property – Adopted Rate
  - c) Motor Vehicle – Adopted Rate
  - d) Other Rates – Insurance Premium
- 3) Revenues (Actual Values):
  - a) Property Tax – Real, Personal, Motor Vehicle, Delinquent
  - b) License and Permit Fees – City Vehicle Licensing, Alcohol Beverage License, Other Licensing and Permit Fees
  - c) Occupation and Business Fees – Fixed-Rate Business License
  - d) Other Taxes/Fees – Electric Franchise, Water/Wastewater Franchise, Insurance Premium Tax
  - e) Intergovernmental Revenue
  - f) Other Revenues/Charges – Water Sales, Sewer Sales, Electric Sales, Special Assessments, Surplus Property Sales, Investment Earnings, Fines and Forfeits, Penalties and Interest, Donations, Rents, Solid Waste Collection, and Miscellaneous Bond Proceeds
- 4) Expenses (Actual Values):
  - a) Intergovernmental Expenses
  - b) General Government – Salaries, Other Operations, Equipment, Construction
  - c) Financial Administration – Salaries, Other Operations
  - d) Police – Salaries, Other Operations, Equipment
  - e) Fire – Salaries, Other Operations, Equipment

# PROJECT SCOPE OF WORK

- f) Other Public Safety – Salaries, Other Operations
  - g) Streets and Roads – Salaries, Other Operations, Equipment
  - h) Sanitation/Solid Waste – Salaries, Other Operations
  - i) Cemeteries – Other Operations
  - j) Parks and Recreation – Salaries, Other Operations
  - k) Water System – Salaries, Other Operations
  - l) Sewer System – Salaries, Other Operations
  - m) Electric System – Salaries, Other Operations
  - n) Debt Payments – Salaries, Utilities
  - o) Bond Insurance – Other Operations
  - p) Miscellaneous – Other Operations
  - q) Pensions and Benefits – CERS Nonhazardous, Health Insurance, All Other Benefits
- 5) Debt and Cash (Actual Values):
- a) General Government Debt – Outstanding Balance at Beginning of FY, Issued Debt, Retired Debt, Outstanding Balance at End of FY, General Obligation Bonds
  - b) Business Type Debt – Outstanding Balance at Beginning of FY, Issued Debt, Retired Debt, Outstanding Balance at End of FY, Revenue Bonds
  - c) Private Obligation Debt – Outstanding Balance at Beginning of FY, Issued Debt, Retired Debt, Outstanding Balance at End of FY
  - d) Interest Paid – Water Debt, Electric Debt, Other Debt
  - e) Cash and Investments – Beginning of the FY, Ending of the FY, Other Reserved Funds, All Non-Reserved Funds
- 6) Population Number, Breakdown, and Change Numbers from Kentucky State Data Center Housed at the University of Louisville and the Census Bureau
- 7) Organizational Chart(s) for the Cities
- 8) Financial Statements for the Past Three Fiscal Years (2014-2015, 2015-2016, 2016-2017)
- 9) Budgets for the Past Three Fiscal Years (2014-2015, 2015-2016, 2016-2017)
- 10) Utilities Financial Statements for the Past Three Fiscal Years (2014-2015, 2015-2016, 2016-2017)

- 11) Complete Debt Schedules
- 12) Complete Tax Profile with All Rates and Revenue Sources
- 13) Economic and Demographic Data
- 14) Overlapping Revenue and Expense Items Among the Three Cities
- 15) Complete Alcohol Sales Profile
- 16) Capital Improvement Projects Completed in the Last Five Fiscal Years, as well as Current and Ongoing Projects
- 17) History of Property Taxes, Insurance Premium Taxes, Payroll Taxes and Other Revenue Sources
- 18) Salary and Benefit Packages for the Cities

### 3. April/May/June 2017 – City Council Meetings

Met with the mayors of Cumberland, Benham and Lynch and began assessment. Identified community leaders and conducted interviews for additional information.

- Met with Mayor John Adams and City Clerk Erica Eldridge on April 5, 2017
- Met with Jeff Wilder and Dr. Bruce Ayers on April 5, 2017
- Met with Mayor Wanda Humphrey and City Clerk Jessica Smith on April 6, 2017
- Met with Mayor Charles Raleigh and City Clerk Robin Smith on April 6, 2017
- Tri-City Citizens Committee met on April 6, 2017
- Lynch City Council met on May 9, 2017
- Benham City Council met on May 11, 2017
- Cumberland City Council met on June 13, 2017

### Step 2 – Leadership/Public Partners Engagement

#### 1. June/July/August 2017

Met with a variety of individuals to obtain additional information to further the assessment and analysis.

- Met with Cumberland City Clerk Robin Smith on June 13, 2017
- Met with Mayor John Adams and Lynch City Clerk Erica Eldridge on June 13, 2017

- Met with KACo, Cumberland Valley Area Development District and others to review the Tri-City Water Study conducted in 2015 on June 20, 2017

- Met with the City of Cumberland on July 12th
- Met with Benham and Lynch July 19th

Continued to gather information and conduct analysis of data.

#### 2. October 2017

- 1) Public Meeting with Q & A was held at Benham Theatre on October 23, 2017. Approximately 100 citizens attended the meeting.

### Step 3 – Budget Analysis/Budget Forecasts/Create Study Narrative

#### 1. November 2017 – March 2018

KLC used financial analysis, financial forecasting and a larger fiscal impact analysis to determine the feasibility of a merged city. The study included a comprehensive city profile about each city from all the data collected. Further, we determined if a comprehensive risk analysis was needed to identify specific risks and potential impediments to a successful merger. Finally, an examination of the potential benefits and costs of utilizing a city administrator under a merged system of government was done for the three cities.

#### 2. March/April 2018

Finalized the feasibility study for public presentation

### Step 4 – Presentation of Feasibility Study

#### 1. May 2018

Presented findings of the feasibility study to the Tri-City Citizens Committee and the public on May 7, 2018.



## CHAPTER 4

# PROJECT APPROACH

The consultants took a comprehensive approach in examining the options available to the cities of Cumberland, Benham, and Lynch as individual cities, and evaluated their merger options.

The approach taken in this study focused on the elements of municipal governance and the potential impact of merger, not merging, and dissolution of the three cities. The consultants gathered extensive financial data (see Appendix), determined the legal process for the merger of municipal governments under relevant Kentucky statutes, interviewed numerous elected officials, appointed officials, community leaders and citizens from each city. In addition, the study examined the potential advantages of interlocal agreements to consolidate services and considered the impacts of a city manager form of government or, alternatively, hiring a city administrator in the absence of a change in governmental structure for a merged city.

From a financial point of view, financial information was requested from each city in the form of budgets for FY 2015-2016 and FY 2016-2017, municipal financial audits conducted by an independent auditing firm on behalf of each city, and financial statements for the same fiscal years. The goal was to conduct a comparative analysis of common data sets among the three cities.

The following information was requested:

- Budgets – past two years and current
- Financial statements – past two years and current
- Audits – past two years
- Debt schedules – current as of January 1, 2018
- Organizational chart for each city
- Economic and demographic data
- Overlapping revenue and expense items among the cities
- History of:
  - Property taxes
  - Insurance premium taxes
  - Payroll taxes
  - Other revenues
- Capital improvement projects completed in last five years, current and ongoing
- Alcohol sales

City officials from each of the cities provided as much information as was available from 2015 to 2017. The completeness of the information provided, however, was lacking in some cases, primarily financial data. To be clear, no one withheld information. The information was simply not available.

Financial data provided for each city included the following:

#### City of Cumberland

- Budgets, financial statements and audits for FY 2015-2016 were requested. The city council had not approved the FY 2016-2017 budget or audit. Therefore, the consultants forecasted the final numbers for the budget and financial statement. (See Appendix.)

#### City of Benham

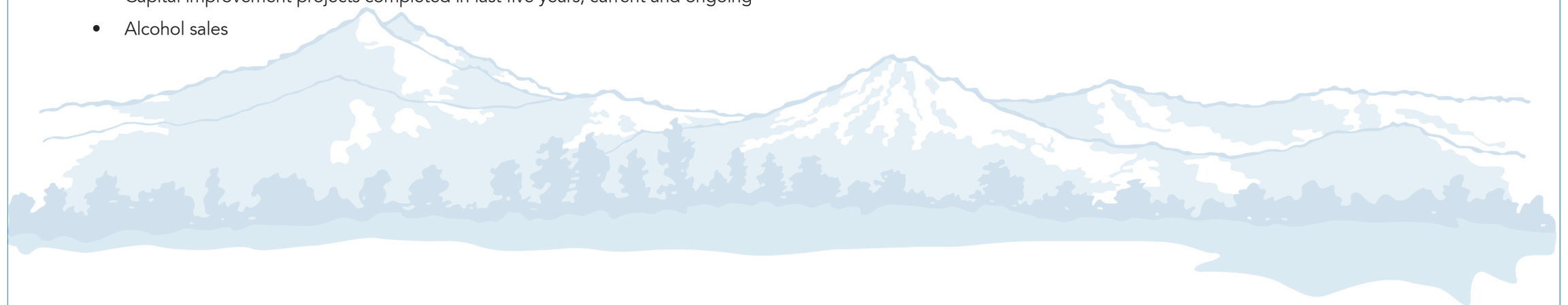
- Budgets, financial statements or audits were not available. The consultants received the bank statements and check registers for FY 2015-2016 and FY 2016-2017. From the bank statements, the consultants created estimated budgets and financial statements so that a comparative analysis could be conducted. The city clerk worked diligently to provide the information required and answered numerous questions to assist the consultants in this task. One positive result of this situation is that the city now has a starting place for creating a budget and financial statements going forward. (See Appendix.)

#### City of Lynch

- The mayor and city clerk provided complete records for each year that was requested including budgets, financial statements and audits.

The consultants subsequently created one-, five- and 10-year projected budgets for each city to aid in understanding the potential financial situation for each city in the future.

In addition, the feasibility study examined each city's debt schedule as of January 1, 2018. (See Appendix for copies of the debt schedules, interest rates, bond payment balances and payoff dates for the bond issues.)





## PROJECT APPROACH

### Methodology for Current Financial Examination and Forecasted Financial Examination

The feasibility study examined the various fund budgets for each city. The analysis included a side-by-side comparison of FY 2015-2016 and FY 2016-2017. The spreadsheet includes the yearly amount and the yearly percentage change in each budget line item.

The budget for the City of Cumberland includes the General Fund, the Municipal Road Aid Fund (MRA), the Local Government Economic Assistance Fund (LGEA, also known as the Coal and Mineral Entitlement Funds provided through the Kentucky Department for Local Government) and the Water and Sewer Fund.

The budget for the City of Benham contains the General Fund budget only. All funds are contained within this fund.

The City of Lynch budget contains the General Fund budget only. All funds reside as line items within this fund.

The forecasted budget projections rely on four primary assumptions. On the revenue side of the ledger, the consultants assumed that most revenues will remain the same and stagnate to the nearest hundredth, while also assuming that no new revenue options, or their potential value, would be made available to the cities by the General Assembly of the Commonwealth of Kentucky.

The second primary assumption is a small exception to the first; that specific revenues that have shown a discernible trend downward, such as the property tax and coal severance money, are decreased each year by a city-specific percentage rate calculated by the consultants, based on trend analyses of historic data over the past 10 years.

On the expense side, the consultants assumed that expenses will remain stagnant to the nearest hundredth, unless they are typically impacted by inflation.

Lastly, if an expense was historically affected by inflation, the expense in question was increased at the same rate as inflation. The United States Department of Labor's Bureau of Labor Statistics estimates a moderate 2.0% inflation rate through June 2020, when it is then expected to rise to about 2.5% from July 2020 onward. Thus, if an expense is typically subject to inflation, they will increase by 2.0% through FY 2019-2020, and then they will increase by 2.5% from FY 2020-2021 through to the end of the forecasted budget projection period. More detailed information related to budget analyses and assumptions can be found in the Appendix.





## CHAPTER 5

# MERGER TRENDS

Merger of local governments is not a new topic. As early as 1805, the City of New Orleans became the first city-county consolidated government when it merged with New Orleans Parish, Louisiana. Even so, there has not been a real trend in consolidating cities and counties or in merging two or more cities. For example, in a 2012 study titled, *The Consolidation of City and County Governments: A Look at the History and Outcome-Based Research of These Efforts*, shared that across the United States there are 3,069 counties and only 38 (1%) of them were consolidated forms of government.

The study further stated that efforts to merge city-county governments were rarely successful. To wit, from the period between 1921 and 1996 there were 132 formal consolidation attempts but only 22 successes. This represents a success rate of 16%. Of these 132 attempts, 102 (77%) were in southeastern states.

According to the National Association of Counties, cities and counties have only combined 42 times since the 19th century. Eight of those occurred in Alaska, the most of any state.

With the downturn in local economies over the past 10 years, the idea of merger or consolidation of services has been considered by many. There are hundreds of studies across the country where community leaders have investigated the concept. However, there is little evidence that voters have accepted the option to merge governments.

There are examples where some municipalities were legally eliminated during a merger process, but police and fire departments were left unconsolidated as were school districts. Louisville and Jefferson County's move to Consolidated Local Government in 2013 is one Kentucky example.

Princeton, New Jersey, is espoused as a model of successful reorganization of local government. In 2013, after four attempts over the past 60 years, Princeton Township finally merged with Princeton Borough. Proponents are pleased, yet detractors aren't certain it was worth the effort and expense. Princeton had several things in its favor for a successful merger. First and foremost, the two entities shared the same name. Secondly, they already shared 13 services prior to consolidation, and, their school systems had merged in 1966. While supporters claim monies are being saved, the opposition isn't so sure. As in most municipal mergers, the elimination of redundant jobs is expected to provide most of the savings.

Another more recent example of two cities successfully merging is the City of Zionsville, Indiana, (population 26,784) which merged with nearby Perry Township in 2016. Even though both municipalities voted to merge, their efforts were almost thwarted. A third nearby city, Whitestown, filed a lawsuit in 2014 to prevent the reorganization and protect its western border, arguing that the two entities couldn't merge because they were not adjacent to one another. But Zionsville officials claimed that a 2010 reorganization with Eagle Township allowed the town to assume township powers and borders, making

it adjacent to Perry Township. An Indiana Supreme Court ruling finalized the merger decision in 2016.

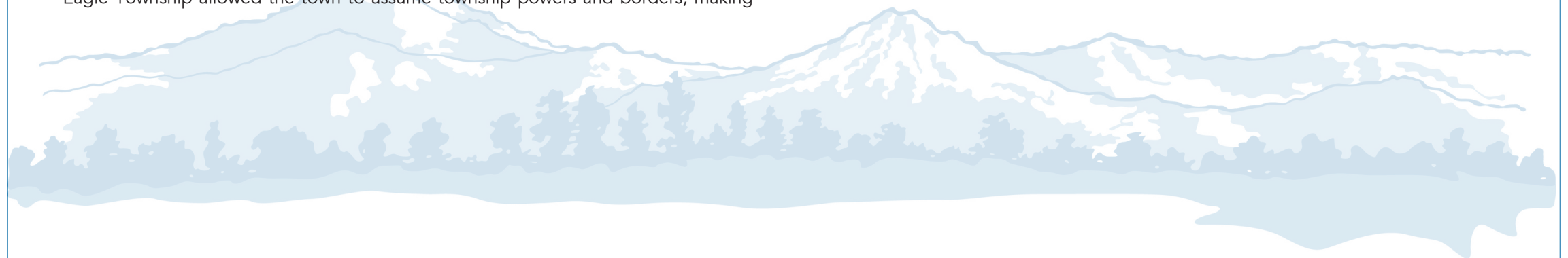
On the flip side of these examples of successful (though not without controversy) mergers, there is the story of St. Louis County, Missouri, with 89 cities. Of those, 43 have populations less than 6,000 residents. In 2017, the St. Louis mayor and judge/executive endorsed findings from a recent study produced by a group called Better Tomorrow. The group claimed that the expansion of suburbs and the separation of city and county functions leads to as much as \$1 billion annually in wasteful spending. Others in the county that disagree with those findings claim that the smaller cities account for less than four percent (4%) of the money spent by municipalities within the county.

Another recent municipal discussion on merger is taking place in Syracuse, New York. Built around three years of work and testimony from hundreds of residents, the 19-member Commission on Local Government Modernization issued its final report early this year. While the recommendations weren't entirely surprising, one reporter said, "... they were startling in their language, scope and aura of solemnity. The report doesn't clearly define if consolidation would actually save money and there also doesn't appear to be much political support among local leaders to execute the study's recommendations.

When municipalities do look at merger, it is generally because of budgetary concerns. If it can be done less expensively, why not combine is the line of thinking. It is a good thing for elected leaders to make sure tax dollars are wisely spent. The key factor is that the decisions about merger should be based upon a thorough and sound analysis of the situation and the long-lasting impact merger will have. A secondary factor is to understand the length of time the process will actually take, not only for a thorough analysis, but also for the conversations to be held with the public and, if approved by voters, the tasks of actual implementation.

*Governing Magazine* journalist, Alan Ehrenhalt, shared his thoughts on the merger concept, The voters almost never buy it (merger). They highly value their local-level public services and are alienated by prophecies of fiscal doom. They are suspicious of promises that consolidation will save money, and they have a right to be. Every study done on consolidation -- and there have been many of them -- has concluded that very little money actually is saved. It's never going to be easy to sell a repair job. The things that sell are vision and hope.

For cities suffering from the loss of jobs and declining revenues, and local leaders who aren't sure where the next payroll is going to come from, an analysis of the situation is a reasonable next step. It may be their only hope. Asking residents what they want and providing a transparent account of what the numbers say and how that will ultimately impact the community, is paramount to the process. Creating a vision forward is what we expect from local leaders who are charged with governing our cities.





## CHAPTER 6 COMMUNITY PROFILES

### History of Cumberland, Benham and Lynch in Harlan County, Kentucky

Harlan County is nestled in the Appalachian region of eastern Kentucky and features the Commonwealth's highest natural point, Black Mountain, reaching 4,145 feet. Harlan County was formed in 1819 from Knox County. Nearly 27,000 people live in Harlan County as of 2017. For the past 100 years, the economy of Harlan County was based on coal mining. The county is also recognized for folk and country music created and made popular by several local residents who are nationally renowned musicians.

Harlan County and the region was settled by numerous persons of multiracial descent, with African, European and often Native American ancestors. Descendants have documented the racial heritage of Harlan's early settlers through 19th-century photographs, DNA analysis and historic records. Numerous African Americans migrated to the area to work in the coal mines.

In addition to the City of Harlan, the county seat, there are five other incorporated cities areas located within the county - Evarts, Loyall, Cumberland, Benham and Lynch. The latter three are the subjects of this historic review.

The City of Cumberland is larger in population (2,059) than the county seat of Harlan (1,606) as estimated in the 2016 population estimates put out by the Census Bureau. Cumberland was settled in 1837 and named "Poor Fork," for its location on a fork of the Cumberland River with relatively poor soil. The city remained isolated until the coal mining boom of the 1900s when railroads connected it with surrounding towns. It was renamed "Cumberland" in 1926.

A focal point of Cumberland is the Kingdom Come State Park, which features a lake, camp sites, miniature golf, paddle boating, picnic facilities, hiking trails, and an amphitheater. The park is home to natural rock formations including Raven Rock and Log Rock. Two overlooks in the park provide scenic views of the Appalachian Mountains. Another benefit to the community is the campus of the Southeast Kentucky Community and Technical College, located in Cumberland.

Smaller in population at 459 residents, the City of Benham was founded in 1911 as a coal mining company town by Wisconsin Steel, a subsidiary of International Harvester. The city was formally incorporated by the General Assembly in 1961. The last coal mine closed in the 1970s. The city has several public buildings listed in the National Register of Historic Places, including the Kentucky Coal Mining Museum, housed in the former commissary building (1923). Miners are further celebrated in the nearby Coal Miner's Memorial Park, located on the former site of the coal company's processing, shipping, and rail yard.

Another bright spot in the community is the Schoolhouse Inn (1926), which was built by the company as a school for coal camp children. The Coal Miners Memorial Theatre, located in the original company-built theatre (1921) serves as a multi-function facility.

The City of Lynch was developed in 1917 by the U.S. Coal and Coke Company (a subsidiary of U.S. Steel) as a company town to house workers at the company's nearby coal mines. It was named for then-head of the company, Thomas Lynch. By the 1940s, Lynch had a population of more than 10,000 and had such amenities as a hospital and movie theater. Through the Second World War, it was the largest company-owned town in the United States. The population declined dramatically in the 1960s and 1970s as mining techniques shifted to less labor-intensive methods, with the population estimated at 694 (2016).

The Portal 31 Underground Coal Mine Exhibit is the focal point of tourism and is located in the center of town. Several gift shops and a coffee shop are adjacent to the popular attraction.

As the coal industry developed, attempts to organize labor followed. What was called the Harlan County War in the 1930s consisted of violent confrontations among strikers, strikebreakers, mine company security forces and law enforcement and led to the county being called "Bloody Harlan." After the Battle of Evarts, May 5, 1931, the governor of Kentucky called in the National Guard to restore order. The decline of coal production and employment has led to widespread and ongoing poverty and chronic unemployment.

Several songs, movies and books have been produced to document the beauty of the mountainous region, the challenges related to the coal industry and the lives of the people who are proud to call it home.





## CHAPTER 7 ANALYSIS

The purpose of the feasibility study is to assist the cities of Cumberland, Benham and Lynch in determining the best path forward for the local governments and the residents who will be impacted by future decisions of the local governments. The following analysis and subsequent recommendations are intended to guide the decision-making process.

### Organizational Structure

The cities of Cumberland, Benham and Lynch are governed under the mayor-council form of government. A mayor and a certain number of council members elected from among the registered voters of each city choose their own representatives to make decisions on behalf of the residents of each city. Each city has a unique organizational structure in both its political organization and its staffing.

The cities are organized as follows:

### City of Cumberland Organizational Structure

Position	Number of Employees/Officials
Mayor	1
Council Members	7
City Clerk	1
Account Clerk	1
City Attorney	1
Police Chief	1
Police Officers	6
Fire Chief	1
Assistant Fire Chief	1
Volunteer Firefighters	15*
Maintenance Supervisor	1
Maintenance Workers	4
Sanitation Workers	4
Truck Driver	1
Water/Sewer Supervisor	1
Water/Sewer Clerk	1
Sewer Plant Operator	1
Water Plant Operator	1
Water & Sewer Workers	4

\*The Tri-Cities have access to the same 15 volunteer firefighters.

The City of Cumberland has a mayor and seven council members. In addition, the city employs 30 people to administer, manage and carry out the work as directed by the mayor with the approval of the city council.

The city spent approximately \$773,379 in salaries, taxes and benefits on its personnel in FY 2016-2017. The city does not contribute to any employee retirement plans.

### City of Benham Organizational Structure

Position	Number of Employees/Officials
Mayor	1
Council Members	6
City Clerk	1
City Attorney	1
Police Chief	1
Fire Chief	1
Volunteer Firefighters	15*
Maintenance Workers	2
Wastewater Superintendent	1
City Supervisor/Water Plant Operator	1
Water/Sewer Worker	1

\*The Tri-Cities have access to the same 15 volunteer firefighters.

The City of Benham has a mayor and six council members. In addition, the city employs nine people to administer, manage and carry out the work as directed by the mayor with the consent of the council.

The city spent approximately \$245,927 on salaries, taxes and benefits for its employees during FY 2016-2017. The city provides a retirement benefit plan for its employees at a cost of \$49,528.

**City of Lynch Organizational Structure**

Position	Number of Employees/Officials
Mayor	1
Council Members	5
City Clerk	1
Police Chief	1
Fire Chief	1
Volunteer Firefighters	15*
Maintenance Worker	1
Water/Sewer Supervisor	1
Water Superintendent	1
Water Plant Operator	1

\*The Tri-Cities have access to the same 15 volunteer firefighters.

The City of Lynch has a mayor and five council members. In addition, the city employs seven people to administer, manage and carry out the work as directed by the mayor with the consent of the council.

The city spent approximately \$164,736 on salaries and taxes for its employees in FY 2016-2017. The city does not contribute to a retirement plan for its employees.

The cities share the 15 volunteer firefighters.

**Merged Government Organizational Chart at the Time of Merger**

Position	Number of Employees/Officials
Mayors	0
Council Members	18
City Clerks	3
Account Clerk	1
City Attorneys	2
Police Chiefs	3
Police Officers	6
Fire Chiefs	3
Assistant Fire Chief	1
Volunteer Firefighters	15*
Maintenance Supervisor	1
Maintenance Workers	7
Sanitation Workers	4
Truck Driver	1
Water/Sewer Supervisors	2
Water Superintendent	1
Wastewater Superintendent	1
Water/Sewer Clerk	1
Sewer Plant Operator	1
Water Plant Operators	2
City Supervisor/Water Plant Operator	1
Water & Sewer Workers	5

\*The Tri-Cities would have access to the same 15 volunteer firefighters that are currently utilized by the individual cities.

The merged government would initially have 18 council members. The merged city would initially have no mayor. Within 30 days of certification of the election of the council members, the elected council members would select a mayor. If not filled within 30 days, the power to fill the vacancy is passed to the Governor. KRS 83A.040 and KRS 83A.040(6).

Within two years, the number of council members would be reduced to seven members. (See Legal Section.)

The merged city would initially employ 46 people to administer, manage and carry out the work as directed by the mayor with the consent of the council at a cost of \$1,184,042 in salaries, taxes and benefits.

# ANALYSIS

## Merged Government Personnel

Upon merger of the city governments, the newly seated mayor and council would begin to address the staffing levels required to deliver government services. The merged government would need only one city clerk, police chief, fire chief, city attorney, and other supervisory personnel. Not all duplicate positions would need to be eliminated. The elected officials would begin to evaluate if the affected employees would be needed in a different capacity in order to continue to deliver the level of services the residents expect and need. For example, the two city clerks affected by the merger might be needed to assist the remaining clerk carry out his or her duties. The council will need to decide if satellite offices will need to be maintained in the current city hall locations. Reduction in personnel, if needed, could be achieved through retirement, natural attrition or layoff.

If current staffing levels, salaries, benefits and taxes were continued, the approximate cost would be \$1,184,042. Another consideration would be the issue of employee benefits. Post-merger, the city council would need to equalize the pay grade scales, adjust benefits and other employee perks such as vacation time, sick time, and personal time.

All of these decisions will impact the merged budget. The consultants have made no assumptions regarding the staffing levels, pay grades or benefits that the merged government will provide. These decisions are the responsibility of the elected officials. One advantage of merging the cities would be the opportunity to deploy resources in a more efficient manner across the entire merged city. Faster response time to conduct repairs, address infrastructure needs and respond to citizen concerns are just a few examples of efficiency through merger.

