FISCAL YEAR 2008-2009
PROPOSED ANNUAL OPERATING BUDGET
CITY OF KNOXVILLE, TENNESSEE

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Bill Haslam

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A special thank you to all the departments that contributed to this document.
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Executive Summary

The purpose of this section is to provide an overview, a snapshot as it were, of some of the major initiatives of the FY 08/09 proposed 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.

The FY 08/09 budget, like all budgets, serves as a vision 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.

General Overview

The adopted property tax rate for FY 08/09 is $2.81 per hundred dollars of assessed value. Of this amount $0.75 goes to the Debt Service fund to pay for bonded debt costs. The adopted tax rate is unchanged from FY 07/08. The average residential property in the City of Knoxville is appraised at $82,324. For the average residential homeowner the total taxes paid will equal $578.33. When adjusted for the impact of inflation and countywide reappraisals, the adopted tax rate is actually lower than it was ten years ago.

The total operating budget in fiscal year 2008/09 is $370,095,020. The net budget, i.e., excluding interfund transfers and charges, which are effectively double counted within the budget, is $275,301,430. The budget for the General Fund, which is the main operating fund of the city, equals $168,494,780.

Budgeted personnel for FY 08/09 total 1,604 full-time positions and 38 part-time positions. This represents no change in the number of full-time positions and gain of one part-time position.

Administrative Goals

At the beginning of his administration the Mayor outlined four major goals. The FY 08/09 budget is guided by these goals. These goals are:

Stronger, safer neighborhoods

City services you can count on at a competitive price

An energized downtown; everybody's neighborhood

More and better jobs

Stronger, Safer Neighborhoods

As in the past, the largest portion of the budget is devoted to the operations of the Police and Fire Departments. As part of this budget, two additional Police Officer positions, and a Training Specialist for the Family Justice Center are included. The costs associated with these positions are born by grants. Funding is also provided for specialized training equipment to the Department.

Within the Fire Department additional funding is provided for improvements to various stations throughout the city. Funding is also appropriated for the purchase of new firefighter safety equipment, and for such things as utilities, and fuel. Due to its high cost, replacement of fire apparatus has been longer than desired. The budget includes funding to put the replacement on a more regular basis.

Stronger safer neighborhoods are, however, more than quality police and fire protection. It is important that these neighborhoods have quality infrastructure and are free from blight. This budget again provides $250,000 to address chronic problem properties, and another $250,000 for blighted property acquisition, an increase of $50,000 when compared to FY 07/08, The budget includes $100,000 for a commercial façade improvement program, as well as $50,000 for sidewalk improvements in areas utilizing the façade improvement grant program, and proposes $175,000 to go to KCDC for in-fill housing efforts. The budget

grants $20,000 to Knox Heritage to help them promote historic restoration throughout the City.

In FY 07/08 the budget included funding for a new position of Neighborhood Coordinator. This individual is tasked with working with various neighborhood groups to help them improve the quality of their areas. Newly funded in FY 08/09 is $30,000 for a neighborhood small grants program. This program, targeted for low to moderate income neighborhood groups, provides grants to strengthen neighborhoods and the capacity of neighborhood organizations to implement successful projects.

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 $4.4 million for the City's paving program. The budget also includes $200,000 to begin an alley-paving program.

The budget continues annual funding of $650,000 for the bridge replacement program. Funding is specifically designated for continued improvements to traffic signals. Also included is match money for various SAFETEA-LU projects. Funding of $880,000 is budgeted for replacement of the Westland Drive bridge. Funding of approximately $1.5 million is also appropriated for South Knoxville transportation improvements.

This budget includes $100,000 to continue the traffic-calming program. Funding of $150,000 is provided for ballpark and tennis court improvements in parks throughout the City.

The budget includes $130,000 to be used for a new skate park in the Fountain City area, and also appropriates $900,000 in funding for major renovation and expansion of the West Hills tennis facility. Revenue for both of these projects comes, in part, from donations raised by volunteer groups. Funding of $400,000 is also included to expand the Lonsdale Recreation Center, $50,000 is allocated for improvements at Claude Walker Park, and $75,000 is provided for a drop-off location at the Deane Hill Recreation Center.

A total of $250,000 is provided for sidewalk repair and maintenance. Additionally, $200,000 is funded for new sidewalk construction, one of the most requested improvements cited in the citywide survey. Another $250,000 is provided for ADA sidewalk enhancements.

The budget provides an array of funding to address drainage improvements in the neighborhoods. A total of $500,000 is provided to continue work in the First Creek drainage area, $150,000 for drainage work at Central Avenue and Merchants Drive, $350,000 for drainage improvements in the Lake Avenue area, $322,000 to begin drainage improvements in the MLK Avenue area, and $1,200,000 is included to complete the Cross Park Drive drainage project. In addition, $250,000 is budgeted to continue the neighborhood drainage program.

City Services at a Competitive Price

As mentioned earlier, one of the primary objectives of this budget is to increase efficiency. In the short term, this requires some operating and capital investment which will generate savings and improved operations later.

The budget continues to replace old and outdated computer systems. In FY 08/09 we will begin the preliminary work to replace the Police records management system. The City will also replace its fuel management system. It is hoped that this will enable us to reduce fuel costs and better manage fleet size. Smaller capital items such as a wheel crusher, vehicle lifts, and air bottle refill station are designed to be more time and energy efficient.

An Energized Downtown

The Mayor has called the downtown area "everybody's neighborhood", and the budget continues to address the development of the area. Specifically the budget provides

$1,000,000 for replacement of the Gay Street sidewalks, and $225,000 for the replacement of the Jackson Avenue ramps. In addition, $1 million is provided for repairs to the State Street Garage. It is anticipated that these repairs/improvements will provide the foundation for expansion of the garage in the future. Along with the above funding is provided for other improvements in the downtown and adjacent areas. This includes $$625,000 to continue the planning of improvements along Cumberland Avenue, $150,000 for improvements in the Downtown North area, $250,000 for improvements to downtown sidewalks, $50,000 for a downtown improvements fund, and $250,000 for redevelopment acquisition along Jackson Avenue.

The planned Downtown Transit Center continues to move forward. Included in this budget is $7.6 million which is to be added to the amount already allocated for this project. Of this total, $758,000 comes from the City and the balance is from federal and state grants.

The downtown renovation is also moving southward. In the FY 05/06 and FY 07/08 budget funding was provided to begin the south Knoxville waterfront master plan. This budget adds $5 million to an already allocated $10.2 million to begin the implementation of this plan. This allocation is to come from the issuance of new debt. This debt is in the form of tax increment financing (TIF), whereby the increased taxes from the redevelopment will be used to pay future principal and interest payments on the debt.

More and Better Jobs

A solid economy is essential for any city. Recent efforts have shown promise in this area. The expansion of the Sysco Corporation to the Knoxville area promises to add over 200 jobs. In addition over 500 jobs have been created through various business expansions and relocations in the last year (Source: Knoxville Chamber Partnership). This budget seeks to capitalize on this base and further enhance it. To aid in this effort the budget includes $248,000 for further improvements to the I-275 business park.

The Knoxville Zoo is one of the most visited attractions in the East Tennessee area and the budget contains $1.25 million to be used for renovation of existing facilities and add facilities to the Kid's Cove area. This is the fourth phase of a multi-year contribution for this project.

The budget also continues the financial commitment to the Tourism and Sports Development Corporation, which serves as the city's marketing arm, to help promote tourism efforts and to attract visitors to the new Convention Center. Enhancing cultural opportunities also affects economic development. Operating contributions are made to the Knoxville Symphony, the Art Museum, and several other arts and cultural groups.

Job creation is a key objective of the Haslam administration. The adopted budget includes $400,000 for the Innovation Valley campaign, the successor to "Jobs Now" organization, as well as other funding to aid the Chamber Partnership in their economic development efforts.

Funding Issues

A number of challenges presented themselves during the preparation of this budget. In the recent past the City had significantly drawn upon its General Fund fund balance (reserves) to cover costs. This trend was stopped in FY 04/05. This budget also does not propose to utilize any General Fund balance. This is done to avoid jeopardizing the City's bond ratings and creating potential cash flow problems.

The City maintains a pension fund for its employees. Contributions are based on a ten year smoothing formula. The effect of the smoothing technique lessens the volatility of the contribution rate, and the contribution rate in FY 08/09 is, in fact, slightly down from the prior year. Despite this, salary increases also affect the total contribution level. The additional cost of pension contributions is approximately $590,000 over last year.

The City is, like other employers and individu-

als, also faced with rising costs of health care. It is estimated that plan costs for employee health care will rise by ten percent (10%) beginning in the middle of the fiscal year. This is on top of a fifteen percent (15%) increase during the past year, of which six months of expenditures are reflected in this budget. The approximate dollar cost of these increases is $1.1 million.

The high cost of fuel and continuing utility rate increases have made it more difficult to contain costs. We have assumed that fuel costs will continue to escalate. The additional costs for fuel are over $500,000 for governmental operations and just under a $1 million for KAT operations. Utility costs are also forecast to increase by approximately $336,000, with expenses for street lighting increasing by an additional $250,000.

During the past year the City conducted, utilizing Mercer Consulting, a comprehensive compensation study. Funding is included for the first year of a three year program to implement the recommendations of the study. The incremental costs of doing this are approximately $1.1 million. This is in addition to a minimum salary increase of 2.5% for all employees. The cost of this increase is approximately $1.8 million.

Accounting Changes

There are several accounting changes which affect comparisons between the FY 07/08 and FY 08/09 budgets. The major changes include the first time budgeting of several new funds. This is most apparent in the budget for the Miscellaneous Special Revenue Fund, which includes Police Drug Enforcement funds, as well as several others. The difference is over $4.7 million.

There are also some shifts in personnel. For example, personnel have shifted from the Engineering and Public Service Departments to Administration. Several new accounts have also been created. As a result items previously budgeted in one account may now be found among several other accounts. This affects only the account detail and should not generally affect comparisons at the Division or Department levels.

There is one change which affects the personnel count for part-time employees. Previously, Crossing Guards were included in the part-time personnel listing, and were budgeted under part-time salaries. In this budget the expenditures relating to this activity are shown under a different account, the same one used for event workers. The Crossing Guards nolonger show in the personnel charts as well. This is strictly an accounting change, as there have been no changes in the program itself.

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 adopted operating budget.

