

CITY of CLIFTON

TENNESSEE



ADOPTED BUDGET

FY 2014-2015

Cover Art: This picture was taken in September 2013 and depicts a new 40' by 10' public access dock at the Old Ferry Crossing at the intersection of Main St. and Water St. The dock was installed with the help of Tinin Contracting Company, Inc. with and purchased through a Tennessee Downtowns' Program grant and with the help of the Greater Clifton Area Chamber of Commerce.

Cover Art A-II

City of Clifton, Tennessee

Adopted Budget FY 2015



Board of Commissioners

Robert Culp, Mayor
Clyde Carroll, Vice Mayor
Tommy Boyd
David Primm
Eva Ruth Warren

Mike McClanahan
City Manager

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Overview

FY 2015 Adopted Budget – City of Clifton, Tennessee

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City of Clifton Tennessee

April 9, 2014

The Honorable Robert Culp, Mayor, & Members of the City Commission
City of Clifton
Clifton, Tennessee 38425

Dear Mayor Culp, Members of the City Commission, and Residents of the City of Clifton:

In accordance with the Charter of the City of Clifton, and on behalf of City staff, I am pleased to submit for your consideration a proposed budget for the fiscal year 2014-2015.

The proposed budget addresses and incorporates budget guidance that was set by the Board of Commissioners throughout the budget development process during the spring of 2014. This guidance includes; where possible, (1) enhancing the level of service to residents, (2) maintaining current tax and utility rates, (3) maintaining or improving the City's current stable financial condition, (4) continue tracking departmental performance, and (5) begin to implement the FY15-FY20 Strategic Plan.

The proposed budget also adheres to the City's adopted fiscal policies. Under the proposed financial plan, total anticipated spending decreases by \$1,255,911.25, or 32% to \$2,708,472.87. Total anticipated City revenues will decrease \$540,678.37, or 17% to \$2,640,071.28. Projected revenues were calculated by analyzing trend data from each line item; using actual amounts collected since FY10. Non-grant revenues are forecasted to be stable or grow slowly thanks to recent local economic trends and indicators.

Revenue and expenditures figures are largely influenced by the continued construction of the flood mitigation project and Main St. Enhancement project. Both projects should be completed by fall 2014. Other capital purchases are included into the proposed budget. These include fire hall facility improvements, Police Department radar unit replacements, fleet replacements for the Wastewater, Water, and Parks Department, the first year of a utility meter replacement program.

The following key factors are present in the proposed budget:

1. The FY15 budget provides for the maintenance and some enhancement of all essential services provided by the City.
2. The budget is balanced, without the need for tax or utility rate increases. At the request of the City's solid waste contractor, and upon approval by the Board of Commissioners, solid waste collection rates and fees are projected to increase 300%.
3. An increase of (1.0) Public Works and (0.2) Water Department full time employees.

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4. The enactment of a utility meter replacement program (\$50,000) to replace older and underperforming water and natural gas meters.
5. A two percent increase in the hourly rate of all regular full and part-time City employees.
6. Increased operating subsidy (\$20,000) to the Greater Clifton Area Chamber of Commerce for the addition of a part-time Chamber Director.
7. A maximum of \$10,500 to be given to Clifton organizations in support of major community events. Such events may include the Horseshoe Riverbend Festival, A Stroll Through Christmas, Spring and Fall Community Days, the Main St. Jamboree, Smoke on the River BBQ Festival, and others.
8. The first payment on a 3 year Capital Outlay note for the purchase of a used 2001 pumper truck for the Fire Department. The principal reduction and interest payment total \$17,334.04.
9. The City's anticipated local match (\$70,000) to a 2014 LPRF grant application to add a splash pad and other enhancements at the City's River Park.
10. Recommended improvements to the City's water distribution system and treatment plant as outlined in the City's soon to be released hydraulic model and plant study.

In summary, the Manager's Proposed FY15 budget will enable the City of Clifton to maintain its stable fiscal position, and continue its tradition of conservative budgeting. The proposed financial plan also assures that essential services will continue to be offered, and that necessary investments to both the City's capital assets and personnel are made.