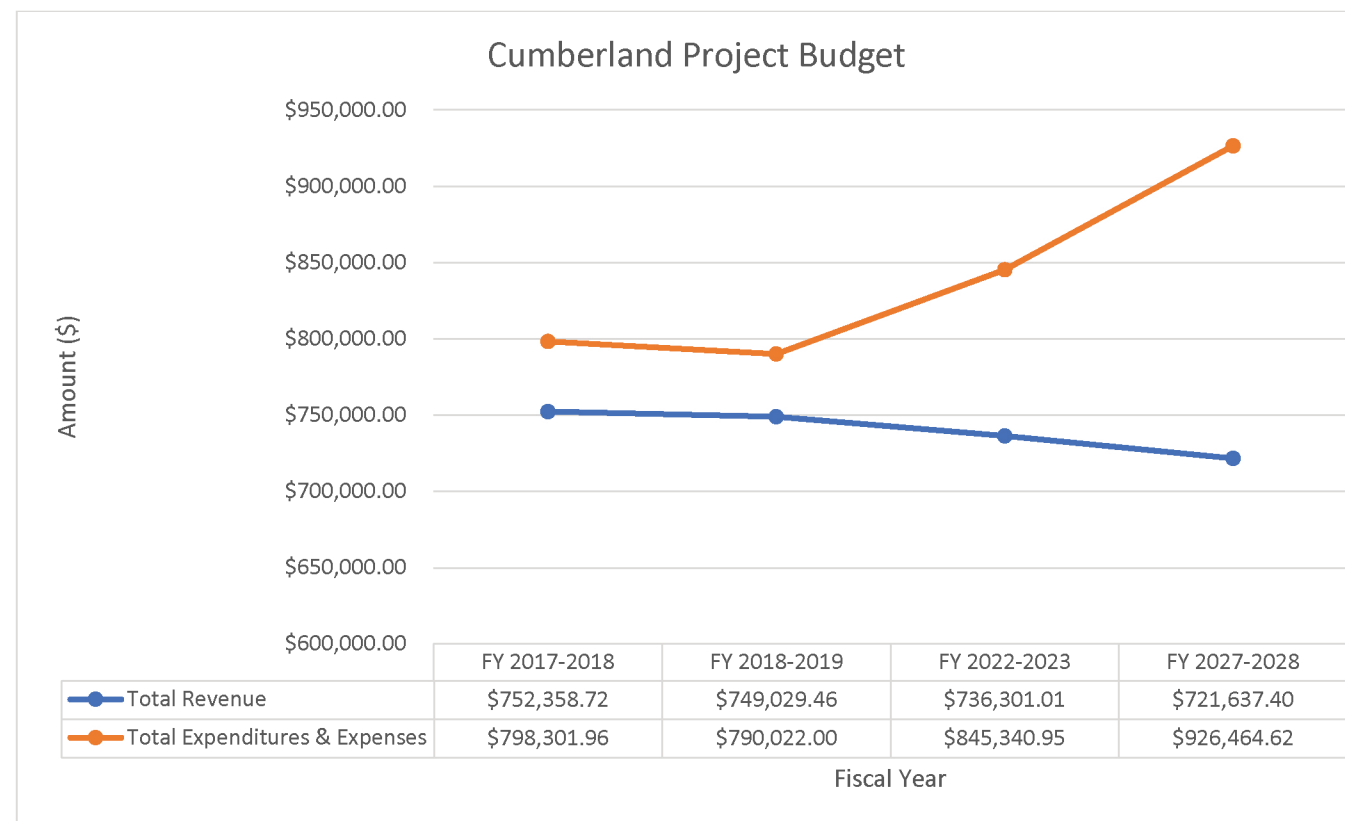
## Financial Analysis

The cities of Cumberland, Benham and Lynch are beginning to face some stark choices when it comes to the financial situation that is developing. For many years, city budgets have become tighter and resources scarcer. With each passing year, previously available excess funds that once could be shifted from one budget line item to cover expenses in other budget lines have continuously decreased. An analysis of the financial statements indicate that excess funds are nearing zero and all three cities will have an ever-increasing deficit within the next couple of years unless changes are made.

In an examination of only the General Fund of each city from FY 2016-2017 through FY 2027-2028, the consultants estimate the revenues and expenses for each city as illustrated in the following tables and charts:

## City of Cumberland Budget Projection

	FY 2017-2018	FY 2018-2019	FY 2022-2023	FY 2027-2028
<b>Total Revenue</b>	\$752,358.72	\$749,029.46	\$736,301.01	\$721,637.40
<b>Total Expenditures &amp; Expenses</b>	\$798,301.96	\$790,022.00	\$845,340.95	\$926,464.62
<b>Surplus/(Deficit)</b>	(\$45,943.24)	(\$40,992.54)	(\$109,039.94)	(\$204,827.22)

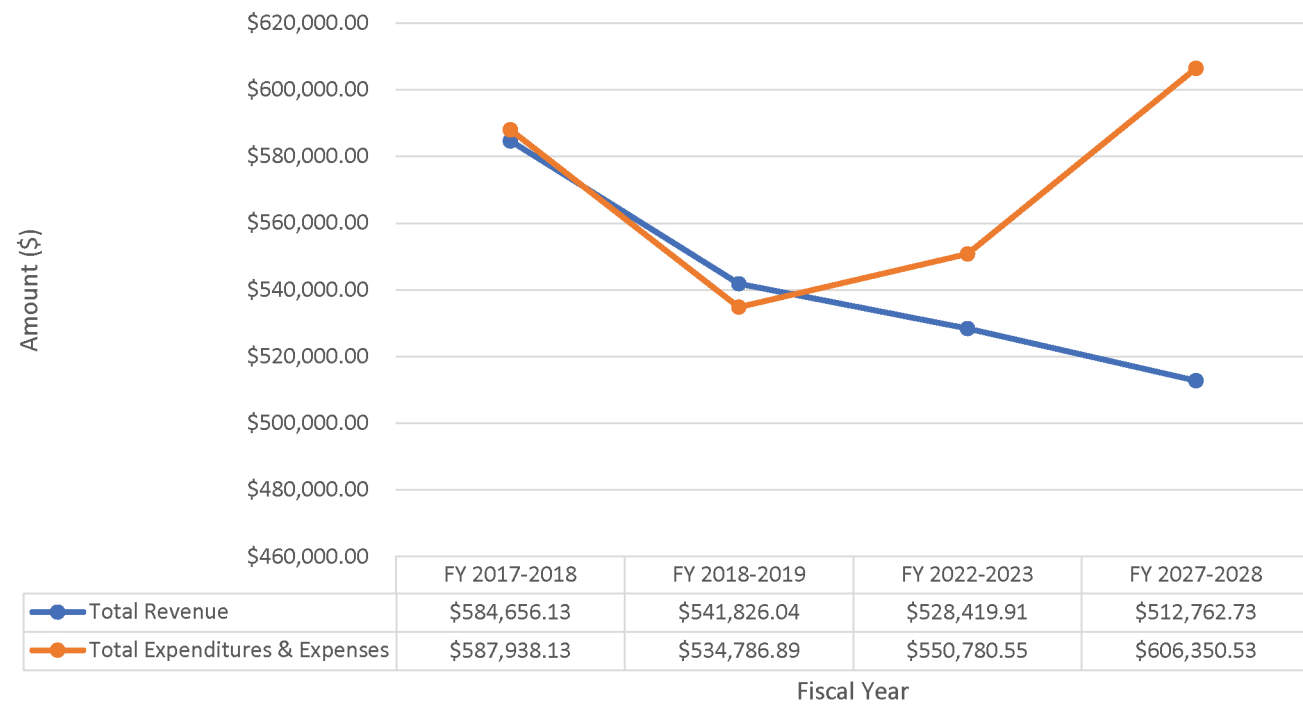


# ANALYSIS

## City of Benham Budget Projection

	FY 2017-2018	FY 2018-2019	FY 2022-2023	FY 2027-2028
<b>Total Revenue</b>	\$584,656.13	\$541,826.04	\$528,419.91	\$512,762.73
<b>Total Expenditures &amp; Expenses</b>	\$587,983.13	\$534,786.89	\$550,780.55	\$606,350.53
<b>Surplus/(Deficit)</b>	(\$3,282.00)	\$7,039.15	(\$22,360.63)	(\$93,587.79)

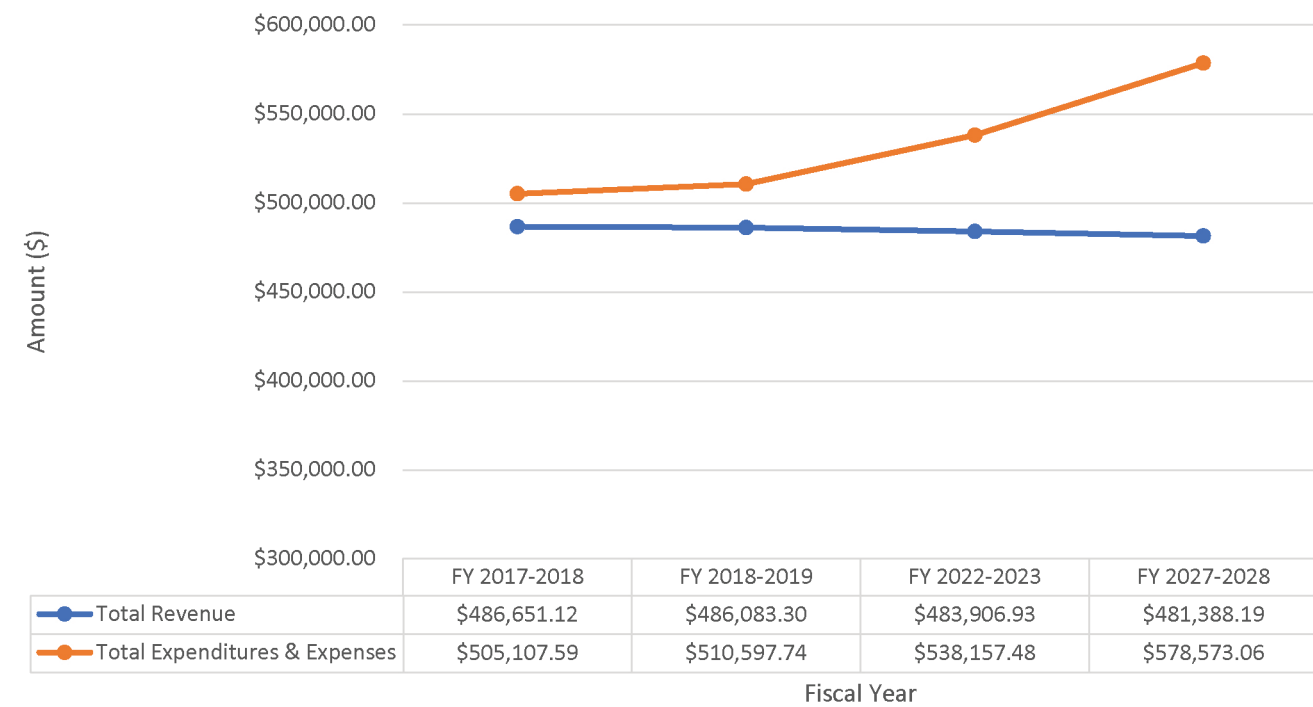
Benham Budget Projection



## City of Lynch Budget Projection

	FY 2017-2018	FY 2018-2019	FY 2022-2023	FY 2027-2028
<b>Total Revenue</b>	\$486,651.12	\$486,083.30	\$483,906.93	\$481,388.19
<b>Total Expenditures &amp; Expenses</b>	\$505,107.59	\$510,597.74	\$538,157.48	\$578,573.06
<b>Surplus/(Deficit)</b>	(\$18,456.47)	(\$24,514.44)	(\$54,250.56)	(\$97,184.87)

Lynch Budget Projection

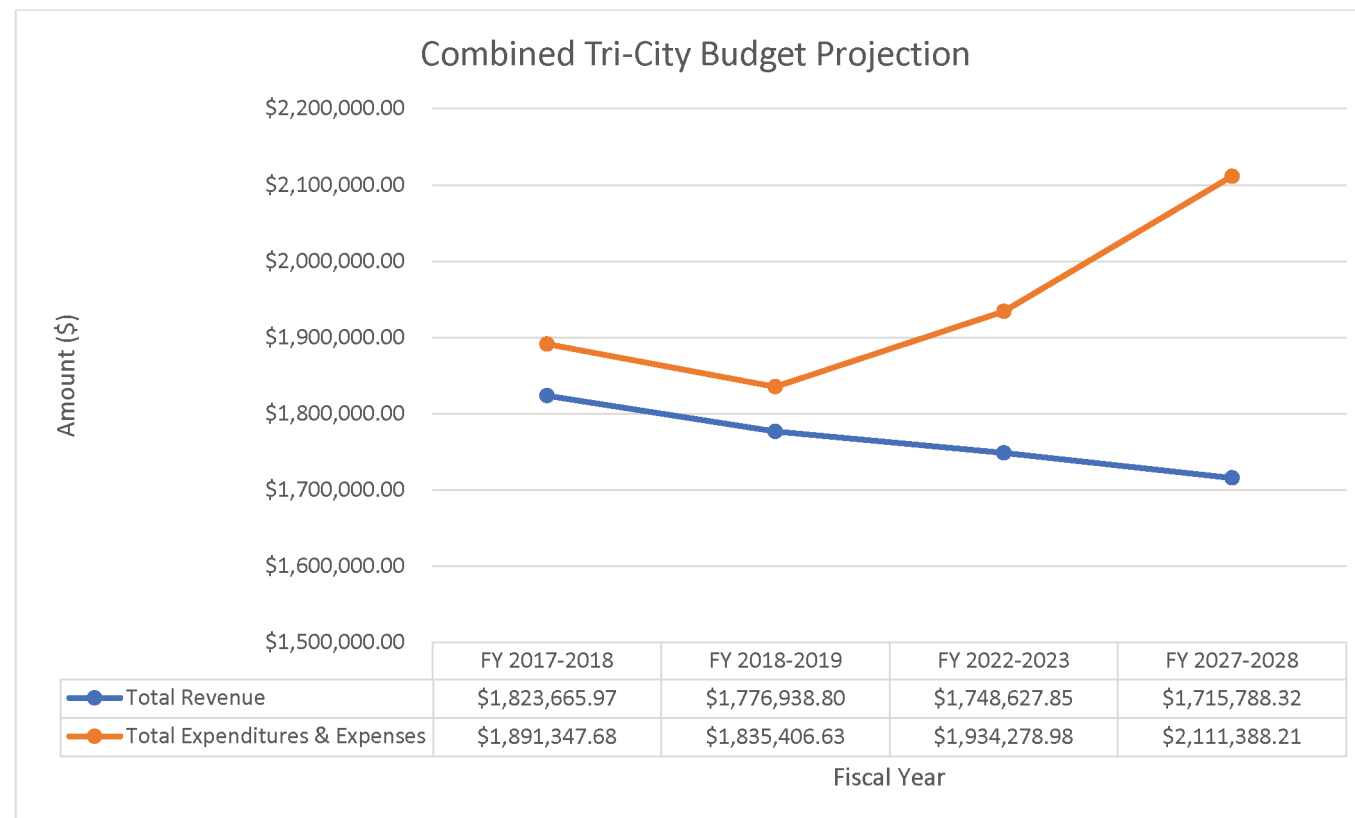


# ANALYSIS

If merger were to occur in 2018, the estimated revenues and expenses of the merged government without any changes would be as follows:

## Combined Tri-City Budget Projection

	FY 2017-2018	FY 2018-2019	FY 2022-2023	FY 2027-2028
<b>Total Revenue</b>	\$1,823,665.97	\$1,776,938.80	\$1,748,627.85	\$1,715,788.32
<b>Total Expenditures &amp; Expenses</b>	\$1,891,347.68	\$1,835,406.63	\$1,934,278.98	\$2,111,388.21
<b>Surplus/(Deficit)</b>	(\$67,681.71)	(\$58,467.83)	(\$185,651.13)	(\$395,599.89)



It is important to note that the consultants are not financial advisers or auditors. The estimates do not reflect any potential changes that the individual cities or a merged city might take to address the situation. These estimates are for informational and illustrative purposes only.

Of course, the mayor and council members may find a way to address these concerns. However, there are only two options – increase revenues or reduce expenses. The point of presenting these actual and projected budgets is to draw attention to what everyone already knows. The cities are facing some very critical challenges. It is better to address these challenges on your own terms as opposed to letting someone else (who may not have your best interests at heart) make the decisions for you.





## City Debt

In addition to the budget concerns, each of the three cities has debt obligations. These obligations are not cancelled upon merger. The merged city assumes all liabilities accrued by the individual cities. The debts are repaid in a very specific way as proscribed by Kentucky Revised Statutes. The following charts illustrate the levels of debt of each city and the payment schedules. (See Appendix for more detailed documentation.)

**Tri-City Long-Term Debt Table**

City	Long Term Debt Remaining
Cumberland	\$1,339,000
Benham	\$360,000
Lynch	\$40,000
<b>TOTAL</b>	<b>\$1,739,000</b>

It is important to note that this table does not include short-term debt and any lease obligations that the cities hold.

Cumberland and Benham will continue to feel the burden of their debt obligations through 2040 and 2030 respectively. Lynch will make its final debt payment in the next fiscal year.

## Tax Rates

Each city sets its own tax rates and the types of taxes imposed upon its residents. This chart illustrates the differences in rates and types of taxes that have been adopted by each city.

City	Property (Real & Tangible) (Cents/\$100)	Motor Vehicle (Cents/\$100)	Insurance Premium	Restaurant	Alcohol
Benham	0.50	0.50	-	-	-
Cumberland	0.40	0.46	8.00%	3.00%	1.00%
Lynch	0.24	0.20	8.00%	-	-

The face value of all property tax bills in the City of Cumberland in 2017 was \$143,217.

The face value of all property tax bills in the City of Benham in 2017 was \$39,324.

The face value of all property tax bills in the City of Lynch in 2017 was \$22,795.

If the cities merged, the formula for setting the property tax rate for the merged city would be determined by the Kentucky Revenue Cabinet. The process is fairly complicated especially given Kentucky's complex laws regarding the compensating rate. A determination of the value of all properties within the merged city adjusted by the current rates utilized would then be averaged and adjusted to determine the uniform rate for all property owners. Some would see their property taxes increase while others would have a property tax decrease. The difference in the total tax collected across all cities would not change drastically, but the exact amount would not be known until the merger took effect.

## Water and Sewer Rates

Each city owns and maintains its water and sewer systems. The aging infrastructure is a continuing problem for the cities. Funds for repairing and upgrading the current systems are limited. One advantage of merging the cities would be the ability of the merged government to prioritize repairs and upgrades and apply for funding as a single entity as opposed to all three cities competing for the same dollars.

## Garbage Collection

The City of Cumberland provides the city's residents with garbage collection. The City of Benham contracts its garbage collection to a privately owned company, Waste Management. The City of Lynch also contracts its garbage collection with Waste Management. If the cities merge, the merged city could either collect all of the garbage using its own employees and equipment or put the entire job out for bid.

## Electric Utilities

The Benham Power Board, an entity separate from the City of Benham, provides electricity to the city's residents. Kentucky Utilities provides electricity to the cities of Cumberland and Lynch.



## City Manager Form of Government

Some Kentucky cities are organized as a city manager form of government. The mayor and city council act as the legislative branch of government. The executive authority is vested in the city manager. The advantage of a city manager form of government is that, in most cases, the manager has formal training that could include a Masters of Public Administration or MBA degree and considerable experience professionally managing a city. In the case of Cumberland, Benham and Lynch, the cities would have to change their charters and the voters would have to approve a change in the form of government. Given the challenges of approving an initiative to merge the governments, it would be doubtful that such an initiative would succeed. In addition, creating a city manager position would be cost prohibitive at this point. The average salary for a Kentucky city manager in a city of 3,000 – 7,999 is \$74,578 plus benefits.

## City Administrator

Some Kentucky cities that have a mayor-council form of government utilize a city administrator to manage day-to-day city business. The mayor is still the executive officer, but the administrator oversees the execution of the mayor’s directives. The average salary for a Kentucky city administrator is comparable to that of a city manager - \$70,000 plus benefits.

## Other Considerations

Aside from the present challenges facing the cities, additional trend analysis indicates that greater challenges lie ahead. The population is growing older and leaving. Each year, more homeowners are eligible for the homestead exemption which reduces the property tax base and, subsequently, property tax revenue. People continue to leave, thus depleting the workforce and the opportunity to grow the economy.

### Cumberland Population Trend

Year	Past Population	Percentage +/-	Number of Individuals +/-
1980	3,712	N/A	N/A
1990	3,112	-16.2%	-600
2000	2,611	-16.1%	-501
2010	2,237	-14.3%	-374
2015	2,096	-6.3%	-141
2016	2,059	-1.8%	-37

Total Population Lost from 2010 Census to 2016: Individuals = -178 || Percentage = -8.0%

Total Population Lost From 1980 Census to 2016: Individuals = -1,653 || Percentage = -44.5%

### Benham Population Trend

Year	Past Population	Percentage +/-	Number of Individuals +/-
1980	936	N/A	N/A
1990	717	-23.4%	-219
2000	599	-16.5%	-118
2010	500	-16.5%	-99
2015	469	-6.2%	-31
2016	459	-2.1%	-10

Total Population Lost from 2010 Census to 2016: Individuals = -41 || Percentage = -8.2%

Total Population Lost From 1980 Census to 2016: Individuals = 477 || Percentage = -51.0%

### Lynch Population Trend

Year	Past Population	Percentage +/-	Number of Individuals +/-
1980	1,614	N/A	N/A
1990	1,166	-27.8%	-448
2000	900	-22.8%	-266
2010	747	-17.0%	-153
2015	706	-5.5%	-41
2016	694	-1.7%	-12

Total Population Lost from 2010 Census to 2016: Individuals = -53 || Percentage = -7.1%

Total Population Lost From 1980 Census to 2016: Individuals = -920 || Percentage = -57.0%

(Source: U.S. Census Bureau and ACS Community Survey.)

Population projections by city are not available. However, the Harlan County population projections indicate that the population will continue to decline through 2040.

2020 Projected Population – 26,368

2030 Projected Population – 23,381

2040 Projected Population – 20,324

(Source: Kentucky State Data Center, 2016.)





## CHAPTER 8 OPTIONS

The cities of Cumberland, Benham and Lynch have several options to consider as they chart their course into the future. Four options stand out clearly among all others. This section will identify them and explain the advantages and challenges of each.

### **Option #1 – Merge the Three Cities into One City**

The primary advantages of merger include increased efficiency in the delivery of services in the long term to all of the residents; strategic budgeting and prioritization of projects so that resources are directed to the most pressing needs first; the potential to access grant funding more readily by speaking with one voice for all of the residents; efficiencies created from the elimination of duplicative services; uniform tax rates across all jurisdictions; opportunities to enhance revenue by potentially expanding the delivery of services to unserved or underserved areas outside the corporate boundaries of the city; and the opportunity to better manage the resources of the city.

The disadvantages of merger include the perception of loss of community identity (although only the legal name of the cities would change; community identity will always exist); the perception of losing political clout through the dilution of power on the council; the potential for increased costs during the first few years of merged government; the potential need to raise some revenues and cut some costs initially; the chaos created in the first two years as the new government works its way through the change; and the potential reduction in the number of city employees. Some current employees may transition to other roles, retire, leave through attrition or be eliminated.

### **Option #2 – Business as Usual - Remain Independent Cities**

The primary advantages of taking this option are that each city retains its unique identity and political influence. Each city has the primary responsibility to deliver basic services to the residents. The cities may be able to leverage financial efficiencies by cooperative interlocal agreements for services such as water delivery systems, shared water management personnel and garbage pickup. Historically, the cities have cooperated to provide police and fire protection.

The primary disadvantages include decreasing funding opportunities due to inefficiencies in operations, primarily water systems. Impending deficits will require increases in revenue or cuts in expenses. Each city will be forced to make these decisions within the next two years, if not sooner.

### **Option #3 – Only Two Cities Merge**

This option is a non-starter. It may be possible for Cumberland and Benham to merge or for Benham and Lynch to merge, but it would not be feasible. If two cities merge, then one city becomes even more vulnerable to dissolving and returning to county control. This would have a devastating effect upon the ability of the merged city to raise funds through grants; the ability to maintain local control; the ability to upgrade vital systems and infrastructure; and the ability to create cooperative agreements. This would be like having a neighbor declare bankruptcy and the bank refusing to mow the lawn or maintain the house. Everyone loses in this scenario.

### **Option #4 – Dissolve and Become the Responsibility of Harlan County Fiscal Court**

There are no advantages to this course of action. The residents of the former cities would still be responsible to pay all debts incurred in the former cities. All political power would reside with the fiscal court. (No offense to the county. The county judge/executive and magistrates are fine people and good public servants. The point is that they have responsibilities beyond attending to the former cities of Cumberland, Benham and Lynch.)

While the notion of dissolving may seem far-fetched to many folks, the consultants are firm in their belief that it is a very real possibility that all three cities will be forced into bankruptcy and to dissolve within the next 10 years, possibly sooner, if action is not taken to address the financial challenges each are facing.





## CHAPTER 9

# LEGAL REQUIREMENTS FOR MERGER

### KRS Chapter 81

The legal steps to achieve merger are straightforward if the Tri-Cities move ahead with a merger based on both the data presented in Section One and the evaluation of the current political will for a merger in Section Three.

“Any two or more contiguous cities in the Commonwealth may merge or consolidate into one city by a majority vote of each city at elections called for such purpose.” KRS 81.410(1).

The steps below also show other requirements that would guide the merged city in its first few years of existence. Consider this a playbook on the process of merger and how to get the newly merged city up and running.

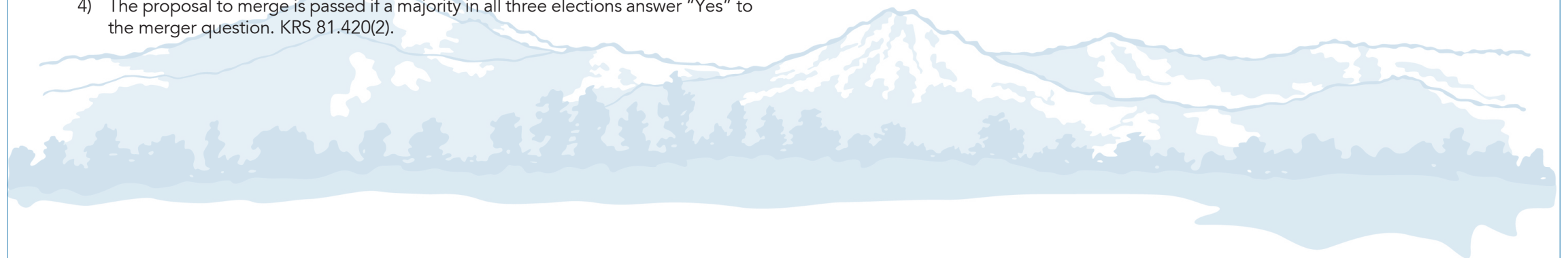
The merger process vests the power to decide merger unto the voting citizens of Cumberland, Benham and Lynch. The city councils will only act as the triggering mechanism by passing the ordinance to place the question of merger on the ballot.

After that, a majority of the citizens in each individual town must vote to accept the merger during the election in which the merger question is to be decided.