BUDGET COMPARISON - ALL FUNDS

Fiscal Year 2008/09

Fund No.	Fund Name	Adopted FY 07/08 Budget	Proposed FY 08/09 Budget	Dollar Change FY 07/08 - 08/09	Percentage Change FY 07/08 - 08/09
100	**General Fund**	163,005,440	168,494,780	5,489,340	3.37%
	Special Revenue Funds				
201	State Street Aid	4,910,000	4,910,000	0	0.00%
202	Community Improvement	80,000	90,000	10,000	12.50%
209	Abandoned Vehicles	795,000	910,000	115,000	14.47%
211	Animal Control	40,000	40,000	0	0.00%
213	City Court	4,857,490	5,319,910	462,420	9.52%
216	City Inspections	2,095,350	2,251,600	156,250	7.46%
220	Stormwater	2,131,070	2,373,060	241,990	11.36%
230	Solid Waste	9,960,690	10,303,960	343,270	3.45%
240	Miscellaneous Special Revenue	2,590,950	7,331,510	4,740,560	182.97%
250	Senior Aides	478,070	479,790	1,720	0.36%
263	House Grants	0	25,000	25,000	
264	Home Grants	1,731,930	1,662,310	(69,620)	(4.02%)
269	Emergency Shelter Grants	83,220	82,990	(230)	(0.28%)
270	Empowerment Zone	250,800	6,209,300	5,958,500	2375.80%
290	Community Development Block Grant	2,126,370	2,003,360	(123,010)	(5.78%)
	Subtotal - Special Revenue Funds	32,130,940	43,992,790	11,861,850	36.92%
	Debt Service Funds				
305	Debt Services	26,487,250	26,979,460	492,210	1.86%
306	Tax Increment	0	563,200	563,200	
	Subtotal - Debt Service Funds	26,487,250	27,542,660	1,055,410	3.98%
	Capital Projects Funds				
401	Capital Projects	37,113,070	37,134,210	21,140	0.06%
	Subtotal - Capital Projects Funds	37,113,070	37,134,210	21,140	0.06%
	Enterprise Funds				
503	Public Assembly Facilities	3,944,860	4,752,270	807,410	20.47%
504	Metro Parking	1,545,190	3,236,510	1,691,320	109.46%
506	Convention Center	21,311,430	22,612,370	1,300,940	6.10%
507	Mass Transportation	17,428,990	19,584,060	2,155,070	12.36%
508	Municipal Golf Course	695,000	1,414,600	719,600	103.54%
	Subtotal - Enterprise Funds	44,925,470	51,599,810	6,674,340	14.86%
	Internal Service Funds				
701	Office Services	214,670	0	(214,670)	(100.00%)
702	Fleet Services	11,056,420	12,512,070	1,455,650	13.17%
704	Risk Management	8,359,310	8,366,070	6,760	0.08%
705	Health Care	14,066,250	16,175,380	2,109,130	14.99%
706	Equipment Replacement	2,231,730	2,630,500	398,770	17.87%
707	City Building	1,627,350	1,646,750	19,400	1.19%
	Subtotal - Internal Service Funds	37,555,730	41,330,770	3,775,040	10.05%
	Grand Total	341,217,900	370,095,020	28,877,120	8.46%

TOTAL EXPENDITURES BY DEPARTMENT

Fiscal Year 2008/09

Department	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	2,378,100	165,000	0	2,325,000	0	0	4,868,100
Finance	3,591,100	0	50,000	53,000	0	24,800,880	28,494,980
Information Systems	4,028,340	0	0	0	0	1,040,520	5,068,860
Community Development	1,050,680	10,207,960	0	975,000	0	0	12,233,640
Fleet Services	0	790,000	0	535,000	0	12,516,850	13,841,850
South Knoxville Waterfront	292,280	0	0	6,485,000	0	0	6,777,280
Public Services	20,005,860	10,770,720	0	892,650	0	0	31,669,230
Engineering	5,706,950	6,581,740	0	13,970,000	0	15,520	26,274,210
Inspections	0	2,251,600	0	0	0	0	2,251,600
Recreation	6,744,380	703,790	0	1,785,000	1,414,600	0	10,647,770
Knoxville Area Transit (KAT)	850,000	0	0	7,585,060	19,584,060	0	28,019,120
Law	1,667,220	0	0	0	0	0	1,667,220
Police	44,730,920	5,010,170	0	586,900	0	1,238,300	51,566,290
Emergency Management	292,970	0	0	0	0	0	292,970
Fire	31,068,220	0	0	156,000	0	70,830	31,295,050
Legislative	906,490	105,000	0	0	0	0	1,011,490
City Court	0	927,550	0	0	0	0	927,550
Civil Service	978,390	0	0	0	0	0	978,390
Convention Center	0	0	0	0	14,890,060	0	14,890,060
Public Assembly Facilities	0	0	0	440,600	4,752,270	1,120	5,193,990
Nondepartmental							
City Elections	30,000	0	0	0	0	0	30,000
City Buildings	0	0	0	0	2,236,510	1,646,750	3,883,260
Knoxville Partnership	673,390	0	0	0	0	0	673,390
Metropolitan Planning Commission (MPC)	763,430	0	0	0	0	0	763,430
Knoxville Zoological Park	907,100	0	0	1,250,000	0	0	2,157,100
Agency Grants	1,130,200	0	0	0	1,060,000	0	2,190,200
Waterfront	511,590	0	0	0	0	0	511,590
Community Action Committee (CAC)	517,370	0	0	95,000	0	0	612,370
Debt Service	0	0	12,056,250	0	6,662,310	0	18,718,560
Reserve	2,450,000	0	0	0	0	0	2,450,000
Miscellaneous Expenses	0	0	0	0	0	0	0
Transfers	37,219,800	6,479,260	15,436,410	0	1,000,000	0	60,135,470
Subtotal - Nondepartmental	44,202,880	6,479,260	27,492,660	1,345,000	10,958,820	1,646,750	92,125,370
GRAND TOTAL	168,494,780	43,992,790	27,542,660	37,134,210	51,599,810	41,330,770	370,095,020

NET BUDGET

Fiscal Year 2008/09

Fund No.	Fund Name	Proposed FY 08/09 Budget	Less Interfund Transfers Out	Less Interfund Charges In	Net Budget
100	**General Fund**	168,494,780	(37,219,800)	0	131,274,980
	Special Revenue Funds				
201	State Street Aid	4,910,000	(1,025,000)	0	3,885,000
202	Community Improvement	90,000	0	0	90,000
209	Abandoned Vehicles	910,000	(120,000)	0	790,000
211	Animal Control	40,000	0	0	40,000
213	City Court	5,319,910	(4,392,360)	0	927,550
216	City Inspections	2,251,600	0	0	2,251,600
220	Stormwater	2,373,060	0	0	2,373,060
230	Solid Waste	10,303,960	0	0	10,303,960
240	Miscellaneous Special Revenue	7,331,510	(916,900)	0	6,414,610
250	Senior Aides	479,790	0	0	479,790
263	House Grants	25,000	(25,000)	0	0
264	Home Grants	1,662,310	0	0	1,662,310
269	Emergency Shelter Grants	82,990	0	0	82,990
270	Empowerment Zone	6,209,300	0	0	6,209,300
290	Community Development Block Grant	2,003,360	0	0	2,003,360
	Subtotal - Special Revenue Funds	43,992,790	(6,479,260)	0	37,513,530
	Debt Service Funds				
305	Debt Services	26,979,460	(15,436,410)	0	11,543,050
306	Tax Increment	563,200	0	0	563,200
	Subtotal - Debt Service Funds	27,542,660	(15,436,410)	0	12,106,250
	Capital Project Funds				
401	Capital Projects	37,134,210	0	0	37,134,210
	Subtotal - Capital Project Funds	37,134,210	0	0	37,134,210
	Enterprise Funds				
503	Public Assembly Facilities	4,752,270	0	0	4,752,270
504	Metro Parking	3,236,510	(1,000,000)	0	2,236,510
506	Convention Center	22,612,370	0	0	22,612,370
507	Mass Transportation	19,584,060	0	0	19,584,060
508	Municipal Golf Course	1,414,600	0	0	1,414,600
	Subtotal - Enterprise Funds	51,599,810	(1,000,000)	0	50,599,810
	Internal Service Funds				
702	Fleet Services	12,512,070	0	(13,515,900)	(1,003,830)
704	Risk Management	8,366,070	0	(6,786,580)	1,579,490
705	Health Care	16,175,380	0	(10,018,290)	6,157,090
706	Equipment Replacement	2,630,500	0	(2,756,600)	(126,100)
707	City Building	1,646,750	0	(1,580,750)	66,000
	Subtotal - Internal Service Funds	41,330,770	0	(34,658,120)	6,672,650
	Grand Total	370,095,020	(60,135,470)	(34,658,120)	275,301,430

NET REVENUES BY TYPE - ALL FUNDS

Fiscal Year 2008/09

Fund No.	Fund Name	Taxes	Licenses & Permits	Intergovt. Revenue	Charges For Serv.	Fines & Forfeits	Miscellaneous Revenue
100	General Fund	138,945,080	313,070	20,289,490	1,224,310	1,573,180	1,757,290
201	State Street Aid	0	0	4,870,000	0	0	40,000
202	Community Improvement	0	0	0	0	0	0
209	Abandoned Vehicles	0	0	0	475,000	0	435,000
211	Animal Control	0	35,000	0	0	0	5,000
213	City Court	0	0	0	0	5,242,000	77,910
216	City Inspections	0	2,052,220	0	0	0	64,000
220	Stormwater	0	155,000	0	0	0	18,000
230	Solid Waste	0	0	45,000	598,050	0	275,320
240	Miscellaneous Special Revenue	0	0	100,000	345,000	1,624,300	438,500
250	Senior Aides	0	0	424,850	0	0	0
263	House Grants	0	0	0	0	0	0
264	Home Grants	0	0	1,262,310	0	0	400,000
269	Emergency Shelter Grants	0	0	82,990	0	0	0
270	Empowerment Zone	0	0	6,209,300	0	0	0
290	Community Development Block Grant	0	0	1,858,360	0	0	145,000
305	Debt Services	25,654,900	0	0	0	0	1,324,560
306	Tax Increment	0	0	0	0	0	0
401	Capital Projects	0	0	8,511,560	0	0	1,180,000
503	Civic Auditorium/Coliseum/KCEC	0	0	0	1,670,430	0	98,000
504	Metro Parking	0	0	0	1,496,580	0	100,000
506	Convention Center	5,150,000	0	1,500,000	6,144,130	0	194,500
507	Mass Transportation	0	0	2,370,050	6,925,600	0	0
508	Municipal Golf Course	0	0	0	1,285,800	0	0
702	Fleet Services	0	0	0	0	0	405,000
704	Risk Management	0	0	0	45,000	0	671,370
705	Health Care	0	0	0	4,926,910	0	220,000
706	Equipment Replacement	0	0	0	0	0	230,000
707	City Building	0	0	0	0	0	66,000
	Grand Total	169,749,980	2,555,290	47,523,910	25,136,810	8,439,480	8,145,450
	Percent of Net Revs.	61.66%	0.93%	17.26%	9.13%	3.07%	2.96%

