

THE CITY OF SOUTH PITTSBURG, TENNESSEE  
FY 2003-2004  
BUDGET NARRATIVE

Fiscal Year 2003-2004 will be an extremely challenging year due in part, to an aggregate cutback of 6.6% in state shared revenues. During the 2002- 2003 year, South Pittsburg's payroll was significantly lower because there was a vacancy in the central staff agency and in the Police Department during most of the fiscal year. While these vacancies are now filled, the city's management must meet the challenge to find and/or expand revenue sources while scaling back operating, labor and capital costs during an era of escalating health insurance costs and state mandates. The projected excess for the operating 2002-2003 general fund excess is \$38,312. However, by adding the expected amount of \$152,226 monies transferred from the city's reserve funds for capital acquisitions - The true performance is expected to result in a loss or decrease in the general fund balance of \$ 113,914 this year based upon financial data given by the staff of South Pittsburg.

The University of Tennessee Municipal Technical Advisory Service recommends that the city thoroughly examine its property tax revenue structure during preparations for the 2004 - 2005 budget cycle. The city could lose more next year in state shared monies. We have calculated that the city's property tax revenue supports only 16.5 % of the total general fund revenue (240,000/1,458,769). We also need to enhance our revenue base in order to build our contingency fund. During the 2003 - 2004 fiscal year, we suggest that the city staff prepare quarterly reports on revenues and expenditures in a similar manner to our spreadsheet analysis used in our review of the 2002-2003 budget and proposed budget for 2003-2004. We need to be more proactive in examining municipal revenues and curtailing operating costs such as overtime and repairs. The city should also give serious thought to revamping its health insurance program costs dues to higher and higher uncontrollable costs in this area. The city will also have to review its streeting lighting procedures, defray capital expenditures and pursue grants.

Now that the Central Staff Agency is once again fully staffed, the above recommendations should be pursued aggressively. MTAS will be eager to assist in any way possible.

Significant planning considerations for the 2003 - 2004 budget include the following:

- 1) Property tax - zero change in millage
- 2) State share revenues - 6.6% cut
- 3) Salary/Benefits - 3% for planning purposes
- 4) Health Insurance - 15% increased over projected year end
- 5) Inserted \$14,500 in a new item "Capital Outlay" in the police department for annual lease payments for two (2) new vehicles. Keep in mind any other items and costs in capital represents a 'wish list" and no monies are appropriated for same.

We have provide a summary of the below departmental budgets for 2003 - 2004. Please refer to the attached line item descriptions, by department, for additional expenditure detail of the budget.

## LEGISLATIVE

The primary source of expenditures in the legislative account is the line item for legal services. We have decreased this budgeted amount by \$4,000. MTAS had prepared an earlier survey that demonstrated that South Pittsburg's legal expenses are too high for comparable sized communities. Personnel expenditures are for salaries, social security, etc. Telephone & publicity round out this account.

|                    |                                    |                  |
|--------------------|------------------------------------|------------------|
| Salaries           | Mayor \$400/mo x 12 mo             | \$ 4,800.00      |
|                    | Commissioners \$200/mo x 12 mo x 4 | 9,600.00         |
| OASI               |                                    | 1,223.00         |
| INS                | Hosp & Health Ins                  | 4,203.00         |
| PUB DUES/LEGAL ADS |                                    | 7,500.00         |
| TELEPHONE          |                                    | 1,700.00         |
| TRAVEL             |                                    | 500.00           |
| LEGAL SERVICES     | City Attorney Charges              | <u>17,000.00</u> |
|                    | TOTAL                              | \$46,526.00      |

## JUDICIAL

This account consists only of personnel cost involved with the City Judge position. This includes \$400/mo x 12 months (\$4,800.00) and \$368.00 for social security at 7.65% of total salary  $\$4,800.00 \times .0765 = \$368.00$ . Total expenditures for the judicial account is \$5,168.00.