Under KRS Chapter 81, the following requirements must be met if the cities decide to move forward with merger:

- 1) The city council of each city must enact an ordinance that proposes the merger. These enacted ordinances will also call an election for each individual city to answer the question of the proposed merger. KRS 81.410(2).
- 2) An election on the proposed merger is to be held at the next regular election if the enacted ordinances are filed with the Harlan County Clerk by the second Tuesday in August proceeding the regular election. KRS 81.420.
  - a) The general election in November 2018 is the earliest an election on a proposed merger can be held.
  - b) The deadline for the ordinances to be filed with the Harlan County Clerk would be August 14, 2018.
  - c) Beyond that, if the merger is not proposed in 2018, the filing deadline would be August 13, 2019, for a November 2019 election; the filing deadline would be August 11, 2020, for a November 2020 election.
- 3) The question on the proposed merger will appear on the election ballot in each city in the following form: “Are you in favor of merging or consolidating the City of Cumberland, the City of Benham, and the City of Lynch into one city, to be known as the City of \_\_\_\_\_? Yes or No.” KRS 81.420(1).
- 4) The proposal to merge is passed if a majority in all three elections answer “Yes” to the merger question. KRS 81.420(2).

- 5) Thirty (30) days after the election results are certified, the cities become one home rule class city with a mayor/council form of government. The merged city takes the class and organizational structure of the largest of the three former cities, which in this instance is Cumberland. KRS 81.420(2).
- 6) The merged city must record changed boundaries with the Harlan County Clerk and the Secretary of State’s Land Office as required by KRS 81A.470. However, the merged city is not required to file a list of properties included in the merger or the names/addresses of the property owners. KRS 81A.420(3).
- 7) The city council members for each town will continue to hold their offices in the newly merged city as a combined legislative body, comprised of all three city councils, until the members’ respective terms of office expire, which can be no longer than two (2) years. KRS 81.430(1) and KRS 81.430(2).
  - a) If a member of this combined legislative body resigns before his or her term of office expires, one of two things will happen:
    - i) If the total number of members for the combined legislative body is greater than what is required for the merged city’s organizational structure, which would be seven (7) seats, then the vacancy caused by resignation will not be filled. KRS 81.430(3)(a).
    - ii) If the total number of members for the combined legislative body is less than seven (7) when the resignation occurs, then the vacancy will be filled by the standard procedures found in KRS 83A.040. KRS 81.430(3)(b).
- 8) At this term expiration, an election will be held to elect the correct number of city council members according to the organizational structure of the merged city, which would be seven (7) seats. Since the merged city would take on the structure of Cumberland because it is the largest city before the merger, the merged city would have the same number of council seats as the former City of Cumberland. KRS 81.430(2).
  - a) This means the eighteen (18) seats of the combined legislative body will become the seven (7) seats needed once this election takes place.
- 9) The merged city will have the vacant role of mayor filled by the combined legislative body after the city is created following the certification of the election results. If not filled within 30 days, the power to fill the vacancy is passed to the Governor. KRS 83A.040 and KRS 83A.040(6).
- 10) The merger will not void or change any of the contractual obligations or special tax levies of any of the former cities. KRS 81.440.





## CHAPTER 10

# POLITICAL WILL

The most important deciding factor whether to merge or not merge is a concept called “political will.” It is a simple concept. Can or will elected officials rise above personal self-interests and have the courage or political will to do the right thing? What is the right thing? Usually, it involves taking a vote to place a merger initiative on the ballot so that the voters can decide what is best for their community.

Sometimes, the correct decision is to merge. Sometimes, it isn’t. Regardless, voters should decide the issue themselves. But the question cannot be placed on the ballot if the local political body does not vote in favor of asking the question.

In many cases, merger initiatives never get to the ballot because the local elected bodies will not permit it to be placed on the ballot. Why? Because they don’t have the political will to do so. In some cases, a mayor or council member is simply opposed to the concept of merger. In other cases, he or she may feel that not permitting a vote is the absolute right thing to do for the community’s interests. Sadly, in many cases, people don’t have the political will to give up power.

Do Cumberland, Benham and Lynch have the political will? Time will tell.

To help folks understand political will a little better, the consultants are including this brief study about political will. It is a very interesting concept.

The Oxford English dictionary’s definition of political will is the firm intention or commitment on the part of a government to carry through a policy, especially one which is not immediately successful or popular.

Craig Charney of Charney Research says that political will is the ghost in the machine of politics, the motive force that generates political action. Charney goes on to say that political will can be defined as the combination of three factors: opinion + intensity + salience.

When it comes to the merger issue, people usually have an opinion. How strongly they feel about their opinion depends upon many factors including how important or salient it is.

Northern Illinois University Professor Norman Walzer, one of the authors of the 2015 Illinois report on consolidation of government, responded to the baseline question as to whether two or more units of government are needed if they do essentially the same thing and cover the same people. “Logically, the answer is ‘no,’ but history, politics and pride most times combine to undermine logic,” he said.

With these components in mind - opinion, intensity, salience, history, politics and pride - political will is an extremely important, though hard to measure, factor in decision making.

When it comes to merging more than one governmental entity in Kentucky, the decision ultimately lies with local elected officials. These officials can of course be swayed by public opinion, both pro and con. Those opinions are usually developed around how an issue is framed. The things taken into consideration around merger will determine which way the political will goes.

For example, if only the financial aspect is taken into consideration – how much money is saved – it is possible public opinion may not be swayed. Particularly if taxes have not been increased and finances are in relatively good position. Or, if one entity has more money than the other, it may be seen as a money grab by residents. In either of these situations, political will may not win out.

In terms of intensity and how strongly residents feel about merger, thoughts can again be changed by how the situation is framed. If merger seems to make sense, but several staffers will lose their jobs, how strongly will local residents feel about putting their neighbors out of work? Or, perhaps job duties can be realigned in order to save jobs – enough money is saved to overcome objections to job loss.

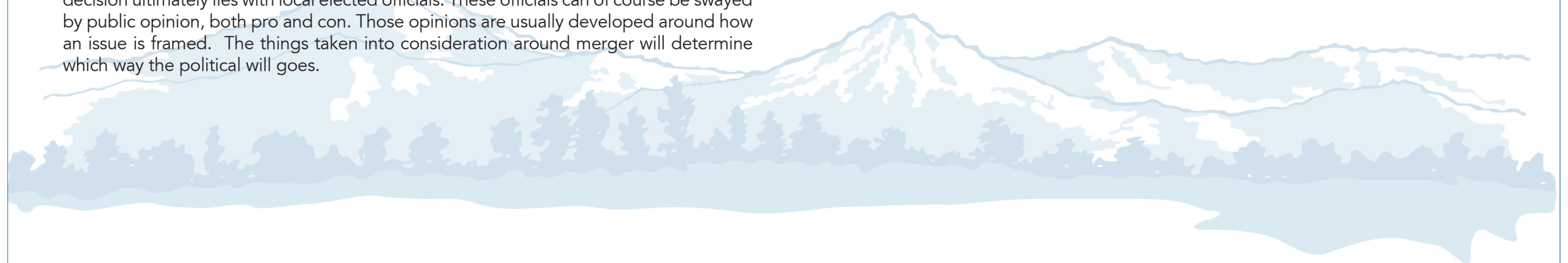
Merger may not be important to residents who have no opinion about public affairs in general; or if the issue has not become politicized. The salience factor comes into play when/if citizens form an opinion that the situation is dire – that merger is either extremely important – or it is more important not to merge.

As noted in the section titled “Merger Trends” within this report, merged governments have been frequently discussed and widely studied but rarely implemented throughout American history. Not only has the issue been historically defeated, the real history of the communities themselves, also plays a role in the decision-making process. Residents feel a connection, an identity with their home community. The thoughts of losing the name, culture or heritage of their community is more than voters can often bear. The history and pride factor weigh heavy on residents and elected officials alike.

Power and politics, the words have been synonymous for hundreds if not thousands of years. Politicians are not likely to approve a measure such as merger when the local citizenry is opposed, no matter how logical the numbers may prove to be. There could also be the scenario where the voters want merger to happen, yet the loss of power when an elected officials position is eliminated may cause the issue to falter.

The discussion of merger is complicated and if approved, implementing is never easy. There are specific legal requirements that are time consuming and call for attention to detail over a long period of time. Public opinion can be swayed many times throughout the process of study and educating the public. The level of urgency may change, either way, before a vote can be taken. Even if there are dire financial concerns facing a community, the perceived loss of identity, community pride or the loss of jobs, may bring a resounding “no” from the voting public.

In the end, political will is the determining factor that most communities enact when deciding to merge or not to merge.





# APPENDIX

## City of Cumberland

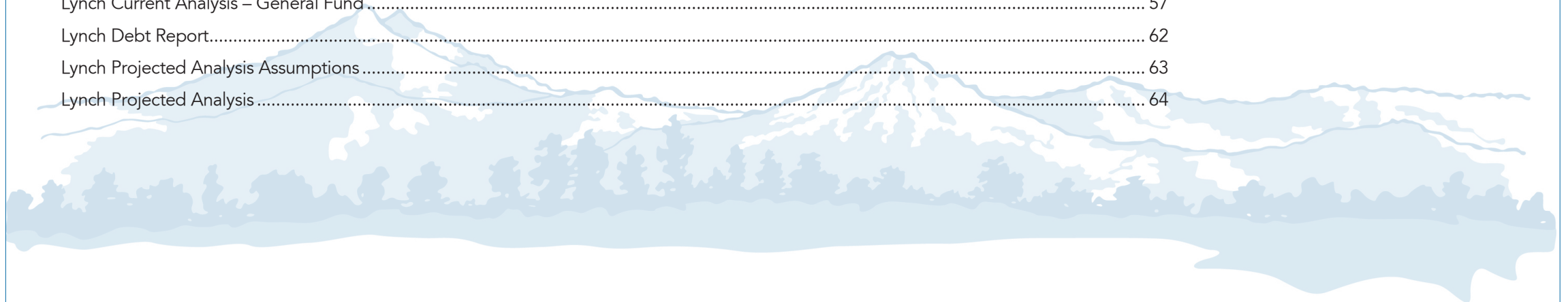
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## City of Cumberland

Cumberland Current Financial Analysis Narrative – General Fund

Cumberland Current Analysis Assumptions – General Fund

Cumberland Current Financial Analysis – General Fund

Cumberland Current Financial Analysis – LGEA Fund

Cumberland Current Financial Analysis – MRA Fund

Cumberland Current Financial Analysis – Water and Sewer Fund

Cumberland Projected Financial Analysis Assumptions – General Fund

Cumberland Projected Financial Analysis – General Fund

## Notes on Cumberland Current Analysis Spreadsheet

The financial analysis for the City of Cumberland is built around estimated figures for FY 2015-2016, created from the 2014-2015 budget and forecasted for FY 2016-2017. The total revenue collected by the city decreased by \$21,916 or 2.82%. This is compared to a slight increase in expenses, by \$3,662.50 or 0.47%.

Minor increases in revenue were reflected in the Privilege License, ATV Stickers, Bank Franchise Fees and Tourism Tax line items. In terms of expenditures, Total Payroll and Tax Benefits decreased by 7 percent while Fuel Cost increased nearly 13 percent, Total Utilities increased 23.46 percent, and Total Maintenance and Repairs increased 26 percent.

Small increases in the salaries in some staff were offset by the elimination of mayor/council pay.

The most consistent and highest sources of total revenue (along with the increase/decrease percentage of the source) for Cumberland in ranking order are:

- Sanitation Fee was almost flat, decreasing by 0.26%
- Property Tax decreased by 3.8%
- Insurance Tax decreased by 3.17%
- Franchise Fees decreased by 4.71%
- Auto Tax decreased 6.46%
- Privilege Tax increased by 16.34%
- Alcohol Tax decreased by 5.81%

While the city has managed to move funds to meet demands thus far, potential revenue from the sale of surplus property and the Municipal Road Aid program may not be available in the future.

Without another source of consistent revenue, it will be difficult for the city to maintain the current level of service without cutting more expenses.

## Assumptions for Cumberland Current Analysis

To provide a current financial analysis for the City of Cumberland, we used the information provided by the city (FY 2014-2015 and FY 2015-2016 financial documents) to forecast FY 2016-2017. This year is labeled as a forecasted year on all Cumberland spreadsheets. In addition, FY 2014-2015 is highlighted in yellow because its only purpose is to allow a forecast to be completed for the City of Cumberland for the missing fiscal year. It has no other bearing in our analysis. These are the resultant assumptions we made to complete the Cumberland forecast for FY 2016-2017:

- 1) We forecasted FY 2016-2017 with the moving average method for two years. This method averaged the most recent data provided, taking the average of the two most recent years of financial data, which were provided for FY 2014-2015 and FY 2015-2016.
  - 2) For certain specific line items, the moving average method was replaced by various other methods of forecasting for specific budgetary line items to gain a more accurate forecast. These exceptions are listed below.
    - a. In the MRA Fund, "Income" (Line 12) is taken from the 2017 Municipal Road Aid Report provided by the Kentucky Department for Local Government.
    - b. In the MRA Fund, "Wages" (Line 30) is \$8,000 due to be a planned expense listed a year in advance in 2015-2016 financial documents.
    - c. In the MRA Fund, no transfers were confirmed to have taken place in the "Transfers Out" subcategory since FY 2014-2015. This information was provided in a phone call with the city clerk.
- d. In the LGEA Fund, "Income" (Line 12) is taken from the 2017 Municipal Coal Severance Report provided by the Kentucky Department for Local Government.
- e. In the LGEA Fund, "Police Wages" (Line 26) is the moving average forecasted amount between the Transfers Out Police Wages in FY 2014-2015 and the Police Wages paid from the fund in FY 2015-2016.
- f. In the LGEA Fund, no transfers were confirmed to have taken place in the "Transfers Out" subcategory since FY 2014-2015. This information was provided in a phone call with the city clerk.
- g. In the Water/Sewer Fund, "Water/Sewer Audit-Attorney & Liability Insurance" (Line 94) is \$22,000 confirmed with Kentucky League of Cities Insurance Services (KLCIS) in-house as our organization provides Cumberland their liability policy. We also confirmed that no expense had existed for specific audit-attorney services since FY 2014-2015. This information was provided in a phone call with the city clerk. For all intent and purposes, after FY 2014-2015, Line 94 represents the liability insurance policy expense for Cumberland's Water/Sewer System.
- 3) In the General Fund, no transfers were confirmed to have taken place in the "Transfers In" subcategory since FY 2014-2015. This information was provided in a phone call with the city clerk.

# CUMBERLAND CURRENT ANALYSIS - GENERAL FUND

## CITY OF CUMBERLAND - INCOME AND EXPENSES FY COMPARISON

### General Fund

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<b><u>REVENUE</u></b>						
<b><u>Tax and Fee Revenue</u></b>						
	401					
Property Tax	401.10	\$165,000	\$176,198	\$170,599	(\$5,599)	-3.18%
Delinquent Property Tax	401.11	\$16,000	\$19,500	\$17,750	(\$1,750)	-8.97%
Auto Tax (County Clerk)	401.14	\$31,000	\$35,600	\$33,300	(\$2,300)	-6.46%
PILOT	401.15	\$13,550	\$20,130	\$16,840	(\$3,290)	-16.34%
Privilege License	401.20	\$25,000	\$22,000	\$23,500	\$1,500	6.82%
Franchise Fees	401.30	\$77,000	\$85,000	\$81,000	(\$4,000)	-4.71%
Insurance Tax	401.40	\$133,000	\$142,000	\$137,500	(\$4,500)	-3.17%
ATV Sticker	401.50	\$690	\$260	\$475	\$215	82.69%
Alcohol Beverage License	401.70	\$19,000	\$21,500	\$20,250	(\$1,250)	-5.81%
Building Permits	401.75	\$70	\$35	\$53	\$18	50.00%
Bank Franchise	401.80	\$18,000	\$16,000	\$17,000	\$1,000	6.25%
Sanitation Fees	401.85	\$190,000	\$191,000	\$190,500	(\$500)	-0.26%
Tourism Tax Collection Fees	401.90	\$4,000	\$3,250	\$3,625	\$375	11.54%
<b><u>Total Tax and Fee Revenue</u></b>		<b>\$692,310</b>	<b>\$732,473</b>	<b>\$712,392</b>	<b>(\$20,082)</b>	<b>-2.74%</b>
<b><u>Public Safety Revenue</u></b>						
	403					
HB 413 - Police	403.10	\$8,000	\$8,800	\$8,400	(\$400)	-4.55%
Fire State Aid	403.20	\$8,000	\$8,250	\$8,125	(\$125)	-1.52%
Police Incentive	403.30	\$9,700	\$13,000	\$11,350	(\$1,650)	-12.69%
Fire Subsidy	403.40	\$11,852	\$13,021	\$12,437	(\$585)	-4.49%
<b><u>Total Public Safety Revenue</u></b>		<b>\$37,552</b>	<b>\$43,071</b>	<b>\$40,312</b>	<b>(\$2,760)</b>	<b>-6.41%</b>
<b><u>Other Revenue</u></b>						
	661					
Surplus Equipment	661.45	\$4,000	\$2,150	\$3,075	\$925	43.02%
<b><u>Total Other Revenue</u></b>		<b>\$4,000</b>	<b>\$2,150</b>	<b>\$3,075</b>	<b>\$925</b>	<b>43.02%</b>



# CUMBERLAND CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<b><u>Transfers In</u></b>	900					
LGEA Fund (For Police Wages)	900.10	\$27,500	\$0	\$0	\$0	N/A
Municipal Road Aid (MRA) Fund (For Wages)	900.20	\$20,000	\$0	\$0	\$0	N/A
<b><u>Total Transfers In</u></b>		\$47,500	\$0	\$0	\$0	N/A
<b><u>TOTAL REVENUE</u></b>		\$781,362	\$777,694	\$755,778	(\$21,916)	-2.82%
<b><u>EXPENSES</u></b>						
<b><u>Salary &amp; Wages</u></b>	500					
Administration Department	500.10	\$76,265	\$65,785	\$71,025	\$5,240	7.97%
Police Department	500.20	\$150,900	\$149,790	\$150,345	\$555	0.37%
Police Incentive Pay	500.30	\$9,700	\$12,900	\$11,300	(\$1,600)	-12.40%
Fire Drills	500.40	\$10,286	\$13,000	\$11,643	(\$1,357)	-10.44%
Maintenance Department	500.50	\$85,800	\$79,185	\$82,493	\$3,308	4.18%
Mayor-Council	500.60	\$11,400	\$11,400	\$11,400	\$0	0.00%
<b><u>Total Salary and Wages</u></b>		\$344,351	\$332,060	\$338,206	\$6,146	1.85%
<b><u>Payroll Taxes &amp; Benefits</u></b>	515					
Workers' Compensation	515.10					
Administration Department	515.11	\$750	\$995	\$873	(\$123)	-12.31%
Police Department	515.12	\$6,500	\$7,250	\$6,875	(\$375)	-5.17%
Fire Department	515.13	\$0	\$0	\$0	\$0	N/A
Maintenance Department	515.14	\$9,000	\$14,000	\$11,500	(\$2,500)	-17.86%
<b><u>Total Workers' Compensation</u></b>		\$16,250	\$22,245	\$19,248	(\$2,998)	-13.47%
FICA (City Match)	515.20					
Administration Department	515.21	\$4,900	\$6,050	\$5,475	(\$575)	-9.50%
Police Department	515.22	\$9,500	\$9,550	\$9,525	(\$25)	-0.26%

# CUMBERLAND CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
Fire Department	515.23	\$700	\$925	\$813	(\$113)	-12.16%
Maintenance Department	515.24	\$7,900	\$8,500	\$8,200	(\$300)	-3.53%
<i>Total FICA</i>		<i>\$23,000</i>	<i>\$25,025</i>	<i>\$24,013</i>	<i>(\$1,013)</i>	<i>-4.05%</i>
Medical Insurance	515.60					
Administration Department	515.61	\$16,000	\$18,820	\$17,410	(\$1,410)	-7.49%
Police Department	515.62	\$32,531	\$35,000	\$33,766	(\$1,235)	-3.53%
Fire Department	515.63	\$0	\$0	\$0	\$0	N/A
Maintenance Department	515.64	\$23,000	\$25,455	\$24,228	(\$1,228)	-4.82%
<i>Total Medical Insurance</i>		<i>\$71,531</i>	<i>\$79,275</i>	<i>\$75,403</i>	<i>(\$3,872)</i>	<i>-4.88%</i>
Unemployment Insurance	515.70					
Administration Department	515.71	\$1,000	\$1,500	\$1,250	(\$250)	-16.67%
Police Department	515.72	\$3,500	\$7,250	\$5,375	(\$1,875)	-25.86%
Fire Department	515.73	\$0	\$0	\$0	\$0	N/A
Maintenance Department	515.74	\$3,500	\$3,200	\$3,350	\$150	4.69%
<i>Total Unemployment Insurance</i>		<i>\$8,000</i>	<i>\$11,950</i>	<i>\$9,975</i>	<i>(\$1,975)</i>	<i>-16.53%</i>
<u><i>Total Payroll Taxes &amp; Benefits</i></u>		<i>\$118,781</i>	<i>\$138,495</i>	<i>\$128,638</i>	<i>(\$9,857)</i>	<i>-7.12%</i>
<u>Fuel</u>	530					
Police Department Fuel	530.30	\$7,050	\$4,950	\$6,000	\$1,050	21.21%
Fire Department Fuel	530.40	\$425	\$275	\$350	\$75	27.27%
Maintenance Department Fuel	530.50	\$16,700	\$14,000	\$15,350	\$1,350	9.64%
<u>Total Fuel</u>		<i>\$24,175</i>	<i>\$19,225</i>	<i>\$21,700</i>	<i>\$2,475</i>	<i>12.87%</i>
<u>Travel &amp; Lodging</u>	555					
Police Department Travel	555.10	\$1,600	\$1,675	\$1,638	(\$38)	-2.24%
Fire Department Travel	555.20	\$0	\$275	\$138	(\$138)	-50.00%
<u>Total Travel &amp; Lodging</u>		<i>\$1,600</i>	<i>\$1,950</i>	<i>\$1,775</i>	<i>(\$175)</i>	<i>-8.97%</i>
<u>Postage, Freight, Shipping</u>	565					
Postage	565.10					

# CUMBERLAND CURRENT ANALYSIS - GENERAL FUND

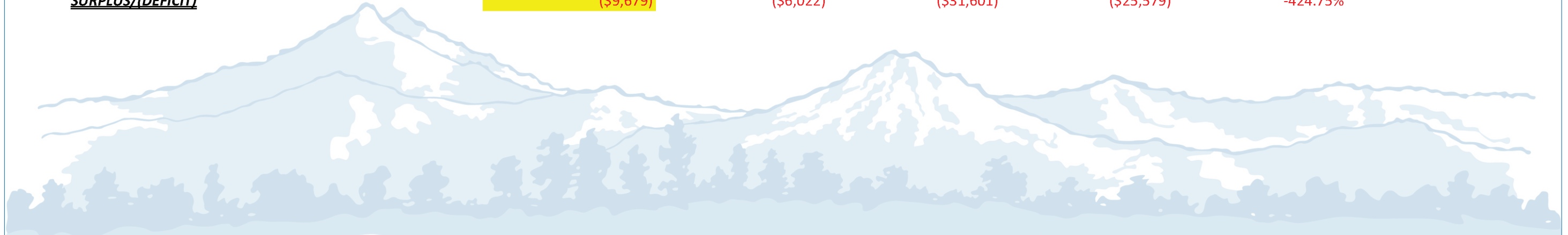
Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
Admin. Department Postage	565.11	\$725	\$615	\$670	\$55	8.94%
Police Department Postage	565.12	\$50	\$200	\$125	(\$75)	-37.50%
Fire Department Postage	565.13	\$250	\$0	\$125	\$125	
Maintenance Department Postage	565.14	\$500	\$660	\$580	(\$80)	-12.12%
<i>Total Postage</i>		<i>\$1,525</i>	<i>\$1,475</i>	<i>\$1,500</i>	<i>\$25</i>	<i>1.69%</i>
<u>Total Postage, Freight, Shipping</u>		\$1,525	\$1,475	\$1,500	\$25	1.69%
<b>Utilities</b>	560					
General Utilities	560.40					
Admin. Department Utilites	560.41	\$6,700	\$6,350	\$6,525	\$175	2.76%
Police Department Utilities	560.42	\$22,700	\$12,565	\$17,633	\$5,068	40.33%
Fire Department Utilities	560.43	\$7,888	\$5,875	\$6,882	\$1,007	17.13%
<i>Total General Utilities</i>		<i>\$37,288</i>	<i>\$24,790</i>	<i>\$31,039</i>	<i>\$6,249</i>	<i>25.21%</i>
Telephone	560.50					
Admin. Department Telephone	560.51	\$2,105	\$1,950	\$2,028	\$78	3.97%
Police Department Telephone	560.52	\$6,000	\$6,000	\$6,000	\$0	0.00%
Maintenance Department Telephone	560.53	\$650	\$650	\$650	\$0	0.00%
<i>Total Telephone</i>		<i>\$8,755</i>	<i>\$8,600</i>	<i>\$8,678</i>	<i>\$78</i>	<i>0.90%</i>
Utilities & Street Lights	560.60	\$51,500	\$33,000	\$42,250	\$9,250	28.03%
<u>Total Utilities</u>		\$97,543	\$66,390	\$81,967	\$15,577	23.46%
<b>Bonds/Insurance</b>	571					
Admin. Department Insurance	571.10	\$10,750	\$8,575	\$9,663	\$1,088	12.68%
Police Department Insurance	571.20	\$8,600	\$12,575	\$10,588	(\$1,988)	-15.81%
Fire Department Insurance	571.30	\$8,000	\$10,500	\$9,250	(\$1,250)	-11.90%
Maintenance Department Insurance	571.40	\$8,000	\$8,000	\$8,000	\$0	0.00%
<u>Total Bonds/Insurance</u>		\$35,350	\$39,650	\$37,500	(\$2,150)	-5.42%

# CUMBERLAND CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<b><u>Office Supplies &amp; Equipment</u></b>	575					
Supplies	575.10					
Admin. Department Supplies	575.11	\$1,605	\$2,100	\$1,853	(\$248)	-11.79%
Maintenance Department Supplies	575.12	\$550	\$300	\$425	\$125	41.67%
<i>Total Supplies</i>		<i>\$2,155</i>	<i>\$2,400</i>	<i>\$2,278</i>	<i>(\$123)</i>	<i>-5.10%</i>
Police Technical Supplies	575.50	\$500	\$350	\$425	\$75	21.43%
<i>Total Office Supplies and Equipment</i>		<i>\$2,655</i>	<i>\$2,750</i>	<i>\$2,703</i>	<i>(\$48)</i>	<i>-1.73%</i>
<b><u>Professional Fees</u></b>	577					
Audit-Attorney	577.50					
Admin. Department Audit-Attorney	577.51	\$7,250	\$6,500	\$6,875	\$375	5.77%
Police Department Audit-Attorney	577.52	\$1,000	\$750	\$875	\$125	16.67%
<i>Total Audit-Attorney</i>		<i>\$8,250</i>	<i>\$7,250</i>	<i>\$7,750</i>	<i>\$500</i>	<i>6.90%</i>
Fire Department Professional Fees	577.60	\$500	\$500	\$500	\$0	0.00%
<i>Total Professional Fees</i>		<i>\$8,750</i>	<i>\$7,750</i>	<i>\$8,250</i>	<i>\$500</i>	<i>6.45%</i>
<b><u>Dues &amp; Subscriptions</u></b>	580	\$2,000	\$2,300	\$2,150	(\$150)	-6.52%
<b><u>Advertising</u></b>	585	\$475	\$50	\$263	\$213	425.00%
<b><u>Maintenance &amp; Repairs</u></b>	600					
Admin. Department Maintenance & Repairs	600.10	\$450	\$350	\$400	\$50	14.29%
Police Department Maintenance & Repairs	600.20	\$4,500	\$2,524	\$3,512	\$988	39.14%
Fire Department Maintenance & Repairs	600.30	\$275	\$350	\$313	(\$38)	-10.71%
Maintenance Department Maintenance & Repairs	600.40	\$5,600	\$3,900	\$4,750	\$850	21.79%