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	0	164,102,420	0	4,392,360	168,494,780
201	State Street Aid	0	0	4,910,000	0	0	4,910,000
202	Community Improvement	0	0	0	0	90,000	90,000
209	Abandoned Vehicles	0	0	910,000	0	0	910,000
211	Animal Control	0	0	40,000	0	0	40,000
213	City Court	0	0	5,319,910	0	0	5,319,910
216	City Inspections	0	0	2,116,220	0	135,380	2,251,600
220	Stormwater	0	0	173,000	0	2,200,060	2,373,060
230	Solid Waste	0	0	918,370	0	9,385,590	10,303,960
240	Miscellaneous Special Revenue	0	3,843,270	6,351,070	0	980,440	7,331,510
250	Senior Aides	0	0	424,850	0	54,940	479,790
263	House Grants	0	25,000	25,000	0	0	25,000
264	Home Grants	0	0	1,662,310	0	0	1,662,310
269	Emergency Shelter Grants	0	0	82,990	0	0	82,990
270	Empowerment Zone	0	0	6,209,300	0	0	6,209,300
290	Community Development Block Grant	0	0	2,003,360	0	0	2,003,360
305	Debt Services	0	0	26,979,460	0	0	26,979,460
306	Tax Increment	0	0	0	0	563,200	563,200
401	Capital Projects	5,000,000	0	14,691,560	0	22,442,650	37,134,210
503	Civic Auditorium/Coliseum/KCEC	0	898,200	2,666,630	0	2,085,640	4,752,270
504	Metro Parking	0	1,639,930	3,236,510	0	0	3,236,510
506	Convention Center	0	1,296,250	14,284,860	0	8,327,490	22,612,370
507	Mass Transportation	0	2,812,790	12,108,440	0	7,475,620	19,584,060
508	Municipal Golf Course	0	0	1,285,800	0	128,800	1,414,600
702	Fleet Services	0	(1,408,830)	(1,003,830)	13,515,900	0	12,512,070
704	Risk Management	0	0	716,370	6,786,580	863,120	8,366,070
705	Health Care	0	0	5,146,910	10,018,290	1,010,180	16,175,380
706	Equipment Replacement	0	(356,100)	(126,100)	2,756,600	0	2,630,500
707	City Building	0	0	66,000	1,580,750	0	1,646,750
	Grand Total	5,000,000	8,750,510	275,301,430	34,658,120	60,135,470	370,095,020
	Percent of Net Revs.	1.82%	3.18%	100.00%			

NET EXPENDITURES BY TYPE - ALL FUNDS

Fiscal Year 2008/09

Fund No.	Fund Name	Personal Services	Supplies	Other Expenses	Debt Service	Capital
100	General Fund	73,960,810	3,672,850	22,632,900	0	0
201	State Street Aid	0	0	3,885,000	0	0
202	Community Improvement	0	0	90,000	0	0
209	Abandoned Vehicles	317,930	3,740	401,010	0	0
211	Animal Control	0	20,000	20,000	0	0
213	City Court	588,310	7,200	83,680	0	0
216	City Inspections	1,595,330	15,360	107,820	0	0
220	Stormwater	1,661,990	59,280	92,640	0	0
230	Solid Waste	455,770	24,210	9,178,350	0	0
240	Miscellaneous Special Revenue	468,480	3,687,880	2,183,230	0	0
250	Senior Aides	467,900	550	600	0	0
263	House Grants	0	0	0	0	0
264	Home Grants	162,810	0	1,498,000	0	0
265	Hope Grants	0	0	0	0	0
269	Emergency Shelter Grants	0	0	82,990	0	0
270	Empowerment Zone	187,970	0	6,000,160	0	0
290	Community Development Block Grant	486,390	17,980	1,321,400	0	0
305	Debt Services	0	0	50,000	11,493,050	0
306	Tax Increment	0	0	0	0	0
401	Capital Projects	0	0	0	0	37,134,210
451	Chilhowee Park Capital Projects	0	0	0	0	0
503	Public Assembly Facilities	1,926,520	195,290	2,172,970	0	0
504	Metro Parking	0	0	2,230,210	0	0
506	Convention Center	0	0	15,871,650	6,662,310	0
507	Mass Transportation	0	2,745,480	16,824,570	0	0
508	Municipal Golf Course	0	0	1,342,850	71,750	0
701	Office Services	0	0	0	0	0
702	Fleet Services	2,004,720	4,106,260	5,735,940	0	0
704	Risk Management	312,800	9,490	7,993,960	0	0
705	Health Care	160,010	9,600	15,950,100	0	0
706	Equipment Replacement	0	0	2,630,500	0	0
707	City Building	0	0	1,643,470	0	0
	Grand Total	84,757,740	14,575,170	120,024,000	18,227,110	37,134,210
	Percent of Net Exps.	30.79%	5.29%	43.60%	6.62%	13.49%

Fund No.	Fund Name	Other Uses of Funds	Net Expenditures	Interfund Charges Out	Interfund Transfers Out	Total Expenditures
100	General Fund	0	100,266,560	30,988,420	37,219,800	168,474,780
201	State Street Aid	0	3,885,000	0	1,025,000	4,910,000
202	Community Improvement	0	90,000	0	0	90,000
209	Abandoned Vehicles	0	722,680	67,320	120,000	910,000
211	Animal Control	0	40,000	0	0	40,000
213	City Court	0	679,190	248,360	4,392,360	5,319,910
216	City Inspections	0	1,718,510	533,090	0	2,251,600
220	Stormwater	0	1,813,910	559,150	0	2,373,060
230	Solid Waste	0	9,658,330	645,630	0	10,303,960
240	Miscellaneous Special Revenue	0	6,339,590	75,020	916,900	7,331,510
250	Senior Aides	0	469,050	10,740	0	479,790
263	House Grants	0	0	0	25,000	25,000
264	Home Grants	0	1,660,810	1,500	0	1,662,310
265	Hope Grants	0	0	0	0	0
269	Emergency Shelter Grants	0	82,990	0	0	82,990
270	Empowerment Zone	0	6,188,130	21,170	0	6,209,300
290	Community Development Block Grant	0	1,825,770	177,590	0	2,003,360
305	Debt Services	0	11,543,050	0	15,436,410	26,979,460
306	Tax Increment	563,200	563,200	0	0	563,200
401	Capital Projects	0	37,134,210	0	0	37,134,210
451	Chilhowee Park Capital Projects	0	0	0	0	0
503	Public Assembly Facilities	0	4,294,780	457,490	0	4,752,270
504	Metro Parking	0	2,230,210	6,300	1,000,000	3,236,510
506	Convention Center	0	22,533,960	78,410	0	22,612,370
507	Mass Transportation	0	19,570,050	14,010	0	19,584,060
508	Municipal Golf Course	0	1,414,600	0	0	1,414,600
701	Office Services	0	0	0	0	0
702	Fleet Services	0	11,846,920	665,150	0	12,512,070
704	Risk Management	0	8,316,250	49,820	0	8,366,070
705	Health Care	0	16,119,710	55,670	0	16,175,380
706	Equipment Replacement	0	2,630,500	0	0	2,630,500
707	City Building	0	1,643,470	3,280	0	1,646,750
	Grand Total	563,200	275,281,430	34,658,120	60,135,470	370,075,020
	Percent of Net Exps.	0.20%	100.00%			

SUMMARY OF INTERFUND CHARGES

Fiscal Year 2008/09

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	12,545,350	5,944,410	8,719,410	2,471,700	1,307,550	30,988,420
Abandoned Vehicles	209	0	11,820	55,500	0	0	67,320
City Court	213	0	5,690	61,740	180,930	0	248,360
City Inspections	216	113,890	111,410	197,560	17,560	92,670	533,090
Stormwater	220	78,220	219,190	182,880	23,480	55,380	559,150
Solid Waste	230	434,550	134,310	74,760	2,010	0	645,630
Miscellaneous Special Revenue	240	0	6,920	61,220	850	6,030	75,020
Senior Aides	250	0	670	6,270	3,800	0	10,740
Home Grants	264	1,500	0	0	0	0	1,500
Empowerment Zone	270	1,040	1,260	10,370	700	7,800	21,170
Community Development Block Grant	290	13,210	14,930	88,310	7,490	53,650	177,590
Public Assembly Facilities	503	160,220	71,230	220,740	5,300	0	457,490
Metro Parking	504	0	6,300	0	0	0	6,300
Convention Center	506	830	60,870	0	16,710	0	78,410
Mass Transportation	507	0	1,310	0	12,700	0	14,010
Fleet Services	702	167,090	187,560	284,560	9,040	16,900	665,150
Risk Management	704	0	3,680	29,900	3,630	12,610	49,820
Health Care	705	0	1,740	25,070	700	28,160	55,670
City Building	707	0	3,280	0	0	0	3,280
Grand Total		13,515,900	6,786,580	10,018,290	2,756,600	1,580,750	34,658,120

SUMMARY OF INTERFUND TRANSFERS

Fiscal Year 2008/09

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 Misc. Spec. Rev. Fund (Fund 240)	From House Fund (Fund 263)	From Debt Service Fund (Fund 305)	From Metro Parking Fund (Fund 504)	Grand Total
General Fund	100	0	0	0	4,392,360	0	0	0	0	4,392,360
Community Improvement	202	90,000	0	0	0	0	0	0	0	90,000
City Inspections	216	135,380	0	0	0	0	0	0	0	135,380
Stormwater	220	2,200,060	0	0	0	0	0	0	0	2,200,060
Solid Waste	230	9,385,590	0	0	0	0	0	0	0	9,385,590
Miscellaneous Special Revenue	240	980,440	0	0	0	0	0	0	0	980,440
Miscellaneous Grant Funds	250	54,940	0	0	0	0	0	0	0	54,940
Tax Increment	306	563,200	0	0	0	0	0	0	0	563,200
Capital Projects	401	8,664,650	1,025,000	120,000	0	851,900	25,000	10,756,100	1,000,000	22,442,650
Coliseum/KCEC	503	2,085,640	0	0	0	0	0	0	0	2,085,640
Convention Center	506	3,647,180	0	0	0	0	0	4,680,310	0	8,327,490
Mass Transportation	507	7,410,620	0	0	0	65,000	0	0	0	7,475,620
Municipal Golf	508	128,800	0	0	0	0	0	0	0	128,800
Risk Management	704	863,120	0	0	0	0	0	0	0	863,120
Health Care	705	1,010,180	0	0	0	0	0	0	0	1,010,180
Grand Total		37,219,800	1,025,000	120,000	4,392,360	916,900	25,000	15,436,410	1,000,000	60,135,470