## GENERAL ELECTION

Since we have no election scheduled for the coming fiscal year, no appropriation is being put into this account.

## CENTRAL STAFF AGENCY

Central Staff Agency account is increased by \$ 19,717 over last year due primarily to higher anticipated health insurance premiums.

|                         |   |                 |
|-------------------------|---|-----------------|
| Salaries                | City Administrator, City Clerk/Office Mgr.<br>& City Recorder | 104,030.00      |
| Vacation Pay            |   | 1,934.00        |
| OASI                    |   | 8,107.00        |
| Hosp & Health Ins       |   | 12,546.00       |
| Retirement              | 5% eligible payroll   | 5,298.00        |
| Telephone               | \$375 mo x 12   | 4,500.00        |
| Repairs & Maint.        | (Copy, fax, computer, etc.)                                   | 10,000.00       |
| Travel                  |   | 1,000.00        |
| Accounting & Auditors   |   | 4,900.00        |
| Office Supplies         | (Stationery, copy paper, pens, etc.)                          | 4,500.00        |
| Publicity/Subscriptions |   | 200.00          |
| Operating Supplies      | (Postage, Wire Transfer, Supplies, etc.)                      | <u>5,800.00</u> |

TOTAL \$162,815.00

CITY HALL BUILDINGS

This account consists of items necessary for upkeep and maintenance of City Hall.

|                    |                                     |                 |
|--------------------|-------------------------------------|-----------------|
| Electricity        | (Heating & Cooling) 267/mo x 12     | \$ 3,200.00     |
| Water              | 58/mo x 12                          | 700.00          |
| Repair & Maint.    | (Miscellaneous repairs to building) | 700.00          |
| Other Contractual  | (Janitorial Serv. 208? x 12)        | 2,500.00        |
| Operating Supplies | (Pest Control)                      | <u>1,000.00</u> |
|                    | All Buildings                       |                 |
|                    | TOTAL                               | \$ 8,100.00     |

OTHER GENERAL GOVERNMENT EXPENSES

|                      |                                 |                 |
|----------------------|---------------------------------|-----------------|
| Unemployment Ins.    | All Dept.                       | \$ 2,500.00     |
| Insurance            | (Liability, Workers Comp, etc.) | 52,000.00       |
| Surety Bonds         | Mayor \$100/yr                  | 100.00          |
|                      | Vice Mayor \$100/yr             | 100.00          |
|                      | Comm. \$100/yr                  | 100.00          |
|                      | City Administrator \$100/yr     | 100.00          |
|                      | City Recorder (Office) \$100/yr | 100.00          |
| Industrial Rec.      | Marion Co. Partnership          | 8,150.00        |
| Spec. Building       |                                 |                 |
| Community Promotions |                                 |                 |
|                      | July 4 <sup>th</sup>            | 3,600.00        |
|                      | Sparkle Day Prizes              | 500.00          |
|                      | July 4 <sup>th</sup> Band       | 500.00          |
|                      | Dixie Youth Baseball            | 4,000.00        |
|                      | Downtown Parking                | 500.00          |
|                      | Christmas Parade                | 750.00          |
|                      | Amer. Legion Bldg. Upkeep       | 4,000.00        |
|                      | Black History Association       | 10,000.00       |
|                      | Cornbread Festival              | <u>5,000.00</u> |
|                      | TOTAL                           | \$ 92,000.00    |

POLICE

The Police Department budget increases by \$33,345 from the previous year. This is attributed to lease payments for two (2) new vehicles and health insurance costs.