The presentation of the annual financial plan in this document represents City staff's commitment to transparent government, and to begin tying departmental spending with performance and the Board's strategic goals. Over the next fiscal year staff will work even harder to develop and track performance measures, catalog facility capital needs, and implement the Board's FY15-FY20 Strategic Plan.

To the Honorable Mayor and Members of the City Commission, I, as both a Manager and City employee, am grateful for your dedication and commitment during the budget development process. As the Board moves toward adoption of the budget, I look forward to our joint discussion of the contents of this recommended budget.

Sincerely,



Michael P. McClanahan
City Manager

Commission Guidance

In developing the FY15 budget, the Board of Commissioners gave City staff the following guidance:

1. Where possible, enhance the level of service to residents and utility customers.
2. Maintain the current tax rate and utility rates.
3. Maintain or improve the City's current stable financial condition.
4. Continue tracking departmental and organizational performance.
5. Begin to implement the FY15-FY20 Strategic Plan as adopted by the City Commission.

Enhancing the level of service:

A \$5,000 line item in the Solid Waste Fund will serve as a local match for the purchase of recycling equipment. The new equipment will improve the City's curbside recycling service for both residential and commercial customers.

Maintaining current tax & utility rates:

In the FY15 adopted budget, all tax and utility rates remained unchanged with the exception of solid waste rates. These rates increased from \$3.25 to \$11.18 monthly (244%) for residential customers and from 6.50 to \$12.87 monthly (98%) for light commercial customers. The reason for the increase was a request from the City's solid waste contractor to raise rates due to hire costs of benefits, tipping fees, fuel prices, and equipment.

Maintaining the City's stable financial condition:

The City's financial position remains strong through the FY15 budget. The budget was developed using less fund balance than in FY14 (primarily due to the completion of major grant projects.) Also in developing the budget, the financial principle of integrated funds management (matching expenses to the most stable relevant revenue source) was used.

Tracking performance:

City staff continues to track performance in FY15. In what has been a recent occurrence in Clifton, departmental records showing calls for service, work orders, and problem issues are all being logged and updated in the annual budget document. Additionally, Public Works will soon be releasing a Pavement Management Report chronicling the condition of the City's road network and showing budget options for the several problem areas that exist. Additionally, the Dept. will be completing a capital facilities master plan (CFMP), to plan for routine maintenance costs for City-owned facilities.

Implementing the Strategic Plan:

At the time of publication, the FY15-FY20 Strategic Plan is still being drafted by staff and the City Commission. Several projects prioritized in the Strategic Plan have been funded in the FY15 adopted budget and will be underway during the fiscal year. These projects include: hiring a Chamber of Commerce Director, supporting development at the T.S. Stribling House, funding improvements at the River Park, and supporting staff in analyzing and cataloging various capital items.

FY 2015 Adopted Budget – City of Clifton, Tennessee

FY15 – FY20 Strategic Plan

At the time of publication of the FY15 budget, the Clifton City Board of Commissioners are finalizing a 5 Year Strategic Plan. The plan is the first of its kind for the City, and will cover the time period July 1, 2014 through June 30, 2020. The plan is a framework for policy makers to advance the interests of the community, and includes both a policy agenda for elected officials to execute and a management agenda for staff to execute. Among the goals listed in the proposed FY15-FY20 Strategic Plan:

Clifton is a *vibrant and growing locality* ^(Goal A) with *unmatched scenic and historic assets* ^(Goal B).

Clifton is a *livable community* ^(Goal C) with a *commitment to interaction and investment* ^(Goal D).

These goals are to be tied into action items brought before the Board of Commissioners and in the annual appropriations ordinance. Projects relevant to the Strategic Plan found in the FY15 adopted budget include:

Goal A: Unmatched Scenic & Historic Assets

- Staff attending Tennessee Economic Developer training (\$300; Travel-Solid Waste Fund.)
- Increasing the Clifton Chamber of Commerce annual subsidy to allow for the hiring of a part-time paid Director (\$20,000; General Administration-General Fund.)