# CUMBERLAND CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<u>Total Maintenance &amp; Repairs</u>		\$10,825	\$7,124	\$8,975	\$1,851	25.98%
<u>Tax Roll from PVA</u>	605	\$2,440	\$2,381	\$2,411	\$30	1.24%
<u>HB 413 - Police Expense</u>	610	\$8,040	\$7,500	\$7,770	\$270	3.60%
<u>Dispatching</u>	615	\$12,000	\$12,000	\$12,000	\$0	0.00%
<u>R.E Bob Frazier Grant</u>	620	\$2,500	\$36,000	\$19,250	(\$16,750)	-46.53%
<u>Safety (Shots)</u>	625	\$100	\$175	\$138	(\$38)	-21.43%
<u>Fire School</u>	630	\$0	\$451	\$226	(\$226)	-50.00%
<u>Fire Department Communications</u>	635	\$450	\$480	\$465	(\$15)	-3.13%
<u>State Aid Equ. Expense 521</u>	640	\$8,000	\$8,250	\$8,125	(\$125)	-1.52%
<u>Garbage Disposal</u>	645	\$75,000	\$70,000	\$72,500	\$2,500	3.57%
<u>Garbage Truck</u>	650	\$27,259	\$27,260	\$27,260	(\$1)	0.00%
<u>Public Service</u>	655					
Admin. Department Public Service	655.10	\$3,222	\$0	\$1,611	\$1,611	
Police Department Public Service	655.20	\$0	\$0	\$0	\$0	N/A
Maintenace Department Public Service	655.30	\$4,000	\$0	\$2,000	\$2,000	
<u>Total Public Service</u>		\$7,222	\$0	\$3,611	\$3,611	
<b><u>TOTAL EXPENDITURES &amp; EXPENSES</u></b>		\$791,041	\$783,716	\$787,379	\$3,663	0.47%
<b><u>SURPLUS/(DEFICIT)</u></b>		(\$9,679)	(\$6,022)	(\$31,601)	(\$25,579)	-424.75%



# CUMBERLAND CURRENT ANALYSIS - LGEA FUND

## CITY OF CUMBERLAND - INCOME AND EXPENSES FY COMPARISON

### LGEA Fund

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<b>REVENUE</b>						
<b>Balance and Income</b>	110					
Balance Forward	110.10	\$9,315	\$7,035	\$8,175	\$1,140	16.20%
Income	110.20	\$45,250	\$39,000	\$34,825	(\$4,175)	-10.71%
Radios Grant	110.40	\$0	\$0	\$0	\$0	N/A
Park Grant	110.50	\$0	\$0	\$0	\$0	N/A
<b>Total Balance Forward and Income</b>		\$54,565	\$46,035	\$43,000	(\$3,035)	-6.59%
<b>TOTAL REVENUE</b>		\$54,565	\$46,035	\$43,000	(\$3,035)	-6.59%
<b>EXPENSES</b>						
<b>Fire Lease Payment</b>	LGEA200	\$11,000	\$10,700	\$10,850	\$150	1.40%
<b>Public Service</b>	655	\$0	\$0	\$0	\$0	N/A
<b>Police Wages</b>	500	\$0	\$26,500	\$27,000	\$500	1.89%
<b>Safety Equipment</b>	LGEA220	\$0	\$0	\$0	\$0	N/A
<b>Pumps - Water Plant</b>	LGEA205	\$1,500	\$0	\$750	\$750	
<b>Army Corp</b>	LGEA210	\$6,250	\$0	\$0	\$0	N/A
<b>Park</b>	LGEA215	\$0	\$0	\$0	\$0	N/A
<b>State Aid Fire</b>	LGEA225	\$8,250	\$8,250	\$8,250	\$0	0.00%
<b>TOTAL EXPENDITURES &amp; EXPENSES</b>		\$27,000	\$45,450	\$46,850	\$1,400	3.08%
<b>TRANSFERS</b>						
<b>Transfers Out</b>						

# CUMBERLAND CURRENT ANALYSIS - LGEA FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
Police Wages (To General Fund)	500.20	\$27,500	\$0	\$0	\$0	N/A
<u>Total Transfers Out</u>		\$27,500	\$0	\$0	\$0	N/A
<b><u>TOTAL TRANSFERS</u></b>		\$27,500	\$0	\$0	\$0	N/A
<b><u>SURPLUS/(DEFICIT)</u></b>		\$65	\$585	(\$3,850)	(\$4,435)	-758.12%



# CUMBERLAND CURRENT ANALYSIS - MRA FUND

## CITY OF CUMBERLAND - INCOME AND EXPENSES FY COMPARISON

### MRA Fund

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<b><u>REVENUE</u></b>						
<b><u>Balance and Income</u></b>	110					
Balance Forward	110.10	\$800	\$8,200	\$44,732	\$36,532	445.51%
Income	110.20	\$51,150	\$44,532	\$44,948	\$416	0.93%
Interest Earned	110.30	\$0	\$0	\$0	\$0	N/A
<i>Total Balance Forward and Income</i>		\$51,950	\$52,732	\$89,680	\$36,948	70.07%
<b><u>TOTAL REVENUE</u></b>		\$51,950	\$52,732	\$89,680	\$36,948	70.07%
<b><u>EXPENSES</u></b>						
<b><u>Gravel, Tile, and Patch Work</u></b>	MRA200	\$0	\$0	\$0	\$0	N/A
<b><u>De-icing Salt</u></b>	MRA205	\$0	\$0	\$0	\$0	N/A
<b><u>Public Service</u></b>	655	\$22,500	\$0	\$11,250	\$11,250	
<b><u>Street/Sidewalks</u></b>	MRA210	\$0	\$0	\$0	\$0	N/A
<b><u>Street Signs</u></b>	MRA215	\$0	\$0	\$0	\$0	N/A
<b><u>Safety Equipment</u></b>	MRA220	\$0	\$0	\$0	\$0	N/A
<b><u>Road Work</u></b>	MRA225	\$5,000	\$0	\$2,500	\$2,500	
<b><u>Wages</u></b>	500	\$0	\$8,000	\$8,000	\$0	0.00%
<b><u>TOTAL EXPENDITURES &amp; EXPENSES</u></b>		\$27,500	\$8,000	\$21,750	\$13,750	171.88%
<b><u>TRANSFERS</u></b>						
<b><u>Transfers Out</u></b>						



# CUMBERLAND CURRENT ANALYSIS - MRA FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
Wages (To General Fund)	500	\$20,000	\$0	\$0	\$0	N/A
<u>Total Transfers Out</u>		\$20,000	\$0	\$0	\$0	N/A
<b><u>TOTAL TRANSFERS</u></b>		\$20,000	\$0	\$0	\$0	N/A
<b><u>SURPLUS/(DEFICIT)</u></b>		\$4,450	\$44,732	\$67,930	\$23,198	51.86%
<b><u>FUND BALANCE</u></b>		\$4,450	\$44,732	\$67,930	\$23,198	51.86%



# CUMBERLAND CURRENT ANALYSIS - WATER AND SEWER FUND

## CITY OF CUMBERLAND - INCOME AND EXPENSES FY COMPARISON

### Water/Sewer Fund

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<b>REVENUE</b>						
<b><u>Water/Sewer Revenue and Income</u></b>						
Water Income	701.10	\$292,000	\$276,230	\$284,115	\$7,885	2.85%
Water Fee Surcharge	701.20	\$62,000	\$65,000	\$63,500	(\$1,500)	-2.31%
Sewer Income	701.30	\$176,000	\$150,000	\$163,000	\$13,000	8.67%
Sewer Fee Surcharge	701.40	\$10,200	\$9,950	\$10,075	\$125	1.26%
New Surcharge	701.50	\$80,300	\$106,700	\$93,500	(\$13,200)	-12.37%
<b><u>Total Tax and Fee Revenue</u></b>		<b>\$620,500</b>	<b>\$607,880</b>	<b>\$614,190</b>	<b>\$6,310</b>	<b>1.04%</b>
<b><u>Other Receipts</u></b>						
Meter Deposits	702.10	\$2,000	\$3,600	\$2,800	(\$800)	-22.22%
Penalties	702.20	\$2,000	\$1,975	\$1,988	\$13	0.63%
<b><u>Total Other Revenue</u></b>		<b>\$4,000</b>	<b>\$5,575</b>	<b>\$4,788</b>	<b>(\$788)</b>	<b>-14.13%</b>
<b><u>TOTAL REVENUE</u></b>		<b>\$624,500</b>	<b>\$613,455</b>	<b>\$618,978</b>	<b>\$5,523</b>	<b>0.90%</b>
<b>EXPENSES</b>						
<b><u>Salary &amp; Wages</u></b>						
Water/Sewer Department	500.70	\$214,915	\$188,131	\$201,523	\$13,392	7.12%
<b><u>Total Salary and Wages</u></b>		<b>\$214,915</b>	<b>\$188,131</b>	<b>\$201,523</b>	<b>\$13,392</b>	<b>7.12%</b>
<b><u>Payroll Taxes &amp; Benefits</u></b>						
Workers' Compensation Water/Sewer Department	515.15	\$6,250	\$12,000	\$9,125	(\$2,875)	-23.96%

# CUMBERLAND CURRENT ANALYSIS - WATER AND SEWER FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<i>Total Workers' Compensation</i>		\$6,250	\$12,000	\$9,125	(\$2,875)	-23.96%
FICA (City Match)	515.20					
Water/Sewer Department	515.25	\$18,000	\$13,000	\$15,500	\$2,500	19.23%
<i>Total FICA</i>		\$18,000	\$13,000	\$15,500	\$2,500	19.23%
Medical Insurance	515.60					
Water/Sewer Department	515.65	\$40,525	\$41,500	\$41,013	(\$488)	-1.17%
<i>Total Medical Insurance</i>		\$40,525	\$41,500	\$41,013	(\$488)	-1.17%
Unemployment Insurance	515.70					
Water/Sewer Department	515.75	\$4,250	\$4,500	\$4,375	(\$125)	-2.78%
<i>Total Unemployment Insurance</i>		\$4,250	\$4,500	\$4,375	(\$125)	-2.78%
<u><i>Total Payroll Taxes &amp; Benefits</i></u>		\$69,025	\$71,000	\$70,013	(\$988)	-1.39%
<u>Fuel</u>	530					
Water/Sewer Department Gas & Oil	530.40	\$5,785	\$4,575	\$5,180	\$605	13.22%
<u><i>Total Fuel</i></u>		\$5,785	\$4,575	\$5,180	\$605	13.22%
<u>Travel &amp; Lodging</u>	555					
Water/Sewer Department Travel	555.30	\$1,200	\$945	\$1,073	\$128	13.49%
<u><i>Total Travel &amp; Lodging</i></u>		\$1,200	\$945	\$1,073	\$128	13.49%
<u>Postage, Freight, Shipping</u>	565					
Postage	565.10					
Water/Sewer Department Postage	565.15	\$3,566	\$3,785	\$3,676	(\$110)	-2.89%
<i>Total Postage</i>		\$3,566	\$3,785	\$3,676	(\$110)	-2.89%
<u><i>Total Postage, Freight, Shipping</i></u>		\$3,566	\$3,785	\$3,676	(\$110)	-2.89%
<u>Utilities</u>	560					

# CUMBERLAND CURRENT ANALYSIS - WATER AND SEWER FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
General Utilities	560.40					
Water/Sewer Department Utilities	560.44	\$61,750	\$53,000	\$57,375	\$4,375	8.25%
<i>Total General Utilities</i>		<i>\$61,750</i>	<i>\$53,000</i>	<i>\$57,375</i>	<i>\$4,375</i>	<i>8.25%</i>
Telephone	560.50					
Water/Sewer Department Telephone	560.54	\$2,300	\$2,495	\$2,398	(\$98)	-3.91%
<i>Total Telephone</i>		<i>\$2,300</i>	<i>\$2,495</i>	<i>\$2,398</i>	<i>(\$98)</i>	<i>-3.91%</i>
<u>Total Utilities</u>		<u>\$64,050</u>	<u>\$55,495</u>	<u>\$59,773</u>	<u>\$4,278</u>	<u>7.71%</u>
<b><u>Office Supplies &amp; Equipment</u></b>	575					
Supplies	575.10					
Water/Sewer Department Supplies	575.13	\$250	\$495	\$373	(\$123)	-24.75%
<i>Total Supplies</i>		<i>\$250</i>	<i>\$495</i>	<i>\$373</i>	<i>(\$123)</i>	<i>-24.75%</i>
Equipment Parts	575.60	\$10,000	\$6,000	\$8,000	\$2,000	33.33%
<u>Total Office Supplies and Equipment</u>		<u>\$10,250</u>	<u>\$6,495</u>	<u>\$8,373</u>	<u>\$1,878</u>	<u>28.91%</u>
<b><u>Professional Fees</u></b>	577					
Audit-Attorney	577.50					
Water/Sewer Department Audit-Attorney & Liability Insurance	577.53	\$15,000	\$22,500	\$22,000	(\$500)	-2.22%
<i>Total Audit-Attorney</i>		<i>\$15,000</i>	<i>\$22,500</i>	<i>\$22,000</i>	<i>(\$500)</i>	<i>-2.22%</i>
Other Contractual Services	577.70	\$43,578	\$38,000	\$40,789	\$2,789	7.34%
<u>Total Professional Fees</u>		<u>\$58,578</u>	<u>\$60,500</u>	<u>\$62,789</u>	<u>\$2,289</u>	<u>3.78%</u>
<b><u>Dues &amp; Subscriptions</u></b>	580	\$750	\$1,100	\$925	(\$175)	-15.91%
<b><u>Advertising</u></b>	585	\$250	\$175	\$213	\$38	21.43%

# CUMBERLAND CURRENT ANALYSIS - WATER AND SEWER FUND

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change
<b><u>Maintenance &amp; Repairs</u></b>	600					
Water/Sewer Department Maintenance & Repairs	600.50	\$23,000	\$24,000	\$23,500	(\$500)	-2.08%
<b><u>Total Maintenance &amp; Repairs</u></b>		\$23,000	\$24,000	\$23,500	(\$500)	-2.08%
<b><u>Safety (Shots)</u></b>	625	\$100	\$50	\$75	\$25	50.00%
<b><u>Construction Materials</u></b>	656	\$8,500	\$10,000	\$9,250	(\$750)	-7.50%
<b><u>Computer Service</u></b>	657	\$1,000	\$3,000	\$2,000	(\$1,000)	-33.33%
<b><u>Plant Upgrades</u></b>	658	\$4,500	\$0	\$2,250	\$2,250	
<b><u>Chemicals - Testing</u></b>	665	\$67,500	\$64,000	\$65,750	\$1,750	2.73%
<b><u>TOTAL EXPENDITURES &amp; EXPENSES</u></b>		\$532,969	\$493,251	\$516,360	\$23,109	4.69%
<b><u>EXPENDITURES - DEBT SERVICE</u></b>						
<b><u>Long-Term Debt</u></b>						
1985, 1992, 2000 Bonds	990	\$135,000	\$135,000	\$135,000	\$0	0.00%
1985, 1992, 2000 Reserve	991	\$6,000	\$6,000	\$6,000	\$0	0.00%
Depreciation 85/92/00	992	\$4,500	\$4,500	\$4,500	\$0	0.00%
KIA	993	\$0	\$0	\$0	\$0	N/A
KIA R&M Reserve	994	\$0	\$0	\$0	\$0	N/A
<b><u>Total Long-Term Debt</u></b>		\$145,500	\$145,500	\$145,500	\$0	0.00%
<b><u>TOTAL Debt Service</u></b>		\$145,500	\$145,500	\$145,500	\$0	0.00%
<b><u>SURPLUS/(DEFICIT)</u></b>		(\$53,969)	(\$25,296)	(\$42,883)	(\$17,587)	-69.52%

# CUMBERLAND DEBT REPORT

**CITY OF CUMBERLAND - LOCAL GOVERNMENT DEBT REPORT**  
*Debt Reported to the Kentucky Department for Local Government*  
*As of January 2018*

Issue Type	Issue ID	Issue Date	Original Issue Amount	Interest Rate	Date of Maturity	Principle Outstanding	Yearly Payment Average (Until Maturity)
Water and Sewer - Revenue	Bond ID: 5987	2/21/1985	\$1,479,000	5.00%	7/1/2022	\$450,000	\$90,000
Water and Sewer - Revenue	Bond ID: 8226	6/26/1992	\$1,512,000	5.00%	7/1/2023	\$561,000	\$93,500
Refinancing - Revenue	Bond ID: 11191	12/7/2000	\$382,000	4.50%	7/1/2040	\$307,000	\$13,300
Refinancing - Revenue	Bond ID: 11192	12/1/2000	\$100,000	4.50%	7/1/2020	\$21,000	\$7,000
<b>Total: City of Cumberland</b>						<b>\$1,339,000</b>	



## Assumptions and Notes for Cumberland Projected Analysis

Our team determined it was best to project future revenue, expenses, and budget line items out to 10 years in a consistent and straightforward manner for the Tri-Cities. These projections allowed us to analyze the financial health of each city should they decide upon merger or if they remain an individual city. This allowed us to break down the benefits of the proposed merger and display any efficiencies that materialized through a potential merger. Projections for the City of Cumberland required the use of certain assumptions to remain consistent and comparable with the other two cities. These were the assumptions for the Cumberland financial projections and resulting analysis:

- 1) We projected revenues, expenses, and budget line items out to FY 2027-2028, which gives a full 10-year budget projection from the baseline year of 2017-2018.
- 2) We assumed that the vast majority of revenues will remain the same, stagnant to the nearest hundredth. By way of example if a revenue line item from FY 2016-2017 is listed at \$16,845, it will round down to \$16,800 for each projected year. We have not assumed any new revenue options, or their potential value, that could be made available to cities by the General Assembly of the Commonwealth of Kentucky. Unless otherwise stated in these assumptions, revenue projections for the City of Cumberland follow this primary assumption.
- 3) Due to the continual decline in Cumberland's population, we assumed that population-based revenue, property tax, would decline at a rate that is commensurate with the yearly population decrease. For the past 10+ years, the annual decrease in population is about 1.8% and that rate was used to project the decreases in property tax.
  - a. In the General Fund, both "Property Tax" (Line 11) and "Delinquent Property Tax" (Line 12) are decreased by 1.8% every projected year. It is important to note that the decrease is compounded every year.
- 4) One other revenue line item we projected would decrease at a specific rate was the coal severance provided to the city by the Commonwealth of Kentucky through the Department for Local Government. Our research led us to assume that coal severance revenue also falls at about a 1.8% annualized rate. In the LGEA fund, "Income" (Line 12) is projected to decrease every projected year at a rate of 1.8% and the projected revenue decrease is compounded every projected year.
- 5) For expense line items, unless specified below, it is assumed that expenses will remain stagnant to the nearest hundredth. For example, "Utilities and Street Lights" (Line 129) in the General Fund, is listed as \$42,250 for FY 2016-2017 and rounds up to \$42,300 for each projected year. We did not assume any potential new expense items, or the potential value of any new expenses.
- 6) We assumed the specific expense categories and line items listed below would increase at a rate commensurate with the inflation rate. The United States Department of Labor's Bureau of Labor Statistics estimates a moderate 2.0% inflation rate through June 2020, when it is expected to rise to about 2.5% from July 2020 onward. Thus, we assumed that these specific expenses will increase by 2.0% through FY 2019-2020, while they will increase by 2.5% from FY 2020-2021 through the remainder of our projections. It is important to note that the increase is compounded every year. The expenses listed below are typically subject to inflation, so we assumed that they would continue to be subject to inflation throughout our entire projection period.
  - a. In the General Fund, the Category "Salary & Wages" (Lines 52-60);  
"Payroll Taxes & Benefits" (Lines 62-91);  
"Travel & Lodging" (Lines 100-104);  
"Postage, Freight, Shipping" (Lines 106-114);  
the Subcategories "General Utilities" (Lines 117-121) & "Telephone" (Lines 123-127);  
"Bonds/Insurance" (Lines 133-139);  
"Admin. Department Supplies" (Line 143) and  
"Tax Roll from PVA" (Line 172) are projected with these inflation calculations.
    - i. "Mayor-Council Wages" (Line 58) follow the assumption method listed in Note 5 above, since this is the only wage line item that remains stagnant.
  - b. In the MRA Fund, "Wages" (Line 30) is projected with these inflation calculations.
  - c. In the LGEA Fund, "Police Wages" (Line 26) is projected with these inflation calculations.
  - d. In the Water/Sewer Fund, the Category "Salary & Wages" (Lines 31-34);  
"Payroll Taxes & Benefits" (Lines 36-23),  
"Travel & Lodging" (Lines 60-63);  
"Postage, Freight, Shipping" (Lines 65-70);  
"Utilities" (Lines 72-81), "Water/Sewer Department Supplies" (Line 85); and  
"Water/Sewer Department Audit-Attorney & Liability Insurance" (Line 94) are projected with these inflation calculations.
- 7) In the MRA Fund, no transfers are projected to take place in the "Transfers Out" subcategory.
- 8) In the LGEA Fund, no transfers are projected or confirmed to take place in the "Transfers Out" subcategory.
- 9) In the General Fund, no transfers are projected to take place in the "Transfers In" subcategory.
- 10) We assumed that any road aid funding provided from the Department for Local Government. "Income" (Line 12) in the MRA Fund will be dispersed to the city in the typical manner as we anticipate the city will meet all prerequisite requirements.
  - a. We also assumed that this funding will remain stagnant at current levels through the duration of the projected period.
- 11) We assumed any grants remaining open will continue through FY 2017-2018 and when the performance period ends, the grant funding will be closed out. This assumption applies to both the revenue and expense side of the projections. We assumed that the grant funding will remain the same as the previous fiscal year, rounded to the nearest hundredth.
  - a. This assumption applies to "R.E. Bob Frazier Grant" (Line 175) in the General Fund.

# CUMBERLAND PROJECTED ANALYSIS - GENERAL FUND

## CITY OF CUMBERLAND - PROJECTED FUTURE BUDGETS General Fund

Category	Category ID	FY 2014-2015	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>REVENUE</b>														
<b>Tax and Fee Revenue</b>														
Property Tax	401.10	\$165,000	\$176,198	\$170,599	(\$5,599)	-3.18%	\$167,528	\$164,513	\$152,984	\$139,702	(\$14,544)	-8.68%	(\$27,826)	-16.61%
Delinquent Property Tax	401.11	\$16,000	\$19,500	\$17,750	(\$1,750)	-8.97%	\$17,431	\$17,117	\$15,917	\$14,535	(\$1,513)	-8.68%	(\$2,895)	-16.61%
Auto Tax (County Clerk)	401.14	\$31,000	\$35,600	\$33,300	(\$2,300)	-6.46%	\$33,300	\$33,300	\$33,300	\$33,300	\$0	0.00%	\$0	0.00%
PILOT	401.15	\$13,550	\$20,130	\$16,840	(\$3,290)	-16.34%	\$16,800	\$16,800	\$16,800	\$16,800	\$0	0.00%	\$0	0.00%
Privilege License	401.20	\$25,000	\$22,000	\$23,500	\$1,500	6.82%	\$23,500	\$23,500	\$23,500	\$23,500	\$0	0.00%	\$0	0.00%
Franchise Fees	401.30	\$77,000	\$85,000	\$81,000	(\$4,000)	-4.71%	\$81,000	\$81,000	\$81,000	\$81,000	\$0	0.00%	\$0	0.00%
Insurance Tax	401.40	\$133,000	\$142,000	\$137,500	(\$4,500)	-3.17%	\$137,500	\$137,500	\$137,500	\$137,500	\$0	0.00%	\$0	0.00%
ATV Sticker	401.50	\$690	\$260	\$475	\$215	82.69%	\$500	\$500	\$500	\$500	\$0	0.00%	\$0	0.00%
Alcohol Beverage License	401.70	\$19,000	\$21,500	\$20,250	(\$1,250)	-5.81%	\$20,250	\$20,300	\$20,300	\$20,300	\$0	0.00%	\$0	0.00%
Building Permits	401.75	\$70	\$35	\$53	\$18	50.00%	\$100	\$100	\$100	\$100	\$0	0.00%	\$0	0.00%
Bank Franchise	401.80	\$18,000	\$16,000	\$17,000	\$1,000	6.25%	\$17,000	\$17,000	\$17,000	\$17,000	\$0	0.00%	\$0	0.00%
Sanitation Fees	401.85	\$190,000	\$191,000	\$190,500	(\$500)	-0.26%	\$190,500	\$190,500	\$190,500	\$190,500	\$0	0.00%	\$0	0.00%
Tourism Tax Collection Fees	401.90	\$4,000	\$3,250	\$3,625	\$375	11.54%	\$3,600	\$3,600	\$3,600	\$3,600	\$0	0.00%	\$0	0.00%
<b>Total Tax and Fee Revenue</b>		<b>\$692,310</b>	<b>\$732,473</b>	<b>\$712,392</b>	<b>(\$20,082)</b>	<b>-2.74%</b>	<b>\$709,059</b>	<b>\$705,729</b>	<b>\$693,001</b>	<b>\$678,337</b>	<b>(\$16,058)</b>	<b>-2.26%</b>	<b>(\$30,721)</b>	<b>-4.33%</b>
<b>Public Safety Revenue</b>														
HB 413 - Police	403.10	\$8,000	\$8,800	\$8,400	(\$400)	-4.55%	\$8,400	\$8,400	\$8,400	\$8,400	\$0	0.00%	\$0	0.00%
Fire State Aid	403.20	\$8,000	\$8,250	\$8,125	(\$125)	-1.52%	\$8,100	\$8,100	\$8,100	\$8,100	\$0	0.00%	\$0	0.00%
Police Incentive	403.30	\$9,700	\$13,000	\$11,350	(\$1,650)	-12.69%	\$11,400	\$11,400	\$11,400	\$11,400	\$0	0.00%	\$0	0.00%
Fire Subsidy	403.40	\$11,852	\$13,021	\$12,437	(\$585)	-4.49%	\$12,400	\$12,400	\$12,400	\$12,400	\$0	0.00%	\$0	0.00%
<b>Total Public Safety Revenue</b>		<b>\$37,552</b>	<b>\$43,071</b>	<b>\$40,312</b>	<b>(\$2,760)</b>	<b>-6.41%</b>	<b>\$40,300</b>	<b>\$40,300</b>	<b>\$40,300</b>	<b>\$40,300</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Other Revenue</b>														
Surplus Equipment	661.45	\$4,000	\$2,150	\$3,075	\$925	43.02%	\$3,000	\$3,000	\$3,000	\$3,000	\$0	0.00%	\$0	0.00%
<b>Total Other Revenue</b>		<b>\$4,000</b>	<b>\$2,150</b>	<b>\$3,075</b>	<b>\$925</b>	<b>43.02%</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Transfers In</b>														
LGEA Fund (For Police Wages)	900.10	\$27,500	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Municipal Road Aid (MRA) Fund (For Wages)	900.20	\$20,000	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Transfers In</b>		<b>\$47,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL REVENUE</b>		<b>\$781,362</b>	<b>\$777,694</b>	<b>\$755,778</b>	<b>(\$21,916)</b>	<b>-2.82%</b>	<b>\$752,359</b>	<b>\$749,029</b>	<b>\$736,301</b>	<b>\$721,637</b>	<b>(\$16,058)</b>	<b>-2.13%</b>	<b>(\$30,721)</b>	<b>-4.08%</b>
<b>EXPENSES</b>														
<b>Salary &amp; Wages</b>														
Administration Department	500.10	\$76,265	\$65,785	\$71,025	\$5,240	7.97%	\$72,446	\$73,894	\$81,168	\$91,834	\$8,722	12.04%	\$19,388	26.76%
Police Department	500.20	\$150,900	\$149,790	\$150,345	\$555	0.37%	\$153,352	\$156,419	\$171,815	\$194,393	\$18,463	12.04%	\$41,041	26.76%
Police Incentive Pay	500.30	\$9,700	\$12,900	\$11,300	(\$1,600)	-12.40%	\$11,526	\$11,757	\$12,914	\$14,611	\$1,388	12.04%	\$3,085	26.76%
Fire Drills	500.40	\$10,286	\$13,000	\$11,643	(\$1,357)	-10.44%	\$11,876	\$12,113	\$13,306	\$15,054	\$1,430	12.04%	\$3,178	26.76%
Maintenance Department	500.50	\$85,800	\$79,185	\$82,493	\$3,308	4.18%	\$84,142	\$85,825	\$94,273	\$106,661	\$10,130	12.04%	\$22,519	26.76%
Mayor-Council	500.60	\$11,400	\$11,400	\$11,400	\$0	0.00%	\$11,400	\$11,400	\$11,400	\$11,400	\$0	0.00%	\$0	0.00%
<b>Total Salary and Wages</b>		<b>\$344,351</b>	<b>\$332,060</b>	<b>\$338,206</b>	<b>\$6,146</b>	<b>1.85%</b>	<b>\$344,742</b>	<b>\$351,408</b>	<b>\$384,875</b>	<b>\$433,953</b>	<b>\$40,133</b>	<b>11.64%</b>	<b>\$89,211</b>	<b>25.88%</b>
<b>Payroll Taxes &amp; Benefits</b>														
Workers' Compensation	515.10													
Administration Department	515.11	\$750	\$995	\$873	(\$123)	-12.31%	\$890	\$908	\$997	\$1,128	\$107	12.04%	\$238	26.76%
Police Department	515.12	\$6,500	\$7,250	\$6,875	(\$375)	-5.17%	\$7,013	\$7,153	\$7,857	\$8,889	\$844	12.04%	\$1,877	26.76%
Fire Department	515.13	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Maintenance Department	515.14	\$9,000	\$14,000	\$11,500	(\$2,500)	-17.86%	\$11,730	\$11,965	\$13,142	\$14,869	\$1,412	12.04%	\$3,139	26.76%
<b>Total Workers' Compensation</b>		<b>\$16,250</b>	<b>\$22,245</b>	<b>\$19,248</b>	<b>(\$2,998)</b>	<b>-13.47%</b>	<b>\$19,632</b>	<b>\$20,025</b>	<b>\$21,996</b>	<b>\$24,887</b>	<b>\$2,364</b>	<b>12.04%</b>	<b>\$5,254</b>	<b>26.76%</b>
FICA (City Match)	515.20													
Administration Department	515.21	\$4,900	\$6,050	\$5,475	(\$575)	-9.50%	\$5,585	\$5,696	\$6,257	\$7,079	\$672	12.04%	\$1,495	26.76%
Police Department	515.22	\$9,500	\$9,550	\$9,525	(\$25)	-0.26%	\$9,716	\$9,910	\$10,885	\$12,316	\$1,170	12.04%	\$2,600	26.76%
Fire Department	515.23	\$700	\$925	\$813	(\$113)	-12.16%	\$829	\$845	\$929	\$1,051	\$100	12.04%	\$222	26.76%