|          |                       |              |
|----------|-----------------------|--------------|
| Salaries | Chief                 | \$ 33,250.00 |
|          | (2) Sergeants:        | 52,408.00    |
|          | (5) Patrolmen -26,176 | 127,968.00   |

|   |                           |              |
|---|---------------------------|--------------|
| Overtime                                    | All Employees             | 13,000.00    |
| Supplemental Pay                            | (From state of Tennessee) |              |
|   | 8 employees \$600 x 8     | 4,800.00     |
| Holiday Pay                                 |                           | 9,904.00     |
| Vacation Pay                                |                           | 4,127.00     |
| OASI  |                           | 18,778.00    |
| Hosp. & Health                              |                           | 45,500.00    |
| Retirement                                  | 5% eligible payroll       | 12,273.00    |
| Publicity Subscription                      |                           | 200.00       |
| Electric                                    |                           | 300.00       |
| Water                                       |                           | 500.00       |
| Telephone                                   | \$375mo x 12              | 4,500.00     |
| Repair & Maint.                             | Motor Vehicles            | 3,800.00     |
| Repair & Main.                              | Traffic Lights            | 400.00       |
| Operating Supplies                          |                           | 6,000.00     |
| Clothing & Uniforms (Replacement As Needed) |                           | 1,200.00     |
| Gas, Oil, Diesel, Fuel, Grease              |                           | 9,300.00     |
| Motor Vehicle Parts                         |                           | 1,000.00     |
| 2 Leased Vehicles                           |                           | 14,500.00    |
|   | TOTAL                     | \$363,708.00 |

## FIRE PROTECTION & CONTROL

There are little changes in the budget for Fire Department.

|   |   |             |
|---|---|-------------|
| Wages                                       | Fire Chief \$200/mo x 12  | \$ 2,400.00 |
|   | Firefighters 10.985 x 2080 x 4                                    | 88,996.00   |
| Wages                                       | Temporary employees   | 4,192.00    |
| Overtime                                    | Firefighters/Dispatchers  | 8,038.00    |
| Leave coverage                              |   |             |
| Holiday Pay                                 | 12 days x 8 hrs. x 4  | 4,298.00    |
| Vacation Pay                                |   | 1,758.00    |
| OASI  | 7.65% total payroll   | 8,064.00    |
| Hosp/Health                                 | 1328/mo x 12 months   | 15,899.00   |
| Retirement                                  | 5% eligible payroll   | 5,271.00    |
| Vol. Firemen                                | Estimated Fire calls  | 6,000.00    |
| Electric                                    | 200 mo x 12   | 2,408.00    |
| Water                                       | 115 mo x 12   | 1,388.00    |
| Telephone                                   | 208 mo x 12 (Local & Long Dist.)                                  | 3,639.00    |
| Repair & Maint.                             | Motor Vehicles  | 4,863.00    |
| Operating Supplies                          | (Radio repairs, batteries, cleaning supplies, pest control, etc.) | 3,246.00    |
| Clothing & Uniforms (Replacement as needed) |   | 131.00      |
| Gas, Oil, Diesel, Fuel, Grease              |   | 434.00      |

|                     |       |               |
|---------------------|-------|---------------|
| Vehicle Parts       |       | 1,000.00      |
| Machinery/Equipment |       | <u>750.00</u> |
|                     | TOTAL | \$162,775.00  |

#### BUILDING INSPECTION

There is small change in travel and training in the Building Inspection Amount from the previous fiscal year.

|                           |               |               |
|---------------------------|---------------|---------------|
| Salaries                  | \$400 mo x 12 | \$ 4,800.00   |
| OASI                      |               | 551.00        |
| Publicity & Subscriptions |               | 120.00        |
| Telephone                 |               | 850.00        |
| Travel and Training       |               | 2,000.00      |
| Operating Supplies        |               | <u>600.00</u> |
|                           | TOTAL         | \$ 8,921.00   |

#### HIGHWAYS & STREETS

The Highways & Streets account is increased by \$12,626 from \$ 301,114 to \$313,740. This increase is attributed mainly to higher health insurance costs.

