FISCAL YEAR 2013-2014
PROPOSED ANNUAL OPERATING BUDGET
CITY OF KNOXVILLE, TENNESSEE

MAYOR
Madeline Rogero

MEMBERS OF CITY COUNCIL

District One:	Nick Pavlis, Vice Mayor
District Two:	Duane Grieve
District Three	Brenda Palmer
District Four:	Nick Della Volpe
District Five:	Mark Campen
District Six:	Daniel T. Brown
At-Large:	Finbarr Saunders
At-Large:	Marshall Stair
At-Large:	George C. Wallace

DEPUTY TO THE MAYOR
Eddie Mannis, Chief Operating Officer
William Lyons, Chief Policy Officer

OFFICE OF MANAGEMENT AND BUDGET
Boe Cole, Comptroller
Robin Shelton, Financial Analyst, Sr.
Blake Young, Financial Analyst

A special thank you to all the departments that contributed to this document.
This document is printed on recycled paper.

Table of Contents

Introduction

Executive Summary ---------- 1

Summary Information

Budget Comparison - All Funds ---------- 5
Total Expenditures by Department ---------- 6
Net Budget ---------- 7
Net Revenues by Type ---------- 8
Net Expenditures by Type ---------- 9
Summary of Interfund Charges ---------- 10
Summary of Interfund Transfers ---------- 11
Authorized Full-Time Personnel ---------- 12
Full-Time Personnel by Department ---------- 13
Authorized Full-Time Personnel Chart ---------- 14
Changes in Full-Time Budgeted Personnel ---------- 15
Authorized Part-Time Personnel ---------- 16
Part-Time Personnel by Department ---------- 17
Adjusted/Equalized Tax Rate ---------- 18
City/County Property Tax Rates ---------- 19
Assessed Values-All Property ---------- 20

General Fund

General Fund Revenue Summary ---------- 21
General Fund Revenue Comparison ---------- 26
General Fund Revenue ---------- 27
General/Other Funds Expenditure Summary ---------- 29
General Fund Expenditures By Department ---------- 34
General Fund Budget By Department ---------- 35
Equalized General Fund Budget ---------- 36
General Fund Revenues and Expenditures ---------- 37
General Fund Authorized Positions ---------- 38
General Fund Permanent Full-Time Personnel ---------- 39
Grants To Community Agencies ---------- 40
General Fund Transfers ---------- 42

Debt Service Fund

Debt Service ---------- 43
Debt Service Schedule ---------- 44
Debt Amortization Schedule ---------- 45
Schedule Of Annual Debt Payments ---------- 46
Remaining Debt Outstanding ---------- 47

Capital Projects Fund

Capital Improvements Budget ---------- 48

Executive Summary

The purpose of this section is to provide an overview of some of the major initiatives of the FY 13/14 budget. Also discussed are some of the factors that have impacted the preparation of this budget, and some of the significant changes between this budget and the prior year budget. More detailed explanations of these changes are found later in the document.

Investing in a Great City

The Fiscal Year (FY) 13/14 budget, like all budgets, establishes a blueprint for the future. It is a means by which one establishes priorities and provides a mechanism for delivering on those priorities. The decisions that shape this budget have a lasting impact. Good decisions result in increased investment and future positive returns while poor decisions limit future flexibility and may result in unanticipated consequences and problems.

The budget is always constrained in the sense that demands exceed available resources. The FY 13/14 budget is even more constrained given the state of the economy. While both state and local sales tax revenues and business taxes have begun a turnaround, property tax revenue is hindered by very low to negative growth rates. Overall property taxes are expected to remain flat when compared to expected amounts in FY 12/13. Modest gains in commercial growth are expected to be offset by losses in residential values, personal property and public utility values. Interest earnings, affected by extremely low yields, also continue to show weakness. The low growth in property values is a significant factor in that it has a long term impact, affecting budgets several years into the future. Expenditures, on the other hand, continue to grow primarily as a result of salary increases, higher health care costs, pension contributions, and the escalation in fuel prices.

General Overview

One principle is to work as efficiently as possible and minimize the demands upon the taxpayers. As such, the proposed property tax rate for FY 13/14 is $2.46 per hundred dollars of assessed value, unchanged from the prior year. The allocation of the tax rate shifts slightly. In FY 12/13 $0.60 was allotted for debt service and $1.86 was allocated to the General Fund to support operations. In FY 13/14, $0.55 goes to the Debt Service fund and $1.91 goes to the General Fund. When adjusted for the impact of inflation and countywide reappraisals, the proposed tax rate is actually lower than it was ten years ago.

The total operating budget in FY 13/14 is $386,874,850. The net budget, i.e., excluding inter-fund transfers and charges which are effectively double counted within the budget, is $295,857,620. The budget for the General Fund, which is the main operating fund of the city, equals $183,180,430.

The total budget increases by $29,858,980 (8.36%) when compared to the FY 12/13 budget. The net budget increases by $32,703,020 (12.43%). The General Fund budget is up by $2,617,930 (1.45%).

The budget plans for the issuance of $31.4 million in new debt. This debt will be used for the construction of a new Public Works complex, improvements to the Knoxville Zoo, improvements to Lakeshore Park, and a flood mitigation project on Prosser Road. If not for this debt the total budget would be down when compared to FY 12/13 and the net budget would be fairly equal.

Budgeted personnel for FY 13/14 total 1,598 full-time positions and 33 part-time positions.

A goal is to ensure that personnel are paid competitively. In order to remain current, the budget includes a salary increase of 2.5% for all employees. Changes are also made to the salary entry levels for the lowest paid city employees. The budget includes funding for a comparative compensation study. This is a follow-up to the "Mercer Plan" compensation study that was completed some six years ago.

In addition to the salary adjustments mentioned above, the budget includes an approximate $1.62 million increase to the pen-

sion plan. This funds the annual required contribution and enables the plan to remain actuarially sound. Total budgeted contributions to the plan are approximately $16 million, which represent normal contributions and the amortization of the unfunded pension liability. The budget also increases the allocation for health care benefits. Although the City's health claim experience has been better than the national trends the costs still continue to escalate and funding is required to address those costs.

Administrative Goals

Mayor Rogero has outlined several key goals and strategies that shape and drive this budget. These goals are:

Strong, safe neighborhoods

Living Green and Working Green

An energized downtown

Job creation and retention

Strong, Safe Neighborhoods

As in the past, the largest portion of the budget is devoted to the operations of the Police and Fire Departments. The proposed budget includes approximately $2 million in new capital funding for the Police Department, for items ranging from improvements at various police facilities, enhanced training facilities, and investments in new equipment designed to help officers perform their duties. Funding is provided for on-going maintenance at various fire stations throughout the city, as well as the second phase of a new fire station alerting system. An increase in the allocation for fire turn out gear as well as funding for a new CAD system upgrade and new software is provided.

It is important that neighborhoods also have quality infrastructure and are free from blight. This budget provides $300,000 to address chronic problem properties and another $200,000 for blighted property acquisition. Included is $100,000 to further build the "demolition by neglect" program to protect historic properties, and grants $21,000 to Knox Heritage to promote historic preservation throughout the City. The budget includes the fifth contribution of $800,000 to assist KCDC in the redevelopment of the Walter P. Taylor homes project in the Five Points/Park City area. This is part of a multi-year commitment to this project.

Stronger, safer neighborhoods are more than quality police and fire protection and bricks and mortar. Strengthening the social fabric and ensuring success for families and youth are essential as well. The budget provides $100,000 to expand Community Schools in center city neighborhoods in collaboration with the Great Schools Partnership and Knox County Schools.

The FY 13/14 budget continues to fund the Office of Neighborhoods and a Neighborhood Coordinator who works with neighborhood groups to help them improve the quality of their neighborhoods. Included as part of this function is a $30,000 fund to provide resources to strengthen neighborhoods and build the capacity of neighborhood organizations to implement successful projects.

Great neighborhoods also have access to parks, greenways, and recreational opportunities. They safely accommodate pedestrians, bicycles, public transit, and vehicles.

The FY 13/14 budget includes $200,000 for ball field and tennis court improvements in parks throughout the City. The budget allocates $200,000 for greenway maintenance and improvements, and $240,000 for parking lot improvements at various parks. The City is expecting to soon receive additional land from the State to greatly expand Lakeshore Park. The budget allots $5.2 million to fund demolition of buildings and improvements to enhance this park expansion.

A total of $1.8 million is allocated to sidewalks and crosswalks including $500,000 for the sidewalk safety program, i.e., sidewalks within school parental responsibility zones; $550,000 for new sidewalk construction; $250,000 for ADA sidewalk enhancements; and $80,000 for the Crosswalk Safety program. A total of $420,000 is planned for

sidewalk improvements along Pleasant Ridge Road.

The budget continues to provide support for KAT, Knoxville's public transit system, in the amount of $11.9 million in direct city support and grant match funding to operate buses, trolleys and para-transit service across the city.

The City has an on-going program to pave and maintain streets on a regular basis. Our schedule seeks to pave arterial streets at least once every ten years, collector streets every fifteen years and residential streets at least once every twenty years. To maintain this schedule the budget includes $5.45 million for the City's paving program. The budget also includes $200,000 for alley-paving and $500,000 for roadway safety.

The budget continues annual funding of $650,000 for the bridge replacement program. Funding of $250,000 is specifically designated for continued improvements to traffic signals, and $20,000 is budgeted for traffic calming projects.

The budget provides $500,000 for flooding issues in the Cross Park Drive area and $500,000 for other neighborhood drainage problems. A total of $350,000 is allocated for water quality improvements. The budget adds $1.2 million to redress flooding problems on Prosser Road.

Living Green and Working Green

The Mayor is committed to making Knoxville a more environmentally friendly city. The budget continues to fund the Office of Sustainability. This office guides our comprehensive sustainability efforts across all city departments and activities. The total budget for this Office is $167,370.

Working green, in many ways, translates to working more efficiently. The FY 13/14 budget provides $1.5 million for a new work order/AVL system. Through implementation of this system, logistical and planning practices should improve. In turn fuel consumption is expected to decrease.

The budget funds $500,000 for match grants for an advanced traffic management system (ATMS). When implemented the new system should enhance traffic flow and again result in lower fuel consumption and pollution. Also funded is $60,000 for bicycle infrastructure improvements. An alternative transportation coordinator position is added to the Engineering Department to assist with the city's goal of complete streets that provide safe facilities for bicyclists, pedestrians, and public transit.

An Energized Downtown

Downtown is "everybody's neighborhood" and it is returning as the cultural and economic pulse of our city and region. The budget allocates $100,000 for the Downtown Improvements fund, and $150,000 for improvements to the "Cradle of Country Music" park.

Mayor Rogero's downtown revitalization strategy includes continued reinvestment along the commercial spines that extend from downtown - north, south, east, and west. New allocations for the FY 13/14 budget include $100,000 for projects in the Downtown North area and $300,000 for the Magnolia Warehouse Redevelopment area. The amount of $200,000 is designated for the commercial façade improvement program.

Job Creation and Retention

Job and business development is a goal of this administration. The proposed budget includes $400,000 for the Innovation Valley campaign, as well as other funding to aid the Chamber Partnership in their economic development efforts. Included in this budget is $170,000 to bolster regional public/private efforts to bring a low fare air carrier to Knoxville. If successful this should increase air traffic, helping both individuals and businesses as well as increasing visitors to the area.

The budget continues the funding of the Office of Business Support and the Business Liaison whose job is to assist businesses

and cut the red tape in dealing with city government.

The City previously commissioned a study to seek ways to increase small business participation in City contracts/purchases. To implement the study's recommendations, the budget adds one position to the Purchasing division. The goal is to reduce disparity in the awarding of city contracts and to lower barriers to small businesses' success in seeking city work.

As one of the most visited attractions in East Tennessee, the Knoxville Zoo is an economic generator. The budget contains $10 million for renovation/construction of existing and new facilities. The allocation for operating assistance to the Zoo increases by $50,000 to $1.1 million.

Enhancing arts and cultural opportunities also strengthens economic development. Operating grants totaling $408,000 are budgeted for the Knoxville Symphony, the Art Museum, and twenty four other arts and cultural groups. Facility upgrades budgeted at $700,000 will enhance the Civic Coliseum venue.

Conclusion

The remainder of this budget includes additional summary material, and a more detailed discussion of revenue and expenditure trends. It is hoped that these materials will provide the reader with a more thorough understanding of the proposed operating budget.

BUDGET COMPARISON - ALL FUNDS

Fiscal Year 2013/14

Fund No.	Fund Name	Adopted FY 12/13 Budget	Proposed FY 13/14 Budget	Dollar Change FY 12/13 - 13/14	Percentage Change FY 12/13 - 13/14
100	**General Fund**	$ 180,562,500	$ 183,180,430	$ 2,617,930	1.45%
	Special Revenue Funds				
201	State Street Aid	4,646,000	4,603,000	(43,000)	(0.93%)
202	Community Improvement	90,000	90,000	-	0.00%
209	Abandoned Vehicles	865,380	1,030,660	165,280	19.10%
211	Animal Control	45,700	45,700	-	0.00%
213	City Court	3,875,590	4,306,350	430,760	11.11%
216	City Inspections	2,400,980	2,462,640	61,660	2.57%
220	Stormwater	2,898,160	2,991,890	93,730	3.23%
230	Solid Waste	10,855,230	10,912,650	57,420	0.53%
240	Miscellaneous Special Revenue	3,948,520	4,540,580	592,060	14.99%
250	Senior Aides	453,950	458,230	4,280	0.94%
264	Home Grant	1,328,720	1,959,470	630,750	47.47%
269	Emergency Solutions Grant	146,670	159,330	12,660	8.63%
290	Community Development Block Grant	1,781,970	1,633,870	(148,100)	(8.31%)
	Subtotal - Special Revenue Funds	33,336,870	35,194,370	1,857,500	5.57%
	Debt Service Funds				
305	Debt Services	25,813,780	24,343,510	(1,470,270)	(5.70%)
306	Tax Increment	944,780	1,177,590	232,810	24.64%
	Subtotal - Debt Service Funds	26,758,560	25,521,100	(1,237,460)	(4.62%)
	Capital Projects Funds				
401	Capital Projects	20,991,090	50,071,530	29,080,440	138.54%
	Subtotal - Capital Projects Funds	20,991,090	50,071,530	29,080,440	138.54%
	Enterprise Funds				
503	Public Assembly Facilities	5,526,380	5,750,070	223,690	4.05%
504	Metro Parking	4,674,400	1,836,270	(2,838,130)	(60.72%)
506	Convention Center	19,249,320	17,825,900	(1,423,420)	(7.39%)
507	Mass Transportation	23,530,280	23,596,720	66,440	0.28%
508	Municipal Golf Course	1,549,290	1,575,280	25,990	1.68%
	Subtotal - Enterprise Funds	54,529,670	50,584,240	(3,945,430)	(7.24%)
	Internal Service Funds				
702	Fleet Services	13,821,620	14,068,940	247,320	1.79%
704	Risk Management	6,696,950	6,691,440	(5,510)	(0.08%)
705	Health Care	16,796,540	18,329,340	1,532,800	9.13%
706	Equipment Replacement	2,217,520	1,935,620	(281,900)	(12.71%)
707	City Building	1,304,550	1,297,840	(6,710)	(0.51%)
	Subtotal - Internal Service Funds	40,837,180	42,323,180	1,486,000	3.64%
	Grand Total	$ 357,015,870	$ 386,874,850	$ 29,858,980	8.36%

TOTAL EXPENDITURES BY DEPARTMENT

Fiscal Year 2013/14

Department	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	$ 3,496,000	$ 166,480	$ -	$ 525,000	$ -	$ -	$ 4,187,480
Finance	3,961,160	-	23,430	-	-	18,329,880	22,314,470
Information Systems	4,303,610	-	-	1,500,000	-	1,068,050	6,871,660
Community Development	1,617,910	3,762,670	-	1,650,000	-	-	7,030,580
Fleet Services	-	855,660	-	175,000	-	14,068,940	15,099,600
Public Works	284,710	-	-	-	-	-	284,710
Public Services	22,015,520	11,331,800	-	15,575,000	-	2,000	48,924,320
Engineering	6,028,350	6,333,890	-	12,180,000	-	12,000	24,554,240
Inspections	-	2,462,640	-	-	-	-	2,462,640
Recreation	6,833,210	727,740	-	5,990,000	1,575,280	7,140	15,133,370
Knoxville Area Transit (KAT)	1,165,370	-	-	-	23,596,720	-	24,762,090
Law	1,908,700	-	-	-	-	6,691,440	8,600,140
Police	50,527,510	1,825,860	-	2,006,530	-	630,730	54,990,630
Emergency Management	351,980	-	-	-	-	-	351,980
Fire	36,434,160	5,000	-	470,000	-	214,440	37,123,600
Legislative	976,260	96,000	-	-	-	-	1,072,260
City Court	-	1,022,180	-	-	-	-	1,022,180
Civil Service	1,219,150	-	-	-	-	-	1,219,150
Convention Center	-	-	-	-	11,634,810	-	11,634,810
Community Development	-	-	-	-	-	-	-
Public Assembly Facilities	-	78,750	-	-	5,750,070	720	5,829,540
Nondepartmental		-	-	-	-	-	
City Elections	260,000	-	-	-	-	-	260,000
City Buildings	-	-	-	-	1,836,270	1,297,840	3,134,110
Knoxville Partnership	800,080	-	-	-	-	-	800,080
Metropolitan Planning Commission (MPC)	905,000	-	-	-	-	-	905,000
Knoxville Zoological Park	1,108,610	-	-	10,000,000	-	-	11,108,610
Agency Grants	712,000	-	-	-	926,040	-	1,638,040
Waterfront	568,820	-	-	-	-	-	568,820
Community Action Committee (CAC)	615,640	-	-	-	-	-	615,640
Debt Service	-	-	9,965,670	-	5,265,050	-	15,230,720
Reserve	1,850,000	-	-	-	-	-	1,850,000
Other Non-departmental Expenses	1,904,250	-	-	-	-	-	1,904,250
Transfers	33,332,430	6,525,700	15,532,000	-	-	-	55,390,130
Subtotal - Nondepartmental	42,056,830	6,525,700	25,497,670	10,000,000	8,027,360	1,297,840	93,405,400
GRAND TOTAL	$ 183,180,430	$ 35,194,370	$ 25,521,100	$ 50,071,530	$ 50,584,240	$ 42,323,180	$ 386,874,850

