

PUBLIC HEARING FOR BUDGET
October 6, 2014

A Public Hearing of the Mayor and Board of Aldermen of the City of Natchez, Mississippi, was held in the Council Chambers at 5:00 p.m. on Monday, October 6, 2014, pursuant to being duly noticed. Mayor Larry L. “Butch” Brown presided at the meeting.

MAYOR & BOARD PRESENT	ELECTED OFFICIALS ABSENT	CITY OFFICIALS & DEPARTMENT HEADS
Larry L. “Butch” Brown Mayor		Donnie Holloway, City Clerk Hyde Carby, City Attorney Temple Hendricks, Board Secretary Ed Bowser, ITS Director
Joyce Arceneaux-Mathis Alderwoman, Ward 1		
J. “Rickey” Gray, Jr. Alderman, Ward 2		
Sarah Carter Smith Alderwoman, Ward 3		
Tony Fields Alderman, Ward 4		
Mark Fortenbery Alderman, Ward 5		
Daniel Dillard Alderman, Ward 6		

A public hearing was held to adopt the budget for fiscal year 2014-2015.

Mayor Brown advised that time constraints for advertising and notifying the public had been met and the budget was fully funded and the general fund was no longer out of balance but had a surplus of approximately \$50,000.00.

Mayor Brown asked if anyone from the public would like to comment.

Duncan McFarlane, 220 Lower Woodville Drive, Chairman of the Armstrong Library Board, was advised that a mill was valued at \$112.9 and last year’s mill was \$114,000.00. The library had the same dedicated millage for this fiscal year as last year. Mr. McFarlane said that the library received \$301,000.00 last year. The new budget has the library appropriated \$288,000.00 for FY 2014-2015.

Mr. Peterman, Clifton Avenue, reported that he’d seen numerous cars with no tag, a dealership tag or out of date tags. Mayor Brown said the county collects all ad valorem taxes for the city. Alderman Gray said the issue of not collecting money on car tags will be addressed.

Alma Carpenter asked if the budget included the City Cemetery. Mayor Brown replied it was appropriated \$72,000.00. Mayor Brown said the Cemetery Association collects the money for perpetual care and the Cemetery Association provides oversight of the cemetery. Ms. Carpenter said that the city sold property that didn’t belong to the city. Mr. Carby replied the city owns the property and the right to be buried there is more of a perpetual easement.

Alderman Dillard asked the following questions:

Page 41 and Page 42, Section 200 Bond & Interest Payments-\$1,898,764.55 was proposed to be expended for 2014-2015 under Bond and Interest Fund—he asked if all those funds would be expended on the bond payment—Mr. Holloway responded yes. Alderman Dillard said the prior column showed that the actuals received were \$1,148,394.94 but only \$857,000.00 was expended for the bonds—he asked what the \$330,000.00 difference was and why almost \$700,000.00 more was anticipated to be paid this year than last year. Mr. Holloway responded that included NWW revenue bonds, regular bonds, but convention center bonds not in there as can’t be paid by millage. Alderman Gray asked if the date of 7-31-14 that appeared on the budget had anything to do with the discrepancies. Alderman Dillard said he was actually looking at the August reports and the numbers are the same. He didn’t think 7-31-14 was correct. On the 301 \$1M Refunding Bonds, it doesn’t show that any payments were made year to date.

Page 42, Item 301 Refunding Bond—Mr. Holloway said it had been paid and not sure why not posted.

2006 Convention Center Refunding Bond—Alderman Dillard said was budgeted at \$479,000.00 but only \$191,568.00 had been paid. Alderman Dillard asked if the bond had ever been paid in full. Mr. Holloway replied that the interest had been paid as comes as a certain time. Alderman Dillard said the principal should have been paid in July—Mr. Holloway asked if July of this year. Alderman Dillard responded yes. Mr. Holloway said that Hancock Bank had been paid but he wasn't sure of the date. Alderman Dillard replied that either what Mr. Holloway said is correct or the report was in error.