Goal B: Unmatched Scenic & Historic Assets

- Continue promotion of T.S. Stribling House as a tourist attraction (\$1,000; General Administration-General Fund.)
- Funding for the completion of the Main Street enhancement project (\$150,000; General Administration-General Fund.)
- Development of a splash pad, walkway, and additional improvements at the River Park (\$50,000; Parks & Recreation-General Fund/ \$10,000; Capital Outlay-Water & Wastewater Fund)

Goal C: Livable Community

- Continued support of animal control services (\$200; Animal Control-General Fund.)
- Defined financial support and subsidy of year-round public events (\$10,500; General Administration-General Fund.)

Goal D: Commitment to Interaction & Investment

- Binding and printing of a pavement management plan developed by Public Works Public (\$100; Works-Water & Wastewater Fund)
- Staff commitment to maintaining the budget document, fleet plan, and drafting a Capital Facilities Management Plan to address needs of City-owned facilities (Various amounts and funds.)

*The plan requires a final vote and will be discussed at the Board's July 2014 regular business meeting on Monday, July 21, 2014.

Budget Development Process

The development of the City's annual Operating Budget occurs in three (3) phases: formulating budget requests, City Manager's executive review and proposal, and the City Commission review and adoption. Each of the three phases is summarized as follows:

Formulating Budget Request: January – April

- The formative stage of every budget begins in the new calendar year.
- The City Board of Commissioners meets with the City Manager, City staff, public officials, residents, and stakeholders to discuss focused sections of material for the next year's budget.
- City Commissioners set guidelines and approve or disapprove of funding for specific projects as presented by staff. In addition, the City Manager briefs the City Commission on financial, performance, and other matters pertaining to each area of City operations.
- Non-City agencies assess their budgetary needs and submit requests to the City Manager.
- Revenues are estimated and derived from a review of current and projected economic indicators, current and proposed Federal and State legislation, knowledge of future local events, and a review of historic trends.

City Manager Executive Review & Proposal: April – May

- Requests from department heads are vetted and evaluated for priority.
- Meetings are held between department heads and the City Manager to discuss performance, and upcoming budgetary needs.
- City Manager proposes a budget to the City Commission on or before May 15th of every year (as per City Charter.)
- By law, local government budget must be balanced, i.e. prior fund balance and anticipated revenues should equal anticipated expenditures.

City Commission Review and Adoption: May – June

- The City Manager must advertise the proposed budget ordinance and tax rate in a newspaper of general circulation at least ten days in advance of a final budget and tax rate adoption public hearing.

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- After careful deliberation, the proposed budget, as modified for addition and deletions, is enacted by the City Commission as the adopted budget. In addition, the City Commission adopts the real estate tax rate, all other rates and levies, and the budget appropriation resolution.
- The Adopted Operating Budget takes effect on July 1, the beginning of the fiscal year.

Budget Amendment: August - January

- The City Manager leads staff in analyzing changes to projected revenues and expenditures in the adopted budget throughout the fiscal year.
- If deemed appropriate, the Manager may prepare a budget amendment ordinance that requires two readings and adoption from the City Commission, and approval from the Office of the Comptroller.

The City of Clifton does not have a separate Capital budget or Capital Improvement Program. All major and capital expenditures are recorded as a line item in the annual operating budget.

FY 2014 – 2015 BUDGET DEVELOPMENT CALENDAR
 As Approved By the City Commission 12/16/2013

Item	Meeting	Date
February City staff project revenues & meet to discuss FY15 projects	Internal	February - March 2014
March Budget Fair & Ice Cream Social	Public Hearing	Monday, March 10, 2014
April Manager's Proposed Budget Announced	Packet	Friday, April 11, 2014
May Special Budget Work Session Budget Ordinance & Tax Rate Advertised Tax Rate Public Hearing FY15 Proposed Budget First Reading & Markup	Work Session Wayne County News Public Hearing Regular Business	Monday, May 5, 2014 Wednesday, May 7, 2014 Monday, May 19, 2014 Monday, May 19, 2014
June FY14 Proposed Budget Second Reading & Adoption	Regular Business	Monday, June 17, 2014

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Budgetary Basis

The budget of the General fund (including State Street Aid, Solid Waste, and Drug Enforcement funds), utilize the modified accrual basis of accounting under which revenues are recorded when measurable and available to finance operations during the year.