NET BUDGET

Fiscal Year 2013/14

Fund No.	Fund Name	Proposed FY 13/14 Budget	Less Interfund Transfers Out	Less Interfund Charges In	Net Budget
100	**General Fund**	$ 183,180,430	$ (33,332,430)	$ -	$ 149,848,000
	Special Revenue Funds				
201	State Street Aid	4,603,000	(760,000)	-	3,843,000
202	Community Improvement	90,000	-	-	90,000
209	Abandoned Vehicles	1,030,660	(175,000)	-	855,660
211	Animal Control	45,700	-	-	45,700
213	City Court	4,306,350	(3,284,170)	-	1,022,180
216	City Inspections	2,462,640	-	-	2,462,640
220	Stormwater	2,991,890	-	-	2,991,890
230	Solid Waste	10,912,650	(300,000)	-	10,612,650
240	Miscellaneous Special Revenue	4,540,580	(2,006,530)	-	2,534,050
250	Senior Aides	458,230	-	-	458,230
264	Home Grant	1,959,470	-	-	1,959,470
269	Emergency Solutions Grant	159,330	-	-	159,330
290	Community Development Block Grant	1,633,870	-	-	1,633,870
	Subtotal - Special Revenue Funds	35,194,370	(6,525,700)	-	28,668,670
	Debt Service Funds				
305	Debt Services	24,343,510	(15,532,000)	-	8,811,510
306	Tax Increment	1,177,590	-	-	1,177,590
	Subtotal - Debt Service Funds	25,521,100	(15,532,000)	-	9,989,100
	Capital Project Funds				
401	Capital Projects	50,071,530	-	-	50,071,530
	Subtotal - Capital Project Funds	50,071,530	-	-	50,071,530
	Enterprise Funds				
503	Public Assembly Facilities	5,750,070	-	-	5,750,070
504	Metro Parking	1,836,270	-	-	1,836,270
506	Convention Center	17,825,900	-	-	17,825,900
507	Mass Transportation	23,596,720	-	-	23,596,720
508	Municipal Golf Course	1,575,280	-	-	1,575,280
		50,584,240	-	-	50,584,240
	Internal Service Funds				
702	Fleet Services	14,068,940	-	(14,271,970)	(203,030)
704	Risk Management	6,691,440	-	(6,044,300)	647,140
705	Health Care	18,329,340	-	(12,305,350)	6,023,990
706	Equipment Replacement	1,935,620	-	(1,800,140)	135,480
707	City Building	1,297,840	-	(1,205,340)	92,500
		42,323,180	-	(35,627,100)	6,696,080
	Grand Total	$ 386,874,850	$ (55,390,130)	$ (35,627,100)	$ 295,857,620

NET REVENUES BY TYPE - ALL FUNDS

Fiscal Year 2013/14

Fund No.	Fund Name	Taxes	Licenses & Permits	Intergovt. Revenue	Charges For Serv.	Fines & Forfeits	Miscellaneous Revenue
100	General Fund	$154,160,250	$320,610	$21,001,950	$1,414,800	$438,000	$710,650
201	State Street Aid	-	-	4,600,000	-	-	3,000
202	Community Improvement	-	-	-	-	-	-
209	Abandoned Vehicles	-	-	-	430,000	-	425,660
211	Animal Control	-	45,000	-	-	-	700
213	City Court	-	-	-	-	4,286,950	19,400
216	City Inspections	-	1,561,930	-	-	-	600
220	Stormwater	-	94,500	-	-	-	1,500
230	Solid Waste	-	-	76,000	795,000	-	262,000
240	Miscellaneous Special Revenue	-	-	17,000	193,000	2,159,800	422,170
250	Senior Aides	-	-	379,030	-	-	-
264	Home Grant	-	-	853,790	-	-	450,000
269	Emergency Solutions Grant	-	-	139,330	-	-	-
290	Community Development Block Grant	-	-	1,483,870	-	-	150,000
305	Debt Services	23,657,360	-	-	-	-	686,150
306	Tax Increment	-	-	-	-	-	-
401	Capital Projects	-	-	-	-	-	-
503	Civic Auditorium/Coliseum/KCEC	-	-	-	1,734,100	-	8,000
504	Metro Parking	-	-	-	1,541,100	-	2,000
506	Convention Center	5,397,200	-	4,655,350	3,649,510	-	139,380
507	Mass Transportation	-	-	2,050,750	7,128,120	-	-
508	Municipal Golf Course	-	-	-	1,293,100	-	20,880
702	Fleet Services	-	-	-	100	-	152,770
704	Risk Management	-	-	-	50,000	-	48,000
705	Health Care	-	-	-	5,044,200	-	18,000
706	Equipment Replacement	-	-	-	-	-	12,500
707	City Building	-	-	-	-	-	92,500
	Grand Total	$183,214,810	$2,022,040	$35,257,070	$23,273,030	$6,884,750	$3,625,860
	Percent of Net Revs.	61.93%	0.68%	11.92%	7.87%	2.33%	1.23%

Fund No.	Fund Name	Other Financing Sources	Use Of/ (Addition To) Fund Balance	Net Revenues	Interfund Charges In	Interfund Transfers In	Total Revenues
100	General Fund	$0	$1,850,000	$179,896,260	$0	$3,284,170	$183,180,430
201	State Street Aid	-	-	4,603,000	-	-	4,603,000
202	Community Improvement	-	-	-	-	90,000	90,000
209	Abandoned Vehicles	-	175,000	1,030,660	-	-	1,030,660
211	Animal Control	-	-	45,700	-	-	45,700
213	City Court	-	-	4,306,350	-	-	4,306,350
216	City Inspections	-	-	1,562,530	-	900,110	2,462,640
220	Stormwater	-	40,000	136,000	-	2,855,890	2,991,890
230	Solid Waste	-	300,000	1,433,000	-	9,479,650	10,912,650
240	Miscellaneous Special Revenue	-	1,562,930	4,354,900	-	185,680	4,540,580
250	Senior Aides	-	-	379,030	-	79,200	458,230
264	Home Grant	-	655,680	1,959,470	-	-	1,959,470
269	Emergency Solutions Grant	-	20,000	159,330	-	-	159,330
290	Community Development Block Grant	-	-	1,633,870	-	-	1,633,870
305	Debt Services	-	-	24,343,510	-	-	24,343,510
306	Tax Increment	-	-	-	-	1,177,590	1,177,590
401	Capital Projects	31,400,000	-	31,400,000	-	18,671,530	50,071,530
503	Civic Auditorium/Coliseum/KCEC	-	1,583,510	3,325,610	-	2,424,460	5,750,070
504	Metro Parking	-	168,170	1,711,270	-	125,000	1,836,270
506	Convention Center	293,560	(24,650)	14,110,350	-	3,715,550	17,825,900
507	Mass Transportation	-	3,679,480	12,858,350	-	10,738,370	23,596,720
508	Municipal Golf Course	88,170	123,130	1,525,280	-	50,000	1,575,280
702	Fleet Services	-	(397,900)	(245,030)	14,271,970	42,000	14,068,940
704	Risk Management	-	-	98,000	6,044,300	549,140	6,691,440
705	Health Care	-	-	5,062,200	12,305,350	961,790	18,329,340
706	Equipment Replacement	-	62,980	75,480	1,800,140	60,000	1,935,620
707	City Building	-	-	92,500	1,205,340	-	1,297,840
	Grand Total	$31,781,730	$9,798,330	$295,857,620	$35,627,100	$55,390,130	$386,874,850
	Percent of Net Revs.	10.74%	3.31%	100.00%			

NET EXPENDITURES BY TYPE - ALL FUNDS

Fiscal Year 2013/14

Fund No.	Fund Name	Personal Services	Supplies	Other Expenses	Debt Service	Capital
100	General Fund	$ 87,249,380	$ 4,675,940	$ 24,101,480	$ -	$ -
201	State Street Aid	-	-	3,843,000	-	-
202	Community Improvement	-	-	90,000	-	-
209	Abandoned Vehicles	380,470	13,620	384,130	-	-
211	Animal Control	-	20,000	25,700	-	-
213	City Court	708,390	55,360	148,380	-	-
216	City Inspections	1,832,580	41,160	83,630	-	-
220	Stormwater	2,290,650	64,390	140,960	-	-
230	Solid Waste	586,200	92,000	9,444,410	-	-
240	Miscellaneous Special Revenue	338,360	798,460	1,356,430	-	-
250	Senior Aides	401,920	5,300	35,880	-	-
264	Home Grant	185,810	-	1,751,780	-	-
269	Emergency Solutions Grant	-	-	159,330	-	-
290	Community Development Block Grant	877,860	9,340	593,320	-	-
305	Debt Services	-	-	23,430	8,788,080	-
306	Tax Increment	-	-	-	1,177,590	-
401	Capital Projects	-	-	-	-	50,071,530
503	Public Assembly Facilities	2,193,420	157,300	2,173,570	-	700,000
504	Metro Parking	-	-	1,823,100	-	-
506	Convention Center	-	1,360	12,088,900	5,265,050	70,000
507	Mass Transportation	14,154,040	3,081,170	6,347,450	-	-
508	Municipal Golf Course	-	-	1,486,960	150	-
702	Fleet Services	2,086,380	5,392,350	6,015,960	-	42,000
704	Risk Management	383,280	56,290	6,166,820	-	-
705	Health Care	286,880	54,300	17,923,630	-	-
706	Equipment Replacement	-	-	1,755,620	-	180,000
707	City Building	-	-	1,293,660	-	-
	Grand Total	$ 113,955,620	$ 14,518,340	$ 99,257,530	$ 15,230,870	$ 51,063,530
	Percent of Net Exps.	38.46%	4.90%	33.50%	5.14%	17.23%

Fund No.	Fund Name	Other Uses of Funds	Net Expenditures	Interfund Charges Out	Interfund Transfers Out	Total Expenditures
100	General Fund	$ 1,904,250	$ 117,931,050	$ 31,916,950	$ 33,332,430	$ 183,180,430
201	State Street Aid	-	3,843,000	-	760,000	4,603,000
202	Community Improvement	-	90,000	-	-	90,000
209	Abandoned Vehicles	-	778,220	77,440	175,000	1,030,660
211	Animal Control	-	45,700	-	-	45,700
213	City Court	-	912,130	110,050	3,284,170	4,306,350
216	City Inspections	-	1,957,370	505,270	-	2,462,640
220	Stormwater	-	2,496,000	495,890	-	2,991,890
230	Solid Waste	-	10,122,610	490,040	300,000	10,912,650
240	Miscellaneous Special Revenue	-	2,493,250	40,800	2,006,530	4,540,580
250	Senior Aides	-	443,100	15,130	-	458,230
264	Home Grant	-	1,937,590	21,880	-	1,959,470
269	Emergency Solutions Grant	-	159,330	-	-	159,330
290	Community Development Block Grant	-	1,480,520	153,350	-	1,633,870
305	Debt Services	-	8,811,510	-	15,532,000	24,343,510
306	Tax Increment	-	1,177,590	-	-	1,177,590
401	Capital Projects	-	50,071,530	-	-	50,071,530
503	Public Assembly Facilities	-	5,224,290	525,780	-	5,750,070
504	Metro Parking	-	1,823,100	13,170	-	1,836,270
506	Convention Center	293,560	17,718,870	107,030	-	17,825,900
507	Mass Transportation	-	23,582,660	14,060	-	23,596,720
508	Municipal Golf Course	88,170	1,575,280	-	-	1,575,280
702	Fleet Services	-	13,536,690	532,250	-	14,068,940
704	Risk Management	-	6,606,390	85,050	-	6,691,440
705	Health Care	-	18,264,810	64,530	-	18,329,340
706	Equipment Replacement	-	1,935,620	-	-	1,935,620
707	City Building	-	1,293,660	4,180	-	1,297,840
	Grand Total	$ 2,285,980	$ 296,311,870	$ 35,172,850	$ 55,390,130	$ 386,874,850
	Percent of Net Exps.	0.77%	100.00%			

SUMMARY OF INTERFUND CHARGES

Fiscal Year 2013/14

From (Fund Name)	Fund No.	To Fleet Services Fund 702	To Risk Management Fund 704	To Health Care Fund 705	To Equipment Replacement Fund 706	To City Building Fund 707	Grand Total
General Fund	100	$ 13,393,280	$ 5,523,180	$10,723,570	$ 1,726,760	$ 1,004,410	$ 32,371,200
Abandoned Vehicles	209	-	17,280	58,410	1,750	-	77,440
City Court	213	-	9,670	90,080	10,300	-	110,050
City Inspections	216	113,980	54,730	240,520	1,870	94,170	505,270
Stormwater	220	85,600	86,690	252,500	22,800	48,300	495,890
Solid Waste	230	349,060	40,220	99,690	1,070	-	490,040
Miscellaneous Special Revenue	240	-	5,510	35,290	-	-	40,800
Senior Aides	250	-	1,270	13,860	-	-	15,130
Home Grant	264	-	4,030	17,850	-	-	21,880
Community Development Block Grant	290	28,560	15,380	109,410	-	-	153,350
Public Assembly Facilities	503	162,660	109,410	252,720	990	-	525,780
Metro Parking	504	-	13,170	-	-	-	13,170
Convention Center	506	15,600	79,370	-	12,060	-	107,030
Mass Transportation	507	-	1,680	-	12,380	-	14,060
Fleet Services	702	118,360	66,850	322,470	8,520	16,050	532,250
Risk Management	704	4,870	8,790	55,020	1,170	15,200	85,050
Health Care	705	-	2,890	33,960	470	27,210	64,530
City Building	707	-	4,180	-	-	-	4,180
Grand Total		$ 14,271,970	$ 6,044,300	$12,305,350	$ 1,800,140	$ 1,205,340	$ 35,627,100

SUMMARY OF INTERFUND TRANSFERS

Fiscal Year 2013/14

To (Fund Name)	Fund No.	From General Fund (Fund 100)	From State Street Aid Fund (Fund 201)	From Aban. Veh. Fund (Fund 209)	From City Court Fund (Fund 213)	From Solid Waste Fund (Fund 230)	From Misc. Spec. Rev. Fund (Fund 240)	From Debt Service Fund (Fund 305)	Grand Total
General Fund	100	$ -	$ -	$ -	$3,284,170	$ -	$ -	$ -	$ 3,284,170
Community Improvement	202	90,000	-	-	-	-	-	-	90,000
City Inspections	216	900,110	-	-	-	-	-	-	900,110
Stormwater	220	2,855,890	-	-	-	-	-	-	2,855,890
Solid Waste	230	9,479,650	-	-	-	-	-	-	9,479,650
Miscellaneous Special Revenue	240	185,680	-	-	-	-	-	-	185,680
Miscellaneous Grant Funds	250	79,200	-	-	-	-	-	-	79,200
Tax Increment	306	1,177,590	-	-	-	-	-	-	1,177,590
Capital Projects	401	-	760,000	175,000	-	300,000	2,006,530	15,430,000	18,671,530
Coliseum/KCEC	503	2,424,460	-	-	-	-	-	-	2,424,460
Metro Parking	504	125,000	-	-	-	-	-	-	125,000
Convention Center	506	3,715,550	-	-	-	-	-	-	3,715,550
Mass Transportation	507	10,738,370	-	-	-	-	-	-	10,738,370
Municipal Golf	508	50,000	-	-	-	-	-	-	50,000
Fleet Services	702	-	-	-	-	-	-	42,000	42,000
Risk Management	704	549,140	-	-	-	-	-	-	549,140
Health Care	705	961,790	-	-	-	-	-	-	961,790
Equipment Replacement	706	-	-	-	-	-	-	60,000	60,000
Grand Total		$33,332,430	$760,000	$175,000	$3,284,170	$300,000	$2,006,530	$15,532,000	$55,390,130