# CUMBERLAND PROJECTED ANALYSIS - GENERAL FUND

Category	Category ID	<b>FY 2014-2015</b>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
Admin. Department Supplies	575.11	\$1,605	\$2,100	\$1,853	(\$248)	-11.79%	\$1,890	\$1,927	\$2,117	\$2,395	\$227	12.04%	\$506	26.76%
Maintenance Department Supplies	575.12	\$550	\$300	\$425	\$125	41.67%	\$400	\$400	\$400	\$400	\$0	0.00%	\$0	0.00%
<b>Total Supplies</b>		<b>\$2,155</b>	<b>\$2,400</b>	<b>\$2,278</b>	<b>(\$123)</b>	<b>-5.10%</b>	<b>\$2,290</b>	<b>\$2,327</b>	<b>\$2,517</b>	<b>\$2,795</b>	<b>\$227</b>	<b>9.94%</b>	<b>\$506</b>	<b>22.09%</b>
Police Technical Supplies	575.50	\$500	\$350	\$425	\$75	21.43%	\$400	\$400	\$400	\$400	\$0	0.00%	\$0	0.00%
<b>Total Office Supplies and Equipment</b>		<b>\$2,655</b>	<b>\$2,750</b>	<b>\$2,703</b>	<b>(\$48)</b>	<b>-1.73%</b>	<b>\$2,690</b>	<b>\$2,727</b>	<b>\$2,917</b>	<b>\$3,195</b>	<b>\$227</b>	<b>8.46%</b>	<b>\$506</b>	<b>18.80%</b>
<b>Professional Fees</b>	577													
Audit-Attorney	577.50													
Admin. Department Audit-Attorney	577.51	\$7,250	\$6,500	\$6,875	\$375	5.77%	\$6,900	\$6,900	\$6,900	\$6,900	\$0	0.00%	\$0	0.00%
Police Department Audit-Attorney	577.52	\$1,000	\$750	\$875	\$125	16.67%	\$900	\$900	\$900	\$900	\$0	0.00%	\$0	0.00%
<b>Total Audit-Attorney</b>		<b>\$8,250</b>	<b>\$7,250</b>	<b>\$7,750</b>	<b>\$500</b>	<b>6.90%</b>	<b>\$7,800</b>	<b>\$7,800</b>	<b>\$7,800</b>	<b>\$7,800</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
Fire Department Professional Fees	577.60	\$500	\$500	\$500	\$0	0.00%	\$500	\$500	\$500	\$500	\$0	0.00%	\$0	0.00%
<b>Total Professional Fees</b>		<b>\$8,750</b>	<b>\$7,750</b>	<b>\$8,250</b>	<b>\$500</b>	<b>6.45%</b>	<b>\$8,300</b>	<b>\$8,300</b>	<b>\$8,300</b>	<b>\$8,300</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Dues &amp; Subscriptions</b>	580	\$2,000	\$2,300	\$2,150	(\$150)	-6.52%	\$2,200	\$2,200	\$2,200	\$2,200	\$0	0.00%	\$0	0.00%
<b>Advertising</b>	585	\$475	\$50	\$263	\$213	425.00%	\$100	\$100	\$100	\$100	\$0	0.00%	\$0	0.00%
<b>Maintenance &amp; Repairs</b>	600													
Admin. Department Maintenance & Repairs	600.10	\$450	\$350	\$400	\$50	14.29%	\$400	\$400	\$400	\$400	\$0	0.00%	\$0	0.00%
Police Department Maintenance & Repairs	600.20	\$4,500	\$2,524	\$3,512	\$988	39.14%	\$3,500	\$3,500	\$3,500	\$3,500	\$0	0.00%	\$0	0.00%
Fire Department Maintenance & Repairs	600.30	\$275	\$350	\$313	(\$38)	-10.71%	\$300	\$300	\$300	\$300	\$0	0.00%	\$0	0.00%
Maintenance Department Maintenance & Repairs	600.40	\$5,600	\$3,900	\$4,750	\$850	21.79%	\$4,800	\$4,800	\$4,800	\$4,800	\$0	0.00%	\$0	0.00%
<b>Total Maintenance &amp; Repairs</b>		<b>\$10,825</b>	<b>\$7,124</b>	<b>\$8,975</b>	<b>\$1,851</b>	<b>25.98%</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Tax Roll from PVA</b>	605	\$2,440	\$2,381	\$2,411	\$30	1.24%	\$2,459	\$2,508	\$2,755	\$3,117	\$296	12.04%	\$658	26.76%
<b>HB 413 - Police Expense</b>	610	\$8,040	\$7,500	\$7,770	\$270	3.60%	\$7,800	\$7,800	\$7,800	\$7,800	\$0	0.00%	\$0	0.00%
<b>Dispatching</b>	615	\$12,000	\$12,000	\$12,000	\$0	0.00%	\$12,000	\$12,000	\$12,000	\$12,000	\$0	0.00%	\$0	0.00%
<b>R. F. Bob Frazier Grant</b>	620	\$2,500	\$36,000	\$19,250	(\$16,750)	-46.53%	\$19,300	\$0	\$0	\$0	(\$19,300)	-100.00%	(\$19,300)	-100.00%
<b>Safety (Shots)</b>	625	\$100	\$175	\$138	(\$38)	-21.43%	\$100	\$100	\$100	\$100	\$0	0.00%	\$0	0.00%
<b>Fire School</b>	630	\$0	\$451	\$226	(\$226)	-50.00%	\$200	\$200	\$200	\$200	\$0	0.00%	\$0	0.00%
<b>Fire Department Communications</b>	635	\$450	\$480	\$465	(\$15)	-3.13%	\$500	\$500	\$500	\$500	\$0	0.00%	\$0	0.00%
<b>State Aid Equ. Expense 521</b>	640	\$8,000	\$8,250	\$8,125	(\$125)	-1.52%	\$8,100	\$8,100	\$8,100	\$8,100	\$0	0.00%	\$0	0.00%
<b>Garbage Disposal</b>	645	\$75,000	\$70,000	\$72,500	\$2,500	3.57%	\$72,500	\$72,500	\$72,500	\$72,500	\$0	0.00%	\$0	0.00%
<b>Garbage Truck</b>	650	\$27,259	\$27,260	\$27,260	(\$1)	0.00%	\$27,300	\$27,300	\$27,300	\$27,300	\$0	0.00%	\$0	0.00%
<b>Public Service</b>	655													
Admin. Department Public Service	655.10	\$3,222	\$0	\$1,611	\$1,611	N/A	\$1,600	\$1,600	\$1,600	\$1,600	\$0	0.00%	\$0	0.00%
Police Department Public Service	655.20	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Maintenance Department Public Service	655.30	\$4,000	\$0	\$2,000	\$2,000		\$2,000	\$2,000	\$2,000	\$2,000	\$0	0.00%	\$0	0.00%
<b>Total Public Service</b>		<b>\$7,222</b>	<b>\$0</b>	<b>\$3,611</b>	<b>\$3,611</b>		<b>\$3,600</b>	<b>\$3,600</b>	<b>\$3,600</b>	<b>\$3,600</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL EXPENDITURES &amp; EXPENSES</b>		<b>\$791,041</b>	<b>\$783,716</b>	<b>\$787,379</b>	<b>\$3,663</b>	<b>0.47%</b>	<b>\$798,302</b>	<b>\$790,022</b>	<b>\$845,341</b>	<b>\$926,465</b>	<b>\$47,039</b>	<b>5.89%</b>	<b>\$128,163</b>	<b>16.05%</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(\$9,679)</b>	<b>(\$6,022)</b>	<b>(\$31,601)</b>	<b>(\$25,579)</b>	<b>-424.75%</b>	<b>(\$45,943)</b>	<b>(\$40,993)</b>	<b>(\$109,040)</b>	<b>(\$204,827)</b>	<b>(\$63,097)</b>	<b>-137.34%</b>	<b>(\$158,884)</b>	<b>-345.83%</b>

# CUMBERLAND PROJECTED ANALYSIS - LGEA FUND

## CITY OF CUMBERLAND - PROJECTED FUTURE BUDGETS LGEA Fund

Category	Category ID	<u>FY 2014-2015</u>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>REVENUE</b>														
<b>Balance and Income</b>														
Balance Forward	110.10	\$9,315	\$7,035	\$8,175	\$1,140	16.20%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Income	110.20	\$45,250	\$39,000	\$34,825	(\$4,175)	-10.71%	\$34,198	\$33,583	\$31,229	\$28,518	(\$2,969)	-8.68%	(\$5,680)	-16.61%
Radios Grant	110.40	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Park Grant	110.50	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Balance Forward and Income</b>		<b>\$54,565</b>	<b>\$46,035</b>	<b>\$43,000</b>	<b>(\$3,035)</b>	<b>-6.59%</b>	<b>\$34,198</b>	<b>\$33,583</b>	<b>\$31,229</b>	<b>\$28,518</b>	<b>(\$2,969)</b>	<b>-8.68%</b>	<b>(\$5,680)</b>	<b>-16.61%</b>
<b>TOTAL REVENUE</b>		<b>\$54,565</b>	<b>\$46,035</b>	<b>\$43,000</b>	<b>(\$3,035)</b>	<b>-6.59%</b>	<b>\$34,198</b>	<b>\$33,583</b>	<b>\$31,229</b>	<b>\$28,518</b>	<b>(\$2,969)</b>	<b>-8.68%</b>	<b>(\$5,680)</b>	<b>-16.61%</b>
<b>EXPENSES</b>														
<b>Fire Lease Payment</b>	LGEA200	\$11,000	\$10,700	\$10,850	\$150	1.40%	\$10,900	\$10,900	\$10,900	\$10,900	\$0	0.00%	\$0	0.00%
<b>Public Service</b>	655	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Police Wages</b>	500	\$0	\$26,500	\$27,000	\$500	1.89%	\$27,540	\$28,091	\$30,856	\$34,910	\$3,316	12.04%	\$7,370	26.76%
<b>Safety Equipment</b>	LGEA220	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Pumps - Water Plant</b>	LGEA205	\$1,500	\$0	\$750	\$750	N/A	\$800	\$800	\$800	\$800	\$0	0.00%	\$0	0.00%
<b>Army Corp</b>	LGEA210	\$6,250	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Park</b>	LGEA215	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>State Aid Fire</b>	LGEA225	\$8,250	\$8,250	\$8,250	\$0	0.00%	\$8,300	\$8,300	\$8,300	\$8,300	\$0	0.00%	\$0	0.00%
<b>TOTAL EXPENDITURES &amp; EXPENSES</b>		<b>\$27,000</b>	<b>\$45,450</b>	<b>\$46,850</b>	<b>\$1,400</b>	<b>3.08%</b>	<b>\$47,540</b>	<b>\$48,091</b>	<b>\$50,856</b>	<b>\$54,910</b>	<b>\$3,316</b>	<b>6.97%</b>	<b>\$7,370</b>	<b>15.50%</b>
<b>TRANSFERS</b>														
<b>Transfers Out</b>														
Police Wages (To General Fund)	500.20	\$27,500	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Transfers Out</b>		<b>\$27,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL TRANSFERS</b>		<b>\$27,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>N/A</b>
<b>SURPLUS/(DEFICIT)</b>		<b>\$65</b>	<b>\$585</b>	<b>(\$3,850)</b>	<b>(\$4,435)</b>	<b>-758.12%</b>	<b>(\$13,342)</b>	<b>(\$14,508)</b>	<b>(\$19,627)</b>	<b>(\$26,393)</b>	<b>(\$6,285)</b>	<b>-47.11%</b>	<b>(\$13,051)</b>	<b>-97.82%</b>



# CUMBERLAND PROJECTED ANALYSIS - MRA FUND

## CITY OF CUMBERLAND - PROJECTED FUTURE BUDGETS MRA Fund

Category	Category ID	<i>FY 2014-2015</i>	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>REVENUE</b>														
<b>Balance and Income</b>														
Balance Forward	110													
Income	110.10	\$800	\$8,200	\$44,732	\$36,532	445.51%	\$67,930	\$90,970	\$181,336	\$289,280	\$113,406	166.95%	\$221,350	325.85%
Interest Earned	110.20	\$51,150	\$44,532	\$44,948	\$416	0.93%	\$45,000	\$45,000	\$45,000	\$45,000	\$0	0.00%	\$0	0.00%
	110.30	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Balance Forward and Income</b>		<b>\$51,950</b>	<b>\$52,732</b>	<b>\$89,680</b>	<b>\$36,948</b>	<b>70.07%</b>	<b>\$112,930</b>	<b>\$135,970</b>	<b>\$226,336</b>	<b>\$334,280</b>	<b>\$113,406</b>	<b>100.42%</b>	<b>\$221,350</b>	<b>196.01%</b>
<b>TOTAL REVENUE</b>		<b>\$51,950</b>	<b>\$52,732</b>	<b>\$89,680</b>	<b>\$36,948</b>	<b>70.07%</b>	<b>\$112,930</b>	<b>\$135,970</b>	<b>\$226,336</b>	<b>\$334,280</b>	<b>\$113,406</b>	<b>100.42%</b>	<b>\$221,350</b>	<b>196.01%</b>
<b>EXPENSES</b>														
<b>Gravel, Tile, and Patch Work</b>	MRA200	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>De-icing Salt</b>	MRA205	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Public Service</b>	655	\$22,500	\$0	\$11,250	\$11,250		\$11,300	\$11,300	\$11,300	\$11,300	\$0	0.00%	\$0	0.00%
<b>Street/Sidewalks</b>	MRA210	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Street Signs</b>	MRA215	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Safety Equipment</b>	MRA220	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Road Work</b>	MRA225	\$5,000	\$0	\$2,500	\$2,500		\$2,500	\$2,500	\$2,500	\$2,500	\$0	0.00%	\$0	0.00%
<b>Wages</b>	500	\$0	\$8,000	\$8,000	\$0	0.00%	\$8,160	\$8,323	\$9,142	\$10,344	\$982	12.04%	\$2,184	26.76%
<b>TOTAL EXPENDITURES &amp; EXPENSES</b>		<b>\$27,500</b>	<b>\$8,000</b>	<b>\$21,750</b>	<b>\$13,750</b>	<b>171.88%</b>	<b>\$21,960</b>	<b>\$22,123</b>	<b>\$22,942</b>	<b>\$24,144</b>	<b>\$982</b>	<b>4.47%</b>	<b>\$2,184</b>	<b>9.94%</b>
<b>TRANSFERS</b>														
<b>Transfers Out</b>														
Wages (To General Fund)	500	\$20,000	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Transfers Out</b>		<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL TRANSFERS</b>		<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>	<b>\$0</b>	<b>N/A</b>
<b>SURPLUS/(DEFICIT)</b>		<b>\$4,450</b>	<b>\$44,732</b>	<b>\$67,930</b>	<b>\$23,198</b>	<b>51.86%</b>	<b>\$90,970</b>	<b>\$113,847</b>	<b>\$203,393</b>	<b>\$310,136</b>	<b>\$112,423</b>	<b>123.58%</b>	<b>\$219,166</b>	<b>240.92%</b>
<b>FUND BALANCE</b>		<b>\$4,450</b>	<b>\$44,732</b>	<b>\$67,930</b>	<b>\$23,198</b>	<b>51.86%</b>	<b>\$90,970</b>	<b>\$113,847</b>	<b>\$203,393</b>	<b>\$310,136</b>	<b>\$112,423</b>	<b>123.58%</b>	<b>\$219,166</b>	<b>240.92%</b>



# CUMBERLAND PROJECTED ANALYSIS - WATER AND SEWER FUND

## CITY OF CUMBERLAND - PROJECTED FUTURE BUDGETS Water/Sewer Fund

Category	Category ID	FY 2014-2015	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>REVENUE</b>														
<b>Water/Sewer Revenue and Income</b>														
Water Income	701.10	\$292,000	\$276,230	\$284,115	\$7,885	2.85%	\$284,100	\$284,100	\$284,100	\$284,100	\$0	0.00%	\$0	0.00%
Water Fee Surcharge	701.20	\$62,000	\$65,000	\$63,500	(\$1,500)	-2.31%	\$63,500	\$63,500	\$63,500	\$63,500	\$0	0.00%	\$0	0.00%
Sewer Income	701.30	\$176,000	\$150,000	\$163,000	\$13,000	8.67%	\$163,000	\$163,000	\$163,000	\$163,000	\$0	0.00%	\$0	0.00%
Sewer Fee Surcharge	701.40	\$10,200	\$9,950	\$10,075	\$125	1.26%	\$10,100	\$10,100	\$10,100	\$10,100	\$0	0.00%	\$0	0.00%
New Surcharge	701.50	\$80,300	\$106,700	\$93,500	(\$13,200)	-12.37%	\$93,500	\$93,500	\$93,500	\$93,500	\$0	0.00%	\$0	0.00%
<b>Total Tax and Fee Revenue</b>		<b>\$620,500</b>	<b>\$607,880</b>	<b>\$614,190</b>	<b>\$6,310</b>	<b>1.04%</b>	<b>\$614,200</b>	<b>\$614,200</b>	<b>\$614,200</b>	<b>\$614,200</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Other Receipts</b>														
Meter Deposits	702.10	\$2,000	\$3,600	\$2,800	(\$800)	-22.22%	\$2,800	\$2,800	\$2,800	\$2,800	\$0	0.00%	\$0	0.00%
Penalties	702.20	\$2,000	\$1,975	\$1,988	\$13	0.63%	\$2,000	\$2,000	\$2,000	\$2,000	\$0	0.00%	\$0	0.00%
<b>Total Other Revenue</b>		<b>\$4,000</b>	<b>\$5,575</b>	<b>\$4,788</b>	<b>(\$788)</b>	<b>-14.13%</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$4,800</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL REVENUE</b>		<b>\$624,500</b>	<b>\$613,455</b>	<b>\$618,978</b>	<b>\$5,523</b>	<b>0.90%</b>	<b>\$619,000</b>	<b>\$619,000</b>	<b>\$619,000</b>	<b>\$619,000</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>EXPENSES</b>														
<b>Salary &amp; Wages</b>														
Water/Sewer Department	500.70	\$214,915	\$188,131	\$201,523	\$13,392	7.12%	\$205,553	\$209,665	\$230,301	\$260,565	\$24,748	12.04%	\$55,012	26.76%
<b>Total Salary and Wages</b>		<b>\$214,915</b>	<b>\$188,131</b>	<b>\$201,523</b>	<b>\$13,392</b>	<b>7.12%</b>	<b>\$205,553</b>	<b>\$209,665</b>	<b>\$230,301</b>	<b>\$260,565</b>	<b>\$24,748</b>	<b>12.04%</b>	<b>\$55,012</b>	<b>26.76%</b>
<b>Payroll Taxes &amp; Benefits</b>														
Workers' Compensation	515.10													
Water/Sewer Department	515.15	\$6,250	\$12,000	\$9,125	(\$2,875)	-23.96%	\$9,308	\$9,494	\$10,428	\$11,798	\$1,121	12.04%	\$2,491	26.76%
<b>Total Workers' Compensation</b>		<b>\$6,250</b>	<b>\$12,000</b>	<b>\$9,125</b>	<b>(\$2,875)</b>	<b>-23.96%</b>	<b>\$9,308</b>	<b>\$9,494</b>	<b>\$10,428</b>	<b>\$11,798</b>	<b>\$1,121</b>	<b>12.04%</b>	<b>\$2,491</b>	<b>26.76%</b>
FICA (City Match)	515.20													
Water/Sewer Department	515.25	\$18,000	\$13,000	\$15,500	\$2,500	19.23%	\$15,810	\$16,126	\$17,713	\$20,041	\$1,903	12.04%	\$4,231	26.76%
<b>Total FICA</b>		<b>\$18,000</b>	<b>\$13,000</b>	<b>\$15,500</b>	<b>\$2,500</b>	<b>19.23%</b>	<b>\$15,810</b>	<b>\$16,126</b>	<b>\$17,713</b>	<b>\$20,041</b>	<b>\$1,903</b>	<b>12.04%</b>	<b>\$4,231</b>	<b>26.76%</b>
Medical Insurance	515.60													
Water/Sewer Department	515.65	\$40,525	\$41,500	\$41,013	(\$488)	-1.17%	\$41,833	\$42,669	\$46,869	\$53,028	\$5,037	12.04%	\$11,196	26.76%
<b>Total Medical Insurance</b>		<b>\$40,525</b>	<b>\$41,500</b>	<b>\$41,013</b>	<b>(\$488)</b>	<b>-1.17%</b>	<b>\$41,833</b>	<b>\$42,669</b>	<b>\$46,869</b>	<b>\$53,028</b>	<b>\$5,037</b>	<b>12.04%</b>	<b>\$11,196</b>	<b>26.76%</b>
Unemployment Insurance	515.70													
Water/Sewer Department	515.75	\$4,250	\$4,500	\$4,375	(\$125)	-2.78%	\$4,463	\$4,552	\$5,000	\$5,657	\$537	12.04%	\$1,194	26.76%
<b>Total Unemployment Insurance</b>		<b>\$4,250</b>	<b>\$4,500</b>	<b>\$4,375</b>	<b>(\$125)</b>	<b>-2.78%</b>	<b>\$4,463</b>	<b>\$4,552</b>	<b>\$5,000</b>	<b>\$5,657</b>	<b>\$537</b>	<b>12.04%</b>	<b>\$1,194</b>	<b>26.76%</b>
<b>Total Payroll Taxes &amp; Benefits</b>		<b>\$69,025</b>	<b>\$71,000</b>	<b>\$70,013</b>	<b>(\$988)</b>	<b>-1.39%</b>	<b>\$71,413</b>	<b>\$72,841</b>	<b>\$80,011</b>	<b>\$90,525</b>	<b>\$8,598</b>	<b>12.04%</b>	<b>\$19,112</b>	<b>26.76%</b>
<b>Fuel</b>														
Water/Sewer Department Gas & Oil	530.40	\$5,785	\$4,575	\$5,180	\$605	13.22%	\$5,200	\$5,200	\$5,200	\$5,200	\$0	0.00%	\$0	0.00%
<b>Total Fuel</b>		<b>\$5,785</b>	<b>\$4,575</b>	<b>\$5,180</b>	<b>\$605</b>	<b>13.22%</b>	<b>\$5,200</b>	<b>\$5,200</b>	<b>\$5,200</b>	<b>\$5,200</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Travel &amp; Lodging</b>														
Water/Sewer Department Travel	555.30	\$1,200	\$945	\$1,073	\$128	13.49%	\$1,094	\$1,116	\$1,226	\$1,387	\$132	12.04%	\$293	26.76%
<b>Total Travel &amp; Lodging</b>		<b>\$1,200</b>	<b>\$945</b>	<b>\$1,073</b>	<b>\$128</b>	<b>13.49%</b>	<b>\$1,094</b>	<b>\$1,116</b>	<b>\$1,226</b>	<b>\$1,387</b>	<b>\$132</b>	<b>12.04%</b>	<b>\$293</b>	<b>26.76%</b>
<b>Postage, Freight, Shipping</b>														
Postage	565.10													
Water/Sewer Department Postage	565.15	\$3,566	\$3,785	\$3,676	(\$110)	-2.89%	\$3,749	\$3,824	\$4,200	\$4,752	\$451	12.04%	\$1,003	26.76%
<b>Total Postage</b>		<b>\$3,566</b>	<b>\$3,785</b>	<b>\$3,676</b>	<b>(\$110)</b>	<b>-2.89%</b>	<b>\$3,749</b>	<b>\$3,824</b>	<b>\$4,200</b>	<b>\$4,752</b>	<b>\$451</b>	<b>12.04%</b>	<b>\$1,003</b>	<b>26.76%</b>
<b>Total Postage, Freight, Shipping</b>		<b>\$3,566</b>	<b>\$3,785</b>	<b>\$3,676</b>	<b>(\$110)</b>	<b>-2.89%</b>	<b>\$3,749</b>	<b>\$3,824</b>	<b>\$4,200</b>	<b>\$4,752</b>	<b>\$451</b>	<b>12.04%</b>	<b>\$1,003</b>	<b>26.76%</b>
<b>Utilities</b>														
General Utilities	560.40													