Expenditures, except for interest, are recorded when the liability is incurred. Interest is recorded when due. Budgets of the Water and wastewater and Natural Gas funds utilize the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred. The budgetary basis of accounting does not materially differ from that used for financial reporting (all funds), with the notable exceptions of depreciation and amortization, and debt service reporting in the enterprise funds, which are more appropriately illustrated in the City’s Comprehensive Annual Financial Report (CAFR).

Fund/Departmental Relationship

Below is a list of all City funds and the departments they support. Please note that several departments are funded by more than one fund.

General Fund

City Board of Commissioners
Municipal Court
Police
Fire
Animal Control
Parks
Public Library
Public Works

Water & Wastewater Fund

City Manager
City Recorder
General Administration
Public Works
Water
Wastewater

Natural Gas Fund

City Manager
General Administration
Public Works

State Street Aid Fund

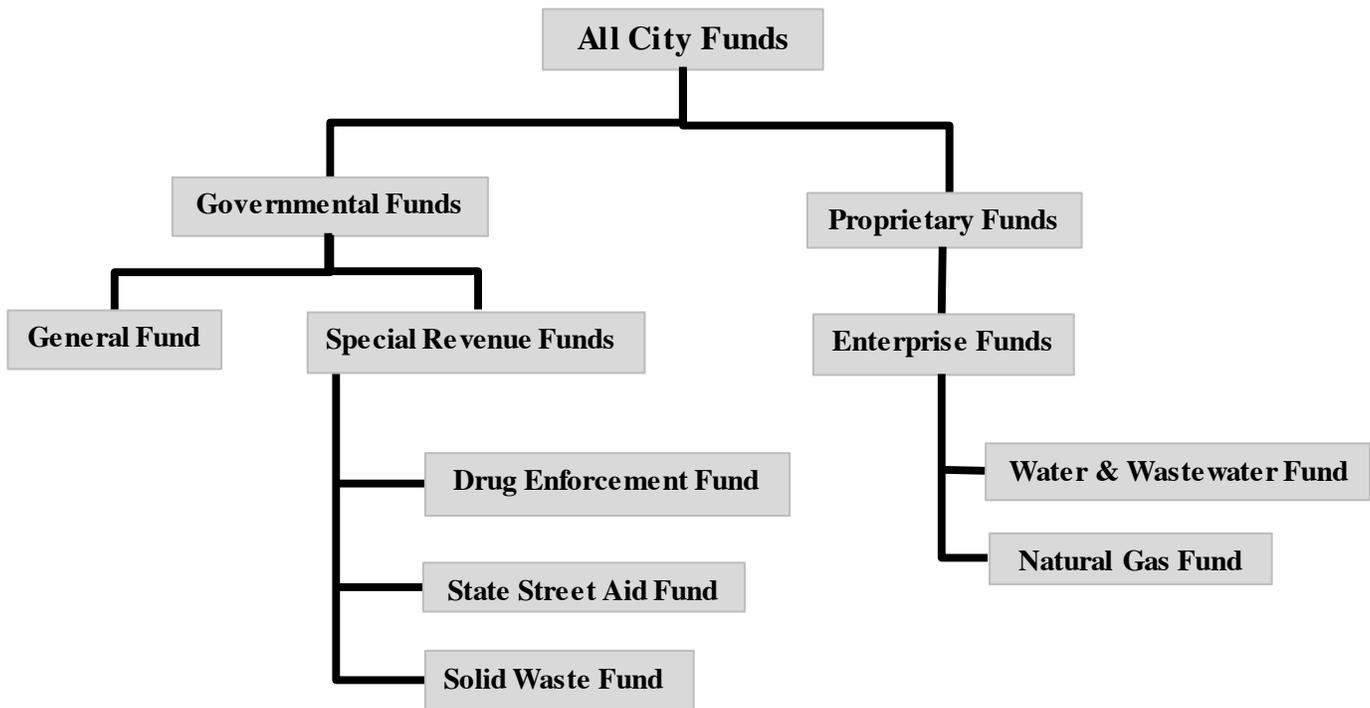
Public Works

Drug Enforcement Fund

Solid Waste Fund

Public Works

Police



Description of Funds:

General Fund – The General Fund (GF) is the main governmental fund for the City of Clifton. Its revenues come from intergovernmental and shared income, activity fees and use taxes, and property taxes from residents. Services enjoyed by all residents and visitors are funded from the general fund; including, roads, public safety, parks, tourism, and administration. The fund accounts for cash-in and cash-out, uses the current measurement focus and the modified accrual basis of accounting.