Authorized Full Time Positions by Department

Fiscal Year 2013/14

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	30	-	-	-	30
Finance	44	-	-	4	48
Information Systems	30	-	-	-	30
Community Development	5	18	-	-	23
Fleet Services	-	10	-	44	54
Public Works	2	-	-	-	2
Public Services	282	23	-	-	305
Engineering	58	30	-	-	88
Inspections	-	29	-	-	29
Recreation	46	1	-	-	47
Law	13	-	-	6	19
Police	516	5	-	-	521
Emergency Management	3	-	-	-	3
Fire	337	-	-	-	337
Legislative	3	-	-	-	3
City Court	-	14	-	-	14
Civil Service	10	-	-	-	10
Public Assembly Facilities	-	-	35	-	35
Total - Full Time	1,379	130	35	54	1,598

Full Time Positions by Department

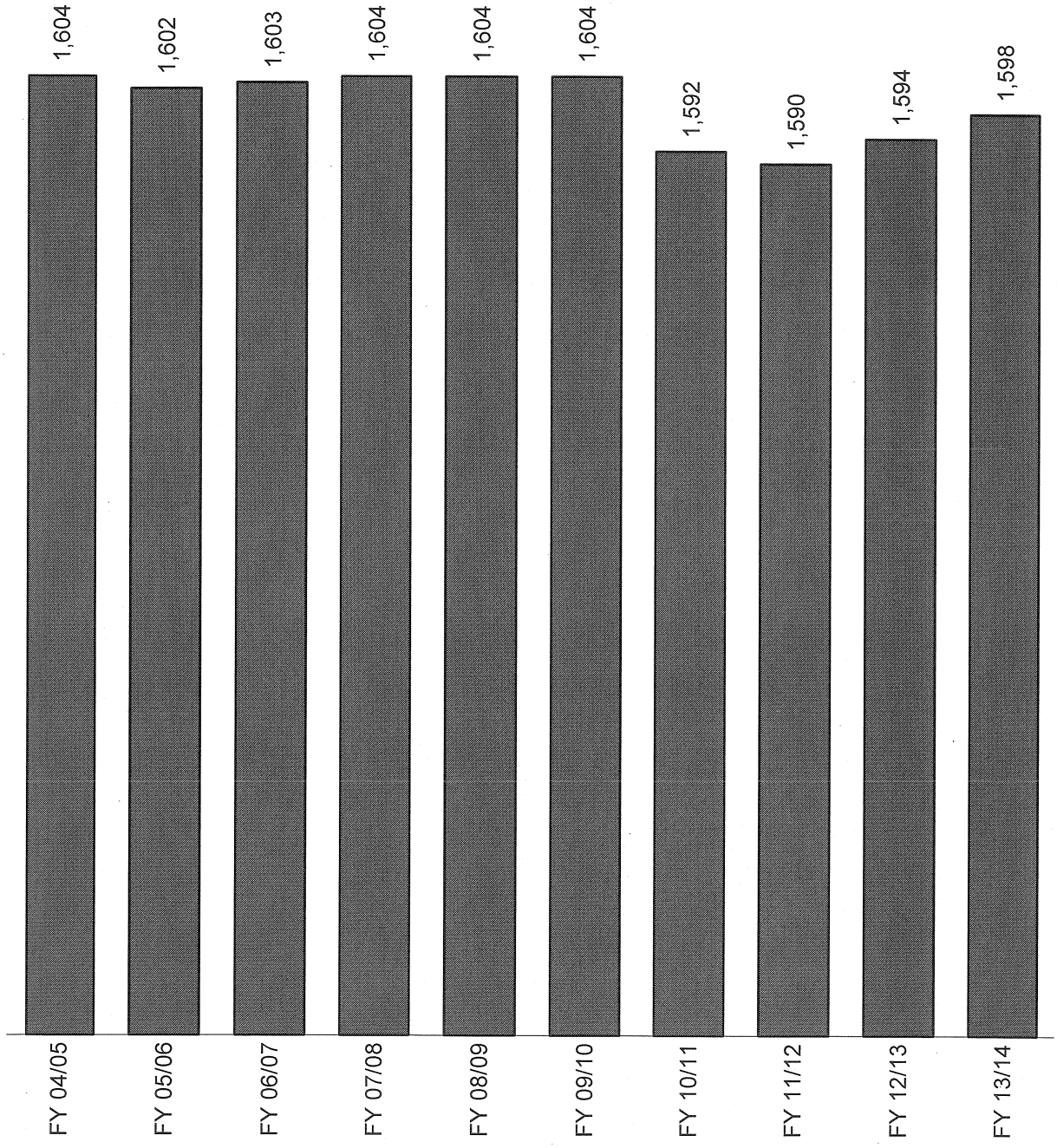
Fiscal Years 2009/10 - 2013/14

Department	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	Difference 12/13 - 13/14
Administration	26	25	25	30	30	-
Finance	52	51	51	51	48	(3)
Information Systems	30	30	30	30	30	-
Community Development	25	25	23	23	23	-
Fleet Services	56	55	55	54	54	-
South Knoxville Waterfront	2	1	1	-	-	-
Public Works	-	-	-	2	2	-
Public Services	305	305	305	305	305	-
Engineering	88	87	87	88	88	-
Inspections	31	29	29	29	29	-
Recreation	49	47	47	46	47	1
Law	14	13	13	12	19	7
Police	522	521	521	521	521	-
Emergency Management	3	3	3	3	3	-
Fire	338	337	337	337	337	-
Legislative	3	3	3	3	3	-
City Court	13	13	13	13	14	1
Civil Service	13	12	12	12	10	(2)
Public Assembly Facilities	34	35	35	35	35	-
GRAND TOTAL	1,604	1,592	1,590	1,594	1,598	4

City of Knoxville

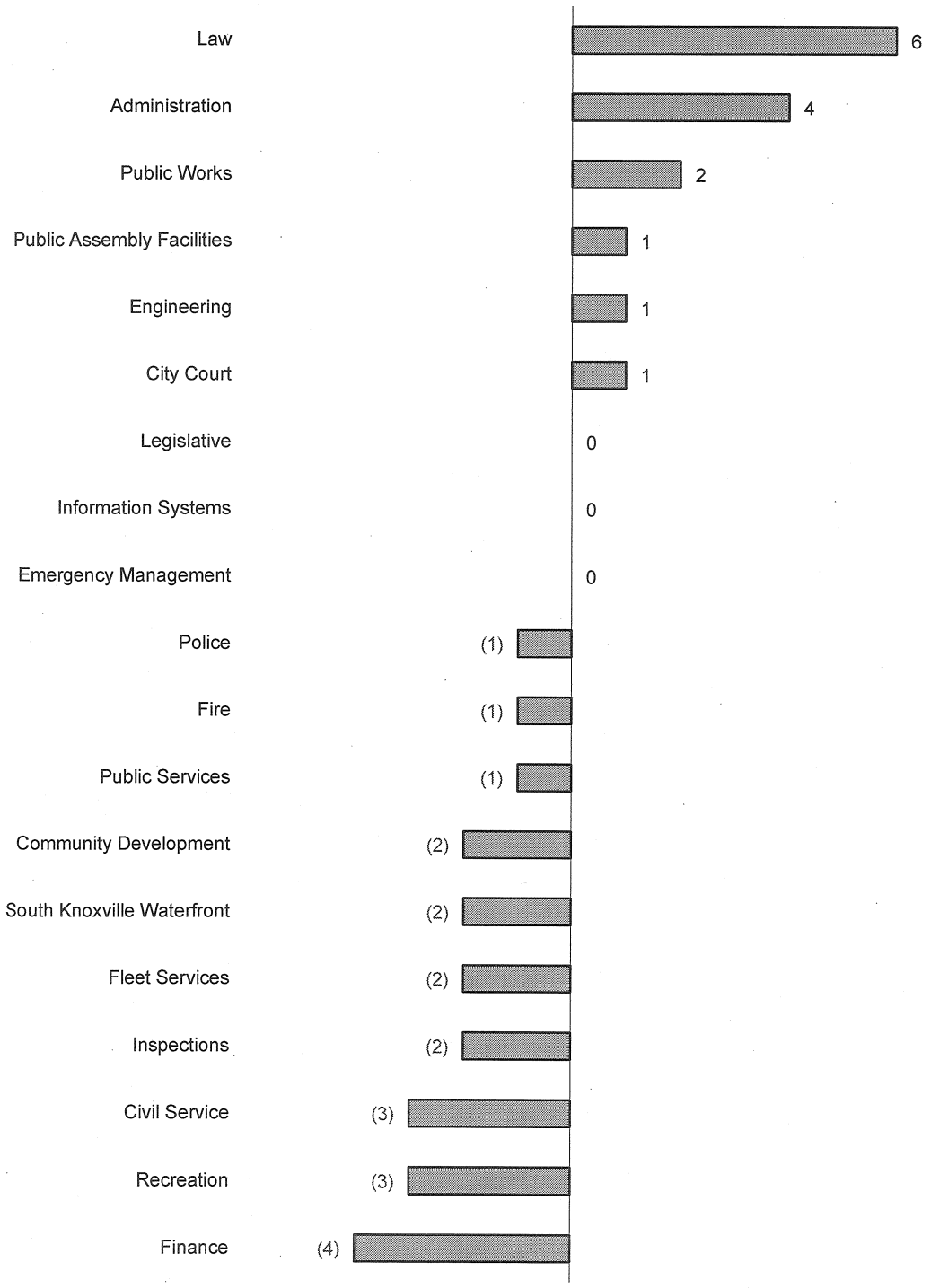
Authorized Full Time Personnel

Fiscal Years 2004/05 – 2013/14



Changes in Full Time Budgeted Personnel

Fiscal Years 2009/10 – 2013/14



Authorized Part Time Positions by Department

Fiscal Year 2013/14

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	1	-	-	-	1
Finance	-	-	-	1	1
Community Development	-	1	-	-	1
Engineering	1	1	-	-	2
Recreation	11	1	-	-	12
Police	3	1	-	-	4
Legislative	9	-	-	-	9
City Court	-	1	-	-	1
Public Assembly Facilities	-	-	2	-	2
Total - Part Time	25	5	2	1	33

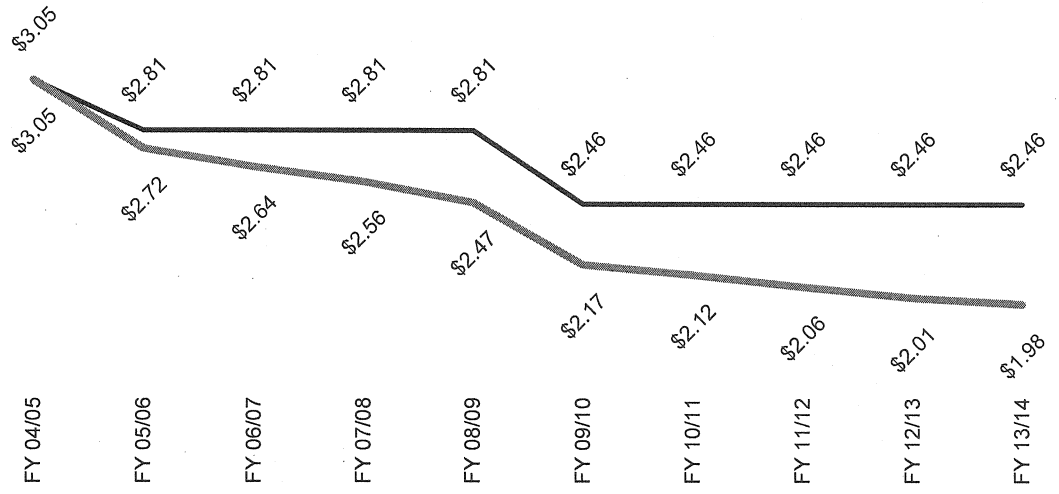
Part Time Positions by Department

Fiscal Years 2009/10 - 2013/14

Department	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	Difference 11/12 - 13/14
Administration	3	3	2	1	1	-
Finance	1	-	-	1	1	-
Community Development	1	1	1	1	1	-
Engineering	1	1	1	1	2	1
Recreation	15	14	14	13	12	(1)
Law	-	-	-	1	-	(1)
Police	4	4	4	4	4	-
Legislative	9	9	9	9	9	-
City Court	1	1	1	1	1	-
Public Assembly Facilities	3	2	2	2	2	-
GRAND TOTAL	38	35	34	34	33	(1)

ADJUSTED/EQUALIZED TAX RATE

Fiscal Years 2003/04 – 2012/13



The above chart presents a ten year comparison of the actual (nominal) tax rate to the effective tax rate, that is, the tax rate after it has been adjusted for the effects of reappraisal by the Knox County Property Assessor and the impact of inflation. As can be seen by the lower line, the effective tax rate has declined from $3.05 in Fiscal Year 2003/04 to $1.98 in Fiscal Year 2012/13. This means that the change in the tax rate has been less than the rate of inflation and equalization

CITY AND COUNTY PROPERTY TAX RATES

FY 87/88 - FY 13/14

Fiscal Year	City Rate	County Rate	City Combined Rate
FY 87/88	$3.40	2.76	$6.16
FY 88/89	$3.24	2.91	$6.15
FY 89/90	$3.24	2.85	$6.09
FY 90/91	$3.24	2.85	$6.09
FY 91/92	$3.24	3.07	$6.31
FY 92/93	$3.51	3.25	$6.76
FY 93/94	$2.73 *	2.91 *	$5.64
FY 94/95	$2.87	2.91	$5.78
FY 95/96	$2.87	3.16	$6.03
FY 96/97	$2.87	3.16	$6.03
FY 97/98	$2.58 *	2.77 *	$5.35
FY 98/99	$2.85	2.77	$5.62
FY 99/00	$2.85	3.32	$6.17
FY 00/01	$3.04	3.32	$6.36
FY 01/02	$2.70 *	2.96 *	$5.66
FY 02/03	$2.70	2.96	$5.66
FY 03/04	$2.70	2.96	$5.66
FY 04/05	$3.05	2.96	$6.01
FY 05/06	$2.81 *	2.69 *	$5.50
FY 06/07	$2.81	2.69	$5.50
FY 07/08	$2.81	2.69	$5.50
FY 08/09	$2.81	2.69	$5.50
FY 09/10	$2.46 *	2.36	$4.82
FY 10/11	$2.46	2.36	$4.82
FY 11/12	$2.46	2.36	$4.82
FY 12/13	$2.46	2.36	$4.82
FY 13/14	$2.46	2.36	$4.82

* The Property Assessor is required by law to undertake a complete reappraisal of property at least every four years. This reappraisal was last completed in 2009. Whenever a property reappraisal occurs, cities and counties are required to adopt a "Certified Tax Rate". This is the rate that would generate the same amount of tax revenue as before reappraisal. The "Certified Tax Rate" in FY 09/10 for the City was $2.46 and for the County $2.36. This rate in effect discounts the increases in value resulting from reappraisal.

Note that taxes are levied per $100 of assessed value.

City of Knoxville

ASSESSED VALUES - ALL PROPERTY

Fiscal Years 1994/95 - 2013/14

Calendar Year	Total Real Property		Personal Property	Public Utilities	Total Assessments
1994	1,614,271,095		177,150,854	119,230,340	1,910,652,289
1995	1,618,398,558		177,681,038	112,540,638	1,908,620,234
1996	1,623,659,535		184,552,898	115,766,135	1,923,978,568
1997	1,878,801,360	*	218,591,024	126,746,927	2,224,139,311
1998	1,934,290,885		242,537,032	128,589,318	2,305,417,235
1999	1,982,169,765		258,297,182	139,643,315	2,380,110,262
2000	2,028,588,845		260,949,460	136,081,340	2,425,619,645
2001	2,383,807,165	*	296,305,803	180,021,560	2,860,134,528
2002	2,438,014,810		304,602,014	174,625,693	2,917,242,517
2003	2,476,436,718		293,852,253	150,264,579	2,920,553,550
2004	2,525,476,515		302,687,562	157,887,475	2,986,051,552
2005	2,862,056,080	*	315,752,361	161,363,916	3,339,172,357
2006	2,920,636,035		329,685,195	145,503,340	3,395,824,570
2007	3,039,973,875		307,480,409	148,366,486	3,495,820,770
2008	3,156,234,335		305,025,792	146,017,169	3,607,277,296
2009	3,678,211,900	*	334,781,946	167,422,239	4,180,416,085
2010	3,705,130,455		316,571,241	147,791,536	4,169,493,232
2011	3,760,574,350		321,529,326	157,728,123	4,239,831,799
2012	3,833,108,643		299,141,014	165,367,668	4,297,617,325
2013 (Est.)	3,885,296,440		289,416,130	165,289,090	4,340,001,660

* The Property Assessor is required by law to undertake a complete reappraisal of property at least every four years. These reappraisals were completed in 1993, 1997 2001, 2005 and 2009.

Note that the assessments for each calendar year are reflected in the budget for the following year. For example the 2013 assessments are used in the FY 13/14 budget. Residential property is assessed at 25% of the appraised value. Commercial/Industrial property is assessed at 40% of the appraised value and public utility property is assessed at 55% of the appraised value. The majority of public utility property is appraised by the Tennesse Public Service Commission. Personal property is assessed at 30% of the appraised value.