# CUMBERLAND PROJECTED ANALYSIS - WATER AND SEWER FUND

Category	Category ID	FY 2014-2015	FY 2015-2016	FY 2016-2017 (Forecasted Year)	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
Water/Sewer Department Utilities	560.44	\$61,750	\$53,000	\$57,375	\$4,375	8.25%	\$58,523	\$59,693	\$65,568	\$74,185	\$7,046	12.04%	\$15,662	26.76%
<b>Total General Utilities</b>		<b>\$61,750</b>	<b>\$53,000</b>	<b>\$57,375</b>	<b>\$4,375</b>	<b>8.25%</b>	<b>\$58,523</b>	<b>\$59,693</b>	<b>\$65,568</b>	<b>\$74,185</b>	<b>\$7,046</b>	<b>12.04%</b>	<b>\$15,662</b>	<b>26.76%</b>
Telephone	560.50													
Water/Sewer Department Telephone	560.54	\$2,300	\$2,495	\$2,398	(\$98)	-3.91%	\$2,445	\$2,494	\$2,740	\$3,100	\$294	12.04%	\$654	26.76%
<b>Total Telephone</b>		<b>\$2,300</b>	<b>\$2,495</b>	<b>\$2,398</b>	<b>(\$98)</b>	<b>-3.91%</b>	<b>\$2,445</b>	<b>\$2,494</b>	<b>\$2,740</b>	<b>\$3,100</b>	<b>\$294</b>	<b>12.04%</b>	<b>\$654</b>	<b>26.76%</b>
<b>Total Utilities</b>		<b>\$64,050</b>	<b>\$55,495</b>	<b>\$59,773</b>	<b>\$4,278</b>	<b>7.71%</b>	<b>\$60,968</b>	<b>\$62,187</b>	<b>\$68,308</b>	<b>\$77,285</b>	<b>\$7,340</b>	<b>12.04%</b>	<b>\$16,317</b>	<b>26.76%</b>
<b>Office Supplies &amp; Equipment</b>	575													
Supplies	575.10													
Water/Sewer Department Supplies	575.13	\$250	\$495	\$373	(\$123)	-24.75%	\$380	\$388	\$426	\$482	\$46	12.04%	\$102	26.76%
<b>Total Supplies</b>		<b>\$250</b>	<b>\$495</b>	<b>\$373</b>	<b>(\$123)</b>	<b>-24.75%</b>	<b>\$380</b>	<b>\$388</b>	<b>\$426</b>	<b>\$482</b>	<b>\$46</b>	<b>12.04%</b>	<b>\$102</b>	<b>26.76%</b>
Equipment Parts	575.60	\$10,000	\$6,000	\$8,000	\$2,000	33.33%	\$8,000	\$8,000	\$8,000	\$8,000	\$0	0.00%	\$0	0.00%
<b>Total Office Supplies and Equipment</b>		<b>\$10,250</b>	<b>\$6,495</b>	<b>\$8,373</b>	<b>\$1,878</b>	<b>28.91%</b>	<b>\$8,380</b>	<b>\$8,388</b>	<b>\$8,426</b>	<b>\$8,482</b>	<b>\$46</b>	<b>0.55%</b>	<b>\$102</b>	<b>1.21%</b>
<b>Professional Fees</b>	577													
Audit-Attorney	577.50													
Water/Sewer Department Audit-Attorney & Liability Insurance	577.53	\$15,000	\$22,500	\$22,000	(\$500)	-2.22%	\$22,440	\$22,889	\$25,142	\$28,446	\$2,702	12.04%	\$6,006	26.76%
<b>Total Audit-Attorney</b>		<b>\$15,000</b>	<b>\$22,500</b>	<b>\$22,000</b>	<b>(\$500)</b>	<b>-2.22%</b>	<b>\$22,440</b>	<b>\$22,889</b>	<b>\$25,142</b>	<b>\$28,446</b>	<b>\$2,702</b>	<b>12.04%</b>	<b>\$6,006</b>	<b>26.76%</b>
Other Contractual Services	577.70	\$43,578	\$38,000	\$40,789	\$2,789	7.34%	\$40,800	\$40,800	\$40,800	\$40,800	\$0	0.00%	\$0	0.00%
<b>Total Professional Fees</b>		<b>\$58,578</b>	<b>\$60,500</b>	<b>\$62,789</b>	<b>\$2,289</b>	<b>3.78%</b>	<b>\$63,240</b>	<b>\$63,689</b>	<b>\$65,942</b>	<b>\$69,246</b>	<b>\$2,702</b>	<b>4.27%</b>	<b>\$6,006</b>	<b>9.50%</b>
<b>Dues &amp; Subscriptions</b>	580	\$750	\$1,100	\$925	(\$175)	-15.91%	\$900	\$900	\$900	\$900	\$0	0.00%	\$0	0.00%
<b>Advertising</b>	585	\$250	\$175	\$213	\$38	21.43%	\$200	\$200	\$200	\$200	\$0	0.00%	\$0	0.00%
<b>Maintenance &amp; Repairs</b>	600													
Water/Sewer Department Maintenance & Repairs	600.50	\$23,000	\$24,000	\$23,500	(\$500)	-2.08%	\$23,500	\$23,500	\$23,500	\$23,500	\$0	0.00%	\$0	0.00%
<b>Total Maintenance &amp; Repairs</b>		<b>\$23,000</b>	<b>\$24,000</b>	<b>\$23,500</b>	<b>(\$500)</b>	<b>-2.08%</b>	<b>\$23,500</b>	<b>\$23,500</b>	<b>\$23,500</b>	<b>\$23,500</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>0.00%</b>
<b>Safety (Shots)</b>	625	\$100	\$50	\$75	\$25	50.00%	\$100	\$100	\$100	\$100	\$0	0.00%	\$0	0.00%
<b>Construction Materials</b>	656	\$8,500	\$10,000	\$9,250	(\$750)	-7.50%	\$9,300	\$9,300	\$9,300	\$9,300	\$0	0.00%	\$0	0.00%
<b>Computer Service</b>	657	\$1,000	\$3,000	\$2,000	(\$1,000)	-33.33%	\$2,000	\$2,000	\$2,000	\$2,000	\$0	0.00%	\$0	0.00%
<b>Plant Upgrades</b>	658	\$4,500	\$0	\$2,250	\$2,250		\$2,300	\$2,300	\$2,300	\$2,300	\$0	0.00%	\$0	0.00%
<b>Chemicals - Testing</b>	665	\$67,500	\$64,000	\$65,750	\$1,750	2.73%	\$65,800	\$65,800	\$65,800	\$65,800	\$0	0.00%	\$0	0.00%
<b>TOTAL EXPENDITURES &amp; EXPENSES</b>		<b>\$532,969</b>	<b>\$493,251</b>	<b>\$516,360</b>	<b>\$23,109</b>	<b>4.69%</b>	<b>\$523,697</b>	<b>\$531,009</b>	<b>\$567,714</b>	<b>\$621,540</b>	<b>\$44,017</b>	<b>8.41%</b>	<b>\$97,843</b>	<b>18.68%</b>
<b>EXPENDITURES - DEBT SERVICE</b>														
<b>Long-Term Debt</b>														
1985, 1992, 2000 Bonds	990	\$135,000	\$135,000	\$135,000	\$0	0.00%	\$203,800	\$203,800	\$106,800	\$13,300	(\$97,000)	-47.60%	(\$190,500)	-93.47%
1985, 1992, 2000 Reserve	991	\$6,000	\$6,000	\$6,000	\$0	0.00%	\$6,000	\$6,000	\$6,000	\$6,000	\$0	0.00%	\$0	0.00%
Depreciation 85/92/00	992	\$4,500	\$4,500	\$4,500	\$0	0.00%	\$4,500	\$4,500	\$4,500	\$4,500	\$0	0.00%	\$0	0.00%
KIA	993	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
KIA R&M Reserve	994	\$0	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Long-Term Debt</b>		<b>\$145,500</b>	<b>\$145,500</b>	<b>\$145,500</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$214,300</b>	<b>\$214,300</b>	<b>\$117,300</b>	<b>\$23,800</b>	<b>(\$97,000)</b>	<b>-45.26%</b>	<b>(\$190,500)</b>	<b>-88.89%</b>
<b>TOTAL Debt Service</b>		<b>\$145,500</b>	<b>\$145,500</b>	<b>\$145,500</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$214,300</b>	<b>\$214,300</b>	<b>\$117,300</b>	<b>\$23,800</b>	<b>(\$97,000)</b>	<b>-45.26%</b>	<b>(\$190,500)</b>	<b>-88.89%</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(\$53,969)</b>	<b>(\$25,296)</b>	<b>(\$42,883)</b>	<b>(\$17,587)</b>	<b>-69.52%</b>	<b>(\$118,997)</b>	<b>(\$126,309)</b>	<b>(\$66,014)</b>	<b>(\$26,340)</b>	<b>\$52,983</b>	<b>44.52%</b>	<b>\$92,657</b>	<b>77.86%</b>

## City of Benham

Benham Current Financial Analysis Narrative

Benham Current Analysis Assumptions

Benham Current Financial Analysis

Benham Projected Analysis Assumptions

Benham Projected Analysis

### Benham Current Financial Analysis Narrative

In a budgetary review of the City of Benham over a two-year span (FY 2015-2016 and FY 2016-2017), one primary element stood out: Both revenues and expenses went down. The total revenue collected by the city went down by \$64,762 or -9.92% and expenses went down by \$81,817 or -11.99%. The reduction in revenue is explained in the Electric line item and under Other Revenue in the subcategories of Municipal Road Aid, EPA and Kentucky Finance. Significant decreases in expenses are reflected in the categories of Salary and Payroll, Payroll Taxes and Benefits and Waste Pickup.

Even though expenses were down, the decrease in revenue led to a budget deficit of \$12,531 in FY 2016-2017 compared to an even larger deficit of \$29,585 in the previous year. Overall this reflects a \$17,054 reversal of losses in one year. While both revenues and expenses decreased, the revenue drop far outpaced the decrease in expenses.

Another observation is that Salary and Wages expenses decreased by \$12,656 or -9.07% as well as the Payroll Taxes and Benefits which were down by -17.62%.

The most consistent sources of revenue for Benham are in Water and Sewer Revenues, Electric, and Transfers In. Even so, all revenue sources are declining other than the Transfers In subcategories of Fire Assessment, Coal Severance and Other.

Water expenses increased by nearly \$20,000, a 90.99% increase from year to year. (This included an increase in the cost of water, water testing and refunds.)

Waste Pickup is an expense that decreased by -29.83%.

Revenue categories for Coal Severance, Other and Transfers In range dramatically from year to year and may or may not be available in future years.

Property tax revenues for the city were obtained from the Harlan County Sheriff's Office. The face amount of the property tax bills for the city was \$39,909 for FY 2015-2016 and \$39,324 in FY 2016-2017, reflecting a small but steady trend of year-over-year decreases.

The City of Benham has not enacted an insurance premium tax.

### Assumptions and Notes for Benham Current Analysis

Two years of budgets were constructed by our team for the City of Benham as none were provided. This was accomplished through check registers and bank statements provided by the city, spanning June 2015 to July 2017. To complete Benham's financial analysis, the team made a few assumptions in order to have a comparison with the other two cities.

- 1) The team could not confidently separate Benham's Property Tax into its own line item. However, we did narrow down line items where property tax revenue was intermingled.
  - a. For FY 2015-2016, approximately \$39,909 of "Water & Sewer Sinking Revenue" (Line 28) and "Other Transfers and Deposits" (Line 38) would be considered property tax revenue. This was determined by cross referencing the numbers acquired from the Harlan County PVA and estimating the property tax revenue.
  - b. The same determination was made for FY 2016-2017, reflecting approximately \$39,324 of "Water & Sewer Sinking Revenue" (Line 28) and "Other Transfers and Deposits" (Line 38) as property tax revenue.



# BENHAM CURRENT ANALYSIS - GENERAL FUND

## CITY OF BENHAM - INCOME AND EXPENSES FY COMPARISON General Fund

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
<b><u>REVENUE</u></b>					
<b><u>Electric Revenue</u></b>					
Electric Fee Deposits	390.10	\$132,446	\$115,466	(\$16,980)	-12.82%
<b><u>Total Electric Revenue</u></b>		\$132,446	\$115,466	(\$16,980)	-12.82%
<b><u>Other Revenue</u></b>					
Grants, Aid, Funding	661.20				
Bob Frazier Grant	661.25	\$36,152	\$39,564	\$3,412	9.44%
Flooring Grant	661.26	\$0	\$10,000	\$10,000	
<b><u>Total Grants, Aid, Funding</u></b>		\$36,152	\$49,564	\$13,412	37.10%
Municipal Aid Money	661.48	\$432	\$0	(\$432)	-100.00%
EPA	661.60	\$110,683	\$0	(\$110,683)	-100.00%
KY Finance	661.70	\$3,644	\$1,921	(\$1,723)	-47.29%
<b><u>Total Other Revenue</u></b>		\$150,911	\$51,485	(\$99,426)	-65.88%
<b><u>Water/Sewer Revenue and Deposits</u></b>					
Water & Sewer Sinking Revenue	702.10	\$237,388	\$214,351	(\$23,037)	-9.70%
Water & Sewer Department Revenue	702.20	\$76,301	\$74,343	(\$1,958)	-2.57%
Additional Water Deposits	702.30	\$6,000	\$2,250	(\$3,750)	-62.50%
<b><u>Total Water/Sewer Revenue and Deposits</u></b>		\$319,689	\$290,944	(\$28,745)	-8.99%
<b><u>Transfers In &amp; Deposits</u></b>					
Fire Assessment	901.10	\$8,498	\$12,066	\$3,568	41.98%
Cemetary Fund	901.20	\$2,905	\$2,390	(\$515)	-17.73%
Coal Severence Money	901.30	\$7,430	\$21,188	\$13,757	185.15%
Other Transfers & Deposits	901.40	\$30,919	\$94,498	\$63,579	205.63%



# BENHAM CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
<u>Total Transfers In &amp; Deposits</u>		\$49,753	\$130,142	\$80,389	161.58%
<b><u>TOTAL REVENUE</u></b>		\$652,799	\$588,037	(\$64,762)	-9.92%
<b><u>EXPENSES</u></b>					
<b><u>Salary &amp; Payroll</u></b>	502				
Wages	502.10	\$60,085	\$44,353	(\$15,732)	-26.18%
Water & Sewer Payroll	502.20	\$57,395	\$65,224	\$7,829	13.64%
KLEFPF + Wages	502.30	\$14,427	\$12,701	(\$1,726)	-11.96%
Fire Payroll	502.40	\$3,963	\$4,568	\$604	15.24%
Labor	502.50	\$3,631	\$0	(\$3,631)	-100.00%
<u>Total Salary and Payroll</u>		\$139,501	\$126,845	(\$12,656)	-9.07%
<b><u>Payroll Taxes, Benefits, and IRS Payments</u></b>	517				
Life Insurance	517.10	\$202	\$0	(\$202)	-100.00%
AIG	517.20	\$361	\$361	\$0	0.00%
AFLAC	517.30	\$2,866	\$4,265	\$1,399	48.80%
KY Retirement	517.40	\$72,282	\$49,528	(\$22,754)	-31.48%
KEMI	517.50	\$8,801	\$7,217	(\$1,584)	-18.00%
Liberty National - Life	517.60	\$0	\$34	\$34	
Kentucky Department of Revenue	517.70	\$9,824	\$8,510	(\$1,314)	-13.38%
IRS Payments	517.80	\$49,122	\$48,125	(\$997)	-2.03%
Unemployment Insurance	517.90	\$1,088	\$1,043	(\$45)	-4.15%
<u>Total Payroll Taxes, Benefits, and IRS Charges</u>		\$144,547	\$119,082	(\$25,465)	-17.62%
<b><u>Fuel</u></b>	530				
Oil and Gas	530.60	\$7,226	\$5,203	(\$2,023)	-28.00%

# BENHAM CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
<i>Total Fuel</i>		\$7,226	\$5,203	(\$2,023)	-28.00%
<b><u>Travel &amp; Lodging</u></b>	555				
General Travel and Lodging	555.30	\$469	\$261	(\$208)	-44.44%
Meals	555.40	\$808	\$300	(\$508)	-62.85%
<i>Total Travel &amp; Lodging</i>		\$1,277	\$561	(\$716)	-56.09%
<b><u>Utilities</u></b>	560				
Telephone/Cable	560.52	\$3,137	\$3,449	\$312	9.94%
KU	560.70	\$2,356	\$7,332	\$4,977	211.27%
Waste Pickup	560.80	\$54,888	\$38,513	(\$16,374)	-29.83%
<i>Total Utilities</i>		\$60,380	\$49,295	(\$11,086)	-18.36%
<b><u>Postage, Freight, Shipping</u></b>	565				
Postage	565.10	\$2,636	\$2,132	(\$503)	-19.10%
<i>Total Postage, Freight, Shipping</i>		\$2,636	\$2,132	(\$503)	-19.10%
<b><u>IT</u></b>	567				
IT Expenses	567.30	\$3,000	\$3,000	\$0	0.00%
<i>Total IT</i>		\$3,000	\$3,000	\$0	0.00%
<b><u>Bonds/Insurance</u></b>	571				
Sewer Bond	571.50	\$41,213	\$40,013	(\$1,200)	-2.91%
RLI Bonds	571.60	\$344	\$344	\$0	0.00%
Liability and Property Insurance	571.70	\$35,742	\$35,426	(\$316)	-0.88%
Additional Insurance	571.80	\$930	\$0	(\$930)	-100.00%
<i>Total Bonds/Insurance</i>		\$78,228	\$75,782	(\$2,446)	-3.13%
<b><u>Office Supplies &amp; Equipment</u></b>	575				
General Office Expenses	575.60	\$1,239	\$3,472	\$2,234	180.35%

# BENHAM CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
Office Supplies	575.70	\$557	\$563	\$6	1.16%
Petty Cash Used for Office Supplies	575.80	\$805	\$1,476	\$671	83.44%
Florist	575.90	\$0	\$188	\$188	
<u>Total Office Supplies and Equipment</u>		\$2,600	\$5,700	\$3,100	119.22%
<b><u>Dues &amp; Subscriptions</u></b>	580	\$400	\$1,000	\$600	150.00%
<b><u>Checks Written and Banking</u></b>	590				
Bank Expenses	590.10	\$1,016	\$897	(\$119)	-11.72%
Cemetary Fund Check Written	590.20	\$3,535	\$704	(\$2,831)	-80.09%
Fire Assessment Checks Written	590.30	\$16,415	\$12,156	(\$4,259)	-25.95%
<u>Total Checks Written and Banking</u>		\$20,966	\$13,757	(\$7,209)	-34.39%
<b><u>Loan Payments</u></b>	592				
John Deere Loan	592.10	\$2,490	\$2,483	(\$6)	-0.25%
General Loan Payments (Bank of Harlan and Bank of Monticello)	592.20	\$10,610	\$10,859	\$250	2.35%
<u>Total Loan Payments</u>		\$13,099	\$13,343	\$243	1.86%
<b><u>Maintenance &amp; Repairs</u></b>	600				
General Repairs	600.50	\$3,232	\$3,492	\$260	8.05%
Auto Repairs	600.60	\$2,378	\$4,476	\$2,098	88.23%
John Deere Repairs	600.70	\$416	\$799	\$384	92.24%
Building Repairs	600.80	\$5,729	\$3,329	(\$2,401)	-41.90%
<u>Total Maintenance &amp; Repairs</u>		\$11,755	\$12,096	\$341	2.90%
<b><u>Tax Roll from PVA</u></b>	605	\$547	\$582	\$36	6.51%
<b><u>Gross Utility Tax</u></b>	606	\$1,760	\$3,387	\$1,628	92.48%
<b><u>Sales and Use Tax Paid</u></b>	607	\$24	\$43	\$20	82.95%
<b><u>Police Expense</u></b>	611	\$1,490	\$1,610	\$119	8.01%
<b><u>Donations</u></b>	618	\$60	\$0	(\$60)	-100.00%

# BENHAM CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
<b><u>Benham Power Board</u></b>	623	\$22,392	\$29,599	\$7,207	32.19%
<b><u>KY State Treasury Payments</u></b>	628	\$32	\$2,000	\$1,968	6146.10%
<b><u>Petty Cash Used</u></b>	633	\$1,563	\$894	(\$668)	-42.77%
<b><u>Expenses Paid to Harlan</u></b>	675				
Police	675.10	\$0	\$1,200	\$1,200	
City Clerk	675.20	\$0	\$1,800	\$1,800	
<b><u>Total Expenses Paid To Harlan</u></b>		\$0	\$3,000	\$3,000	
<b><u>Water Expenses</u></b>	680				
General Water Expense	680.10	\$8,644	\$22,226	\$13,581	157.11%
Water Testing	680.20	\$12,427	\$17,546	\$5,119	41.19%
Water Refunds	680.30	\$751	\$1,906	\$1,155	153.86%
<b><u>Total Water Expenses</u></b>		\$21,822	\$41,678	\$19,855	90.99%
<b><u>Other &amp; Project Expenses</u></b>	701.00				
Bob Frazier Grant	701.10	\$33,109	\$40,656	\$7,547	22.79%
AMEC Grant	701.20	\$21,028	\$0	(\$21,028)	-100.00%
Bleacher	701.30	\$0	\$21,935	\$21,935	
Carpet	701.40	\$0	\$10,000	\$10,000	
Floor Grant	701.50	\$0	\$10,000	\$10,000	
Additional Expenses	701.60	\$92,943	\$7,387	(\$85,556)	-92.05%
<b><u>Total Other &amp; Project Expenses</u></b>		\$147,080	\$89,978	(\$57,102)	-38.82%
<b><u>TOTAL EXPENDITURES &amp; EXPENSES</u></b>		\$682,384	\$600,567	(\$81,817)	-11.99%
<b><u>SURPLUS/(DEFICIT)</u></b>		(\$29,585)	(\$12,531)	\$17,054	57.64%

# BENHAM DEBT REPORT

**CITY OF BENHAM - LOCAL GOVERNMENT DEBT REPORT**  
*Debt Reported to the Kentucky Department for Local Government*  
*As of January 2018*

Issue Type	Issue ID	Issue Date	Original Issue Amount	Interest Rate	Date of Maturity	Principle Outstanding	Yearly Payment Average (Until Maturity)
Water and Sewer - General Obligation	Lease ID: 15659	4/29/2010	\$485,000	None Provided	4/20/2030	\$360,000	\$30,000
<b>Total:</b>						<b>\$360,000</b>	



## Assumptions and Notes for Benham Projected Analysis

The next step was to project the financial future for each of the three cities. Our team determined it was best to project future revenue, expenses, and budget line items out to 10 years in a consistent and straightforward manner for the Tri-Cities. These projections allowed us to analyze the financial health of each city if they decided upon merger or if they remained independent. This further allowed a breakdown of benefits and displayed any potential efficiencies recognized through a potential merger.

These projections required certain assumptions to remain consistent, straightforward, and comparable among the three cities. These are the assumptions our team made to complete the Benham financial projections and resulting analysis:

- 1) Revenues, expenses, and budget line items projected out to FY 2027-2028, providing a full 10-year budget projection from the baseline year of 2017-2018.
- 2) We assumed that most revenue will remain the same, stagnant to the nearest hundredth. For example, if a revenue line item from FY 2016-2017 is listed at \$115,465.73, such as "Electric Fee Deposits" (Line 11) it will round up to \$115,500 for each projected year. We did not anticipate any new revenue options, or their potential value, that could be made available to cities by the General Assembly of the Commonwealth of Kentucky. Unless otherwise stated in these assumptions, revenue projections for the City of Benham follow this primary assumption.
- 3) Due to the continual population decline in the City of Benham, we assumed that population-based revenue such as the property tax, would decline at a rate that is commensurate with the yearly population decrease. For the past 10+ years, the annual decrease in population for the City of Benham is 1.5%. Therefore, this rate was used to project the decreases in property tax.
  - a. In the General Fund, "Water & Sewer Sinking Revenue" (Line 28) is decreased by 1.5% every projected year and the decrease is compounded every year. Due to the difficulty of separating the Benham Property Tax collection from other revenue sources, it shows the property tax revenue is predominantly intermingled with the revenue contained in this line item.
- 4) The Department for Local Government provided the totals for the coal severance revenue as another revenue line item projected to decrease at a specific rate. Our research led to the assumption that coal severance revenue also falls at about a 1.5% annualized rate. In the General Fund, "Coal Severance Money" (Line 37) is projected to decrease every projected year at a rate of 1.5% and the projected revenue decrease is compounded every projected year.
- 5) Unless specified in the assumptions below, it is assumed that expenses will remain the same, stagnant to the nearest hundredth. For example, "Oil and Gas" (Line 71) the Fuel Category is listed as \$5,202.66 for FY 2016-2017. It rounds down to \$5,200 for each projected year. Again, we did not anticipate any new expense items the city could incur, or the potential value of any new expenses.
- 6) Expense categories and line items would typically increase at a rate commensurate with the inflation rate. According to the United States Department of Labor's Bureau of Labor Statistics, a moderate 2.0% inflation rate is estimated through June 2020, when it is estimated to rise to 2.5% from July 2020 onward. Thus, we assumed that these specific expenses will increase by 2.0% through FY 2019-2020, then increase by 2.5% from FY 2020-2021 through the remainder of our projections. It is important to note that the increase is compounded every year.
  - a. In the General Fund, the following categories are projected with these inflation calculations:
    - "Salary & Payroll" (Lines 48-55);
    - "Payroll Taxes, Benefits & IRS Payments" (Lines 57-68);
    - "Travel & Lodging" (Lines 75-79);
    - "Utilities" (Lines 81-86);
    - "Postage, Freight, Shipping" (Lines 88-91);
    - "IT" (Lines 93-96);
    - "Liability and Property Insurance" (Line 101);
    - "Office Supplies and Equipment" (Lines 106-112);
    - "Tax Roll from PVA" (Line 137);
    - "Gross Utility Tax" (Line 138);
    - "Sales and Use Tax Paid" (Line 139);
    - "Police Expense" (Line 140);
    - "Benham Power Board" (Line 142);
    - "Petty Cash Used" (Line 144);
    - "Water Expenses" (Lines 152-157); and
    - "Additional Expenses" (Line 165).
- 7) Regrading grants that are still open, we assumed that the performance period on the grant will continue through FY 2017-2018, ending with the grant funding closed out. This assumption applies to both the revenue and expense side of the projections.