Page 47, Fund 302, Casino Community Development Fund-Alderman Dillard said he didn't believe that the projected numbers were correct for 2014-2015 but were correct for the current FY. An additional \$225,000.00 and \$333,000.00 should be shown which would bring the amount to \$1,416,666.00. Alderman Dillard asked Mr. Holloway if the funds loaned out had been paid back. Mr. Holloway said no. Alderman Dillard asked if he realized a legally restricted fund—Mr. Holloway said that he did. Mr. Holloway replied that cannot be paid back until the city has some money.

Alderwoman Arceneaux-Mathis asked if the city anticipated that it needed to borrow money to replace the loaned funds, should it be reflected in the budget? Mr. Holloway said the city had been trying to meet payroll and hospitalization. Alderwoman Arceneaux-Mathis asked Mr. Carby, when funds are loaned out of a restricted fund and without an action of the BOA, what is the mechanism that the funds can be legally repaid, what the law says has to happen and if there is a time restraint.

Alderwoman Carter Smith asked Mr. Holloway when he would have the actuals up-to-date. Mr. Holloway will have before the budget is adopted.

Page 55, Line Item 640-557—Alderman Dillard said that it showed a TIF bond sales tax. How do the expenditures exceed the revenues by \$82,000.00? Mr. Holloway replied that more taxes were collected than paid out on the bond. Alderman Dillard said it looked the opposite to him, there's a deficit. Mr. Holloway said it showed \$277,000.00 in revenues and expenditures of \$194,000.00. Alderman Dillard replied that it showed \$202,000.00 and expenditures of \$285,000.00 Mr. Holloway responded that these were paid through ad valorem and sales tax.

Page 53—Alderman Dillard said the schedule of ad valorem taxes showed that last year was budgeted at \$5,277,000.00 but came to \$4.8M when you multiplied 42.72 mills x \$114,000.00. Mr. Holloway and Alderman Dillard agreed that they were looking at 52-77-159 and amount was calculated by taking 42.72 mills x \$114,000.00. Alderman Dillard replied that he thought that the City Clerk was over calculating the ad valorem. Mr. Holloway said this was what was calculated and he'd go back and check the figures.

Page 51, Fund 340, Highland Boulevard By-Pass 61 Sanitary Sewer--\$1.2M budget. Alderman Dillard asked Mr. Holloway if this affected the city's budget and was part of the +\$33M budgeted expenditures. Mr. Holloway replied that it was as it came through the city. Mr. Holloway said NWW budget and they come up with the match of \$987,838.00. Mayor Brown said \$300,000.00 that James Johnston and he had raised through DRA was to be used in the proposed \$1.2M cost for NWW and was not in the city's budget—it may have be earmarked for NWW. Alderman Dillard went through NWW's debt service; they went over by \$135,000.00. He asked if NWW overspent what was in the city budget, was the city liable? Mr. Holloway said no, NWW was responsible for it.

Page 37, Fund 171 Hospital Insurance Fund—Alderman Dillard said last year the fund was budged at \$1.975M and last year's actuals were only \$495,000.00. This year projected revenues were \$2.815M. Why such a discrepancy? Mr. Holloway responded such a discrepancy as the \$495,000.00 was what the city paid out when the city was self-insured; also some was coded to the wrong account. Mr. Holloway also replied that it was straightened out and the BOA should look at \$1.576M city obligations, \$28,000.00 for the Cemetery Association, transfer for other funds and employees plus one and employees and family. Alderman Dillard said as such a large discrepancy, you wondered what was actually brought in last year and what was budgeted this year as off \$1.5M.

Sarah Carter Smith:

Page 32, Budget amounts for 14 and 15--Mr. Holloway said he didn't know why figures were missing as he'd previously pointed out to his staff. Alderwoman Carter Smith said wrong as all figures were missing.

Alderman Dillard:

Page 36, Visitors Center Operations--He compared what was brought in last year to what was anticipated to be brought in this year. \$574,000.00 was brought in last year and \$829,000.00 was budgeted for revenue this year. Mayor Brown said that these were numbers that were given to the City Clerk. He said that the Tourism Board had difficulty in meeting due to the lack of a quorum so these might be numbers brought forward; he couldn't answer for the Tourism Board but might have to do with board inaction. Mayor Brown clarified to Alderwoman Arceneaux-Mathis that the Tricentennial had a separate set of books, not on the city budget.