Total General Fund budgeted revenues for FY 13/14 equal $183,180,430. This is a 1.45% increase when compared to the budgeted FY 11/12 revenues of $180,562,500. Operating revenue equals $181,330,430 which is $5,177,930 or 2.94% above the budgeted FY 12/13 operating revenue. Non-operating revenues are budgeted at $1,850,000 for FY 13/14. The overall revenue picture can be viewed as one of flat to relatively modest growth in most areas. The change in assessed property values is expected to be small. Growth in the more cyclical revenues such as local option sales taxes, state shared sales taxes, and business taxes is expected to continue but again at fairly slow rates..

TAXES

The largest single category of revenue to the General Fund is taxes. This one category equals $154,160,250 or approximately 85.6% of the total operating revenue to this fund.

Property Taxes

The largest revenue source within this category is property taxes. Property taxes are, in turn, divided into three types: taxes on real property, taxes on personal property, and taxes on public utilities.

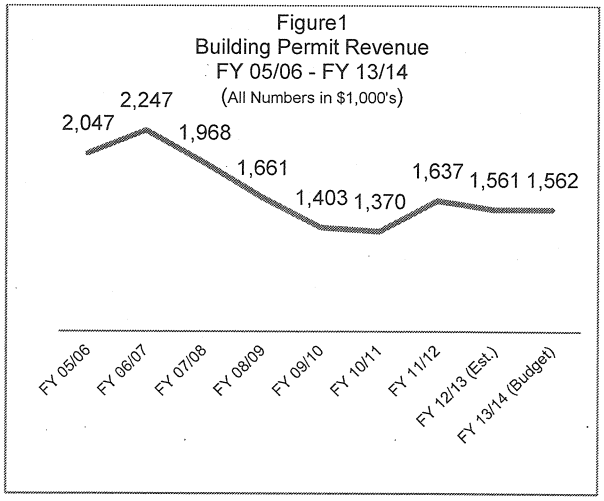
There are four factors that determine revenues from property taxes:

1) The assessed value of property;
2) The state equalization rate;
3) The collection rate on property taxes;
4) The tax rate itself.

Assessed Value and Equalization Rate: Historically, growth in the value of new real property would be considered fairly moderate, and not characterized by the boom/bust cycles of many cities. The normal annual rate of growth would fall in the two (2) to three (3) percent range, with some exceptions along the way. The mid to late 1990's and 2000's were, with the exception of reappraisal years, characterized, by this same fairly moderate growth. Growth rates since the 2005 reappraisal have ranged between 2.05% and 4.09%. More recent years have seen a sharp decline from those numbers. In FY 10/11 the growth was only 0.73%. In FY 12/13 this improved slightly but was still only 1.5%. Even at this rate all the growth was in the commercial area with residential and industrial property showing declines in valuations.

For FY 13/14 we think that the growth in assessed values will be remain low and will reflect the same pattern as in FY11/12. We expect virtually no residential growth and industrial property to decline. We anticipate commercial property to increase at a modest pace. At this time we are forecasting an increase of 1.36% in property values for the upcoming year.

Given the slow recovery in construction activity (See Figure 1 below) the forecast for property tax growth during the next few years is for flat to only modest growth. For FY 13/14 the projected assessed value of real property is $3,885,296,440. The projected amounts for FY 13/14 are based upon the latest available data from the Assessor's Office.



The Property Assessor is unable to supply final estimates on the assessed value of personal property until after the adoption of the budget. Personal property tax growth rates have shown much more volatility than real property. In the 1980's the annual growth rate of this revenue source was frequently in the mid-teens. A change

in state law, implemented a new accelerated depreciation schedule, and made other changes in the calculation of this tax. This change essentially halted the growth of this revenue source for several years. As a result of increased audits, an upward trend began in 1998, but this has leveled off and generally been negative in more recent years. For the upcoming year we forecast the change in assessed value to be down by approximately 3.6%. As with real property, we did not have final numbers from the Property Assessor's Office until after passage of the budget. The actual tax roll was much lower than we had projected, which explains the decrease in forecasted FY 12/13 revenues from the FY 12/13 budget.

The third set of property tax revenues comes from taxes on public utilities, which are assessed by the Division of State Assessed Properties under the Office of the State Comptroller. These values are not supplied until January or February of the subsequent year and have typically varied little unless affected by a change in the equalization rate. Recent trends, however, have been negative, the result of many successful appeals of the state appraisals. We expect assessments to be fairly flat in the upcoming year, coming in 0.05% lower in FY 13/14.

Collection Rate: In recent years, the City has collected an average of 94.7% of real property taxes, 91.9% of personal property taxes, and 97.0% of the taxes upon public utilities in the year in which they are levied. We utilize these averages in making our forecasts. The most notable recent change in these rates has been a slight decrease in the collection rate for real property, and a slight uptick in the collection rates for both personal property and public utility property.

Tax Rate:

In FY 13/14 the budget is based upon a total tax rate of $2.46 per hundred dollars of assessed value, which is the same rate as in FY 12/13. The tax rate is apportioned between the Debt Service Fund and the General Fund. In FY 13/14, $0.55 of the tax rate goes directly to the Debt Service Fund, five cents less than in FY 12/13. The portion of the tax rate used for General Fund purposes is $1.91 or five cents more than in FY 12/13. Combining all factors yields the budgeted revenue from property taxes as illustrated in Table 1.

When compared to the FY 12/13 budget, current projected property tax revenues to the General Fund are up by $4,474,430 in the General Fund.

TABLE 1

	Estimated Assessed Valuations	Est. Coll. Rate	Tax Rate per $100	FY 13/14 Budgeted Revenue
Real Property	$3,885,296,440	94.7%	$1.91	$70,276,100
Personal Property	289,416,130	91.9%	1.91	5,080,000
Public Utilities	165,289,090	97.0%	1.91	3,062,300
TOTAL	$4,340,001,660			$78,418,400

Tax Discounts

The City offers a one percent discount on property taxes paid before the end of October. For FY 13/14 the anticipated discount in the General Fund is $428,680, which is $22,120 more than the FY 12/13 budgeted amount. The greater amount is due to the small growth in overall valuations and the redistribution of the tax rate, as we do not believe the percentage of individuals receiving a discount will deviate much from the current year.

This discount represents a reduction in the amount of revenues available to the General Fund. The discount allows the City to better manage cash flow, avoid the need to issue tax anticipation notes, and increase interest earnings.

Payments In Lieu Of Taxes

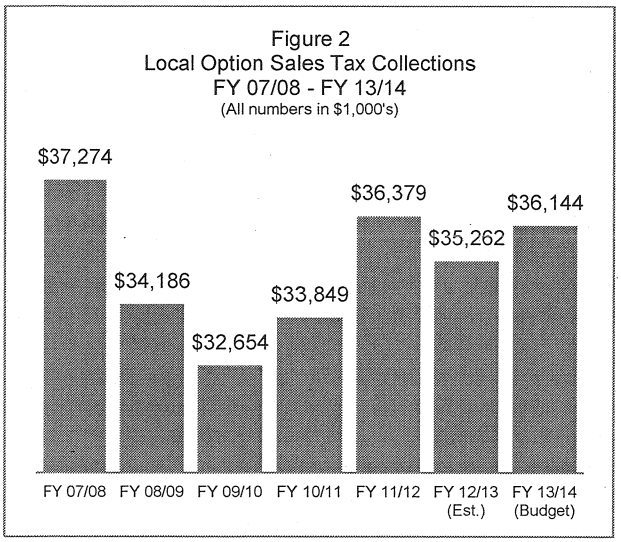
Other revenues within the tax category include the payment in lieu of taxes from the Knoxville Utilities Board (KUB) and Knoxville's Community Development Corporation (KCDC). The payment from KUB is based upon two components, one being the estimated property value owned by KUB and the second being an average of overall revenues. In FY 13/14 the KUB payment is expected to be $14,646,910 which is $725,160 or 5.2% above the budget for FY 12/13. This change is based upon modest growth in property held by KUB, and anticipated growth in average net revenues. The amount from KCDC is now forecast to yield $153,600 which is a drop of $17,490 or 10.2%.

There are several other entities now making payments

in lieu of taxes. These payments are part of the redevelopment strategy of the City. Other payments in lieu of taxes are expected to yield $145,750. The PILOT of the Knoxville News-Sentinel expires in FY 12/13, which accounts for the perceived decline. Taxes from this property are now included in the property tax – real total.

Sales Taxes

The City imposes, as the result of local referenda, a 2.25% local option sales tax on all sales within the city limits. Approximately 72% of the proceeds from the tax go to the Knox County School District, with the balance flowing to the City's General Fund. The revenues from this source comprise the second largest source of revenue within the tax category. In FY 13/14, local option sales tax revenues are expected to equal $36,143,610 or 19.7% of total General Fund operating revenues. The revenues from this source are showing signs of recovery from the recent recession (see Figure 2) but are still below the levels from the mid 200's. The amounts in FY 11/12 are thought to be artificially high due to sales related to the recovery/repair from damaging storms in the spring of 2011. We think that FY 13/14 will continue the upturn, but believe it will be small given continued economic weakness, the end of the payroll tax reduction, and the higher costs of fuel which should dampen discretionary spending.



We are forecasting an increase of two and a half percent (2.5%) from anticipated FY 12/13 collections.

Other Taxes

Revenues from the beer tax, mixed drink tax, and the alcoholic beverage tax grew at a rapid pace throughout the 1990's, but the rate of growth has slowed in recent years. In the past three years we have seen reasonable growth in beer taxes, and based upon our latest forecasts for FY 12/13, we expect the trend to continue in the upcoming year. Revenues from beer taxes are expected to increase by $465,920 or 6.8% when compared to the FY 12/13 budget. Total revenues from the beer tax are forecast at $7,315,920. A recent change in state law shifts this tax from a price based tax to an excise based tax. While we expect some gains from this change in the first year we believe that future growth will be flat to negative in subsequent years.

Wholesale liquor inspection fees have also been relatively flat the past two years, but we now expect some growth during the upcoming year. Revenues from this source are expected to generate $2,705,440 in FY 13/14. This is $49,370 or 1.9% more than the amount budgeted in FY 12/13. Mixed drink taxes are forecast to increase in the upcoming year. We are now estimating this revenue at $1,517,730 in FY 13/14, which is $55,580 more than budgeted in FY 12/13.

Revenue from business taxes have, like sales taxes, been experiencing a turn around. We currently expect to end FY 12/13 up by $900,150 from the budgeted amount. For FY 13/14 we are projecting steady collection levels from anticipated FY 12/13 collections. Projected revenue from this source in FY 13/14 is $5,695,930.

Cable television franchise taxes from Comcast, AT&T, and Knology are projected to be up slightly when compared to the FY 12/13 budgeted level as we expect very modest growth in the new fiscal year. These revenues are now forecast at $1,819,120 which is $24,680 or 3.8% more than the amount budgeted in FY 12/13.

INTERGOVERNMENTAL REVENUE

The second largest revenue category of the General Fund is intergovernmental revenue, i.e., revenue that comes from another governmental unit, primarily the State of Tennessee. This category of revenue accounts for $21,001,950 or 11.8% of total operating revenue. Overall, we expect this category of revenue to be down by $134,740 or 0.6% when compared to the budget for FY 12/13.

The largest single revenue within this grouping is the state shared sales tax. As with local option sales taxes, the recent trend has turned slightly upward. Current year revenues from this source are now forecast to end above budgeted revenues for this year, and are expected to continue to grow modestly in FY 13/14. The total estimated amount in FY 13/14 from this source is $12,668,190. This is $832,040 or 7.0% above the amount budgeted in FY 12/13.

The second largest revenue in this category is the city's portion of the Hall Income Tax. In FY 13/14 we are expecting revenue from this source to generate $3,925,000, which is down significantly when compared to the FY 12/13 budget. This revenue has fluctuated widely, both up and down, in recent years. The FY 13/14 estimate is based upon the latest actual collections from this source.

The City also receives a number of other state-shared revenues. Revenue from alcoholic beverage tax is expected to remain at the same level as in FY 12/13, at a total of $143,220. Revenues from beer taxes are expected to be down slightly from FY 12/13 at a total of $87,060.

Revenue from the state excise tax, a tax upon the net earnings of state and national banks chartered in Tennessee, is currently expected to decline slightly when compared to FY 12/13. For FY 13/14 this is expected to generate $247,860.

Revenue from the streets and transportation tax is expected to be fairly stable. This revenue is budgeted at $355,200 or $660 less than in FY 12/13. The City's share of TVA gross receipts is forecast to be down when compared to FY 12/13. The expected amount from this source FY 12/13 is less than budgeted levels and, consequently, we have revised our FY 13/14 projections downward. The result is an anticipated decrease of $27,060 or 1.3% when compared to the FY 12/13 budget.

The City has, in the past, received money from the federal government to help offset the cost of several police department positions. This money is listed as federal contribution. This estimate shown here represents funding to pay overtime of officers working in the KCDC housing and other areas. The total amount budgeted for FY 13/14 is $888,390.

The State of Tennessee has provided supplemental pay for police officers and firefighters in past years, and is listed under the category of state contribution in the tables following this narrative. The City has served merely as conduit to pay this supplement. The amount budgeted totals $409,200 and is exactly equal to planned expenditures in the Police and Fire Department budgets.

The City's Emergency Management Department is funded in part by a contribution from the U.S. government under the Federal Emergency Management Act (FEMA). The contracted amount for the upcoming year is projected to be $136,000. Knox County partially funds the balance of the department's budget. The Knox County share is estimated at $53,000.

OTHER REVENUE

There are four other categories of operating revenue to the General Fund, these being licenses and permits, charges for services, fines and forfeits, and miscellaneous revenue. The combined total from these sources is $2,884,060, or 1.61% of the total operating revenues to the General Fund. A breakdown of these revenues for FY 12/13 and FY 13/14 is shown in Table 2.

TABLE 2

	FY 12/13 Budget	FY 12/13 Est. Actual	FY 13/14 Projected Revenues
Licenses & Permits	$332,680	$320,610	$320,610
Charges	$1,562,310	$1,414,800	$1,414,800
Fines & Forfeits	$661,800	$720,950	$438,000
Misc. Revenue	$883,890	$710,650	$710,650
TOTAL	$3,440,680	$3,167,010.	$2,884,060

Overall, the category of licenses and permits is down by $12,070 or 3.6% when compared to the budget for FY 12/13. More than half of the numbers of accounts within this category are expected to be down when compared to the FY 12/13 budget, with the largest decreases being in expected gains in beer privilege taxes and liquor by the ounce. These two sources are expected to

down by $6,390 and $5,710 respectively. This latter revenue is forecast to generate $75,860 or $12,680 more than budgeted in FY 12/13. These are partially offset by expected gains in background check fees, beer application fees. These are expected to up by $1,110 and $1,120 respectively.

The amount expected to come from charges for services is projected at $1,414,800, which is $147,510 or 9.4% less than the budgeted amount for FY 12/13. This decrease is entirely due to a reduction in reimbursements for work done on state highways. The drop in this source is somewhat offset by expected growth in, attorney fees, codes enforcement fees, and officer costs. These are expected to increase by $111,280, and 49,870 respectively..

The category of fines and forfeits includes a portion of fines that are rebated from the county court. Revenues from this source are expected to yield $74,820, down by $35,200 when compared to the FY 12/13 budget. Revenues from red light violations are down significantly, this being attributable changes mandated by state law and to the normal decline as drivers begin to change their behavior. Overall this category of revenue is expected to yield $39,830, which is $200,520 or 83.4% less than budgeted in FY 12/13. The forecast collections for this source in FY 12/13 are inflated by a one-time back payment which will not be repeated in FY 13/14.

The category entitled miscellaneous revenue is projected at $710,650, which is $173,240 less than the amount budgeted in FY 12/13. The drop in this category comes mainly from lowered anticipated interest earnings. This is expected to generate $245,000 or $220,000 less than the amount budgeted in FY 12/13. Yields on the types of investments appropriate for government have decreased significantly over the past two years and expected to remain flat until 2014. The reduction in interest earnings is offset in part by expected gains from lease income, equipment sales, and other miscellaneous revenue.