Authorized Full Time Positions by Department

Fiscal Year 2008/09

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	25	1	0	0	26
Finance	43	0	0	9	52
Information Systems	30	0	0	0	30
Community Development	4	21	0	0	25
Fleet Services	0	10	0	46	56
South Knoxville Waterfront	2	0	0	0	2
Public Services	285	21	0	0	306
Engineering	59	28	0	0	87
Inspections	0	31	0	0	31
Recreation	49	1	0	0	50
Law	13	0	0	0	13
Police	517	5	0	0	522
Emergency Management	3	0	0	0	3
Fire	338	0	0	0	338
Legislative	3	0	0	0	3
City Court	0	13	0	0	13
Civil Service	13	0	0	0	13
Public Assembly Facilities	0	0	34	0	34
Total - Full Time	1,384	131	34	55	1,604

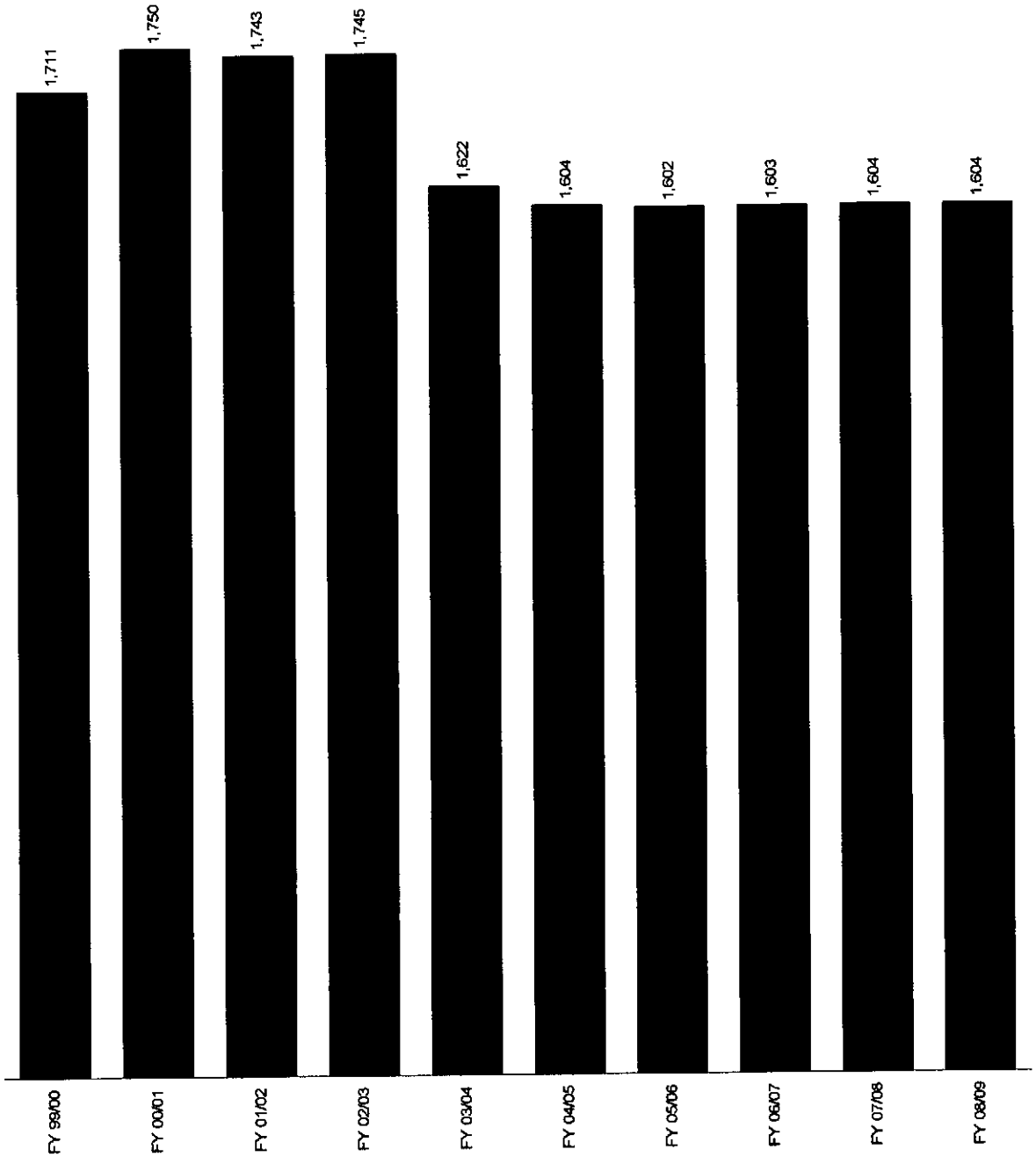
Full Time Positions by Department

Fiscal Years 2004/05 - 2008/09

Department	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	Difference 07/08 - 08/09
Administration	19	24	24	24	26	2
Finance	54	55	54	54	52	(2)
Information Systems	29	29	30	30	30	0
Community Development	23	21	23	24	25	1
Fleet Services	58	57	57	56	56	0
South Knoxville Waterfront	0	0	0	2	2	0
Public Services	283	309	307	307	306	(1)
Engineering	112	87	89	88	87	(1)
Inspections	30	31	31	31	31	0
Recreation	55	53	51	51	50	(1)
Law	13	13	13	13	13	0
Police	519	515	518	520	522	2
Emergency Management	3	3	3	3	3	0
Fire	339	339	338	338	338	0
Legislative	3	3	3	3	3	0
City Court	13	13	13	13	13	0
Civil Service	14	13	14	13	13	0
Public Assembly Facilities	36	36	35	34	34	0
Nondepartmental						
Knoxville Partnership	1	1	0	0	0	0
Subtotal - Nondepartmental	1	1	0	0	0	0
GRAND TOTAL	1,604	1,602	1,603	1,604	1,604	0

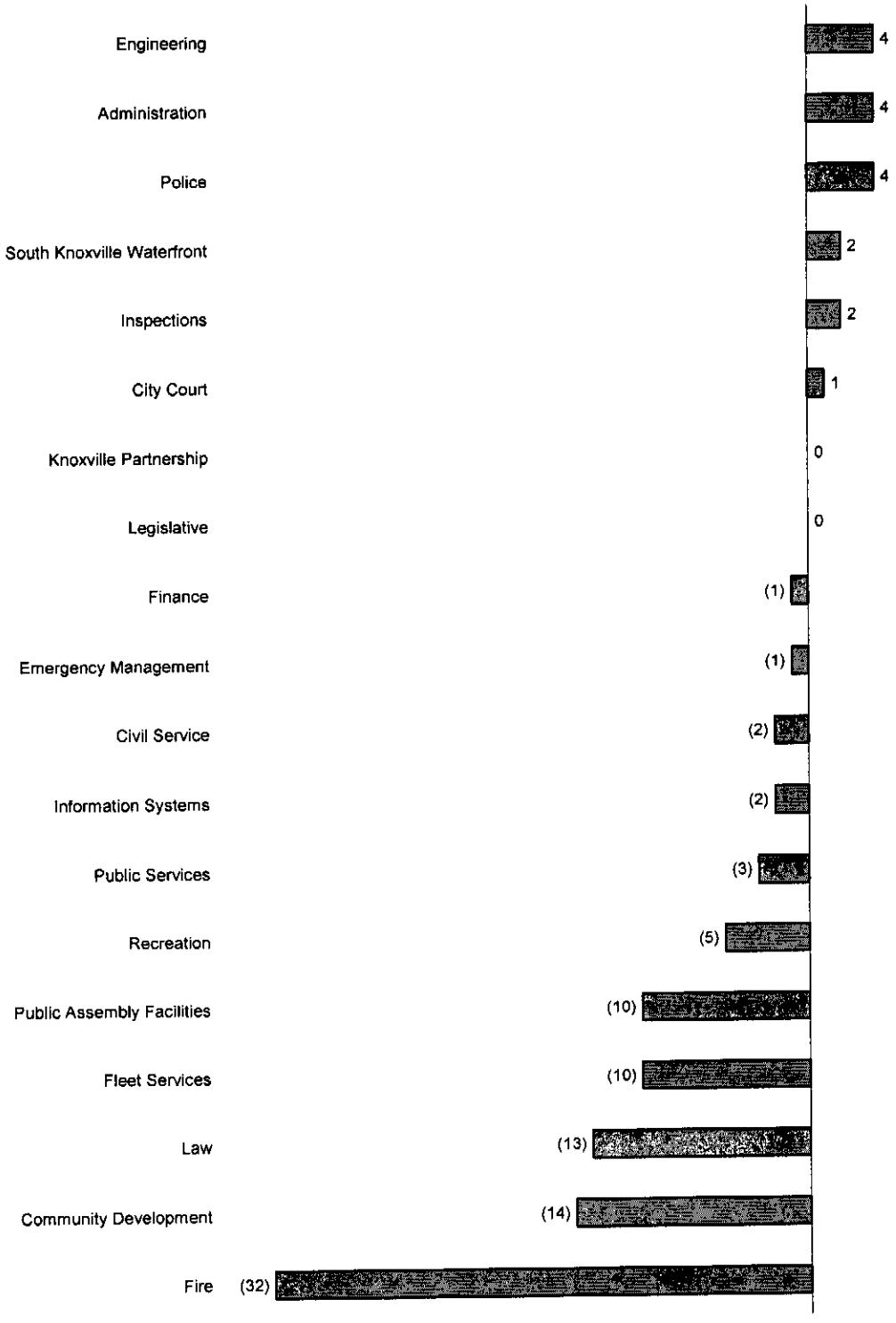
Authorized Full Time Personnel

Fiscal Years 1999/00 – 2008/09



Changes in Full Time Budgeted Personnel

Fiscal Years 1999/00 – 2008/09



Authorized Part Time Positions by Department

Fiscal Year 2008/09

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	2	0	0	0	2
Finance	1	0	0	0	1
Community Development	0	1	0	0	1
Public Services	0	0	0	0	0
Engineering	1	0	0	0	1
Recreation	15	1	0	0	16
Police	3	1	0	0	4
Fire	0	0	0	0	0
Legislative	9	0	0	0	9
City Court	0	1	0	0	1
Public Assembly Facilities	0	0	3	0	3
Total - Part Time	31	4	3	0	38