Alderman Dillard agreed no increase in millage but the portion of millage that was set aside for bond interest and retirement fund was 5.75 mills and that times \$114,000.00 comes to \$658,000.00 which doesn't appear to be sufficient to cover bond payments which appeared to be \$1,911,000.00. Mr. Holloway said he'd have to look at the bond schedule. The bond payments for the convention center were paid by through gaming revenues and Hamburger 2. Others bonds, which \$1.4M convention center are \$105,000.00....

Alderman Gray:

When he looked at wages and salaries and the sheet that he has, the numbers do not add up. Mr. Holloway said that they removed every wage and salary that Alderman Gray had pointed out.

Page 31, Golf Course--Alderman Gray had looked at the list and the salaries do not add up. He asked how salaries jumped from \$170,000.00 to \$233,000.00. Alderman Gray asked the BOA to look at the list of salaries. Alderman Gray said there were several other departments with the same issues. Alderman Gray said he'd never received a number on what the raises cost that were given in 2012 and the cost for employees that were transferred from Recreation to other departments. Mr. Holloway said there was enough millage from the PD Disability fund and placed in the general fund, enough to cover the 5% raise. Mr. Holloway advised when you transferred 3 people out of recreation, their salaries went into the general fund. Alderwoman Arceneaux-Mathis pointed out that the golf course had less budgeted than what was on the salary list.

Mayor Brown said when an employee was moved from a department, the salary goes to the general fund versus the department's fund. Alderman Gray asked, as three full time employees were moved from Recreation, why would the golf salaries go up as replacing with part time employees?

Mr. Holloway said that the pay raises were \$336,000.00 and it took 3 mills to cover the raises. Alderman Gray asked why borrowing money to cover the general fund if the raises were covered by millage—what are causing shortage in the general fund? Mayor Brown said repairs had been made to buildings but those repairs should've come out of Public Properties. Mayor Fortenbery said as an example, the shortage in the Mayor's travel account would have to come out of the general fund. Alderman Gray and Alderman Fortenbery said the budget should show where the money went to that came out of the general fund to cover shortages.

Alderwoman Arceneaux-Mathis;

She said that if you go through the budget presented at the September 26th workshop, there were differences which appeared in certain departments. She didn't necessarily have a problem with adopting the raises that Mayor Brown had proposed but the BOA needed to decide if they were approving the raises or not so Mr. Holloway could change his budget for the October 14th meeting. Alderman Gray said he'd gone to the City Clerk and the clerk said that he was taking the raises out of the budget.

Mayor Brown said, regarding Public Works, a worker was an employee but now going to full time—hourly wage rate would stay the same but would not be receiving benefits. Another PW employee wanted to have pay equal to another employee, asked to be reimbursed for \$.05 an hour going back 20 years and Mayor Brown agreed to it. When salaries were equalized across the board in PW, salaries came to an increase of \$4,000.00 per year. The other adjustments were David Atkins had filled in as part time at Public Works during the period between the previous director and Justin Dollar at \$8,000.00. Mr. Dollar was proposed to be given a \$5,000.00 raise. There would be no change in PW payroll except for the cost of benefits. Mayor Brown said the Public Works' adjustments should only come to \$9,000.00.

Alderwoman Arceneaux-Mathis said a problem with the Public Works figures. \$405,887.00 (current budget) less \$364,887.20 (9-26-14 budget) leaves a difference of \$41,000.00. Mr. Holloway said \$15,000.00 for summer help, new man coming in at \$10.00 an hour (\$20,800.00) and \$4,600.00 to cover raises. Mr. Holloway said the \$10.00 an hour wasn't in the department's budget previously as was under contract services.

Mayor Brown said, regarding Inspections, Jody Rutter came in at a lower salary with the agreement if everything went well, he'd be given a raise. The revenues in Inspections are expected to go up \$50,000.00 and Mr. Rutter was proposed to be given a \$5,000.00 raise.

Mayor Brown said, regarding Planning, Frankie Legaux had come in at a lower salary and he proposed giving her a \$5,000.00 raise.

Alderwoman Carter Smith said that the BOA wasn't aware of the salary deals that Mayor Brown had made.