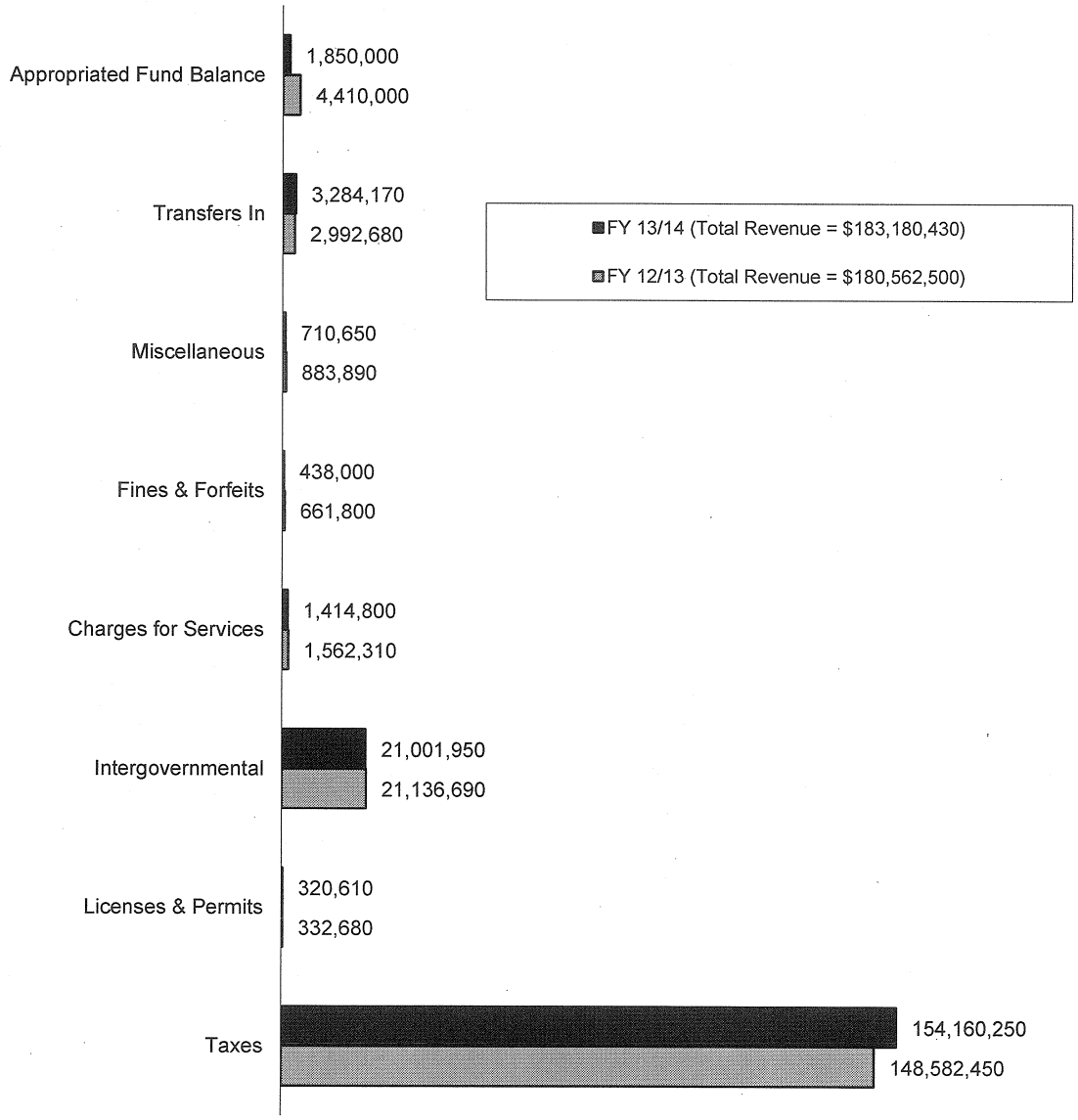
Transfers In

The revenue budgeted under transfers is the amount of revenue in excess of expenditures that is generated by the Municipal Court. Fines and costs collected by the Municipal Court have stabilized in the past year after declining for several years. We expect revenue from this source to be up in the upcoming fiscal year when compared to the FY 12/13 budget. . Excess City Court fees are now forecast at $3,284,170 or $291,490 higher than the amount budgeted in FY 12/13.

Non-Operating Revenue

The FY 13/14 General Fund is balanced through the use of $1,850,000 non-operating revenue. The City Charter requires that a reserve of at least 1% of operating expenses be budgeted. In FY 13/14 this reserve is appropriated at $1,850,000. An appropriation of fund balance is designated to offset the budgeted reserve.

General Fund Revenue Comparison
FY 2012/13– 2013/14



Account Code	Revenue Source	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Budget	FY 12/13 Forecast	FY 13/14 Proposed
5111	Property Tax Real - Current	$ 63,127,106	$ 64,486,580	$ 66,649,800	$ 67,731,000	$ 70,276,100
5112	Property Tax Real - Prior	2,622,517	3,086,745	2,500,000	3,092,200	3,092,200
5113	Personal Property Tax - Current	5,345,394	5,392,456	5,410,400	5,113,500	5,080,000
5114	Personal Property Tax - Prior	244,939	156,683	135,730	150,990	150,990
5115	Public Utilities - Current	2,623,553	2,803,648	2,783,200	2,983,500	3,062,300
5116	Public Utilities - Prior	51,379	16,103	2,200	2,200	2,200
5117	Discount	(345,605)	(367,852)	(406,560)	(358,900)	(428,680)
5131	K U B	12,899,181	13,453,228	13,921,750	14,172,900	14,646,910
5132	K C D C	170,751	171,081	171,090	153,600	153,600
5134	Downtown	65,263	65,263	83,710	83,710	77,110
5135	News-Sentinel	238,918	243,282	238,920	238,920	-
5136	Other PILOTS	46,493	49,076	21,500	21,500	68,640
5141	Local Shared Sales Tax	33,848,744	36,378,928	37,430,750	35,262,060	36,143,610
5151	Beer Tax	6,783,736	7,256,091	6,850,000	7,315,920	7,315,920
5152	Mixed Drink Tax	1,341,354	1,456,512	1,462,150	1,517,730	1,517,730
5153	Wholesale Liquor Inspection Fee	2,566,324	2,665,431	2,656,070	2,705,440	2,705,440
5161	Business Tax	221	341	100	10	-
5163	Business License Fees	565,814	607,509	310,000	623,470	623,470
5165	Tax Sale Publication Fees	10,904	56,965	20,700	42,290	42,290
5166	Business Tax 2003	5,281,947	5,883,056	4,795,780	5,695,930	5,695,930
5171	Interest & Penalties-Current	156,561	166,937	141,000	141,000	141,000
5172	Interest & Penalties-Prior	1,582,902	1,793,767	1,630,830	1,944,920	1,944,920
5173	Interest & Penalties-Business	161	697	270	90	90
5174	Interest & Penalties-License	832	165	150	110	110
5175	Interest & Penalties CBID	12,324	13,558	10,730	28,830	28,830
5176	Interest-New Btx	800	1,975	2,110	80	80
5177	Penalty-New Btx	2,988	2,503	2,420	130	130
5178	Interest - Bankruptcy Court	9,283	4,933	4,350	210	210
5193	Cable TV Franchise Tax	1,673,718	1,755,363	1,753,300	1,810,070	1,819,120
	Subtotal - Taxes	140,928,502	147,601,024	148,582,450	150,473,410	154,160,250
5201	Blasting Permits	3,700	5,150	4,830	3,160	3,160
5202	Fire Reports	230	230	280	260	260
5203	Fireworks Permit	3,930	4,100	4,520	4,250	4,250
5204	Tank Abandonment	-	600	460	-	-
5205	Tank Installation Fees	14,955	16,195	12,220	10,840	10,840
5211	Merchant & General Privilege	-	225	60	220	220
5212	Liquor By Ounce	174,790	176,730	174,680	168,970	168,970
5215	Alcoholic Beverage License	9,000	8,000	4,800	4,800	4,800
5251	Beer Application Fees	31,100	28,300	23,440	24,560	24,560
5252	Beer Privilege Tax	60,745	64,101	75,860	69,470	69,470
5253	Beer Permit Publications	3,285	3,207	2,890	2,930	2,930
5254	Beer Permit Records Check	9,525	8,400	6,620	7,030	7,030
5255	Duplicate Beer Permits	402	603	140	410	410
5281	Pets in Restaurant Patio Permits	440	140	150	280	280
5291	Solicitation	5,625	5,300	5,300	5,970	5,970
5293	Street Vendor	4,297	3,400	3,180	3,100	3,100
5296	Background Check Fees	15,226	13,916	13,250	14,360	14,360
	Subtotal - Licenses & Permits	337,250	338,597	332,680	320,610	320,610
5313	Emer. Mgmt. - Federal Share	150,000	150,000	136,000	136,000	136,000
5319	Federal Grants	688,086	699,370	726,440	888,390	888,390
5321	Sales Tax	11,556,971	12,133,944	11,836,150	12,359,210	12,668,190
5322	Income Tax	7,298,785	3,925,698	5,000,000	3,925,700	3,925,700
5323	Beer Tax	90,718	87,806	88,350	87,060	87,060
5324	Alcoholic Beverage Tax	128,462	138,648	143,190	143,220	143,220
5326	Streets & Transportation Gas	372,723	367,128	355,860	366,190	355,200
5327	Excise Tax	274,433	262,638	274,440	247,860	247,860
5328	TVA - Gross Receipts	1,994,445	2,104,150	2,104,750	2,077,690	2,077,690
5329	State Contribution	428,464	420,000	409,200	409,200	409,200
5332	Telecommunications Sales Tax	11,262	11,107	9,310	10,440	10,440
5341	Emer. Mgmt. - County Share	53,000	53,000	53,000	53,000	53,000
	Subtotal - Intergovernmental Revenue	23,047,349	20,353,489	21,136,690	20,703,960	21,001,950

Account Code	Revenue Source	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Budget	FY 12/13 Forecast	FY 13/14 Proposed
5410	Market Square Rental	1,100	1,400	1,200	-	-
5412	Atty. Cost - Taxes	488,779	555,641	472,530	583,810	583,810
5413	Recording & Collection	660	365	370	280	280
5423	Accident Reports	85,261	78,729	79,530	71,340	71,340
5425	Officer Costs	243,332	188,994	90,360	140,230	140,230
5426	Special Police	-	213	-	-	-
5436	Lot Clearance Fees - Post 2012	-	-	-	3,000	3,000
5434	Codes Enforcement	158,081	262,965	281,990	241,850	241,850
5435	State Reimb./Streets, Signs	319,051	23,514	300,000	30,000	30,000
5441	Recreation Program Fees	25,085	22,686	21,800	24,450	24,450
5442	Inskip Pool Gate	46,309	46,742	44,510	48,520	48,520
5443	Ed Cothren Pool Gate	13,534	13,615	9,910	8,150	8,150
5444	Indoor Pool Fees and Rentals	21,673	18,636	19,220	15,150	15,150
5445	Team Registration Fees	52,457	45,075	57,840	46,250	46,250
5447	Vending Concessions	150	60	40	30	30
5449	Summer Program Registration Fee	14,680	13,043	9,970	14,250	14,250
5450	Tennis Revenue	1,566	-	1,570	-	-
5451	Building and Shelter Revenues	62,409	47,642	57,990	47,640	47,640
5452	Parks and Field Rental Fees	14,330	17,512	13,820	24,450	24,450
5453	Lease of SKCC	31,574	42,098	27,320	38,030	38,030
5459	Parks and Recreation - Miscellaneous Fees	20,994	16,696	-	7,160	7,160
5461	Caswell Park League Concessions	26,034	21,454	36,210	22,620	22,620
5464	Caswell Park Gate Fee	24,023	24,516	21,780	23,630	23,630
5466	Inskip Pool Concessions	22,442	23,234	10,460	20,610	20,610
5467	Ed Cothren Pool Concessions	11,552	10,123	3,890	3,350	3,350
	Subtotal - Charges for Services	1,685,076	1,474,950	1,562,310	1,414,800	1,414,800
5512	County Court Costs	117,765	99,479	110,020	74,820	74,820
5528	KPD - Automated Information	120,292	99,166	112,810	107,490	107,490
5531	Criminal Court Fines	175,145	179,718	138,230	177,100	177,100
5532	KPD - DARE	401	414	200	420	420
5580	Red Light Camera Fines	1,443,572	210,015	240,350	321,250	39,830
5581	Red Light Camera Fines - Municipal Court	-	200	-	70	70
5582	Red Light Camera Fines - Municipal Court LC	261,451	59,280	60,190	39,800	38,270
	Subtotal - Fines & Forfeits	2,118,626	648,273	661,800	720,950	438,000
5603	Residential Parking Permits	6,935	10	-	-	-
5605	Gifts	75	-	-	-	-
5611	Interest On Investments	442,969	245,279	465,000	245,000	245,000
5613	C/D Loan Payment	-	15,007	-	-	-
5616	Interest on Loans and Notes	8,853	6,452	9,800	6,450	6,450
5620	Lease & Rental Income	60,000	71,751	60,000	71,750	71,750
5623	K C D C Parking Rents	8,416	6,243	5,430	9,200	9,200
5627	Parking Meters	357,411	308,152	301,830	307,190	307,190
5642	Equipment	61,131	51,763	34,210	47,000	47,000
5643	Non Equipment Sales	4,548	-	-	-	-
5666	Agency Contribution	23,846	-	-	-	-
5699	Misc. Revenue	(42,858)	10,937	7,620	24,060	24,060
	Subtotal - Misc. Revenue	931,326	715,595	883,890	710,650	710,650
	Grand Total - Operating Revenue	169,048,129	171,131,927	173,159,820	174,344,380	178,046,260
5905	Transfer - Excess City Court Revenues	3,727,320	2,878,260	2,992,680	3,407,030	3,284,170
5926	Capital Project Transfer	1,301,212	1,073,887	-	-	-
5970	Residual Equity Transfers	406	130,990	-	-	-
	Subtotal - Transfers In	5,028,938	4,083,137	2,992,680	3,407,030	3,284,170
	Grand Total - Revenues	$ 174,077,067	$ 175,215,065	$ 176,152,500	$ 177,751,410	$ 181,330,430
5998	Appropriated Fund Balance	-	-	4,410,000	-	1,850,000
	Grand Total - General Fund	$ 174,077,067	$ 175,215,065	$ 180,562,500	$ 177,751,410	$ 183,180,430

GENERAL FUND EXPENDITURES

General Fund Overview

General Fund expenditures for FY 13/14, including the reservation for contingencies, total $183,180,430. This represents an increase of 1.45% when compared to the FY 12/13 General Fund budget of $180,562,500. What follows is a discussion of the major expenditure changes by department. The purpose of this section is to provide a general overview of all expenditure categories.

TABLE 1

	FY 12/13	FY 13/14	Change
Personal Services	93,747,290	97,518,700	3,771,410
Supplies	3,807,210	4,675,940	868,730
Other Charges	45,742,010	45,749,110	7,100
Transfers Out	37,265,990	35,236,680	(2,029,310)
Totals	180,562,500	183,180,430	2,617,930

Personal Services

The amount budgeted for personal services, i.e., salaries, benefits and related costs, is $97,518,700. Overall costs for this category increase by $3,771,410 or 4.02% when compared to the FY 12/13 budget. This is due to a 2.5% general salary increase for all non-probationary employees, increases to cover the actuarially required pension contribution, and an expected jump in health care costs. The pension increase is $978,370, or 8.02% when compared to FY 12/13. The impact on specific departmental budgets is discussed in more detail below, and in the executive summary.

Supplies

The category of "Supplies" is used to pay for such things as office and operating supplies, repair and maintenance items (chemicals, road salt, etc.), and operating equipment not provided for in the equipment replacement funds or capital budget. The budget for supplies category increases by $868,730 (22.82%). The bulk of this increase ($829,240) is due to the change in accounting treatment of computer maintenance charges. Overall increase in general fund expenditures for computer maintenance charges is $145,160, and $684,080, is simply a shift from the repair and maintenance account line item to the 'supplies' category.

Other Charges

The category of "Other Charges" includes such expenditures as postage, professional services, equipment leases, internal service fund charges, and various miscellaneous items. The proposed budget reflects a very small increase of $7,100 when compared to the previous fiscal year. A portion of the decrease ($684,080) occurs as the result of the shift of computer maintenance charges to the supplies category. In total, internal service charges are down by $303,820. Election costs are up by $220,000, the KAT grant match increases by $158,210, and the comparative compensation study adds an additional $225,000 to other charges. Other changes include a $70,000 increase to upgrade of the city's website, a $170,000 increase to Innovation Valley, a contractually obligated $50,000 increase to Knoxville Zoo, a $50,000 increase to CAC to cover salary changes, and $100,000 for the Community Schools initiative.

Transfers

Transfers reflect the movement of financial assets between City funds. Due to their significance in the operations of the General Fund, special emphasis is given here. The majority of the transfers cover revenue shortfalls in various other funds. Budgeted transfers decrease by $2,029,310 when compared to the previous fiscal year to a total of $35,236,680. The largest change is a reduction of $2,475,000 in the Metro Parking transfer (the FY 12/13 budget included a $2,600,000 transfer for the improvements to the State Street Parking Garage). The amount required to amortize the pension liability for the former City Schools employees is included in this category and grows by $497,320 to $1,450,000. Other increases include the transfer to cover tax increment payments, which is up by $232,810, and the Risk Management transfer with an increase of $99,840. The Solid Waste transfer decreases by $242,580 and the Health Care transfer declines by $347,450.

Administration

The proposed Administration budget increases by $178,260 or 5.37% to $3,496,000. Within this department personal services expenses grow by $130,090, or 4.91%, to $2,781,760. This results from the general salary increase and the accompanying jumps in pension and health care costs. Supplies costs increase $1,640 (2.4%) to $69,840. Other expenses increase by $46,530. The latter is due largely to a one-time increase to cover the cost of a redesign of the City of Knoxville website..

Finance Division

The FY 13/14 proposed budget for the department of Finance is up by $206,590. Overall, personal services expenditures increase by $202,050 to $3,090,410 as the result of the proposed salary increase and pension contributions. A new position is also budgeted in the Purchasing division. Supply costs increase by $3,900 to $36,700, and are due to the cost for computer software maintenance charges for the accounts payable imaging system. Other Charges remain constant, showing only an increase of $640. The total for the other charges category equals $834,050.