We assumed that the grant funding will remain the same as the previous fiscal year, rounded to the nearest hundredth.

- a. This assumption applies to "Bob Frazier Grant" (Line 17) "Flooring Grant" (Line 18) on the revenue side, and "R.E. Bob Frazier Grant" (Line 160) and "Flooring Grant" (Line 164) on the expense side.
- 8) Benham is eligible for Municipal Road Aid money which is controlled by the Department for Local Government "Municipal Aid Money" (Line 21). To receive these funds, there are specific mandates required of the city for funds to be dispersed. We assumed that any funding aid could be disbursed to the city in the typical manner starting in FY 2018-2019 as they can now meet their requirement by having a completed budget.
  - a. We also assumed that this funding will remain stagnant at current levels through the duration of the projected period. For Benham we used the 2017 Municipal Road Aid Report provided by the Kentucky Department for Local Government for our projections. It valued their current Road Aid Funding at \$10,250.
- 9) We assumed that "Bleacher" (Line 162) would end as an expense through FY 2018-2019 and "Carpet" (Line 163) would end as an expense in FY 2017-2018.

# BENHAM PROJECTED ANALYSIS

## CITY OF BENHAM - PROJECTED FUTURE BUDGETS General Fund

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>REVENUE</b>													
<b>Electric Revenue</b>													
Electric Fee Deposits	390.10	\$132,446	\$115,466	(\$16,980)	-12.82%	\$115,500	\$115,500	\$115,500	\$115,500	\$0	0.00%	\$0	0.00%
<b>Total Electric Revenue</b>		\$132,446	\$115,466	(\$16,980)	-12.82%	\$115,500	\$115,500	\$115,500	\$115,500	\$0	0.00%	\$0	0.00%
<b>Other Revenue</b>													
Grants, Aid, Funding	661.20												
Bob Frazier Grant	661.25	\$36,152	\$39,564	\$3,412	9.44%	\$39,600	\$0	\$0	\$0	(\$39,600)	-100.00%	(\$39,600)	-100.00%
Flooring Grant	661.26	\$0	\$10,000	\$10,000	N/A	\$10,000	\$0	\$0	\$0	(\$10,000)	-100.00%	(\$10,000)	-100.00%
<b>Total Grants, Aid, Funding</b>		\$36,152	\$49,564	\$13,412	37.10%	\$49,600	\$0	\$0	\$0	(\$49,600)	-100.00%	(\$49,600)	-100.00%
Municipal Aid Money	661.48	\$432	\$0	(\$432)	-100.00%	\$0	\$10,250	\$10,250	\$10,250	\$10,250		\$10,250	
EPA	661.60	\$110,683	\$0	(\$110,683)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
KY Finance	661.70	\$3,644	\$1,921	(\$1,723)	-47.29%	\$2,000	\$2,000	\$2,000	\$2,000	\$0	0.00%	\$0	0.00%
<b>Total Other Revenue</b>		\$150,911	\$51,485	(\$99,426)	-65.88%	\$51,600	\$12,250	\$12,250	\$12,250	(\$39,350)	-76.26%	(\$39,350)	-76.26%
<b>Water/Sewer Revenue and Deposits</b>													
Water & Sewer Sinking Revenue	702.10	\$237,388	\$214,351	(\$23,037)	-9.70%	\$211,136	\$207,969	\$195,769	\$181,520	(\$15,367)	-7.28%	(\$29,616)	-14.03%
Water & Sewer Department Revenue	702.20	\$76,301	\$74,343	(\$1,958)	-2.57%	\$74,300	\$74,300	\$74,300	\$74,300	\$0	0.00%	\$0	0.00%
Additional Water Deposits	702.30	\$6,000	\$2,250	(\$3,750)	-62.50%	\$2,250	\$2,250	\$2,250	\$2,250	\$0	0.00%	\$0	0.00%
<b>Total Water/Sewer Revenue and Deposits</b>		\$319,689	\$290,944	(\$28,745)	-8.99%	\$287,686	\$284,519	\$272,319	\$258,070	(\$15,367)	-5.34%	(\$29,616)	-10.29%
<b>Transfers In &amp; Deposits</b>													
Fire Assessment	901.10	\$8,498	\$12,066	\$3,568	41.98%	\$12,100	\$12,100	\$12,100	\$12,100	\$0	0.00%	\$0	0.00%
Cemetery Fund	901.20	\$2,905	\$2,390	(\$515)	-17.73%	\$2,400	\$2,400	\$2,400	\$2,400	\$0	0.00%	\$0	0.00%
Coal Severance Money	901.30	\$7,430	\$21,188	\$13,757	185.15%	\$20,870	\$20,557	\$19,351	\$17,943	(\$1,519)	-7.28%	(\$2,927)	-14.03%
Other Transfers & Deposits	901.40	\$30,919	\$94,498	\$63,579	205.63%	\$94,500	\$94,500	\$94,500	\$94,500	\$0	0.00%	\$0	0.00%
<b>Total Transfers In &amp; Deposits</b>		\$49,753	\$130,142	\$80,389	161.58%	\$129,870	\$129,557	\$128,351	\$126,943	(\$1,519)	-1.17%	(\$2,927)	-2.25%
<b>TOTAL REVENUE</b>		\$652,799	\$588,037	(\$64,762)	-9.92%	\$584,656	\$541,826	\$528,420	\$512,763	(\$56,236)	-9.62%	(\$71,893)	-12.30%
<b>EXPENSES</b>													
<b>Salary &amp; Payroll</b>													
Wages	502.10	\$60,085	\$44,353	(\$15,732)	-26.18%	\$45,240	\$46,145	\$50,687	\$57,347	\$5,447	12.04%	\$12,107	26.76%
Water & Sewer Payroll	502.20	\$57,395	\$65,224	\$7,829	13.64%	\$66,528	\$67,859	\$74,538	\$84,333	\$8,010	12.04%	\$17,805	26.76%
KLEFPF + Wages	502.30	\$14,427	\$12,701	(\$1,726)	-11.96%	\$12,955	\$13,214	\$14,515	\$16,422	\$1,560	12.04%	\$3,467	26.76%
Fire Payroll	502.40	\$3,963	\$4,568	\$604	15.24%	\$4,659	\$4,752	\$5,220	\$5,906	\$561	12.04%	\$1,247	26.76%
Labor	502.50	\$3,631	\$0	(\$3,631)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Salary and Payroll</b>		\$139,501	\$126,845	(\$12,656)	-9.07%	\$129,382	\$131,970	\$144,959	\$164,008	\$15,577	12.04%	\$34,626	26.76%
<b>Payroll Taxes, Benefits, and IRS Payments</b>													
Life Insurance	517.10	\$202	\$0	(\$202)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
AIG	517.20	\$361	\$361	\$0	0.00%	\$400	\$400	\$400	\$400	\$0	0.00%	\$0	0.00%
AFLAC	517.30	\$2,866	\$4,265	\$1,399	48.80%	\$4,350	\$4,437	\$4,874	\$5,514	\$524	12.04%	\$1,164	26.76%
KY Retirement	517.40	\$72,282	\$49,528	(\$22,754)	-31.48%	\$50,519	\$51,529	\$56,601	\$64,039	\$6,082	12.04%	\$13,520	26.76%
KEMI	517.50	\$8,801	\$7,217	(\$1,584)	-18.00%	\$7,361	\$7,508	\$8,247	\$9,331	\$886	12.04%	\$1,970	26.76%
Liberty National - Life	517.60	\$0	\$34	\$34		\$34	\$35	\$39	\$44	\$4	12.04%	\$9	26.76%
Kentucky Department of Revenue	517.70	\$9,824	\$8,510	(\$1,314)	-13.38%	\$8,500	\$8,500	\$8,500	\$8,500	\$0	0.00%	\$0	0.00%
IRS Payments	517.80	\$49,122	\$48,125	(\$997)	-2.03%	\$48,100	\$48,100	\$48,100	\$48,100	\$0	0.00%	\$0	0.00%
Unemployment Insurance	517.90	\$1,088	\$1,043	(\$45)	-4.15%	\$1,064	\$1,085	\$1,192	\$1,348	\$128	12.04%	\$285	26.76%
<b>Total Payroll Taxes, Benefits, and IRS Charges</b>		\$144,547	\$119,082	(\$25,465)	-17.62%	\$120,328	\$121,594	\$127,952	\$137,276	\$7,624	6.34%	\$16,948	14.09%
<b>Fuel</b>													
Oil and Gas	530.60	\$7,226	\$5,203	(\$2,023)	-28.00%	\$5,200	\$5,200	\$5,200	\$5,200	\$0	0.00%	\$0	0.00%

# BENHAM PROJECTED ANALYSIS

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>Total Fuel</b>		\$7,226	\$5,203	(\$2,023)	-28.00%	\$5,200	\$5,200	\$5,200	\$5,200	\$0	0.00%	\$0	0.00%
<b>Travel &amp; Lodging</b>	555												
General Travel and Lodging	555.30	\$469	\$261	(\$208)	-44.44%	\$266	\$271	\$298	\$337	\$32	12.04%	\$71	26.76%
Meals	555.40	\$808	\$300	(\$508)	-62.85%	\$306	\$312	\$343	\$388	\$37	12.04%	\$82	26.76%
<b>Total Travel &amp; Lodging</b>		\$1,277	\$561	(\$716)	-56.09%	\$572	\$583	\$641	\$725	\$69	12.04%	\$153	26.76%
<b>Utilities</b>	560												
Telephone/Cable	560.52	\$3,137	\$3,449	\$312	9.94%	\$3,518	\$3,589	\$3,942	\$4,460	\$424	12.04%	\$942	26.76%
KU	560.70	\$2,356	\$7,332	\$4,977	211.27%	\$7,479	\$7,629	\$8,379	\$9,481	\$900	12.04%	\$2,002	26.76%
Waste Pickup	560.80	\$54,888	\$38,513	(\$16,374)	-29.83%	\$39,284	\$40,069	\$44,013	\$49,797	\$4,730	12.04%	\$10,513	26.76%
<b>Total Utilities</b>		\$60,380	\$49,295	(\$11,086)	-18.36%	\$50,281	\$51,286	\$56,334	\$63,737	\$6,054	12.04%	\$13,456	26.76%
<b>Postage, Freight, Shipping</b>	565												
Postage	565.10	\$2,636	\$2,132	(\$503)	-19.10%	\$2,175	\$2,218	\$2,437	\$2,757	\$262	12.04%	\$582	26.76%
<b>Total Postage, Freight, Shipping</b>		\$2,636	\$2,132	(\$503)	-19.10%	\$2,175	\$2,218	\$2,437	\$2,757	\$262	12.04%	\$582	26.76%
<b>IT</b>	567												
IT Expenses	567.30	\$3,000	\$3,000	\$0	0.00%	\$3,060	\$3,121	\$3,428	\$3,879	\$368	12.04%	\$819	26.76%
<b>Total IT</b>		\$3,000	\$3,000	\$0	0.00%	\$3,060	\$3,121	\$3,428	\$3,879	\$368	12.04%	\$819	26.76%
<b>Bonds/Insurance</b>	571												
Sewer Bond	571.50	\$41,213	\$40,013	(\$1,200)	-2.91%	\$20,000	\$20,000	\$20,000	\$20,000	\$0	0.00%	\$0	0.00%
RLI Bonds	571.60	\$344	\$344	\$0	0.00%	\$400	\$400	\$400	\$400	\$0	0.00%	\$0	0.00%
Liability and Property Insurance	571.70	\$35,742	\$35,426	(\$316)	-0.88%	\$36,134	\$36,857	\$40,485	\$45,805	\$4,350	12.04%	\$9,671	26.76%
Additional Insurance	571.80	\$930	\$0	(\$930)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Bonds/Insurance</b>		\$78,228	\$75,782	(\$2,446)	-3.13%	\$56,534	\$57,257	\$60,885	\$66,205	\$4,350	7.70%	\$9,671	17.11%
<b>Office Supplies &amp; Equipment</b>	575												
General Office Expenses	575.60	\$1,239	\$3,472	\$2,234	180.35%	\$3,542	\$3,613	\$3,968	\$4,490	\$426	12.04%	\$948	26.76%
Office Supplies	575.70	\$557	\$563	\$6	1.16%	\$574	\$586	\$644	\$728	\$69	12.04%	\$154	26.76%
Petty Cash Used for Office Supplies	575.80	\$805	\$1,476	\$671	83.44%	\$1,506	\$1,536	\$1,687	\$1,909	\$181	12.04%	\$403	26.76%
Florist	575.90	\$0	\$188	\$188		\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Office Supplies and Equipment</b>		\$2,600	\$5,700	\$3,100	119.22%	\$5,622	\$5,735	\$6,299	\$7,127	\$677	12.04%	\$1,505	26.76%
<b>Dues &amp; Subscriptions</b>	580												
Dues & Subscriptions	580	\$400	\$1,000	\$600	150.00%	\$1,000	\$1,000	\$1,000	\$1,000	\$0	0.00%	\$0	0.00%
<b>Checks Written and Banking</b>	590												
Bank Expenses	590.10	\$1,016	\$897	(\$119)	-11.72%	\$900	\$900	\$900	\$900	\$0	0.00%	\$0	0.00%
Cemetery Fund Check Written	590.20	\$3,535	\$704	(\$2,831)	-80.09%	\$700	\$700	\$700	\$700	\$0	0.00%	\$0	0.00%
Fire Assessment Checks Written	590.30	\$16,415	\$12,156	(\$4,259)	-25.95%	\$12,200	\$12,200	\$12,200	\$12,200	\$0	0.00%	\$0	0.00%
<b>Total Checks Written and Banking</b>		\$20,966	\$13,757	(\$7,209)	-34.39%	\$13,800	\$13,800	\$13,800	\$13,800	\$0	0.00%	\$0	0.00%
<b>Loan Payments</b>	592												
John Deere Loan	592.10	\$2,490	\$2,483	(\$6)	-0.25%	\$2,500	\$2,500	\$2,500	\$2,500	\$0	0.00%	\$0	0.00%
General Loan Payments (Bank of Harlan and Bank of Monticello)	592.20	\$10,610	\$10,859	\$250	2.35%	\$10,900	\$10,900	\$10,900	\$10,900	\$0	0.00%	\$0	0.00%
<b>Total Loan Payments</b>		\$13,099	\$13,343	\$243	1.86%	\$13,400	\$13,400	\$13,400	\$13,400	\$0	0.00%	\$0	0.00%
<b>Maintenance &amp; Repairs</b>	600												
General Repairs	600.50	\$3,232	\$3,492	\$260	8.05%	\$3,500	\$3,500	\$3,500	\$3,500	\$0	0.00%	\$0	0.00%
Auto Repairs	600.60	\$2,378	\$4,476	\$2,098	88.23%	\$4,500	\$4,500	\$4,500	\$4,500	\$0	0.00%	\$0	0.00%
John Deere Repairs	600.70	\$416	\$799	\$384	92.24%	\$800	\$800	\$800	\$800	\$0	0.00%	\$0	0.00%
Building Repairs	600.80	\$5,729	\$3,329	(\$2,401)	-41.90%	\$3,300	\$3,300	\$3,300	\$3,300	\$0	0.00%	\$0	0.00%
<b>Total Maintenance &amp; Repairs</b>		\$11,755	\$12,096	\$341	2.90%	\$12,100	\$12,100	\$12,100	\$12,100	\$0	0.00%	\$0	0.00%
<b>Tax Roll from PVA</b>	605	\$547	\$582	\$36	6.51%	\$594	\$606	\$665	\$753	\$71	12.04%	\$159	26.76%
<b>Gross Utility Tax</b>	606	\$1,760	\$3,387	\$1,628	92.48%	\$3,455	\$3,524	\$3,871	\$4,380	\$416	12.04%	\$925	26.76%
<b>Sales and Use Tax Paid</b>	607	\$24	\$43	\$20	82.95%	\$44	\$45	\$49	\$56	\$5	12.04%	\$12	26.76%



# BENHAM PROJECTED ANALYSIS

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>Police Expense</b>	611	\$1,490	\$1,610	\$119	8.01%	\$1,642	\$1,675	\$1,840	\$2,081	\$198	12.04%	\$439	26.76%
<b>Donations</b>	618	\$60	\$0	(\$60)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Benham Power Board</b>	623	\$22,392	\$29,599	\$7,207	32.19%	\$30,191	\$30,795	\$33,826	\$38,271	\$3,635	12.04%	\$8,080	26.76%
<b>KY State Treasury Payments</b>	628	\$32	\$2,000	\$1,968	6146.10%	\$2,000	\$2,000	\$2,000	\$2,000	\$0	0.00%	\$0	0.00%
<b>Petty Cash Used</b>	633	\$1,563	\$894	(\$668)	-42.77%	\$912	\$930	\$1,022	\$1,156	\$110	12.04%	\$244	26.76%
<b>Expenses Paid to Harlan</b>	675												
Police	675.10	\$0	\$1,200	\$1,200		\$1,200	\$1,200	\$1,200	\$1,200	\$0	0.00%	\$0	0.00%
City Clerk	675.20	\$0	\$1,800	\$1,800		\$1,800	\$1,800	\$1,800	\$1,800	\$0	0.00%	\$0	0.00%
<b>Total Expenses Paid To Harlan</b>		\$0	\$3,000	\$3,000		\$3,000	\$3,000	\$3,000	\$3,000	\$0	0.00%	\$0	0.00%
<b>Water Expenses</b>	680												
General Water Expense	680.10	\$8,644	\$22,226	\$13,581	157.11%	\$22,670	\$23,123	\$25,399	\$28,737	\$2,729	12.04%	\$6,067	26.76%
Water Testing	680.20	\$12,427	\$17,546	\$5,119	41.19%	\$17,897	\$18,255	\$20,052	\$22,687	\$2,155	12.04%	\$4,790	26.76%
Water Refunds	680.30	\$751	\$1,906	\$1,155	153.86%	\$1,944	\$1,983	\$2,178	\$2,464	\$234	12.04%	\$520	26.76%
<b>Total Water Expenses</b>		\$21,822	\$41,678	\$19,855	90.99%	\$42,511	\$43,361	\$47,629	\$53,888	\$5,118	12.04%	\$11,377	26.76%
<b>Other &amp; Project Expenses</b>	701.00												
Bob Frazier Grant	701.10	\$33,109	\$40,656	\$7,547	22.79%	\$40,700	\$0	\$0	\$0	(\$40,700)	-100.00%	(\$40,700)	-100.00%
AMEC Grant	701.20	\$21,028	\$0	(\$21,028)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Bleacher	701.30	\$0	\$21,935	\$21,935		\$21,900	\$21,900	\$0	\$0	(\$21,900)	-100.00%	(\$21,900)	-100.00%
Carpet	701.40	\$0	\$10,000	\$10,000		\$10,000	\$0	\$0	\$0	(\$10,000)	-100.00%	(\$10,000)	-100.00%
Floor Grant	701.50	\$0	\$10,000	\$10,000		\$10,000	\$0	\$0	\$0	(\$10,000)	-100.00%	(\$10,000)	-100.00%
Additional Expenses	701.60	\$92,943	\$7,387	(\$85,556)	-92.05%	\$7,535	\$7,686	\$8,442	\$9,552	\$907	12.04%	\$2,017	26.76%
<b>Total Other &amp; Project Expenses</b>		\$147,080	\$89,978	(\$57,102)	-38.82%	\$90,135	\$29,586	\$8,442	\$9,552	(\$81,693)	-90.63%	(\$80,583)	-89.40%
<b>TOTAL EXPENDITURES &amp; EXPENSES</b>		\$682,384.04	\$600,567.48	(\$81,816.56)	-11.99%	\$587,938	\$534,787	\$550,781	\$606,351	(\$37,158)	-6.32%	\$18,412	3.13%
<b>SURPLUS/(DEFICIT)</b>		(\$29,584.92)	(\$12,530.70)	\$17,054.22	57.64%	(\$3,282)	\$7,039	(\$22,361)	(\$93,588)	(\$19,079)	-581.31%	(\$90,306)	-2751.55%



## City of Lynch

Lynch Current Financial Analysis Narrative

Lynch Current Analysis Assumptions

Lynch Current Financial Analysis

Lynch Projected Financial Analysis Assumptions

Lynch Projected Financial Analysis

### Lynch Current Financial Analysis Narrative

In a budgetary review of the City of Lynch over a two-year span (FY 2015-2016 and FY 2016-2017), one primary element stood out: Both revenues and expenses went down. The total revenue collected by the city went down by \$185,600 or 28.09% and expenses went down by \$120,166 or 19.36%. This difference is explained by the loss of a one-time revenue item in the Merchandise, Property, and Miscellaneous Revenue category and the loss of money in the Grants, Aid, and Funding subcategory located in the Other Revenue Category.

The decrease in revenue and increase in expenses led to a budget deficit of \$25,228 in FY 2016-2017 compared to a surplus of \$40,206 in the previous year. Overall this reflects a \$65,434 reversal in revenue in one year. While both revenues and expenses decreased, the revenue drop far outpaced the decrease in expenses.

Another observation is that Salary and Wages expenses increased by \$9,973 or 7.05%. Lynch was catching up on payroll taxes in FY 2015-2016 paying a penalty of \$4,483. In FY 2016-2017, they did not have that penalty.

The most consistent sources of revenue for Lynch are in Water Service, Sewer Service, and Solid Waste Collection, followed by Insurance Tax. Service Revenue makes up 53.6% of Total Revenue for Lynch during FY 2015-2016 and 69.6% of Total Revenue during FY 2016-2017, as shown below.

- In FY 2015-2016, the Top 5 Revenue Line Items were:
  1. Water Service
  2. Sewer Service
  3. Miscellaneous (In Merch, Property, Misc. Revenue)
  4. Grants, Aid, Funding – Other
  5. Solid Waste Collection
- In FY 2016-2017, the Top 5 Revenue Line Items were:
  1. Water Service
  2. Sewer Service
  3. Solid Waste Collection
  4. Insurance Tax
  5. Property Tax

Points to consider:

- Sewer Service revenue decreased by \$6,971 or 5.81% between the two years, yet Water Service went up \$11,050 or 8.64% across the 2 FYs.
- Property taxes are just a small piece in Lynch's overall revenue profile: \$20,014 in FY 2015-2016 and \$21,204 in FY 2016-2017; reflecting 3% and 4.5%, respectively, of the overall revenue profile.
- The strongest growth area for the Lynch profile is with the Insurance Tax, with nearly

double the collections of the property tax, a difference of \$64,138 or 69.80%.

### Assumptions and Notes for Lynch Current Analysis

No assumptions were made for the current analysis on the City of Lynch as they provided the requested budget, financial statements, and supporting financial documents for FY 2015-2016 and FY 2016-2017 as needed to complete a full current analysis.



# LYNCH CURRENT ANALYSIS - GENERAL FUND

## CITY OF LYNCH - INCOME AND EXPENSES FY COMPARISON General Fund

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
<b>REVENUE</b>					
<b>Reconnect Fee</b>	350	\$242	\$100	(\$142)	-58.76%
<b>Service Revenue</b>	400				
Water Service	400.10	\$127,879	\$138,929	\$11,050	8.64%
Sewer Service	400.20	\$120,021	\$113,050	(\$6,971)	-5.81%
Solid Waste Collection	400.30	\$69,080	\$62,716	(\$6,364)	-9.21%
Police	400.40	\$0	\$365	\$365	
Assessment	400.50	\$32,622	\$5,898	(\$26,724)	-81.92%
Service Revenue - Other	400.60	\$4,506	\$9,879	\$5,373	119.25%
<b>Total Service Revenue</b>		\$354,108	\$330,836	(\$23,271)	-6.57%
<b>Tax Revenue</b>	401				
Property Tax	401.10	\$20,014	\$21,204	\$1,190	5.95%
Privilege License	401.20	\$3,935	\$5,670	\$1,735	44.09%
Franchise	401.30				
Telecom Distribution Franchise	401.31	\$3,276	\$3,461	\$185	5.63%
KU Franchise	401.32	\$15,457	\$18,792	\$3,334	21.57%
Coal Severence	401.33	\$10,817	\$12,774	\$1,957	18.09%
MV Property Distribution	401.34	\$6,330	\$6,187	(\$143)	-2.26%
KCTCS Entertainment Distribution	401.35	\$1,035	\$1,256	\$220	21.29%
Franchise - Other	401.36	\$550	\$0	(\$550)	-100.00%
<b>Total Franchise</b>		\$37,466	\$42,470	\$5,003	13.35%
Insurance Tax	401.40	\$34,200	\$40,380	\$6,180	18.07%
ATV Sticker	401.50	\$80	\$30	(\$50)	-62.50%
Tax Revenue - Other	401.60	\$0	\$550	\$550	
<b>Total Tax Revenue</b>		\$95,696	\$110,304	\$14,608	15.27%

# LYNCH CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
<b><u>Merch, Property, Misc. Revenue</u></b>	402				
Rental Income	402.10	\$5,550	\$5,050	(\$500)	-9.01%
Penalties and Interest	402.20	\$3,233	\$1,711	(\$1,522)	-47.07%
Miscellaneous	403.30	\$109,728	(\$4,070)	(\$113,798)	-103.71%
Other	403.40	\$354	\$1,819	\$1,464	413.53%
Uncategorized Revenue	403.50	\$0	\$1,700	\$1,700	
<b><u>Total Merch, Property, Misc. Revenue</u></b>		\$118,866	\$6,210	(\$112,656)	-94.78%
<b><u>Other Revenue</u></b>	661				
Grants, Aid, Funding	661.20				
HB413-Police	661.21	\$5,686	\$1,889	(\$3,797)	-66.77%
KLEFPF	661.22	\$1,649	\$0	(\$1,649)	-100.00%
MRA	661.23	\$3,674	\$15,009	\$11,335	308.53%
Grants, Aid, Funding - Other	661.24	\$74,028	\$0	(\$74,028)	-100.00%
<b><u>Total Grants, Aid, Funding</u></b>		\$85,037	\$16,899	(\$68,139)	-80.13%
Donations, Contributions, Gifts	661.30	\$80	\$13,644	\$13,564	16955.00%
Misc. Other Revenue	661.40				
Restitution	661.41	\$650	\$250	(\$400)	-61.54%
Misc. Other Revenue - Other	661.42	\$3,185	\$0	(\$3,185)	-100.00%
<b><u>Total Misc. Other Revenue</u></b>		\$3,835	\$250	(\$3,585)	-93.48%
Other Revenue - Other	661.50	\$2,934	\$4,053	\$1,119	38.15%
<b><u>Total Other Revenue</u></b>		\$91,886	\$34,846	(\$57,040)	-62.08%
<b><u>TOTAL REVENUE</u></b>		\$660,797	\$482,296	(\$178,501)	-27.01%