Mayor Brown said that James Johnston had taken a pay cut to come here and this would be his second raise.

All the raises together come to \$29,000.00 plus adding a contract labor person to full time employee to the budget.

Alderman Gray said he thought that all employees should be given a raise--some employees were living below the poverty level.

Alderwoman Carter Smith asked, until the BOA has a good knowledge of its money, how can you propose raises?

Mr. Holloway said taxes had been raised in 2000 and when Phillip West was mayor.

Alderman Fortenbery asked with the proposed raises included, would the city still have a surplus of \$50,000.00 when there was a \$857,000.00 deficit when the budget meetings started? Mayor Brown replied yes.

Alderman Dillard said that with the changes between the time of the 9-26-14 budget and the budget today, revenues have increased by \$476,000.00 and expenses had increased by \$429,000.00; he was convinced the General Fund owed \$1.2M—Mr. Holloway agreed. Alderman Dillard said his concern was at this rate, the casino funds would become a part of the general fund. The only reason the city didn't borrow money this year was interfund loaned money had come out of the Casino Lease Fund, Casino Annual Community Development Fund and Public Works.

Alderman Dillard suggested there be no salary increases, no pay raises, no department spending, no increase for vehicle or equipment purchases, and no new hires until possibly January 1. It was October and the city still didn't have an audit for the previous year. It appeared there were more spending increases than reductions.

Fund 178, page 40, Pension Fund--Alderman Dillard advised \$610,000.00 was shown to have been brought in but only \$351,000.00 was expended—a \$259,000.00 difference. Was there a reason why all the pension funds weren't paid? Mr. Holloway said a millage so had to be paid into the Pension Fund. The millage only produces \$658,000.00 which was supposed to cover bond payments and the pension fund—there wasn't enough money going into millage to cover everything. Mr. Holloway said 5.75 mills for bond payments and "4.0 something" for pensions. Mr. Holloway said \$610,458.00 was listed as of 7-31-14 so you had August and September to go into it. Alderman Dillard said he had the August report and it showed that \$637,000.00 was collected and the previous period was only \$14,000.00 so you could extrapolate the number. \$429,000.00 was expended on pensions so \$208,000.00 must have gone somewhere else. \$450,000.00 collected per Mr. Holloway. Alderman Fortenbery asked if it could be a mistake.

Page 44, Road and Bridge Fund—Alderman Dillard said it was projected to bring in \$54,000.00 but received \$6,000.00. Mr. Holloway said more than \$6,000.00 was collected. Mayor Brown said Joe Murray, County Administrator, said the county would put in half a mill.

Page 14, Utilities—Last year \$574,000.00 was budgeted but \$625,000.00 was spent, a \$113,000.00 difference. Mr. Holloway replied that the city had the snow storm and picked up the new Regional Transit Facility with \$2,400.00 for electricity per month. Alderman Dillard said new budget had \$175,000.00 more budgeted than last year. Mr. Holloway stated \$5000.00-\$6000.00 per month for electricity at the Senior Citizen Center.

Page 15, Gaming Revenue Fund—Should be \$1.2 M budgeted versus \$1,020,000.00.

Alderman Dillard asked the administration to bring back a budget with no raises, no new hiring, no equipment purchased until a budget with correct numbers was presented. He wanted to see

expenditures at \$30M. He suggested that it would be better to wait until January to adjust the numbers up if indicated versus overestimating revenues now.

Alderman Fortenbery said only a little over 3 months until January and asked if the employees mentioned could wait on their salary increases until January—he asked Mayor Brown to ask the employees. Alderman Fortenbery said the budget was in jeopardy of not being passed on Tuesday with the raises included.

Alderman Dillard said all the fund transfers were coming out of the Casino Community Development money. Alderwoman Carter Smith reminded the BOA that a motion had been made that the City Clerk wasn't to transfer any funds out of the Casino Community Development fund without BOA approval.

A motion was made by Alderwoman Arceneaux-Mathis to adjourn the public hearing of October 6th. A second was made by Alderman Gray. The motion carried unanimously.

Larry L. Butch Brown, Mayor

ATTEST:

Donnie Holloway, City Clerk