Information Systems Division

The budget for the Information Systems Department decreases by $7,040. Personal services rise by $61,910 due to proposed salary increases and other associated benefit hikes. Operating supplies increase by $609,010. Most of this increase ($608,210) is for the transfer of computer maintenance charges from the repair and maintenance budget to a separate account in the supplies budget. The purpose of this change is to better account for computer maintenance charges throughout the City. For FY 13/14, this new account appears in all departments with computer maintenance charges. With many new systems coming on line in FY2014, the overall costs for computer maintenance cost increases from $760,980 in FY 12/13 to $1,050,060 in FY 13/14.

Community Development Division

The proposed budget for Community Development (Economic Administration) is $1,617,910, an increase of $306,240 (23.35%) from the prior year budget. Personal services account for $24,400 of the jump and are due to the proposed 2.5% salary increase, increased health care costs and pension contribution increases. Supplies increase slightly from $20,120 to $21,230. Other charges grow by $280,730 (32.19%) from $872,110 to $1,152,840. There are two major reasons for this sharp increase. An allocation of $125,000 for case management services in KCDC housing has been shifted from the CAC budget to this department. In addition, a new contribution of $100,000 for community schools is funded here.

Engineering Division

The Engineering budget is up by $230,080 when compared to the prior fiscal year. Salaries and benefits increase by $222,390. This is the result of slary and benefit increaes and the addition of a new traffic engineer position. The individual filling this position will focus on alternative transportation programs. The supplies budget declines by $2,000. Other charges increase by $9,690, primarily attributable to higher internal service charges.

Public Service Division

The proposed FY 13/14 budget for the Public Service Division is $22,015,520, an increase of $614,500 (2.87%) from FY12/13. Personal service costs go from $13,512,970 to 13,855,280, a jump of $342,310 or 2.53%. This is due to salary and benefit increases. Supply costs increase $92,710 or 8.28% to a total $1,212,960 primarily due to shifting from the category of other expenses. This latter category of costs also is up by $179,480 (2.65%) to $6,947,280. The major changes within this group are higher internal service charges, particularly within the fleet services accounts.

Parks and Recreation Division

The Parks and Recreation budget for FY 13/14 grows by $196,610 to $6,833,210. Personal service increases by $126,670 as the result of salary and benefits costs. Supply costs decrease by $18,110, the result of shifting appropriations among accounts. Other costs increase by $88,050. The increases are for internal service charges such as fleet charges, equipment leases and risk management charges. In addition, the professional service account rises by $21,900 to cover contractual obligations.

Mass Transit Division (Grant Match)

The Mass Transit Grant Match for FY 13/14 increases by $158,210 to $1,165,370. KAT is expected to receive increased grant funding as a

result in federal formula changes. This represents the match needed to receive all expected formula grants.

Law

The proposed FY13-14 Law Department budget increases by $82,940 or 4.54% to a total of $1,908,700. The increase in Personal Services of $62,590 (4.95%) to $1,328,120 is due to the proposed salary, health care costs and pension contribution expenses. The supplies category drops by $12,400, while the 'other catgories' expenses grow by $32,750, the result of shifting costs related to Westlaw to this category. The budget also grows to cover maintenace costs associated with the new Minute Traq system.

Police Department

The FY13/14 budget for the Police Department is $50,527,210, an increase of $1,025,320 or 2.07%, over FY 12/13. Personal Services grows by $1,579,880 for salary and benefit costs. The supplies budget increases by $218,710 with computer maintenance charges representing $187,480 of this increase. Other costs decline by $773,270, with internal service charges decreasing by $678,790. The balance of the decrease ($94,480) is for the transfer of computer maintenance charges from the repair and maintenance budget to a separate account in the supplies budget. An additional $93,000 is included for computer maintenance of new systems coming on line in FY14. Departmental authorized strength is 521, including uniformed positions which remain at 416.

Emergency Management Division

The FY 13/14 budget for Emergency Management increases by $7,370 (2.14%) to $351,980. The change in the budget is primarily due to higher personal service charges due to the proposed salary increase and various benefits. The supplies and other expense catorgies have neglible changes.

Fire

The FY 13/14 proposed budget for the Fire Department is $36,434,160 representing an increase of $1,043,010 or (2.95%) over FY 12/13. Personal services increase $1,058,080 due to the proposed salary increase, pension contributions and other benefits.

Supplies decrease slightly from $827,490 to $804,290, while other expenses increase $8,130 to $10,536,460. Additional funding to acquire turn-out gear is provided.

The authorized strength for the uniformed personnel remains at 327. Total department strength is three hundred thirty-seven (337) including the 10 non-uniformed support personnel.

Civil Service

The Civil Service budget for FY 13/14 increases by $154,320 to $1,219,150. Personal service costs decrease by $68,570 because of the reallocation of two positions to the Health and Benefits department. Included in the professional services budget is $225,000 for a comparative compensation study.

Legislative

The legislative section increases slightly ($8,730) from $967,530 to $976,260. This small increase is attributed to the proposed 2.5% salary increase.

City Elections Division

Pursuant to state law, all elections are managed by the Knox County Election Commission. The Commission charges the City for its proportionate share of any primary or general elections. The budget rises by $220,000 to fund the 2013 city council elections.

Knoxville Partnership

The overall budget for funding of the Knoxville Partnership is comprised of three parts; the Chamber Partnership, Innovation Valley, and the Development Corporation. Overall the level of funding is up by $157,110. The allocation for Innovation Valley increases by $170,000 as part of a public/private partnership to recruit a low fare air carrier to service the Knoxville region. This is partially offset by a reduction in the City's share of operating costs for the Development corporation.

OTHER FUNDS

State Street Aid (Fund 201)

The State Street Aid budget decreases by $43,000 to $4,603,000, the result of anticipated declines in gas tax revenues. Within this fund, an increase of $10,000 in transfers for capital transportation related improvements is offset by a $53,000 decrease allotted for street lighting charges.

Abandoned Vehicles (Fund 209)

The FY 13/14 budget for the Abandoned Vehicles Fund totals $1,030,660, an increase of $165,280 when compared to FY 12/13. A transfer of $175,000 to be used for capital improvements at the facility is included in the FY 13/14 budget.

City Court (Fund 213)

The total budget for City Court is $4,306,350. Actual budgeted expenditures are $1,022,180. Personal services expenditures rise by $68,280 due to the addition of a City Court Clerk position and increases for salary and employee benefits. Operating supplies increase by $47,560 to cover the additional computer maintenance charges for the new city court system. Other charges are up by $23,430 to fund credit card transaction fees for the new city court system. Projected excess fees collected in excess of operating court costs ($3,284,170), are transferred to the General Fund. This represents an increase of $291,490 from FY 12/13.

City Inspections (Fund 216)

The City Inspections Fund budget is up by $61,660 when compared to the FY 12/13 budget. Personnel service costs grow by $78,590 to fund salary and benefit changes. Supplies increase slightly to cover the cost of computer maintenance and operating supplies. Operating costs decrease by $41,090 primarily attributable to lower internal service charges. General Fund support for Inspections increases by $9,880 to a total of $900,110 for FY 13/14.

Stormwater (Fund 220)

The proposed budget for FY 13/14 is up by $93,730. Personnel service costs increase by $99,940 as the result of an increase in employee benefits. Supplies increase by $6,000 for computer maintenance charges for the new request tracking system. Other Charges decrease by $12,210 due to lower internal service charges.

Solid Waste (Fund 230)

The Public Service Division of the Public Works Department manages the Solid Waste Management Fund. The FY 13/14 budget for Solid Waste is $10,612,650, a decrease of $242,580 (or 2.23%) from the prior year. This is due to a projected drop in solid waste costs and services provided by outside contractors. Personal services increase from $660,750 to $685,890 due to required salary increases and benefits. Supply costs increase from $80,260 to $92,000. Other costs decrease $279,100 to $9,834,760.

Safety City (Fund 240010)

The total budget for this fund grows by $9,650. Salary expenses decrease slightly, due to some changes in the number of hours worked, offset by other salry and benefit costs.. Included in the budget is a transfer of $12,230 to the Capital Project Fund to pay for a new gate at the facility.

Housing Grants (Fund 260)

The total for FY 13/14 housing grants is $2,118,800 allocated between Home Grants ($1,959,470) and an Emergency Shelter Grant ($159,330). The Home Grant funding increases by $643,410 when compared with FY12/13. This is due to expected funding left from prior year grants. The increase is reflected is the allocation for projects.

Community Development (Fund 290)

This budget is funded solely from the Federal Community Development Block Grant revenues. The proposed FY13/14 budget of $1,633,870 is down $148,100 from the FY 12/13 budget. This is due to reductions in federal funding. Personal services are up from $948,240 to $987,270 the proposed 2.5% salary increase, pension contributions and increases in other benefits. The funding for the supplies category remains flat at $9,340. The other expenses category decreases from $824,390 to $637,260, due to the shifting of rental charges to the General fund supported portion of this department and less funding available for projects..

Public Assembly Facilities (Fund 503)

The Public Assembly Facilities Fund includes operations at the Civic Coliseum/Auditorium and Chilhowee Park. The proposed FY13/14 budget increases by $223,690 when compared to FY 12/13. Personal services are up by $73,830 to fund salary and benefit increases. Supply costs grow by $2,000. Various internal service charges rise while depreciation expenses fall resulting in a net decrease of $10,940 in other charges. The budget for other uses includes $700,000 to pay for floor replacement at the Civic Coliseum. This represents an increase of $158,800 over FY 12/13.

Metro Parking (Fund 504)

The Metro Parking Fund accounts for the following City parking facilities: Jackson Avenue, Main Avenue Garage, Market Square Garage, Promeande Garage and the State Street Garage. These facilities are now contractually managed by the Public Building Authority for the city. The FY 13/14 budget decreases by $2,838,130. Capital funding falls by $2,600,000 due to the completion of the State Street Parking Garage expansion. A decrease in depreciation expense accounts for the remainder of the decrease. There are no personnel service or supply costs in this fund.

Mass Transportation (Fund 507)

The FY 13/14 budget for Mass Transit operations increases by $66,440 to $23,596,720. The budget includes all three divisions of KAT; Motor Buses, Trolleys, and Lift (para-transit) Services. The required General Fund subsidy to maintain existing service and fund operations at the transit center increases by $21,130 to $10,738,370.

Fleet Services (Fund 702)

The Fleet Services Operating Fund declines by $8,440. Salary and benefits increase by $116,850. The supplies budget fall by $99,580 primarily because of a decrease in the fuel budget. Computer maintenance charges of $22,300 are moved from repair and maintenance to a new line item within the supplies budget. Capital expenses are budgeted at $42,000, representing a decrease of $22,600 when compared to FY 12/13.

Risk Management (Fund 704)

Beginning in FY13/14, the Risk Management operation will fall under the Law Department. Previously, this Fund was with the Finance Department. The budget for FY14, when compared to FY13, decreases by $5,510 to $6,691,440, primarily due to lower professional service costs.

Health Care (Fund 705)

The FY14 budget for the Health Care services fund increases by $1,532,800 to $18,329,340. Personal services costs increase by $95,420. This is due to a part-time position being moved from Fund 704 to Fund 705 and two positions being shifted from Civil Service to this division. The proposed 2.5% raise and other benefit changes also add to this expenditure category. The supplies category drops by $10,100. Various other expense costs (used to purchase external insurance and fund self insurance claims) increase $1,447,480 to $17,954,200. This is due to past year claims experience and anticipated increases in health care costs.

GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2013/14

Department	Actual FY 10/11	Actual FY 11/12	Adopted Budget FY 12/13	Proposed Budget FY 13/14	$ Change 12/13 - 13/14	% Change 12/13 - 13/14
Administration	$ 2,376,012	$ 2,693,678	$ 3,317,740	$ 3,496,000	$ 178,260	5.37%
Finance	3,056,739	3,572,047	3,754,570	3,961,160	206,590	5.50%
Information Systems	3,551,402	4,050,062	4,310,650	4,303,610	(7,040)	(0.16%)
Community Development	986,490	914,366	1,311,670	1,617,910	306,240	23.35%
South Knoxville Waterfront	204,040	111,691	-	-	-	
Public Works	-	4,091	273,090	284,710	11,620	4.26%
Public Services	21,938,501	22,669,980	21,401,020	22,015,520	614,500	2.87%
Engineering	5,310,995	5,346,161	5,798,270	6,028,350	230,080	3.97%
Recreation	6,963,071	6,599,771	6,636,600	6,833,210	196,610	2.96%
Knoxville Area Transit (KAT)	912,950	951,230	1,007,160	1,165,370	158,210	15.71%
Law	1,521,669	1,618,864	1,825,760	1,908,700	82,940	4.54%
Police	45,515,317	48,211,201	49,502,190	50,527,510	1,025,320	2.07%
Emergency Management	294,388	327,331	344,610	351,980	7,370	2.14%
Fire	32,520,614	33,668,634	35,391,150	36,434,160	1,043,010	2.95%
Legislative	711,358	933,606	967,530	976,260	8,730	0.90%
Civil Service	881,921	889,189	1,064,830	1,219,150	154,320	14.49%
Subtotal - Departmental	126,745,467	132,561,902	136,906,840	141,123,600	4,216,760	3.08%
Nondepartmental						
City Elections	5,383	230,870	40,000	260,000	220,000	550.00%
Knoxville Partnership	634,925	619,100	642,970	800,080	157,110	24.44%
Metropolitan Planning Commission (MPC)	905,000	905,000	905,000	905,000	-	0.00%
Knoxville Zoological Park	906,660	1,009,570	1,058,680	1,108,610	49,930	4.72%
Agency Grants	818,607	714,938	712,000	712,000	-	0.00%
Waterfront	470,983	483,172	530,380	568,820	38,440	7.25%
Community Action Committee (CAC)	580,623	636,252	690,640	615,640	(75,000)	(10.86%)
Reserve	-	-	1,810,000	1,850,000	40,000	2.21%
Other Non-departmental Expenses	735,002	11,115,197	1,438,870	1,904,250	465,380	32.34%
Transfers	37,905,414	32,402,317	35,827,120	33,332,430	(2,494,690)	(6.96%)
Subtotal - Nondepartmental	42,962,597	48,116,416	43,655,660	42,056,830	(1,598,830)	(3.66%)
GRAND TOTAL	$ 169,708,064	$ 180,678,318	$ 180,562,500	$ 183,180,430	$ 2,617,930	1.45%

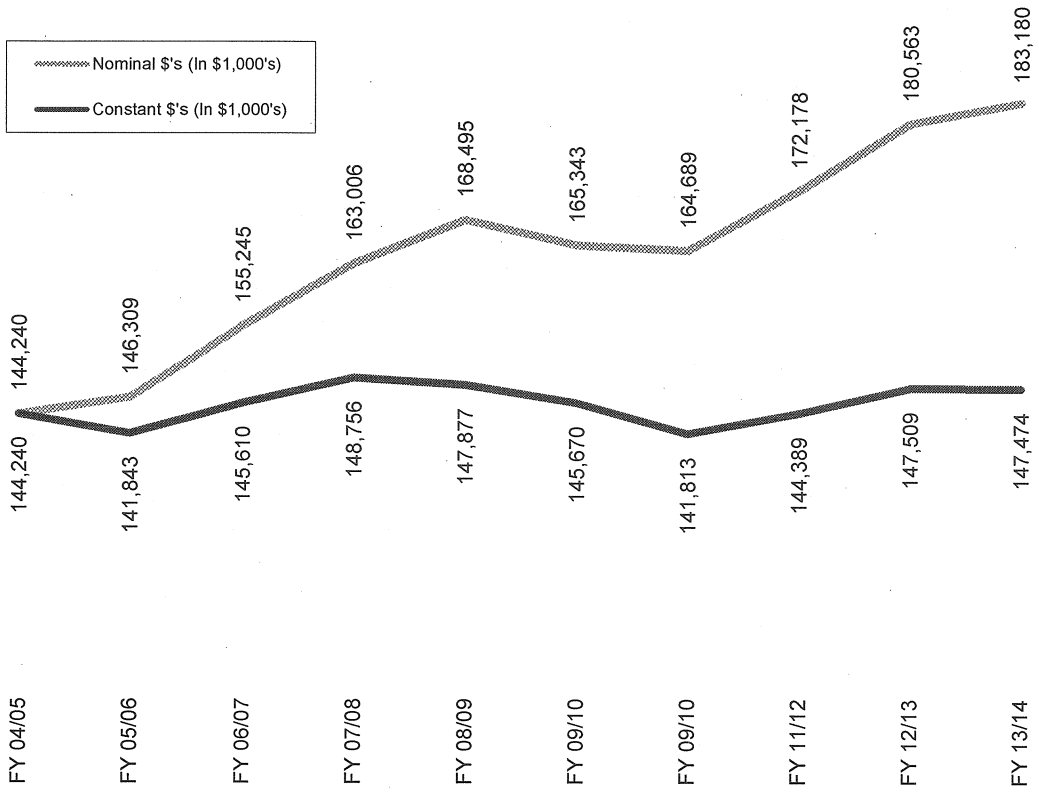
GENERAL FUND BUDGET BY DEPARTMENT

Fiscal Years 2009/10 - 2013/14

Department	Adopted Budget FY 09/10	Adopted Budget FY 10/11	Adopted Budget FY 11/12	Adopted Budget FY 12/13	Proposed Budget FY 13/14
Administration	$ 2,454,900	$ 2,372,800	$ 2,683,300	$ 3,317,740	$ 3,496,000
Finance	3,499,930	3,539,460	3,672,480	3,754,570	3,961,160
Information Systems	3,974,450	4,077,990	4,208,220	4,310,650	4,303,610
Community Development	1,079,150	1,090,230	1,065,730	1,311,670	1,617,910
South Knoxville Waterfront	298,990	225,590	236,270	-	-
Public Works	-	-	-	273,090	284,710
Public Services	20,077,210	20,372,640	20,979,060	21,401,020	22,015,520
Engineering	5,594,940	5,673,040	5,876,230	5,798,270	6,028,350
Recreation	6,796,420	6,743,630	6,799,330	6,636,600	6,833,210
Knoxville Area Transit (KAT)	969,200	912,950	951,230	1,007,160	1,165,370
Law	1,822,840	1,764,930	1,809,540	1,825,760	1,908,700
Police	45,145,760	45,958,920	47,931,560	49,502,190	50,527,510
Emergency Management	298,440	316,940	325,680	344,610	351,980
Fire	30,698,080	32,322,580	33,653,620	35,391,150	36,434,160
Legislative	916,480	915,560	945,160	967,530	976,260
Civil Service	994,060	991,330	1,024,640	1,064,830	1,219,150
Subtotal - Departmental	124,620,850	127,278,590	132,162,050	136,906,840	141,123,600
Nondepartmental					
City Elections	280,000	-	280,000	40,000	260,000
Knoxville Partnership	651,300	651,300	642,970	642,970	800,080
Metropolitan Planning Commission (MPC)	800,000	905,000	905,000	905,000	905,000
Knoxville Zoological Park	906,250	906,660	1,009,570	1,058,680	1,108,610
Agency Grants	996,700	876,500	717,000	712,000	712,000
Waterfront	519,390	528,090	530,380	530,380	568,820
Community Action Committee (CAC)	542,530	567,650	565,640	690,640	615,640
Reserve	1,675,000	1,650,000	1,725,000	1,810,000	1,850,000
Other Non-departmental Expenses	565,370	475,180	1,115,200	1,438,870	1,904,250
Transfers	33,785,570	30,850,270	32,525,160	35,827,120	33,332,430
Subtotal - Nondepartmental	40,722,110	37,410,650	40,015,920	43,655,660	42,056,830
GRAND TOTAL	$ 165,342,960	$ 164,689,240	$ 172,177,970	$ 180,562,500	$ 183,180,430