Part Time Positions by Department

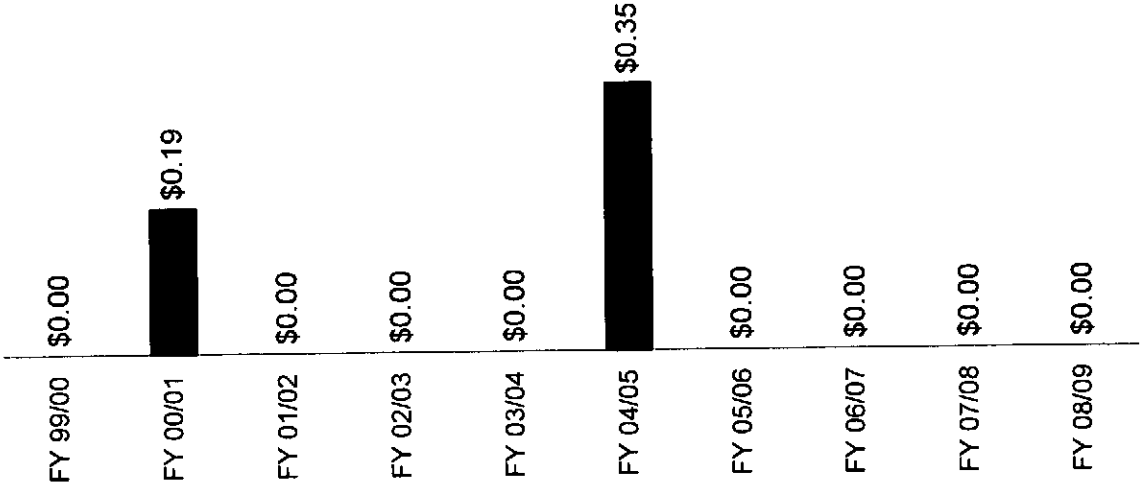
Fiscal Years 2004/05 - 2008/09

Department	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	Difference 07/08 - 08/09
Administration	1	1	1	2	2	0
Finance	1	1	1	1	1	0
Community Development	1	1	1	1	1	0
Public Services	0	0	0	0	0	0
Engineering	2	2	2	1	1	0
Recreation	11	15	16	16	16	0
Police	31	31	29	3	4 *	1
Legislative	9	9	9	9	9	0
City Court	1	1	1	1	1	0
Civil Service	0	2	1	0	0	0
Public Assembly Facilities	0	0	1	3	3	0
GRAND TOTAL	57	63	62	37	38	1

* School Crossing Guards were formerly included in the Part-Time personnel count. They are now budgeted as event personnel and thus not included. School crossing guards are still included in the budget but not shown in this table. There is no other change in the Police Department.

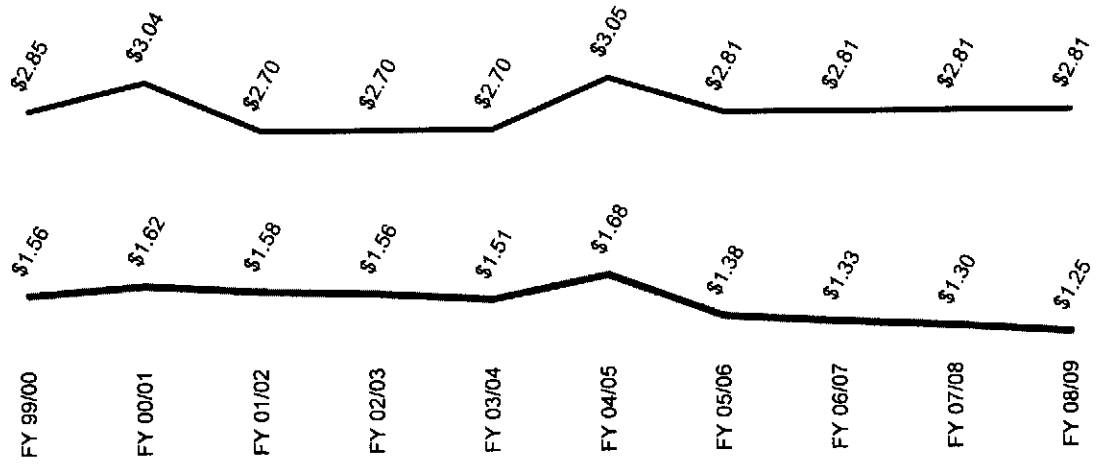
CHANGES IN TAX RATE

Fiscal Years 1999/00 – 2008/09



ADJUSTED/EQUALIZED TAX RATE

Fiscal Years 1999/00 – 2008/09



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 $1.56 in Fiscal Year 1999/00 to $1.25 in Fiscal Year 2008/09. This means that the change in the tax rate has been less than the rate of inflation and equalization

EFFECT OF TAX RATE ON HOMEOWNERS

In FY 2008/09 the proposed tax rate is $2.81 per hundred dollars of assessed value. This is the same rate as FY 2007/08. The following chart summarizes the effect of the city's property tax on homeowners. As shown, a residential home appraised at $60,000 would be assessed at 25% of that value, or $15,000. Taxes due are per $100 of value, so the city property tax due for a $60,000 home is $421.50 (calculated by dividing $15,000 by 100 and then multiplying by the city tax rate of $2.81.) The average appraised value for residential property is $82,324. For the average residential homeowner the total city property tax bill is $578.33.

Appraised Value	Assessed Value (25%)	Property Tax Due
$60,000	$15,000	$421.50
$80,000	$20,000	$562.00
$82,324	$20,581	$578.33
$100,000	$25,000	$702.50
$150,000	$37,500	$1,053.75

City of Knoxville

CITY AND COUNTY PROPERTY TAX RATES

FY 87/88 - FY 08/09

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

* 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 2005. 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 05/06 for the City was $2.81 and for the County $2.69. 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 1983/84 - 2008/09

Calendar Year	Total Real Property		Personal Property	Public Utilities	Total Assessments
1983	1,082,167,280		67,770,971	105,429,104	1,255,367,355
1984	1,079,627,084		77,145,411	97,515,150	1,254,287,645
1985	1,096,798,493		88,685,584	87,087,426	1,272,571,503
1986	1,102,016,383		98,407,484	111,100,000	1,311,523,867
1987	1,104,867,214		108,752,668	100,627,110	1,314,246,992
1988	1,122,742,024		112,676,654	104,899,443	1,340,318,121
1989	1,140,611,597		132,423,393	95,316,739	1,368,351,729
1990	1,172,891,487		143,085,759	101,472,718	1,417,449,964
1991	1,212,029,673		135,710,493	98,142,916	1,445,883,082
1992	1,238,194,477		132,547,101	96,552,849	1,467,294,427
1993	1,614,026,310	*	163,270,996	111,997,273	1,889,294,579
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	2,474,148,997		293,852,253	150,264,579	2,918,265,829
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 (Est.)	3,105,657,080		311,188,490	139,115,060	3,555,960,630

* 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 and 2005.

Note that the assessments for each calendar year are reflected in the budget for the following year. For example the 2008 assessments are used in the FY 08/09 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.

GENERAL FUND REVENUES

Total General Fund revenues for FY 08/09 equal $168,494,780. This represents approximately a 3.4% increase when compared to the budgeted FY 07/08 revenues of $163,005,440. The adopted FY 08/09 budget does not include the use of fund balance to cover expenditures. Revenues are projected to increase by $3,152,220 or 1.9% when compared to estimated actual revenues in FY 07/08. These changes are primarily attributable to some general inflationary increases and modest anticipated growth in new residential and commercial property.

TAXES

The largest single category of revenue to the General Fund is taxes. This one category equals $138,945,080 or approximately 82.5% of the total revenue to this fund.

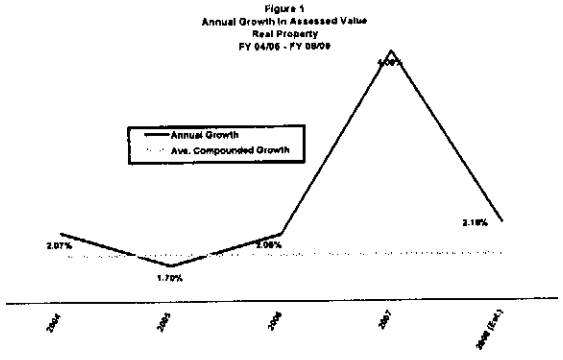
Property Taxes

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: During the past twenty five years, the average growth in real property values has fluctuated widely. Growth was almost non-existent in the years between 1985 and 1988. This changed in the early 1990's with increases in the two to three percent ranges. The mid to late 1990's and early 2000's have been characterized, with the exception of reappraisal years, by this same fairly moderate growth. We expect this to continue into the new fiscal year and estimate the overall growth in real property to be approximately 2.2%. Higher growth is expected for commercial property but this is offset in part by a slightly lower growth rate for residential property



and by a projected continual decline in the value of industrial property. For FY 08/09 the projected assessed value of real property is $3,105,657,080. In projecting the FY 07/08 numbers we lacked information from the Knox County Property Assessor. The final 2007 tax roll came in much higher than expected and this is reflected in the revised estimates for FY 07/08. The projected amounts for FY 08/09 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 in 1990, 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 occasionally been negative in more recent years. For the upcoming year we forecast the growth in assessed value to be a very

modest 1.21%. This revenue is also affected in part by the equalization rate. 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 lower rate than we had projected, which explains the decrease in forecasted FY 07/08 revenues from the FY 07/08 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 this downward trend to recur in the upcoming year and when combined with the forecast drop in the equalization rate, are now forecasting a 6.24% decline in assessed value for this category.

Collection Rate: In recent years, the City has collected an average of 94.0% of real property taxes, 91.9% of personal property taxes, and 97.2% 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 change in these rates has been an increase in the collection rate for real property, a decrease in the collection rate for personal property, and a slight decrease in the collection rate for public utility property.