|   |  |                  |
|---|--|------------------|
| Salaries                                | Street Director  | \$ 29,623.00     |
| Wages                                   | Gen. Laborers  | 116,247.00       |
| Wages                                   | Overtime for emergencies                                       | 8,240.00         |
| Wages                                   | Temporary employees  | 14,583.00        |
| Vacation Pay                            |  | 2,795.00         |
| OASI                                    | 7.65% of total payroll   | 13,119.00        |
| Hosp/Health Ins.                        | 1992/mo x 12   | 34,292.00        |
| Retirement                              | 5% eligible payroll  | 7,846.00         |
| Publicity, Subscriptions, Dues          |  | 75.00            |
| Electricity                             |  | 2,500.00         |
| Water                                   |  | 1,400.00         |
| Telephone                               |  | 1,500.00         |
| Street Lighting                         | (Electric Bill for street & traffic lights)<br>\$2,575/mo x 12 | 30,900.00        |
| Repair & Maint.                         | Motor Vehicles 833 mo x 12                                     | 10,000.00        |
| Other contractual services              | (Welding, surveying, equipment rental)                         | 5,356.00         |
| Operating Supplies                      |  | 6,000.00         |
| Clothing & Uniforms                     | (Boots 100/pair x 7)   | 700.00           |
|   | (Gloves 7.50 pr x 7)   | 402.00           |
| Gas, Oil, Diesel, Grease (All vehicles) |  | 6,180.00         |
| Vehicle Parts                           | (Hoses, Tires, Flat repairs, etc.)                             | 2,000.00         |
| Building Materials                      | (Rock, Backfill, wood forms, concrete, etc.)                   | <u>19,982.00</u> |
|   | TOTAL  | \$313,740.00     |

## STATE STREET AID

|   |                    |
|---|--------------------|
| Concrete & clay, sidewalks, curb & guttering    | \$ 1,000.00        |
| Metal Products (catch basins, sign posts, etc.) | 500.00             |
| Wood Products (building forms)                  | 500.00             |
| Plastic Products                                | 6,000.00           |
| <b>TOTAL</b>                                    | <b>\$ 8,000.00</b> |

## SANITATION

The Sanitation account in the general fund is primarily a pass through account to the sanitation fund. This account contains the actual cost of the sanitation fund. This account contains the actual cost of the sanitation pickup and the amount the city must subsidize between the operating expenditures and revenues.

**TOTAL** **\$ 82,000.00**

## ANIMAL SHELTER

|  |                    |
|--|--------------------|
| Electricity                                      | \$ 600.00          |
| Water  | 450.00             |
| Operating Supplies (cleaning supplies, Dr. Kirk) | <u>900.00</u>      |
| <b>TOTAL</b>                                     | <b>\$ 1,950.00</b> |

## SENIOR CITIZENS ACTIVITIES

The Senior Citizens account is set up to help fund the senior meals program. The city pays for electricity to heat and cool the dining room at the Senior Apartments where the program is run and for the telephone from which the meals are ordered.

|                            |                    |
|----------------------------|--------------------|
| Electricity 175/mo x 12 mo | \$ 2,100.00        |
| Water 41.67/mo x 12 mo     | <u>500.00</u>      |
|                            | <b>\$ 2,600.00</b> |

## RECREATION

The recreation account will increase from the previous year to proposed year by \$6,193. Health insurance and salary adjustment contribute to this increase. Some of the programs that this account funds are swimming pool, adult and youth basketball, adult and youth softball.

|              |                     |              |
|--------------|---------------------|--------------|
| Salaries     | Park Director       | \$ 29,338.00 |
| Wages        | Grounds Keeper      | 23,234.00    |
| Vacation Pay |                     | 1,012.00     |
| OASI         | 7.65% total payroll | 5,545.00     |