Equalized General Fund Budget

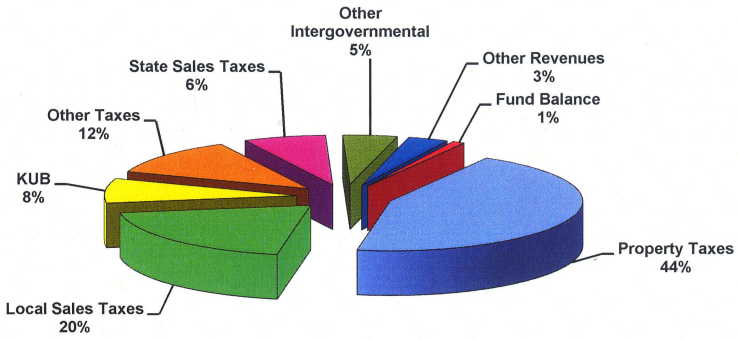
Fiscal Years 2004/05 – 2013/14



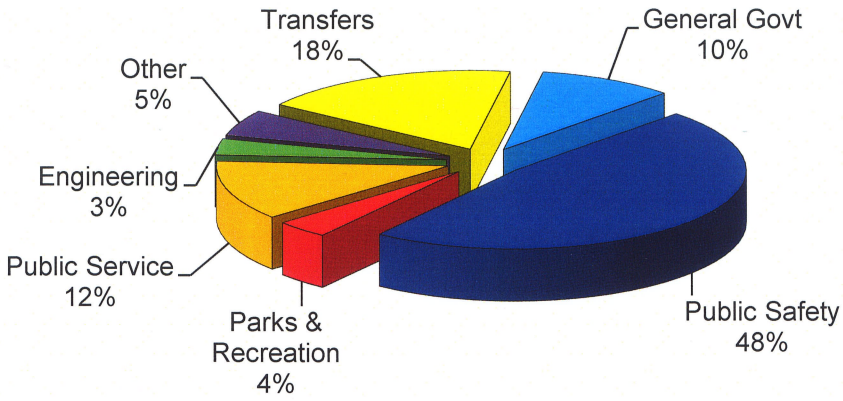
The chart above shows the actual adopted General Fund budget compared to the budget adjusted for the impacts of inflation over the past ten years. As can be seen the adjusted budget has fluctuated both up and down over the years. The proposed FY 13/14 budget, as adjusted, is up when compared to 10 years ago, but is down slightly from one year ago. When compared to FY 12/13 the adjusted budget is down by approximately $35,000.

General Fund Revenue and Expenditures
FY 2013-14

Where the money comes from



Where the money goes



Authorized Positions by Department

Full and Part-Time General Fund

Department	FY 11/12 Full Time	FY 11/12 Part Time	FY 12/13 Full Time	FY 12/13 Part Time	FY 13/14 Full Time	FY 13/14 Part Time	Total Change 12/13 - 13/14
Administration	25	2	30	1	30	1	-
Finance	42	-	43	-	44	-	1
Information Systems	30	-	30	-	30	-	-
Community Development	4	-	5	-	5	-	-
South Knoxville Waterfront	1	-	-	-	-	-	-
Public Works	-	-	2	-	2	-	-
Public Services	282	-	282	-	282	-	-
Engineering	57	1	57	1	58	1	1
Recreation	46	13	45	12	46	11	-
Law	13	-	12	1	13	-	-
Police	516	3	516	3	516	3	-
Emergency Management	3	-	3	-	3	-	-
Fire	337	-	337	-	337	-	-
Legislative	3	9	3	9	3	9	-
Civil Service	12	-	12	-	10	-	(2)
Total - Full Time	1,371	28	1,377	27	1,379	25	-

Permanent Full Time Personnel

General Fund FY 09/10 - 13/14

Department	FY 09/10 Full Time	FY 10/11 Full Time	FY 11/12 Full Time	FY 12/13 Full Time	FY 13/14 Full Time	Change 09/10 - 13/14	Change 13/14 -13/14
Administration	25	24	25	30	30	5	-
Finance	43	42	42	43	44	1	1
Information Systems	30	30	30	30	30	-	-
Community Development	4	4	4	5	5	1	-
South Knoxville Waterfront	2	1	1	-	-	(2)	-
Public Works	-	-	-	2	2	2	-
Public Services	284	282	282	282	282	(2)	-
Engineering	59	58	57	57	58	(1)	1
Recreation	48	46	46	45	46	(2)	1
Law	14	13	13	12	13	(1)	1
Police	517	516	516	516	516	(1)	-
Emergency Management	3	3	3	3	3	-	-
Fire	338	337	337	337	337	(1)	-
Legislative	3	3	3	3	3	-	-
Civil Service	13	12	12	12	10	(3)	(2)
Total - Full Time	1,383	1,371	1,371	1,377	1,379	(4)	2

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2013/14

Description	Actual FY 10/11	Actual FY 11/12	Adopted FY 12/13	Proposed FY 13/14	Dollar Change	Percentage Change
Operating Grants						
African American Appalachian Arts	$ 15,000	$ 18,000	$ 17,500	$ 15,000	$ (2,500)	(14.29%)
Arts and Cultural Alliance	25,000	25,000	25,000	28,000	3,000	12.00%
Beck Cultural Center	20,000	26,000	25,500	25,500	-	0.00%
Bijou Theatre	20,000	20,000	19,500	18,500	(1,000)	(5.13%)
Blount Mansion Association	8,000	8,000	8,000	7,500	(500)	(6.25%)
Boys/Girls Club	3,000	3,000	3,000	-	(3,000)	(100.00%)
Canvas Can Do Miracles	1,000	-	-	-	-	
Carpetbag Theatre	2,500	5,000	10,000	7,500	(2,500)	(25.00%)
Central Business Improvement District	2,107	-	-	-	-	
Centro Hispano de East Tennessee	-	-	5,000	5,000	-	0.00%
Cerebral Palsy Center	7,000	7,000	7,000	7,000	-	0.00%
Child and Family Services	38,000	38,000	38,000	38,000	-	0.00%
Childhelp Children's Center of East Tennessee	-	-	7,000	7,000	-	0.00%
Clarence Brown Theatre	-	2,500	10,000	5,000	(5,000)	(50.00%)
C.O.N.N.E.C.T. Ministries	-	5,000	5,000	5,000	-	0.00%
Court Appointed Special Advocates (CASA)	-	-	1,000	-	(1,000)	(100.00%)
Crutcher Memorial Youth Enrichment Center	-	-	1,000	-	(1,000)	(100.00%)
Dogwood Arts Festival, Inc.	-	-	5,000	10,000	5,000	100.00%
East Tennessee Community Design Center	8,000	8,000	8,000	8,000	-	0.00%
East Tennessee Discovery Center	20,000	20,000	20,000	15,000	(5,000)	(25.00%)
East Tennessee Historical Society	18,000	18,000	20,000	17,500	(2,500)	(12.50%)
East Tennessee Technology Access Center	2,500	2,500	2,500	2,500	-	0.00%
Emerald Youth Foundation	1,500	1,500	1,500	1,500	-	0.00%
Epilepsy Foundation	1,000	1,000	1,000	-	(1,000)	(100.00%)
Family Promise of Knoxville	-	1,500	1,500	-	(1,500)	(100.00%)
Florence Crittenton Home	3,000	3,000	-	-	-	
Fountain City Art Center	1,000	1,000	2,000	1,500	(500)	(25.00%)
Free Medical Clinic of America, Inc.	-	-	5,500	-	(5,500)	(100.00%)
Friends of the Knox County Library (Imagination Library)	6,500	7,000	7,000	7,000	-	0.00%
Friends of Literacy	3,000	3,000	3,000	3,000	-	0.00%
Hands and Feet Ministries	-	1,000	1,000	1,000	-	0.00%
Hazen Historical Museum Foundation	8,000	8,000	10,000	7,500	(2,500)	(25.00%)
Helen Ross McNabb Center	4,500	4,500	4,500	4,500	-	0.00%
Hola Hora Latina	3,000	3,000	8,500	8,500	-	0.00%
Hope Resource Center	4,000	4,000	-	-	-	
Interfaith Health Clinic	32,000	32,000	32,000	32,000	-	0.00%
James White Fort Association	8,000	8,000	9,000	7,500	(1,500)	(16.67%)
Joy of Youth Music School	12,000	12,000	12,000	12,000	-	0.00%
Jubilee Community Arts	-	5,000	10,000	5,000	(5,000)	(50.00%)
Keep Knoxville Beautiful	5,000	5,000	5,000	5,000	-	0.00%
Knox Heritage	20,000	21,000	21,000	21,000	-	0.00%
Knoxville Area Urban League	45,000	45,000	45,000	45,000	-	0.00%
Knoxville Botanical Gardens & Arboretum	3,000	3,500	3,500	3,500	-	0.00%
Knoxville Choral Society	1,500	1,500	1,500	1,500	-	0.00%
Knoxville Habitat for Humanity	-	2,500	2,500	-	(2,500)	(100.00%)
Knoxville Leadership Foundation - Amachi Knoxville	-	-	3,000	3,000	-	0.00%
Knoxville Museum of Art	90,000	80,000	80,000	74,000	(6,000)	(7.50%)
Knoxville Opera Company	22,000	24,000	-	22,000	22,000	
Knoxville Symphony Society	50,000	55,000	60,000	54,000	(6,000)	(10.00%)
Legal Aid of East Tennessee	5,000	4,000	4,000	4,000	-	0.00%
Life Saver's, Inc.	-	-	1,000	-	(1,000)	(100.00%)
McClung Museum	-	-	2,500	1,500	(1,000)	(40.00%)
Metropolitan Drug Commission	40,000	40,000	40,000	40,000	-	0.00%
MLK Commemorative Commission	-	-	2,500	3,000	500	20.00%
Positively Living	6,000	5,000	5,000	5,000	-	0.00%
Safe Haven Center	12,000	-	-	-	-	
Samaritan Ministry - CBC	1,500	1,500	1,500	1,500	-	0.00%
Second Harvest Food Bank	7,500	8,000	8,000	8,000	-	0.00%
Senior Citizens Home Assistance	20,000	20,000	20,000	-	(20,000)	(100.00%)
Sertoma Center	22,000	22,000	-	-	-	
Sexual Assault Center of East Tennessee	-	-	3,000	3,000	-	0.00%
Shora Foundation	500	500	500	-	(500)	(100.00%)
Tennessee Archive of Moving Image and Sound	-	1,000	-	-	-	

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2013/14

Description	Actual FY 10/11	Actual FY 11/12	Adopted FY 12/13	Proposed FY 13/14	Dollar Change	Percentage Change
Tennessee Children's Dance Ensemble	3,000	3,000	2,500	2,000	(500)	(20.00%)
Tennessee Stage Company	6,500	6,000	-	4,000	4,000	
Tennessee Theatre Foundation	45,000	20,000	-	8,500	8,500	
Tribe One	-	6,500	6,500	-	(6,500)	(100.00%)
UUNIK Academy, Inc.	-	-	1,000	1,000	-	0.00%
Volunteer Ministry Center	3,000	3,000	6,000	6,000	-	0.00%
WDVX	18,000	21,000	30,000	24,000	(6,000)	(20.00%)
Williams Creek Community Garden (TCWN)	-	1,500	-	-	-	
YMCA	5,000	5,000	5,000	5,000	-	0.00%
YWCA	5,000	5,000	5,000	5,000	-	0.00%
Subtotal - Operating Grants	714,107	712,000	712,000	663,500	(48,500)	(6.81%)
Capital Grants						
Beck Cultural Center Capital	-	-	-	33,500	33,500	
Crutcher Memorial Youth Enrichment	-	5,000	-	-	-	
disABILITY Resource Center Capital	3,000	-	-	-	-	
Friends of YWAC Capital	100,000	-	-	-	-	
Love Kitchen Capital	-	(2,062)	-	-	-	
Nativity Pageant Capital	1,500	-	-	-	-	
Sertoma Center, Inc. Capital	-	-	-	15,000	15,000	
Subtotal - Capital Grants	104,500	2,938	-	48,500	48,500	11.98%
Grand Total	$ 818,607	$ 714,938	$ 712,000	$ 712,000	$ -	0.00%

Description	Budget FY 12/13	Budget FY 13/14	Change 12/13 - 13/14	Comment
Community Improvement (202) Transfer	90,000	90,000	0	Transfer for community improvements (see Fund 202)
City Inspections Transfer	890,230	900,110	9,880	Subsidy for City Inspections (see Fund 216)
Stormwater Transfer	2,742,960	2,855,890	112,930	Funding for Stormwater operations (see Fund 220)
Solid Waste Transfer	9,722,230	9,479,650	(242,580)	Funding for Solid Waste operations (see Fund 230)
Special Revenue Fund Transfer	164,920	264,880	99,960	Transfer for Senior Aides, Others (see Funds 240 & 250)
Tax Increment Transfer	944,780	1,177,590	232,810	Tax Increment Subsidy ($739,910) (see Fund 306)
Transfer - Trust & Agency	952,680	1,450,000	497,320	Actuarially required contribution for past service liability (Schools)
Chilhowee Park Transfer	951,800	1,001,720	49,920	Subsidy for Chilhowee Park operations (see Fund 503)
Auditorium/Coliseum Transfer	1,478,610	1,422,740	(55,870)	Subsidy for Coliseum (see Fund 503)
Metro Parking Transfer	2,600,000	125,000	(2,475,000)	Allocation for On-Street Parking enforcement/maintenance
Convention Center Transfer	2,118,460	2,156,430	37,970	Support for Convention Center Operations (see Fund 506)
World's Fair Park Transfer	1,516,920	1,559,120	42,200	Subsidy for WFP operations (see Fund 506)
Mass Transit Transfer	9,788,650	9,816,380	27,730	KAT operating subsidy (see Fund 507)
Trolley Transfer	928,590	921,990	(6,600)	Trolley operating subsidy (see Fund 507)
Golf Course Transfer	130,430	50,000	(80,430)	Subsidy for Municipal Golf Course (see Fund 508)
Risk Management Transfer	449,300	549,140	99,840	Support administration of Risk Fund (see Fund 704)
Health Care Transfer	1,309,240	961,790	(347,450)	Support administration of Health Care Fund (see Fund 705)
Employer Subsidy - Retiree Health Care	486,190	454,250	(31,940)	Subsidy to offset a portion of retiree's health care costs (see Fund 705)
	37,265,990	35,236,680	(2,029,310)	

DEBT SERVICE

The City of Knoxville, like other cities, occasionally needs to borrow money in order to complete various capital projects. In the past the city has issued debt for such items as road paving and construction, fire station construction, waterfront development, storm sewer improvements, land acquisition and improvements at the World's Fair site, the new Convention Center, and various other projects. As of June 30, 2013, the long-term debt of the City, excluding revenue supported debt of the Knoxville Utilities Board (KUB) and the Metropolitan Knoxville Airport Authority (MKAA), is $200,295,000. This amount includes the planned issuance of $31,400,000 in new debt in FY 13/14. As KUB and MKAA are not a part of the City's operating budget the following analysis focuses only on the debt of the general government.