TABLE 1

	Estimated Assessed Valuations	Est-Coll. Rate	Tax Rate per $100	FY 06/07 Budgeted Revenue
Real Property	$3,105,657,080	94.0%	$2.06	$60,137,940
Personal Property	311,188,490	91.9%	2.06	5,891,230
Public Utilities	139,115,060	97.2%	2.06	2,785,530
TOTAL	$3,555,960,630			$68,814,700

Tax Rate:

In FY 08/09 the budget is based upon a total tax rate of $2.81 per hundred dollars of assessed value, which is the same rate as in FY 07/08. The tax rate is apportioned between the Debt Service Fund and the General Fund. In FY 08/09, $0.75 of the tax rate goes directly to the Debt Service Fund, unchanged from FY 07/08. The portion of the tax rate used for General Fund purposes is $2.06. Combining all factors yields the budgeted revenue from property taxes as illustrated in Table 1.

When compared to the FY 07/08 budget, current projected property tax revenues are up by $2,196,950 in the General Fund, or approximately 3.27%.

Tax Discounts

The City offers a one percent discount on property taxes paid before the end of October. For FY 08/09 the anticipated discount in the General Fund is $366,840, which is $15,670 more than the FY 07/08 budgeted amount. The greater amount is due to the anticipated growth in real property, as we do not believe the percentage of individuals receiving a discount will deviate much from the current year. The forecast discount for FY 07/08 is much larger than budget. This is due to a one time increase in the discount rate from 1.00 % to 1.25%. In FY 08/09 the rate will revert to the one percent level.

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 08/09 the KUB payment is expected to be $11,958,700, which is $542,010 or 4.75% above the budget for FY 07/08. This change is based upon modest growth in property held by KUB, and anticipated growth in average revenues. The payment from KCDC is projected at $36,100, which is $7,050 more than budgeted in FY 07/08.

There are several other entities now making payments in lieu of taxes. These payments are part of the redevelopment strategy of the City. The largest of these payments comes from the Knoxville News-Sentinel and is budgeted at $98,260. Other payments in lieu of taxes are expected to yield $260,180.

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 08/09, local option sales tax revenues are expected to equal $37,531,500 or 22.27% of total General Fund revenues. Until FY 07/08 we have seen extraordinary growth in this revenue source in recent years. This is due to overall statewide growth in spending as well as the development of the Turkey Creek shopping area, which has captured sales from other areas of the region. We do not believe that this recent growth rate is sustainable, in part, because of the continued rise in fuel prices, and a slowdown in housing starts. Our FY 07/08 estimates are tracking lower than the budgeted levels for the year and we expect the trend to continue. We are forecasting a very modest growth rate of 1.5% over adjusted FY 07/08 collections.

Other Taxes

Revenues from the beer tax, mixed drink tax, and the alcoholic beverage tax grew at a rapid pace in the early 1990's, but the rate of growth has slowed somewhat in recent years. In the past two years we have seen reasonable growth in beer taxes, a trend we expect to continue in FY 08/09. Revenues from beer taxes are expected to increase by $535,800 when compared to the FY 07/08 budget. Total revenues from the beer tax are forecast at $6,952,510. Alcoholic beverage taxes have also grown during the past two years, a trend we expect to moderate during the upcoming year. Revenues from this source are expected to generate $2,400,480 in FY 08/09. This is $125,020 more than the amount budgeted in FY 07/08. Mixed drink taxes are now forecast to be above budgeted levels in FY 07/08, but are forecast to remain static in the upcoming year. We are now estimating this revenue at $1,353,600 in FY 08/09, which is $228,630 more than budgeted in FY 07/08.

The slowdown in the economy has resulted in fairly static growth in business tax collections. We currently expect to end FY 07/08 very close to the budgeted amount. For FY 08/09 we are now projecting a modest (1.5%) growth over expected FY 07/08 collections. Projected revenue from this source in FY 08/09 is $4,703,260.

Cable television franchise taxes from Comcast are in line with projections for the year and we expect only modest growth in the new fiscal year. We now have a full year of experience with Knology and this is reflected in the revised estimates for FY 07/08. These revenues are now forecast at $1,616,790, which is $75,570 or 4.90% more than the amount budgeted in FY 07/08.

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 $20,289,490 or 12.4% of total revenue. Overall, we expect this category of revenue to be up by $384,840 or 1.9% when compared to the budget for FY 07/08.

The largest single revenue within this grouping is the state shared sales tax. Current year revenues from this source are now forecast to fall below budgeted revenues for this year, and are expected to grow at a moderate pace in FY 08/09. The total estimated amount in FY 08/09 from this source is $12,903,270. This is $142,450 more than the budgeted amount for FY 07/08.

The second largest revenue in this category is the city's portion of the Hall Income Tax. In FY 08/09

we are expecting revenue from this source to generate $3,215,900, which is the same as the FY 07/08 budget. The actual collections in FY 06/07 appear to be an aberration and are not expected to continue. Even if there is some inherent growth, it is expected to be offset by a reduction in dividend payments to individuals in the upcoming year.

The City also receives a number of other state-shared revenues. Revenue from alcoholic beverage tax is expected to be unchanged from the amount budgeted in FY 07/08, at a total of $75,000. Revenues from beer taxes are expected to be up slightly over the same as in FY 07/08 at a total of $96,650.

Revenue from the state excise tax, a tax upon the net earnings of state and national banks chartered in Tennessee, is, on the other hand, revised downward from FY 07/08. For FY 08/09 this is expected to generate $477,430 or $104,070 less than budgeted in FY 07/08.

Revenue from the special petroleum products tax is also expected to decrease slightly. This revenue is budgeted at $89,280 or $4,140 less than in FY 07/08. On the other hand, the City's share of TVA gross receipts is forecast to be up when compared to FY 07/08. The expected amount from this source is up from forecast levels and, consequently, we have revised our FY 08/09 projections upward. The result is an anticipated increase of $171,480 or 11.58% when compared to the FY 07/08 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 areas. The total amount budgeted for FY 08/09 is $870,590 which is $203,340 more than in the FY 07/08 budget.

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 $399,300 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 $4,867,850, or 2.97% of the total General Fund. A breakdown of these revenues for FY 07/08 and FY 08/09 is shown in Table 2.

Overall, the category of licenses and permits is up by $5,620 or 1.83% when compared to the budget for FY 07/08. Roughly the same number of accounts within this category is expected to be up as down when compared to the FY 07/08 budget. The largest expected decrease is in street vendor permits, which are forecast to total $2,960, a decrease of $750. This is partially offset by expected higher amounts from various other charges. For example, beer permits records check fees and tank in-

TABLE 2

	FY 07/08 Budget	FY 07/08 Est. Actual	FY 08/09 Projected Revenues
Licenses & Permits	$307,450	$313,070	$313,070
Charges	$1,072,330	$1,206,450	$1,224,310
Fines & Forfeits	$1,053,470	$1,573,180	$1,573,180
Misc. Revenue	$1,750,920	$1,791,850	$1,757,290
TOTAL	$4,184,170	$4,884,550	$4,867,850

stallation fees are expected to increase by $2,760 and $6,180 respectively.

The amount expected to come from charges for services is projected at $1,224,310, which is $151,980 more than the budgeted amount for FY 07/08. This increase is primarily due to increases in codes enforcement fees, and recreation program fees. These are offset, in part, by lower expected revenue from indoor and outdoor pool fees.

The category of fines and forfeits represent a portion of fines that are rebated from the county court. The recent decline in revenue coming from Knox County seems to have reversed itself and we expect revenues from this source to increase significantly in the next year. Revenues from this source are expected to be $192,610 from General Sessions costs, and $200,920 from Criminal Court fines. Revenues from red light violations are up, this being attributable to full year implementation at more sites. Overall this category of revenue is expected to yield $1,573,180, which is $519,710 more than budgeted in FY 07/08.

The category entitled miscellaneous revenue is projected at $1,757,290, which is $6,370 more than the amount budgeted in FY 07/08. The growth in this category comes mainly from increased interest earnings. Higher interest rates in the early part of the fiscal year have resulted in greater than anticipated gains in the revenue source. However, these same yields have dropped dramatically in recent months, and lead us to forecast no growth over estimated actuals for the FY 07/08 period. Interest earnings are expected to generate $1,384,400 in FY 08/09, this being $184,540 more than the budget for FY 07/08.

Parking meter revenue has reverted to its recent downward trend. We are forecasting this revenue source to yield $272,720 in FY 08/09, which is unchanged from expected revenue in FY 07/08, but is down by $78,470 or 22.3% when compared to the FY 07/08 budget. Miscellaneous revenue is also expected to decline by $99,630 when compared to the FY 07/08 budget.