Drug Enforcement Fund – This special revenue fund includes revenues from drug fines and forfeitures, and uses them in support of anti-drug activities within the Clifton Police Dept. The fund accounts for cash-in and cash-out, uses the current measurement focus, and the modified accrual basis of accounting.

State Street Aid Fund – The State Street Aid fund is a special revenue fund which includes proceeds from gasoline sales in the jurisdiction. These monies are received to support the maintenance and enhancement of road and sidewalk infrastructure in Clifton. The fund accounts for cash-in and cash-out, uses the current measurement focus and the modified accrual basis of accounting.

Solid Waste Fund – The Solid Waste Fund is a special revenue fund which includes the user fees and taxes associated with trash collection in Clifton. Clifton operates the fund in support of door-to-door residential and commercial collections only. The fund accounts for cash-in and cash-out, uses the current measurement focus and the modified accrual basis of accounting.

Water & Wastewater Fund – The Water & Wastewater Fund is a proprietary or business account that operates for the sole use of its customers. Major revenues come from the collection of monthly service bills. The fund accounts for both cash-in and cash-out and long-term capital assets, uses the current measurement focus and the accrual basis of accounting.

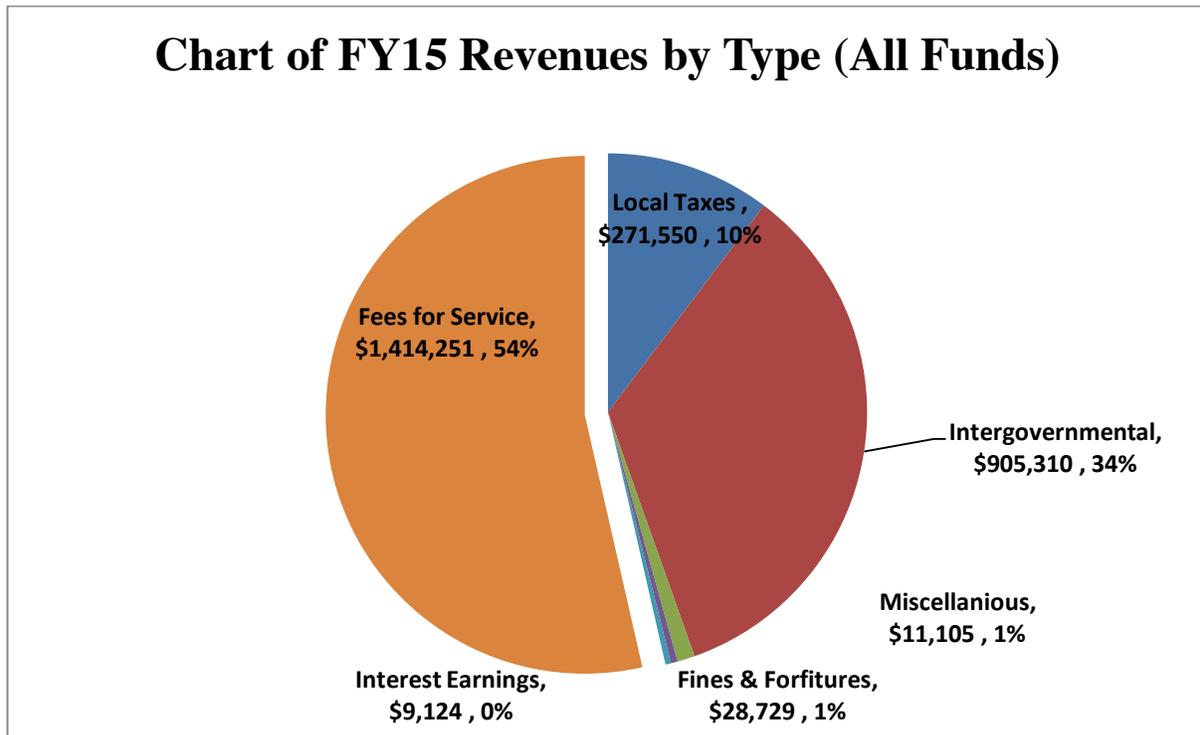
Natural Gas Fund – The Natural Gas Fund is a proprietary or business account that operates for the sole use of its customers. Major revenues come from the collection of monthly service bills. The fund accounts for both cash-in and cash-out and long-term capital assets, uses the current measurement focus and the accrual basis of accounting.