**EXPENSES**

# LYNCH CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
<b><u>Salary &amp; Wages</u></b>	500	\$141,441	\$151,414	\$9,973	7.05%
<b><u>Payroll Taxes</u></b>	515				
Workers' Compensation	515.10	\$0	\$624	\$624	
FUTA	515.20	\$299	\$274	(\$25)	-8.23%
SUI	515.30	\$745	\$727	(\$18)	-2.43%
Tax & Penalty	515.40	\$4,483	\$0	(\$4,483)	-100.00%
Payroll Taxes - Other	515.50	\$10,835	\$11,697	\$862	7.96%
<i>Total Payroll Taxes</i>		\$16,362	\$13,322	(\$3,040)	-18.58%
<b><u>Direct Materials and Services</u></b>	520	\$26,055	\$11,795	(\$14,260)	-54.73%
<b><u>Chemicals</u></b>	522				
Chlorine	522.10	\$2,809	\$15,116	\$12,307	438.06%
Sulfur Dioxide	522.20	\$0	\$0	\$0	N/A
Sodium Hypochlorite	522.30	\$4,111	\$11,532	\$7,420	180.49%
Chemicals - Other	522.40	\$11,056	\$2,825	(\$8,231)	-74.45%
<i>Total Chemicals</i>		\$17,977	\$29,473	\$11,496	63.95%
<b><u>Fuel</u></b>	530				
Diesel	530.10	\$890	\$0	(\$890)	-100.00%
Gasoline	530.20	\$3,778	\$3,294	(\$484)	-12.81%
<i>Total Fuel</i>		\$4,668	\$3,294	(\$1,374)	-29.44%
<b><u>Testing</u></b>	535	\$17,615	\$18,654	\$1,039	5.90%
<b><u>Damages and Repairs</u></b>	540	\$1,940	\$0	(\$1,940)	-100.00%
<b><u>Travel</u></b>	555	\$0	\$225	\$225	
<b><u>Supplies</u></b>	550	\$5,693	\$0	(\$5,693)	-100.00%
<b><u>Postage, Freight, Shipping</u></b>	565	\$469	\$111	(\$359)	-76.46%
<b><u>ACH KY FINANCE</u></b>	542	\$0	(\$550)	(\$550)	
<b><u>BB&amp;T</u></b>	545	\$4,355	\$4,033	(\$323)	-7.41%
<b><u>FEMA</u></b>	552	(\$4,111)	\$0	\$4,111	100.00%

# LYNCH CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
<b><u>Utilities</u></b>	560				
Electricity	560.10	\$75,772	\$68,492	(\$7,280)	-9.61%
Telephone & Internet	560.20	\$3,805	\$4,353	\$548	14.41%
Utilities - Other	560.30	\$289	\$0	(\$289)	-100.00%
<b><u>Total Utilities</u></b>		\$79,866	\$72,845	(\$7,021)	-8.79%
<b><u>IT</u></b>	567				
Hardware	567.10	\$203	\$796	\$593	292.55%
Software	567.20	\$0	\$115	\$115	
<b><u>Total IT</u></b>		\$203	\$911	\$709	349.31%
<b><u>Insurance</u></b>	570				
Bond	570.10	\$1,349	\$624	(\$725)	-53.77%
Property and Liability	570.20	\$35,303	\$28,900	(\$6,403)	-18.14%
Health	570.30	\$0	\$0	\$0	N/A
Insurance - Other	570.40	\$1,241	\$3,937	\$2,696	217.31%
<b><u>Total Insurance</u></b>		\$37,892	\$33,460	(\$4,432)	-11.70%
<b><u>PPE Maintenance &amp; Repair</u></b>	572	\$33,554	\$10,128	(\$23,426)	-69.82%
<b><u>Office Supplies &amp; Equipment</u></b>	575				
Supplies	575.10	\$1,515	\$1,348	(\$167)	-11.02%
Equipment	575.20	\$25,302	\$34,982	\$9,680	38.26%
Printing	575.30	\$4,059	\$3,738	(\$321)	-7.90%
Office Supplies & Equipment - Other	575.40	\$266	\$50	(\$217)	-81.35%
<b><u>Total Office Supplies and Equipment</u></b>		\$31,142	\$40,117	\$8,976	28.82%
<b><u>Professional Fees</u></b>	577				
Legal	577.10	\$102	\$0	(\$102)	-100.00%
Accounting	577.20	\$950	\$590	(\$360)	-37.90%

# LYNCH CURRENT ANALYSIS - GENERAL FUND

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change
Governmental	577.30	\$1,903	\$3,934	\$2,032	106.79%
Professional Fees - Other	577.40	\$47,869	\$17,233	(\$30,635)	-64.00%
<u>Total Professional Fees</u>		\$50,823	\$21,758	(\$29,065)	-57.19%
<u>Dues &amp; Subscriptions</u>	580	\$29,870	\$20,978	(\$8,892)	-29.77%
<u>Safety, Training, &amp; Cert.</u>	582	\$3,533	\$1,827	(\$1,705)	-48.27%
<u>Advertising</u>	585	\$325	\$0	(\$325)	-100.00%
<u>Community Appreciation</u>	587	\$534	\$1,150	\$615	115.23%
<u>Other Expense</u>	700				
Materials	700.10	\$31,478	\$50,974	\$19,496	61.93%
Services	700.20	\$76,073	\$3,424	(\$72,649)	-95.50%
Labor	700.30	\$4,424	\$1,951	(\$2,473)	-55.90%
Interest - Commercial Bank	700.40	\$137	\$2,815	\$2,678	1949.88%
Other Expense - Other	700.50	\$8,273	\$6,316	(\$1,957)	-23.65%
<u>Total Other Expenses</u>		\$120,385	\$65,480	(\$54,905)	-45.61%
<b><u>TOTAL EXPENDITURES &amp; EXPENSES</u></b>		\$620,591	\$500,425	(\$120,166)	-19.36%
<b><u>SURPLUS/(DEFICIT)</u></b>		\$40,206	(\$18,130)	(\$58,336)	-145.09%



# LYNCH DEBT REPORT

**CITY OF LYNCH - LOCAL GOVERNMENT DEBT REPORT**  
*Debt Reported to the Kentucky Department for Local Government*  
*As of January 2018*

Issue Type	Issue ID	Issue Date	Original Issue Amount	Interest Rate	Date of Maturity	Principle Outstanding	Yearly Payment Average (Until Maturity)
Water and Sewer - Renewable	Lease ID: 10641	2/4/1999	\$135,000	0.00%	11/20/2018	\$20,000	\$20,000
Refinancing - General Obligation	Lease ID: 12789	6/10/2005	\$105,000	None Provided	12/1/2018	\$20,000	\$20,000
<b>Total:</b>						<b>\$40,000</b>	

City of Lynch





## Assumptions and Notes for Lynch Projected Analysis

After completing the analysis of the most current financial picture of each city, the next step was to project the financial future for each of the cities. We accomplished this by projecting future revenue, expenses and budget line items out to 10 years. These projections analyzed the potential financial health of each city if they decided to merge or if they remained independent. This revealed potential benefits of a proposed merger and displayed any efficiencies that could be gained through a potential merger. The following assumptions were used to complete the Lynch financial projections and resulting analysis to remain consistent and comparable with the other two cities.

- 1) Revenues, expenses, and budget line items were projected out to FY 2027-2028, which gives a full ten-year budget projection from the baseline year of 2017-2018.
- 2) We assumed that most revenue will remain the same, stagnant to the nearest hundredth. For example, if a revenue line item from FY 2016-2017 is listed at \$138,929 "Water Service" (Line 12), it will round down to \$138,900 for each projected year. Further, we did not project any potential new revenue options, or their potential value, from the General Assembly of the Commonwealth of Kentucky. Unless otherwise stated in these assumptions, revenue projections for the City of Lynch follow this primary assumption.
- 3) Because of the continual population decline in the City of Lynch, we assumed property tax would decline at a rate commensurate with the yearly population decrease. For the past 10+ years, the Lynch population decreased around 1.7%, so this rate was used to project the decreases in property tax.
  - a. In the General Fund, "Property Tax" (Line 22) is decreased by 1.7% every projected year and the decrease is compounded every year.
- 4) Coal severance revenue was estimated to decrease at about a 1.7% annualized rate based upon information provided to the City of Lynch by the Department for Local Government. Therefore, in the General fund, "Coal Severance" (Line 28) is projected to decrease every projected year at a rate of 1.7%, with the decrease compounded every year.
- 5) Expense line items are projected to remain the same to the nearest hundredth, unless specified in these assumptions below. For example, "Chlorine" (Line 88) in the Chemicals expense category is listed as \$15,116 for FY 2016-2017, and rounds down to \$15,100 for each projected year. Again, we did not project any potential new expense items the city could incur, or the potential value of any new expenses.
- 6) We assumed the specific expense categories and line items listed below would increase at a rate that is commensurate with the inflation rate. The United States Department of Labor's Bureau of Labor Statistics estimated a moderate 2.0% inflation rate through June 2020, when it is then estimated to rise to about 2.5% from July 2020 onward. Thus, we assumed that these specific expenses will increase by 2.0% through FY 2019-2020, and by 2.5% from FY 2020-2021 through the remainder of our projections, indicating the increase will be compounded every year.
  - a. In the General Fund, the Category "Salary & Wages" (Line 74), the Category "Payroll Taxes" (Lines 76-83), "Travel" (Line 103), "Postage, Freight, Shipping" (Line 105), the Category "Utilities" (Lines 110-115), the Category "IT" (Lines 117-121), "Property and Liability [Insurance]" (Line 125), "Supplies" (Line 134), and "Office Supplies & Equipment – Other" (Line 137) are projected with these inflation calculations.
- 7) We assumed that any road aid funding provided from the Department for Local Government "MRA" (Line 53) will be dispersed to the city in the typical manner as we anticipate the city will meet all prerequisite requirements.
  - a. We assumed that this funding will remain at current levels through the duration of the projected period. For Lynch, we used the 2017 Municipal Road Aid Report provided by the Kentucky Department for Local Government for these projections. The report valued the Lynch Road Aid Funding at \$15,500.



# LYNCH PROJECTED ANALYSIS

## CITY OF LYNCH - PROJECTED FUTURE BUDGETS General Fund

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>REVENUE</b>													
<b>Reconnect Fee</b>	350	\$242	\$100	(\$142)	-58.76%	\$100	\$100	\$100	\$100	\$0	0.00%	\$0	0.00%
<b>Service Revenue</b>	400												
Water Service	400.10	\$127,879	\$138,929	\$11,050	8.64%	\$138,900	\$138,900	\$138,900	\$138,900	\$0	0.00%	\$0	0.00%
Sewer Service	400.20	\$120,021	\$113,050	(\$6,971)	-5.81%	\$113,000	\$113,000	\$113,000	\$113,000	\$0	0.00%	\$0	0.00%
Solid Waste Collection	400.30	\$69,080	\$62,716	(\$6,364)	-9.21%	\$62,700	\$62,700	\$62,700	\$62,700	\$0	0.00%	\$0	0.00%
Police	400.40	\$0	\$365	\$365		\$400	\$400	\$400	\$400	\$0	0.00%	\$0	0.00%
Assessment	400.50	\$32,622	\$5,898	(\$26,724)	-81.92%	\$5,900	\$5,900	\$5,900	\$5,900	\$0	0.00%	\$0	0.00%
Service Revenue - Other	400.60	\$4,506	\$9,879	\$5,373	119.25%	\$9,900	\$9,900	\$9,900	\$9,900	\$0	0.00%	\$0	0.00%
<b>Total Service Revenue</b>		\$354,108	\$330,836	(\$23,271)	-6.57%	\$330,800	\$330,800	\$330,800	\$330,800	\$0	0.00%	\$0	0.00%
<b>Tax Revenue</b>	401												
Property Tax	401.10	\$20,014	\$21,204	\$1,190	5.95%	\$20,844	\$20,490	\$19,131	\$17,560	(\$1,713)	-8.22%	(\$3,284)	-15.76%
Privilege License	401.20	\$3,935	\$5,670	\$1,735	44.09%	\$5,700	\$5,700	\$5,700	\$5,700	\$0	0.00%	\$0	0.00%
Franchise	401.30												
Telecom Distribution Franchise	401.31	\$3,276	\$3,461	\$185	5.63%	\$3,500	\$3,500	\$3,500	\$3,500	\$0	0.00%	\$0	0.00%
KU Franchise	401.32	\$15,457	\$18,792	\$3,334	21.57%	\$18,800	\$18,800	\$18,800	\$18,800	\$0	0.00%	\$0	0.00%
Coal Severence	401.33	\$10,817	\$12,774	\$1,957	18.09%	\$12,557	\$12,344	\$11,526	\$10,579	(\$1,032)	-8.22%	(\$1,979)	-15.76%
MV Property Distribution	401.34	\$6,330	\$6,187	(\$143)	-2.26%	\$6,200	\$6,200	\$6,200	\$6,200	\$0	0.00%	\$0	0.00%
KCTCS Entertainment Distribution	401.35	\$1,035	\$1,256	\$220	21.29%	\$1,300	\$1,300	\$1,300	\$1,300	\$0	0.00%	\$0	0.00%
Franchise - Other	401.36	\$550	\$0	(\$550)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Franchise</b>		\$37,466	\$42,470	\$5,003	13.35%	\$42,357	\$42,144	\$41,326	\$40,379	(\$1,032)	-2.44%	(\$1,979)	-4.67%
Insurance Tax	401.40	\$34,200	\$40,380	\$6,180	18.07%	\$40,400	\$40,400	\$40,400	\$40,400	\$0	0.00%	\$0	0.00%
ATV Sticker	401.50	\$80	\$30	(\$50)	-62.50%	\$50	\$50	\$50	\$50	\$0	0.00%	\$0	0.00%
Tax Revenue - Other	401.60	\$0	\$550	\$550		\$600	\$600	\$600	\$600	\$0	0.00%	\$0	0.00%
<b>Total Tax Revenue</b>		\$95,696	\$110,304	\$14,608	15.27%	\$109,951	\$109,383	\$107,207	\$104,688	(\$2,744)	-2.50%	(\$5,263)	-4.79%
<b>Merch. Property, Misc. Revenue</b>	402												
Rental Income	402.10	\$5,550	\$5,050	(\$500)	-9.01%	\$5,100	\$5,100	\$5,100	\$5,100	\$0	0.00%	\$0	0.00%
Penalties and Interest	402.20	\$3,233	\$1,711	(\$1,522)	-47.07%	\$1,700	\$1,700	\$1,700	\$1,700	\$0	0.00%	\$0	0.00%
Miscellaneous	403.30	\$109,728	(\$4,070)	(\$113,798)	-103.71%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Other	403.40	\$1,819	\$1,464	(\$355)	-19.51%	\$1,800	\$1,800	\$1,800	\$1,800	\$0	0.00%	\$0	0.00%
Uncategorized Revenue	403.50	\$0	\$1,700	\$1,700		\$1,700	\$1,700	\$1,700	\$1,700	\$0	0.00%	\$0	0.00%
<b>Total Merch, Property, Misc. Revenue</b>		\$118,866	\$6,210	(\$112,656)	-94.78%	\$10,300	\$10,300	\$10,300	\$10,300	\$0	0.00%	\$0	0.00%
<b>Other Revenue</b>	661												
Grants, Aid, Funding	661.20												
HB413-Police	661.21	\$5,686	\$1,889	(\$3,797)	-66.77%	\$1,900	\$1,900	\$1,900	\$1,900	\$0	0.00%	\$0	0.00%
KLEFPF	661.22	\$1,649	\$0	(\$1,649)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
MRA	661.23	\$3,674	\$15,009	\$11,335	308.53%	\$15,500	\$15,500	\$15,500	\$15,500	\$0	0.00%	\$0	0.00%
Grants, Aid, Funding - Other	661.24	\$74,028	\$0	(\$74,028)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Grants, Aid, Funding</b>		\$85,037	\$16,899	(\$68,139)	-80.13%	\$17,400	\$17,400	\$17,400	\$17,400	\$0	0.00%	\$0	0.00%
Donations, Contributions, Gifts	661.30	\$80	\$13,644	\$13,564	16955.00%	\$13,700	\$13,700	\$13,700	\$13,700	\$0	0.00%	\$0	0.00%
Misc. Other Revenue	661.40												
Restitution	661.41	\$650	\$250	(\$400)	-61.54%	\$300	\$300	\$300	\$300	\$0	0.00%	\$0	0.00%
Misc. Other Revenue - Other	661.42	\$3,185	\$0	(\$3,185)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Misc. Other Revenue</b>		\$3,835	\$250	(\$3,585)	-93.48%	\$300	\$300	\$300	\$300	\$0	0.00%	\$0	0.00%
Other Revenue - Other	661.50	\$2,934	\$4,053	\$1,119	38.15%	\$4,100	\$4,100	\$4,100	\$4,100	\$0	0.00%	\$0	0.00%
<b>Total Other Revenue</b>		\$91,886	\$34,846	(\$57,040)	-62.08%	\$35,500	\$35,500	\$35,500	\$35,500	\$0	0.00%	\$0	0.00%
<b>TOTAL REVENUE</b>		\$660,797	\$482,296	(\$178,501)	-27.01%	\$486,651	\$486,083	\$483,907	\$481,388	(\$2,744)	-0.56%	(\$5,263)	-1.08%

# LYNCH PROJECTED ANALYSIS

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>EXPENSES</b>													
<b>Salary &amp; Wages</b>	500	\$141,441	\$151,414	\$9,973	7.05%	\$154,442	\$157,531	\$173,037	\$195,775	\$18,594	12.04%	\$41,333	26.76%
<b>Payroll Taxes</b>	515												
Workers' Compensation	515.10	\$0	\$624	\$624		\$636	\$649	\$713	\$806	\$77	12.04%	\$170	26.76%
FUTA	515.20	\$299	\$274	(\$25)	-8.23%	\$280	\$285	\$313	\$354	\$34	12.04%	\$75	26.76%
SUI	515.30	\$745	\$727	(\$18)	-2.43%	\$741	\$756	\$831	\$940	\$89	12.04%	\$198	26.76%
Tax & Penalty	515.40	\$4,483	\$0	(\$4,483)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Payroll Taxes - Other	515.50	\$10,835	\$11,697	\$862	7.96%	\$11,931	\$12,170	\$13,368	\$15,124	\$1,436	12.04%	\$3,193	26.76%
<b>Total Payroll Taxes</b>		\$16,362	\$13,322	(\$3,040)	-18.58%	\$13,588	\$13,860	\$15,224	\$17,225	\$1,636	12.04%	\$3,637	26.76%
<b>Direct Materials and Services</b>	520	\$26,055	\$11,795	(\$14,260)	-54.73%	\$11,800	\$11,800	\$11,800	\$11,800	\$0	0.00%	\$0	0.00%
<b>Chemicals</b>	522												
Chlorine	522.10	\$2,809	\$15,116	\$12,307	438.06%	\$15,100	\$15,100	\$15,100	\$15,100	\$0	0.00%	\$0	0.00%
Sulfur Dioxide	522.20	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Sodium Hypochlorite	522.30	\$4,111	\$11,532	\$7,420	180.49%	\$11,500	\$11,500	\$11,500	\$11,500	\$0	0.00%	\$0	0.00%
Chemicals - Other	522.40	\$11,056	\$2,825	(\$8,231)	-74.45%	\$2,800	\$2,800	\$2,800	\$2,800	\$0	0.00%	\$0	0.00%
<b>Total Chemicals</b>		\$17,977	\$29,473	\$11,496	63.95%	\$29,400	\$29,400	\$29,400	\$29,400	\$0	0.00%	\$0	0.00%
<b>Fuel</b>	530												
Diesel	530.10	\$890	\$0	(\$890)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Gasoline	530.20	\$3,778	\$3,294	(\$484)	-12.81%	\$3,300	\$3,300	\$3,300	\$3,300	\$0	0.00%	\$0	0.00%
<b>Total Fuel</b>		\$4,668	\$3,294	(\$1,374)	-29.44%	\$3,300	\$3,300	\$3,300	\$3,300	\$0	0.00%	\$0	0.00%
<b>Testing</b>	535	\$17,615	\$18,654	\$1,039	5.90%	\$18,700	\$18,700	\$18,700	\$18,700	\$0	0.00%	\$0	0.00%
<b>Damages and Repairs</b>	540	\$1,940	\$0	(\$1,940)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Travel</b>	555	\$0	\$225	\$225		\$230	\$234	\$257	\$291	\$28	12.04%	\$61	26.76%
<b>Supplies</b>	550	\$5,693	\$0	(\$5,693)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Postage, Freight, Shipping</b>	565	\$469	\$111	(\$359)	-76.46%	\$113	\$115	\$126	\$143	\$14	12.04%	\$30	26.76%
<b>ACH KY FINANCE</b>	542	\$0	(\$550)	(\$550)		\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>BB&amp;T</b>	545	\$4,355	\$4,033	(\$323)	-7.41%	\$4,000	\$4,000	\$4,000	\$4,000	\$0	0.00%	\$0	0.00%
<b>FEMA</b>	552	(\$4,111)	\$0	\$4,111	100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Utilities</b>	560												
Electricity	560.10	\$75,772	\$68,492	(\$7,280)	-9.61%	\$69,862	\$71,260	\$78,273	\$88,559	\$8,411	12.04%	\$18,697	26.76%
Telephone & Internet	560.20	\$3,805	\$4,353	\$548	14.41%	\$4,440	\$4,529	\$4,974	\$5,628	\$535	12.04%	\$1,188	26.76%
Utilities - Other	560.30	\$289	\$0	(\$289)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Total Utilities</b>		\$79,866	\$72,845	(\$7,021)	-8.79%	\$74,302	\$75,788	\$83,248	\$94,187	\$8,946	12.04%	\$19,885	26.76%
<b>IT</b>	567												
Hardware	567.10	\$203	\$796	\$593	292.55%	\$812	\$828	\$910	\$1,030	\$98	12.04%	\$217	26.76%
Software	567.20	\$0	\$115	\$115		\$117	\$120	\$132	\$149	\$14	12.04%	\$31	26.76%
<b>Total IT</b>		\$203	\$911	\$709	349.31%	\$930	\$948	\$1,042	\$1,179	\$112	12.04%	\$249	26.76%
<b>Insurance</b>	570												
Bond	570.10	\$1,349	\$624	(\$725)	-53.77%	\$700	\$700	\$700	\$700	\$0	0.00%	\$0	0.00%
Property and Liability	570.20	\$35,303	\$28,900	(\$6,403)	-18.14%	\$29,478	\$30,067	\$33,027	\$37,367	\$3,549	12.04%	\$7,889	26.76%
Health	570.30	\$0	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Insurance - Other	570.40	\$1,241	\$3,937	\$2,696	217.31%	\$3,900	\$3,900	\$3,900	\$3,900	\$0	0.00%	\$0	0.00%
<b>Total Insurance</b>		\$37,892	\$33,460	(\$4,432)	-11.70%	\$34,078	\$34,667	\$37,627	\$41,967	\$3,549	10.41%	\$7,889	23.15%
<b>PPE Maintenance &amp; Repair</b>	572	\$33,554	\$10,128	(\$23,426)	-69.82%	\$10,100	\$10,100	\$10,100	\$10,100	\$0	0.00%	\$0	0.00%
<b>Office Supplies &amp; Equipment</b>	575												
Supplies	575.10	\$1,515	\$1,348	(\$167)	-11.02%	\$1,375	\$1,402	\$1,540	\$1,743	\$166	12.04%	\$368	26.76%
Equipment	575.20	\$25,302	\$34,982	\$9,680	38.26%	\$35,000	\$35,000	\$35,000	\$35,000	\$0	0.00%	\$0	0.00%
Printing	575.30	\$4,059	\$3,738	(\$321)	-7.90%	\$3,700	\$3,700	\$3,700	\$3,700	\$0	0.00%	\$0	0.00%
Office Supplies & Equipment - Other	575.40	\$266	\$50	(\$217)	-81.35%	\$51	\$52	\$57	\$64	\$6	12.04%	\$14	26.76%

# LYNCH PROJECTED ANALYSIS

Category	Category ID	FY 2015-2016	FY 2016-2017	Yearly Change	Yearly Percentage Change	FY 2017-2018 (Current Projected Year)	FY 2018-2019 (Projected Year)	FY 2022-2023 (Projected Year)	FY 2027-2028 (Projected Year)	5 Year Change	5 Year Percentage Change	10 Year Change	10 Year Percentage Change
<b>Total Office Supplies and Equipment</b>		\$31,142	\$40,117	\$8,976	28.82%	\$40,125	\$40,154	\$40,297	\$40,507	\$172	0.43%	\$381	0.95%
<b>Professional Fees</b>	577												
Legal	577.10	\$102	\$0	(\$102)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
Accounting	577.20	\$950	\$590	(\$360)	-37.90%	\$600	\$600	\$600	\$600	\$0	0.00%	\$0	0.00%
Governmental	577.30	\$1,903	\$3,934	\$2,032	106.79%	\$3,900	\$3,900	\$3,900	\$3,900	\$0	0.00%	\$0	0.00%
Professional Fees - Other	577.40	\$47,869	\$17,233	(\$30,635)	-64.00%	\$17,200	\$17,200	\$17,200	\$17,200	\$0	0.00%	\$0	0.00%
<b>Total Professional Fees</b>		\$50,823	\$21,758	(\$29,065)	-57.19%	\$21,700	\$21,700	\$21,700	\$21,700	\$0	0.00%	\$0	0.00%
<b>Dues &amp; Subscriptions</b>	580	\$29,870	\$20,978	(\$8,892)	-29.77%	\$21,000	\$21,000	\$21,000	\$21,000	\$0	0.00%	\$0	0.00%
<b>Safety, Training, &amp; Cert.</b>	582	\$3,533	\$1,827	(\$1,705)	-48.27%	\$1,800	\$1,800	\$1,800	\$1,800	\$0	0.00%	\$0	0.00%
<b>Advertising</b>	585	\$325	\$0	(\$325)	-100.00%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Community Appreciation</b>	587	\$534	\$1,150	\$615	115.23%	\$0	\$0	\$0	\$0	\$0	N/A	\$0	N/A
<b>Other Expense</b>	700												
Materials	700.10	\$31,478	\$50,974	\$19,496	61.93%	\$51,000	\$51,000	\$51,000	\$51,000	\$0	0.00%	\$0	0.00%
Services	700.20	\$76,073	\$3,424	(\$72,649)	-95.50%	\$3,400	\$3,400	\$3,400	\$3,400	\$0	0.00%	\$0	0.00%
Labor	700.30	\$4,424	\$1,951	(\$2,473)	-55.90%	\$2,000	\$2,000	\$2,000	\$2,000	\$0	0.00%	\$0	0.00%
Interest - Commercial Bank	700.40	\$137	\$2,815	\$2,678	1949.88%	\$2,800	\$2,800	\$2,800	\$2,800	\$0	0.00%	\$0	0.00%
Other Expense - Other	700.50	\$8,273	\$6,316	(\$1,957)	-23.65%	\$6,300	\$6,300	\$6,300	\$6,300	\$0	0.00%	\$0	0.00%
<b>Total Other Expenses</b>		\$120,385	\$65,480	(\$54,905)	-45.61%	\$65,500	\$65,500	\$65,500	\$65,500	\$0	0.00%	\$0	0.00%
<b>TOTAL EXPENDITURES &amp; EXPENSES</b>		\$620,591	\$500,425	(\$120,166)	-19.36%	\$505,108	\$510,598	\$538,157	\$578,573	\$33,050	6.54%	\$73,465	14.54%
<b>SURPLUS/(DEFICIT)</b>		\$40,206	(\$18,130)	(\$58,336)	-145.09%	(\$18,456)	(\$24,514)	(\$54,251)	(\$97,185)	(\$35,794)	-193.94%	(\$78,728)	-426.56%