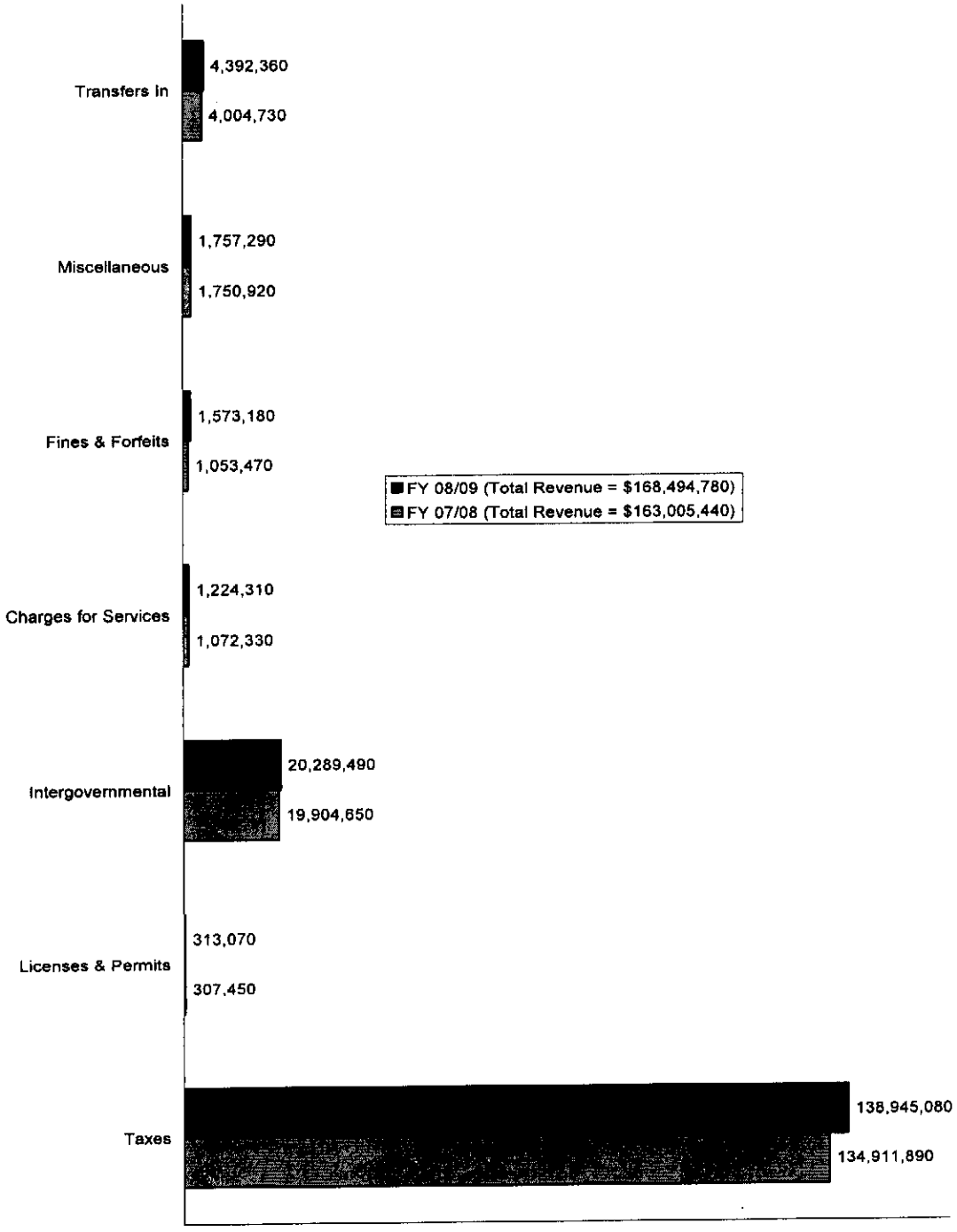
Transfers In

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 increased greatly during the past year. We expect this growth to continue in the upcoming fiscal year. Excess City Court fees are now forecast at $4,392,360 or $387,630 above the amount budgeted in FY 07/08.

APPROPRIATED FUND BALANCE

The FY 08/09 General Fund budget does not appropriate any Fund Balance. This is the fifth consecutive year in which the budget does not include the use of any fund balance.

General Fund Revenue Comparison
FY 2007/08 – 2008/09



Account Code	Revenue Source	FY 05/06 Actual	FY 06/07 Actual	FY 07/08 Budget	FY 07/08 Forecast	FY 08/09 Proposed
5111	Property Tax Real - Current	55,628,694	57,997,246	57,569,310	58,385,100	60,137,940
5112	Property Tax Real - Prior	2,359,625	2,421,909	1,845,420	2,006,240	2,006,240
5113	Personal Property Tax - Current	5,789,551	6,348,648	6,316,670	5,821,030	5,891,230
5114	Personal Property Tax - Prior	291,978	252,524	77,280	83,340	83,340
5115	Public Utilities - Current	3,005,596	2,980,610	2,731,770	2,995,220	2,785,530
5116	Public Utilities - Prior	181,388	270,685	15,450	2,000	2,000
5117	Discount	(305,732)	(303,586)	(351,170)	(515,670)	(366,840)
5131	K U B	11,722,421	11,867,500	11,416,690	11,627,200	11,958,700
5132	K C D C	24,924	29,047	29,050	36,100	36,100
5134	Downtown	62,167	148,634	87,250	87,250	87,250
5135	News-Sentinel	88,752	98,260	98,260	98,260	98,260
5136	Other PILOTS	683	172,929	172,930	172,930	172,930
5141	Local Shared Sales Tax	34,514,151	36,658,657	37,373,500	36,976,860	37,531,500
5151	Beer Tax	6,035,192	6,442,607	6,416,710	6,816,190	6,952,510
5152	Mixed Drink Tax	1,151,756	1,298,087	1,124,970	1,353,600	1,353,600
5153	Alcoholic Beverage Tax	2,115,173	2,279,845	2,275,460	2,400,480	2,400,480
5161	Business Tax	21,641	28,538	36,710	29,290	29,290
5165	Tax Sale Publication Fees	70,886	55,002	47,000	47,810	47,810
5166	Business Tax 2003	4,504,835	4,961,368	4,655,850	4,656,690	4,703,260
5171	Interest & Penalties-Current	134,632	204,714	137,890	150,000	150,000
5172	Interest & Penalties-Prior	1,136,387	1,429,385	1,223,030	1,183,410	1,183,410
5173	Interest & Penalties-Business	1,693	3,047	3,720	740	740
5174	Interest & Penalties-License	715	212	230	7,770	7,770
5175	Interest & Penalties CBID	4,311	5,590	6,270	2,180	2,180
5176	Interest-New Btx	9,116	11,500	9,260	11,150	11,150
5177	Penalty-New Btx	61,198	57,189	51,160	57,810	57,810
5178	Interest - Bankruptcy Court	0	8,083	0	4,100	4,100
5193	Cable TV Franchise Tax	1,441,454	1,526,086	1,541,220	1,585,090	1,616,790
	Subtotal - Taxes	130,055,188	137,254,316	134,911,890	136,082,170	138,945,080
5201	Blasting Permits	7,400	7,180	6,380	1,730	1,730
5202	Fire Reports	1,770	1,830	1,640	1,800	1,800
5203	Fireworks Permit	1,960	2,680	2,320	3,770	3,770
5204	Tank Abandonment	2,240	400	100	0	0
5205	Tank Installation Fees	13,830	15,670	13,360	19,480	19,480
5211	Merchant & General Privilege	575	200	190	110	110
5212	Liquor By Ounce	157,680	172,730	172,140	172,530	172,530
5215	Alcoholic Beverage License	5,000	6,500	4,800	4,800	4,800
5251	Beer Application Fees	25,800	30,900	28,010	28,210	28,210
5252	Beer Privilege Tax	58,787	58,681	58,950	59,050	59,050
5253	Beer Permit Publications	2,565	3,325	3,070	2,580	2,580
5254	Beer Permit Records Check	7,113	8,075	6,820	9,580	9,580
5255	Duplicate Beer Permits	402	1,139	670	740	740
5291	Solicitation	5,300	5,225	5,290	5,730	5,730
5293	Street Vendor	3,675	3,700	3,710	2,960	2,960
	Subtotal - Licenses & Permits	294,097	318,235	307,450	313,070	313,070
5313	Emer. Mgmt. - Federal Share	11,402	85,021	85,020	85,020	136,000
5319	Federal Grants	700,424	739,540	667,250	870,590	870,590
5321	Sales Tax	11,702,333	12,564,786	12,760,820	12,588,560	12,903,270
5322	Income Tax	3,215,882	7,300,809	3,215,900	3,215,900	3,215,900
5323	Beer Tax	86,470	93,347	86,400	96,650	96,650
5324	Alcoholic Beverage Tax	77,468	81,918	70,500	75,000	75,000
5326	Streets & Transportation Gas	386,698	383,096	393,420	389,280	389,280
5327	Excise Tax	663,844	581,494	581,500	477,430	477,430
5328	TVA - Gross Receipts	1,301,625	1,480,526	1,480,610	1,652,090	1,652,090
5329	State Contribution	104,300	127,350	382,840	382,840	399,300
5332	Telecommunications Sales Tax	30,057	28,112	27,390	20,370	20,980
5333	TDZ Sales Tax	64,765	0	0	0	0

Account Code	Revenue Source	FY 05/06 Actual	FY 06/07 Actual	FY 07/08 Budget	FY 07/08 Forecast	FY 08/09 Proposed
5341	Emer. Mgmt. - County Share	53,000	0	53,000	53,000	53,000
5342	County Grants/Contributions	0	78,000	100,000	25,000	0
	Subtotal - Intergovernmental Revenue	18,398,268	23,543,999	19,904,650	19,931,730	20,289,490
5407	Gateway Village Rental	95	0	0	0	0
5408	Krutch Park Rental	400	0	0	0	0
5409	Volunteer Landing Rental	100	0	0	0	0
5410	Market Square Rental	300	(100)	0	0	0
5412	Atty. Cost - Taxes	321,643	408,744	338,640	344,640	344,640
5413	Recording & Collection	43,725	44,268	43,480	44,930	44,930
5423	Accident Reports	200,538	186,251	164,300	166,960	166,960
5425	Officer Costs	25,106	40,146	21,500	25,000	25,000
5434	Codes Enforcement	116,438	193,865	153,740	193,860	193,860
5435	State Reimb./Streets, Signs	127,453	148,635	95,000	95,000	95,000
5441	Recreation Program Fees	18,237	19,782	18,940	19,780	27,780
5442	Inskip Pool Gate and Concessions	33,118	40,756	33,000	40,760	40,760
5443	Ed Cothren Pool Gate and Concessions	12,641	8,415	13,000	4,820	4,820
5444	Indoor Pool Fees and Rentals	29,385	17,452	29,300	14,840	14,840
5445	Team Registration Fees	42,190	37,185	26,060	62,230	62,230
5447	Vending Concessions	18,816	17,009	16,670	13,570	13,570
5449	Summer Program Registration Fee	14,630	14,954	8,000	14,950	14,950
5450	Tennis Revenue	5,149	6,319	5,000	6,320	6,320
5451	Building and Shelter Revenues	25,330	22,873	25,000	36,370	36,370
5452	Parks and Field Rental Fees	10,681	10,310	20,460	15,220	25,080
5453	Lease of SKCC	32,969	35,585	32,000	35,580	35,580
5459	Parks and Recreation - Miscellaneous Fees	563	1,075	1,020	5,500	5,500
5461	Caswell Park League Concessions	22,424	19,740	17,220	37,190	37,190
5464	Caswell Park Gate Fee	21,887	21,885	10,000	28,930	28,930
	Subtotal - Charges for Services	1,123,814	1,295,149	1,072,330	1,206,450	1,224,310
5511	General Sessions Fines	0	14,971	680	0	0
5512	County Court Costs	129,596	136,647	124,540	192,610	192,610
5528	KPD - Automated Information	107,749	116,037	121,540	132,210	132,210
5529	KPD-Moving Violations	748	67	0	0	0
5531	Criminal Court Fines	175,853	205,176	216,710	200,920	200,920
5532	KPD - DARE	0	825	0	0	0
5580	Red Light Camera Fines	968	467,830	450,000	806,160	806,160
5581	Red Light Camera Fines - Municipal Court	0	188,098	140,000	241,280	241,280
	Subtotal - Fines & Forfeits	414,914	1,129,651	1,053,470	1,573,180	1,573,180
5603	Residential Parking Permits	0	4,862	4,870	4,800	4,800
5611	Interest On Investments	767,015	1,368,080	1,199,860	1,384,400	1,384,400
5620	Lease & Rental Income	24,174	24,000	24,000	24,000	24,000
5627	Parking Meters	313,033	339,420	351,190	272,720	272,720
5642	Equipment	256,311	77,892	20,000	54,560	20,000
5666	Agency Contribution	15	0	0	0	0
5699	Misc. Revenue	908,400	166,262	151,000	51,370	51,370
	Subtotal - Misc. Revenue	2,268,949	1,980,516	1,750,920	1,791,850	1,757,290
	Grand Total - Operating Revenue	152,555,229	165,521,866	159,000,710	160,898,450	164,102,420
5905	Transfer - Excess City Court Revenues	3,240,660	3,933,750	4,004,730	4,444,110	4,392,360
	Subtotal - Transfers In	3,240,660	3,933,750	4,004,730	4,444,110	4,392,360
	Grand Total - General Fund	155,795,889	169,455,616	163,005,440	165,342,560	168,494,780

EXPENDITURES

The purpose of this section is to provide a general overview of all expenditure categories and significant items that have caused increases or decreases in funding. The city has, with Mercer Consulting, conducted a comprehensive compensation study during the past year. The study recommendations are to be implemented over the next three years. The personal services budgets for the various funds reflect the full implementation of year one of the study's recommendations. This resulted in employees receiving the greater of the study's recommendation or a salary increase of 2.5%.