TABLE 1

Type of Debt	Principal Outstanding 6/30/13	Principal Paid In FY 13/14	Principal Outstanding 6/30/14
G.O.Bonds & Notes	$76,549,360	$6,571,100	$69,978,260
Enterprise Fund Debt	123,745,640	4,168,900	119,576,740
Total	$200,295,000	$10,740,000	$189,555,000

The debt of the City can be separated into two basic categories: general obligation bonds; and enterprise fund debt. A breakdown of general government debt by category is shown in Table 1.

The debt service on the general obligation bonds as well as the other category of debt is shown in Fund 305, the Debt Services Fund. The final category of debt, Enterprise Fund debt, debt attributable to the Convention Center, is, consistent with proper accounting procedures, budgeted within the appropriate enterprise fund.

The primary revenue to this fund comes from a property tax levy of 55¢. Property tax is projected to yield approximately $23.66 million. Interest earnings are forecast at $461,630. The Knoxville Community Development Corporation (KCDC) is committed to repay the debt service on a portion of the 2005A bonds. In FY 13/14 that amount is $224,720.

Debt Limitations

There are no limits on the amount of debt that can be issued by a municipality within the State of Tennessee (TCA 9-21-103). All notes and bonds must be approved by the state Director of Local Finance prior to issuance. We believe that the current debt of the City is within acceptable guidelines, as established by the State and the various rating agencies.

The following pages show a complete debt service schedule of principal and interest payments for FY 12/13, as well as a complete amortization schedule by year.

DEBT SERVICE SCHEDULE

Fiscal Year 2013/14

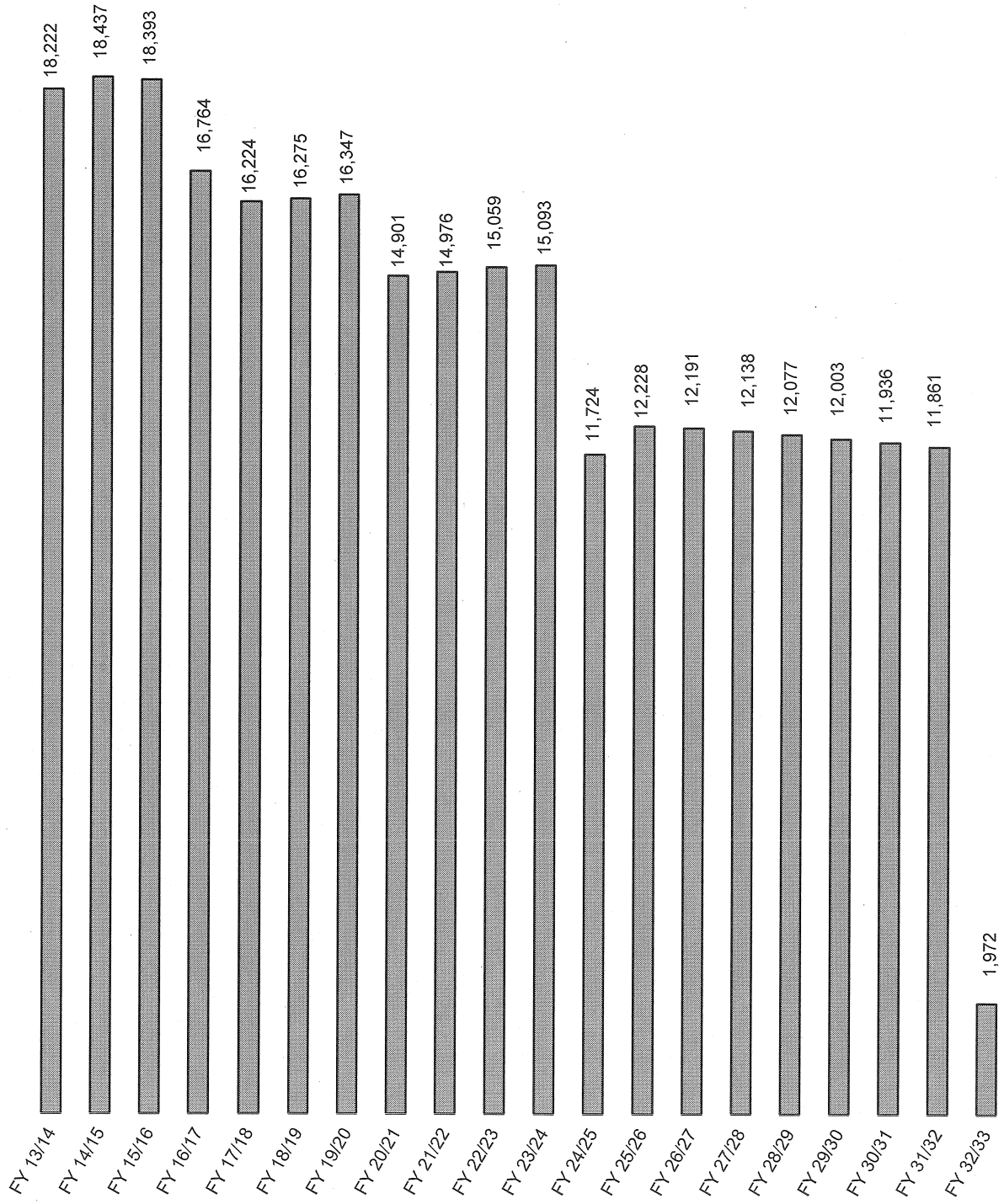
Bond Issue	Final Maturity	Principal Balance 6/30/2013	Principal Payable FY 13/14	Interest Payable FY 13/14	Total Payable FY 13/14	Principal Balance 6/30/2014
General Obligation Bonds						
G.O. Refunding Series 2005 A	05/20	8,680,000	1,070,000	434,000	1,504,000	7,610,000
2012 G.O. Refunding	06/25	36,469,360	4,221,100	1,310,680	5,531,780	32,248,260
G.O. Series 2013 (est.)	05/33	31,400,000	1,280,000	472,300	1,752,300	30,120,000
Subtotal - G.O. Bonds		76,549,360	6,571,100	2,216,980	8,788,080	69,978,260
Grand Total- Fund 305		$ 76,549,360	$ 6,571,100	$ 2,216,980	$ 8,788,080	$ 69,978,260
Enterprise Fund Debt						
TN Loan - 2009 Refunding	06/20	21,960,000	2,730,000	1,141,920	3,871,920	19,230,000
TN Loan Variable Rate - 2002	06/32	59,970,000	-	2,698,650	2,698,650	59,970,000
2012 G.O. Refunding	06/25	41,815,640	1,438,900	1,424,480	2,863,380	40,376,740
Subtotal - Enterprise Fund		$ 123,745,640	$ 4,168,900	$ 5,265,050	$ 9,433,950	$ 119,576,740
Grand Total - All Finds		$ 200,295,000	$ 10,740,000	$ 7,482,030	$ 18,222,030	$ 189,555,000

Debt Amortization Schedule

Fiscal Years 2013/14 - 2032/33

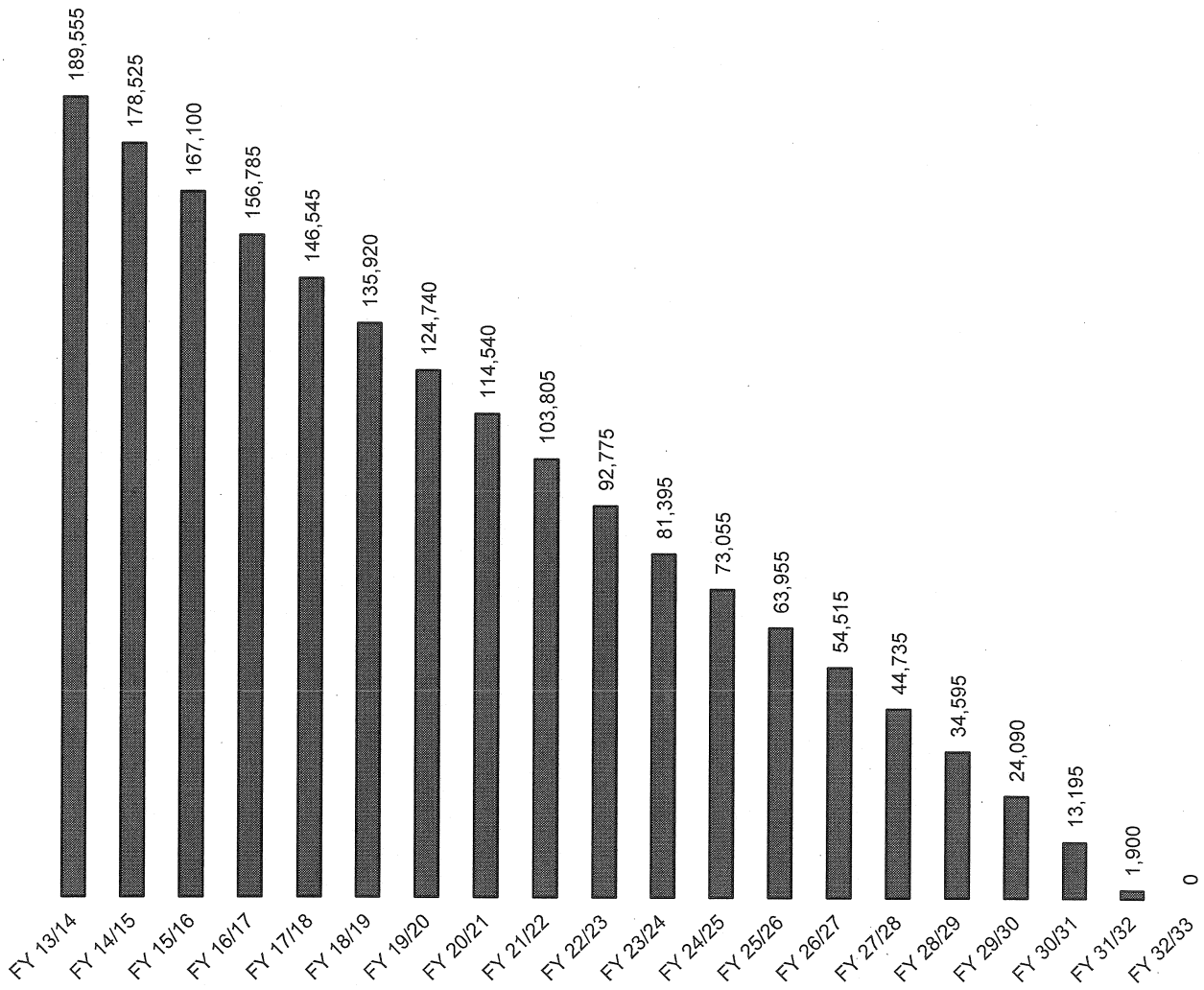
Fiscal Year	G.O. Bonds P & I	Enterprise P & I	Total P & I	Principal Balance EOY
2014	8,788,080	9,433,950	18,222,030	189,555,000
2015	9,005,380	9,431,580	18,436,960	178,525,000
2016	8,972,700	9,420,410	18,393,110	167,100,000
2017	6,953,290	9,811,120	16,764,410	156,785,000
2018	6,476,260	9,747,590	16,223,850	146,545,000
2019	6,539,160	9,735,990	16,275,150	135,920,000
2020	6,614,880	9,731,860	16,346,740	124,740,000
2021	5,652,390	9,248,380	14,900,770	114,540,000
2022	5,720,530	9,255,560	14,976,090	103,805,000
2023	5,792,490	9,266,170	15,058,660	92,775,000
2024	5,826,040	9,267,120	15,093,160	81,395,000
2025	2,830,190	8,894,200	11,724,390	73,055,000
2026	2,116,850	10,111,180	12,228,030	63,955,000
2027	2,115,030	10,075,480	12,190,510	54,515,000
2028	2,102,190	10,036,280	12,138,470	44,735,000
2029	2,083,530	9,993,130	12,076,660	34,595,000
2030	2,052,180	9,950,580	12,002,760	24,090,000
2031	2,028,420	9,907,950	11,936,370	13,195,000
2032	2,001,840	9,859,580	11,861,420	1,900,000
2033	1,972,390	-	1,972,390	-
	$ 95,643,820	$ 183,178,110	$ 278,821,930	

Annual Debt Payments
FY 2013/14– 2032/33



All numbers in $1,000's.

Remaining Debt Outstanding (End of Year)
FY 2013/14– 2032/33



All numbers in $1,000's.

Capital Improvement Budget
Sources and Uses
FY 2013/14

Sources of Funds	
City Proceeds	
State Street Aid Fund	760,000
Abandoned Vehicle Fund	175,000
Solid Waste Fund	300,000
Safety City Fund	12,230
Police Capital Fund	594,300
Police Training Fund	1,400,000
Debt Service Fund	15,532,000
Public Assembly Facilities Fund	700,000
Convention Center Fund	70,000
Equipment Replacement Fund	120,000
Subtotal - City Proceeds	$ 19,663,530
Other Sources	
Bonded Debt	31,400,000
Subtotal - Other Sources	31,400,000
Grand Total - Sources of Funds	$ 51,063,530
Uses by Fund	
Capital Projects Fund (Fund 401)	50,071,530
Public Assembly Facilities Fund (Fund 503)	700,000
Convention Center Fund (Fund 506)	70,000
Fleet Services Fund (Fund 702)	42,000
Equipment Replacement Fund (Fund 706)	180,000
Grand Total - Uses of Funds	$ 51,063,530
Uses of Funds	
Administration	
Cumberland Avenue Redevelopment Area	25,000
Magnolia Warehouse Redevelopment Area	300,000
Downtown North	100,000
Downtown Improvement Fund	100,000
Subtotal - Administration	525,000
Information Systems	
Work Order/AVL System	1,500,000
Subtotal - Information Systems	1,500,000
Community Development	
ADA Access Improvements	150,000
Chronic Problem Properties	300,000

Capital Improvement Budget
Sources and Uses
FY 2013/14

Blighted Property Acquisition	200,000
Facade Improvement Program	200,000
Five Points(Taylor-Lee Williams)	800,000
Subtotal - Community Development	1,650,000
Fleet Services	
Impound Office Building	175,000
Subtotal - Fleet Services	175,000
Public Service	
Public Works Complex	15,000,000
Roof & HVAC Maintenance Program	200,000
Knoxville Fire Department Station Maintenance Program	75,000
Solid Waste Management Facility Improvements	300,000
Subtotal - Public Service	15,575,000
Engineering	
Bridge Maintenance Program	650,000
ADA Curb Cut Program	250,000
Sidewalk Safety Program	500,000
Citywide Resurfacing Program	5,450,000
Neighborhood Drainage Improvements Program	500,000
Citywide Traffic Calming	20,000
Traffic Signal Maintenance	250,000
Crosswalk Safety Program	80,000
Citywide Roadway Safety Program	500,000
Citywide New Sidewalk Construction	550,000
Citywide Alley Paving Program	200,000
Water Quality Improvements	350,000
Prosser Road Drainage Improvements	1,200,000
Cross Park Drive Drainage Improvements	500,000
Advanced Traffic Management System (ATMS) Grant Match	500,000
Pleasant Ridge Sidewalk Improvement	420,000
Merchant Drive/Clinton Highway Intersection Improvements	200,000
Bicycle Infrastructure Improvements	60,000
Subtotal - Engineering	12,180,000
Parks & Recreation	
Ballfield, Tennis Court, Playground Improvements	200,000
Greenway Maintenance and Improvements	200,000
Lakeshore Park	5,200,000
Cradle of Country Music Park Improvements	150,000
Parks Parking Lot Improvements	240,000
Subtotal - Parks & Recreation	5,990,000

Capital Improvement Budget
Sources and Uses
FY 2013/14

Police	
Police Facility Building Improvements	400,000
OCU Vehicles	60,000
Training Academy Multi-Purpose Bldg.	1,250,000
IAPro Data Integration	10,500
E Citation Printers	100,000
On-Line Reporting	23,800
Safety City Gate	12,230
Target Upgrades	150,000
Subtotal - Police	2,006,530
Fire	
CAD System Upgrade	359,000
Firehouse Web Upgrade	111,000
	470,000
Other Community Agencies	
Zoo Renovations and Improvements	10,000,000
Subtotal - Other Community Agencies	10,000,000
Grand Total - Fund 401	50,071,530
Public Assembly Facilities	
Coliseum Floor Replacement	700,000
Subtotal - Public Assembly Facilities	700,000
Convention Center	
Phone Switch Upgrade	70,000
Subtotal - Convention Center	70,000
Fleet Services	
Oil/Lube Storage and Dispensing System	15,000
Heavy Shop Tire Balancer	12,000
Heavy Shop Tire Changer	15,000
Subtotal - Fleet Services	42,000
Fire	
Fire Station Alerting System	180,000
Subtotal - Fire	180,000
Grand Total - All Funds	$ 51,063,530