|   |  |               |
|---|--|---------------|
| Retirement  | 5% eligible payroll (49,550.80 x 5)              | 2,680.00      |
| Hosp/Health   |  | 11,479.00     |
| Publicity Subscription & Dues   |  | 150.00        |
| Electricity   | (ballfield lights, heating, cooling 417/mo x 12) | 5,000.00      |
| Water   | 250/mo x 12                                      | 3,000.00      |
| Telephone   | 225/mo x 12                                      | 2,700.00      |
| Wages   | Temporary Employees                              | 18,897.00     |
| Repair & Maint. Motor Vehicles  |  | 1,200.00      |
| Repair & Maint. Grounds (Fill dirt, paint, caulk, pool chemicals, fertilizer, etc.) |  | 9,000.00      |
| Repair & Maint. Buildings   |  | 600.00        |
| Travel  |  | 150.00        |
| Other Contractual Services (Umpires, referees, concessions)                         |  | 3,000.00      |
| Operating Supplies  |  | 5,800.00      |
| Repair & Maint. Supplies  |  | 500.00        |
| Gas, Oil, Diesel, Grease (All vehicles)   |  | 1,400.00      |
| Motor Vehicle Parts (Tires, Oil changes, etc.)                                      |  | <u>300.00</u> |
|   | TOTAL  | \$119,764.80  |

## LIBRARIES

This account reflects costs for wages for 2 part-time employees, electricity, water, telephone, etc.

|  |                                 |                 |
|--|---------------------------------|-----------------|
| Wages                                      | Staff- 1 full time/ 1 part time | 18,655.00       |
| OASI                                       | 7.65% total payroll             | 1,428.00        |
| Hosp/Health Ins.                           |                                 | 3,998.00        |
| Electricity                                | 625.00/mo x 12                  | 7,500.00        |
| Water                                      | \$100/mo x 12                   | 1,200.00        |
| Telephone, Internet, Local & Long Distance |                                 | 1,700.00        |
| Repair & Maint. Building                   |                                 | 500.00          |
| Operating Supplies                         |                                 | 7,000.00        |
| Other Communications & Trans               |                                 | <u>4,500.00</u> |
|  | TOTAL                           | \$ 46,481.00    |

## CAPITAL IMPROVEMENT PLAN

We are very limited by a lack of resources in any capital improvement plan. However, we do need to look at our capital needs and try to come up with a prioritized list of things needed. To begin with, we are obligated to the SVEC for the street lights downtown. This obligation is for \$190,000 plus. We also have 2 years remaining on the lease for a police car. Monthly payments are \$1,710 for the lights for 12 years and \$623.94 for the lease payment on the car for 2 years. This total of  $\$2,333.94 \times 12 = \$28,007.28$  must be kept in the capital account each year. We are required by the auditor to have this balance on hand at all times.

Other capital needs for General Government include work needed on the interior of City Hall - \$150,000 estimated 1/3, new office and conference room furniture.

### POLICE DEPARTMENT

The police department continues to need vehicles. One patrol car costs \$22,000.00, radios are \$700 each and 3 are needed. Two radar units are needed for a cost of \$2,000.00.

### FIRE DEPARTMENT

Presently we are in fairly good shape as far as fire prevention equipment is concerned.

### HIGHWAYS & STREETS

All 3 of the orange pickup trucks are worn out. Two of these vehicles are parked - one transmission and one has a bad motor. They are not worth repairing. Also, needed are replacement radios (hand held). Sooner or later the older back-hoe will need to be replaced. It is amazing that this crew is able to keep patching and repairing this equipment. We need a minimum of 2 used pick-up trucks (\$15,000-18,000), 3 hand-held radios (\$500 each x 3) \$1,500.00.

### PARKS & RECREATION

New pool houses \$40,000 or reroof old pool house \$8,000-10,000. Repair pool (\$15,000 plus). Purchase of property from Port Authority for Ballfields \$35,000. Construction of 2 ballfields on property \$200,000 (we may get a grant of \$150,000). Re-do tennis courts (\$15,000-20,000).

### LIBRARY

The public library has the need still for ADA restrooms. At one time, we had budgeted \$10,000 for this. The cover over the entrance into the library is going to have to be replaced soon. The metal cannot be repainted and it has been suggested that all this cover be removed and replaced with a canvas awning similar to the ones at the elementary school. I am trying to get an estimate on the cost for this.