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Revenues by Type

	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Budget	FY15 Adopted
Local Taxes	\$ 252,133	\$ 309,716	\$ 269,716	\$ 270,349	\$ 271,550
Intergovernmental	\$ 415,857	\$ 482,101	\$ 1,159,012	\$ 1,751,377	\$ 905,310
Miscellaneous	\$ 79,002	\$ 11,977	\$ 5,482	\$ 12,001	\$ 11,105
Fines & Forfeitures	\$ 30,657	\$ 39,741	\$ 29,337	\$ 26,965	\$ 28,729
Interest Earnings	\$ 19,267	\$ 13,640	\$ 13,736	\$ 10,040	\$ 9,124
Fees for Service	\$ 1,627,603	\$ 1,432,440	\$ 1,450,933	\$ 1,113,769	\$ 1,414,251
Total	\$ 2,424,519	\$ 2,289,615	\$ 2,928,216	\$ 3,184,501	\$ 2,640,069

Generally, almost half of City annual revenues come from charges and fees related to utility service. The other half of revenues come from local taxes, intergovernmental revenues, Police Department fines and forfeitures, and miscellaneous revenues. Below is a pie chart indicating the type of revenues across funds that comprise the FY15 adopted budget.



FY 2015 Adopted Budget – City of Clifton, Tennessee

Revenues by Fund

	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Budget	FY15 Adopted
General	\$ 672,502	\$ 761,817	\$ 763,537	\$ 1,482,957	\$ 1,140,201
State Street Aid	\$ 84,176	\$ 72,195	\$ 69,530	\$ 69,105	\$ 69,264
Solid Waste	\$ 80,749	\$ 81,085	\$ 80,450	\$ 80,850	\$ 242,683
Water & Wastewater	\$ 1,218,270	\$ 1,113,679	\$ 1,636,899	\$ 1,224,325	\$ 870,055
Natural Gas	\$ 363,702	\$ 247,680	\$ 370,300	\$ 320,177	\$ 310,382
Drug Enforcement	\$ 5,120	\$ 13,159	\$ 7,500	\$ 7,087	\$ 7,484
Total	\$ 2,424,519	\$ 2,289,615	\$ 2,928,216	\$ 3,184,501	\$ 2,640,069

Generally, the General Fund and Waste & Wastewater Fund comprise two-thirds of all City revenues. Additional revenue is collected from the State Street Aid Fund, Solid Waste Fund, Natural Gas Fund, and Drug Enforcement Fund. Solid Waste Revenues will increase in future budgets due to rate increases that were adopted with the FY15 budget.