General Fund

Overview

Proposed General Fund expenditures for FY 08/09 are $168,494,780, an increase of $5,489,340 (3.37%) over the FY 07/08 budget of $163,005,440. The following table reflects the composition of the changes:

TABLE 1

	FY07/08	FY08/09	Change
Personal Services	$79,156,870	$82,680,220	$3,523,350
Supplies	3,612,490	3,672,850	60,360
Other Charges	43,203,690	44,921,910	1,698,220
Transfers Out	36,470,320	37,219,800	749,480
TOTAL	$163,005,440	$168,494,780	$5,489,340

Personal Services

General Fund Personal Services, which include salaries and benefits, increased by $3,523,350 or 4.45% when compared to the FY 07/08 budget. The cost of implementing the recommendations from the compensation study and the 2.5% increase for all non-probationary employees that were unaffected by the study was partially offset by the reduction in General Fund employees by 4 to 1,384 due to a citywide reorganization. The specific way each departmental budget is affected by these changes 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 supplies, operating supplies, and repair and maintenance items (chemicals, road salt, etc.) and minor operating equipment not provided for in the equipment replacement fund or capital budget. The budget for supplies category only increased by $60,360 or 3.36%. While the increased cost of supplies is a city-wide issue, the greatest increases were in the Public Safety areas.

Other Charges

"Other Charges" include such expenditures as postage, professional services, equipment leases, internal service charges, and other miscellaneous expenditures. Other Charges increased by $1,678,220 when compared to the current year. Significant changes were fleet charges increasing by $1,137,560 primarly due to increased fuel charges ($557,120), maintenance costs – mostly parts ($227,680) and replacement funding ($302,550). In addition, Electricity, Gas, Water, Wastewater increased by $224,600. Increases in equipment leases of $661,620 were offset by reductions in insurance costs of $759,720, and increased repair and maintenance cost increases of $242,640 were offset by reduced Professional Service fees of $244,410.

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 are for subsidies to cover revenue shortfalls in the various Enterprise Funds. Overall General Fund Transfers increase by $393,760 from the previous fiscal year

to a total of $37,219,800. There are many changes in transfers this year. First time funding of $563,200 for tax increment financing, increased funding for the Special Revenue funds ($328,660), Inspections ($135,380), Stormwater ($230,460) and Solid Waste ($273,270) are offset by a reduction in funding for capital projects ($978,820) and the convention center ($247,190). For the first time in several years, the city must transfer $129,490 into the Inspections Fund. In recent years, this fund has been supported by permit fees. The decline in construction has resulted in a dramatic reduction in building permit revenue, and consequently the need to subsidize this fund in FY 08/09.. There are also large increases in transfers to Solid Waste and Stormwater. The increase in the transfer to Solid Waste is $343,360. This is largely to cover mandated escalators in the City waste collection contracts.

The pages that follow explain the specific departmental changes which make up the change in general fund expenditures for the FY 08/09 budget.

Administration

The proposed FY 08/09 Administration budget increases by $144,770 (6.48%). Personal services costs increased by $127,810 due to the transfer of 2 positions to the Office of Policy Development from other city departments. The proposed salary increase also had an impact on the personal services category. Decreased supply costs of $23,130 were offset by an increase in other expenses of $40,090. The increased amount is caused by the costs associated with the additional personnel transferred to Policy Development.

Finance Department

The FY 08/09 budget for the Finance and Accountability Department increased by $304,100 or 9.25%. Overall, personal services expenditures increase by $121,820 (4.98%) as the result of the proposed salary increase and higher health care costs. Supply cost decrease slightly by $390 or 1.32%. Other Charges increase by $182,670 or 22.49%. $130,000 of the increase occurred in the Revenue section for increased costs attributable by the Knox County Property Assessor outsourcing the appraisal of personal property. By state law the charge for this services is prorated among Knox County and the City of Knoxville and is based upon a formula.

Information Systems Department

The FY 08/09 budget for the Information Systems Department increased by $463,640 or 13.01%. Personal services increases by $69,760 due to the proposed salary increase and health care costs. The overall increase was partially offset by a decrease in supplies of $26,350 (27.19 %). General increases in the Repairs and Maintenance items account for a large increase - $209,230. This increase is for software and hardware annual maintenance for systems purchased and installed during FY07/08 including digital camera, air card security software, electronic document review, fleet, court and parking citation systems. An additional $196,900 was required to fund equipment leases adequately.

Community Development Department

The proposed budget for the Division of Development (Economic Administration) for FY 08/09 is $1,050,680, an increase of $71,730, when compared to the budget for FY 07/08. Savings in the personal services area of $111,960 result from two employees in the Ten-year plan being moved into a Special Revenue fund (Fund 240041). A decrease in supplies of $3,800 is offset by an increase of $167,490 or 30.75% for the Affordable Housing Program, which was previously budgeted in Community Agency Grants. At the same time, the allocation for the Development has been moved from this budget to a new section under the Knoxville partnership.

South Knoxville Waterfront

The City has created a department to oversee the development of the City's major South Knoxville Waterfront project. The proposed operating FY2009 budget is $292,280. The major funding for this project comes from the Capital Projects fund.

Engineering Department

The Department of Engineering budget decreases by $80,980 (1.4%). Increased personal service costs of $75,590 are offset by a decrease of $950 in Supplies and $155,620 in Other Expenses due to lower risk management and KGIS charges.

Public Service Department

The proposed budget for the Public Service Division totals $20,005,860, an increase of $1,058,900 (5.6%). Personal service costs increased by $271,590 (2.35%) due primarily to the salary in-

crease and increased health care costs. One public service employee was transferred to Policy Development. Other costs increased by $787,304 (12.1%) due to an increase in various fleet charges such as fuel and maintenance costs.

Parks and Recreation Department

The Parks and Recreation budget for FY 08/09 increases by $330,230 (5.15%). Personal service increases $200,010 (5.8%) mostly due to the salary increase and increased funding for health care costs. Changes in the federal minimum wage law are having a minor impact on additional compensation for athletic officials. Supply costs show a small decrease of $8,960 (3.01 %). The 'Other Cost' category increases by $139,180 (5.22%), which is mostly due to additional funding requirements for utility costs.

Mass Transit Division (Grant Match)

The Mass Transit Grant Match for FY 08/09 increases by $20,000 FY 07/08 to $850,000. This funding is sufficient to meet the City's current grant match requirements.

Law

The FY 08/09 budget for the Law Department decreases by ($5,920). Personal Services decrease by $6,110 due to a staff reorganization. Supply costs decrease and other charges increase due to an accounting change related to legal subscriptions.

Police Department

The FY08/09 budget for the Police Department is $44,730,920, an increase of $1,537,310 or 3.6%, over last year. Personal Services increase by $1,512,450 (4.9%) due to compensation plan changes for Police Officers in addition to the 2.5% across the board increase.

Higher fleet and utility costs accounted for another $98,860, mostly resulting from increased fuel costs. Authorized strength for uniformed positions increases to 416 due to the addition of two grant funded ICAC positions.

Emergency Management Department

The FY 08/09 budget for Emergency Management decreases by ($3,670) from last year. The change in the budget is primarily due to decreases in health insurance charges and reduced risk management charges.

Fire

The FY 08/09 proposed budget for the Fire Department is $31,068,220 representing an increase of $1,531,030 or 5.18% over FY 07/08. Personal services increase $1,013,830 due to the proposed salary increase and compensation plan changes.

Supplies increase by $152,740 due to the one time purchase of fire safety equipment. Other charges increase by $322,960, largely due to higher risk management charges.

The authorized strength for the uniformed personnel for FY 08/09 remains at 328. There are 10 non-uniformed personnel for a total department count of three hundred thirty-eight (338).

Civil Service Department

The Civil Service budget for FY 08/09 increases by $34,710 to a total of $978,390. Personal services costs increase by $26,060 due to the proposed salary increase and increased health care costs. Supply costs decrease by $1,500. There is a slight increase of $10,150 in the other costs category, due to an increase in funding for communications and risk management charges.

Non-departmental

City Elections Division

Pursuant to state law, all elections are managed by the Knox County Commission. The Commission charges the City for its proportionate share of any primary or general elections. The FY08/09 budget decreases to $30,000 since no general city election is scheduled for this fiscal year.

Other Funds

State Street Aid (Fund 201)

The State Street Aid budget remains at $4,910,000. Revenues to this fund are projected to be static when compared to FY 07/08. Consequently an increase of $250,000 for street lighting is offset by a corresponding reduction in the transfer to the capital projects fund.

Abandoned Vehicles (Fund 209)

The FY 08/09 budget for the Abandoned Vehicles Fund totals $910,000, which is an increase of $115,000 from last year. Higher wrecker service charges are responsible for this increase. The City will recoup corresponding revenues to cover these changes.

City Court (Fund 213)

The total budget for City Court is $5,319,910. Actual budgeted expenditures are $927,550. Projected excess fees collected, which are transferred to the General Fund, are $4,392,360, which is a 9.68% increase from prior year.

City Inspections (Fund 216)

Due to significantly lower revenues, General Fund support for Inspections is once again required. $135,380 will be transferred from the General Fund. The total Inspections budget increases by $156,250 largely due to higher risk management charges.

Stormwater (Fund 220)

The proposed budget for FY 08/09 increases by $241,990 or 11.35% compared to the previous fiscal year largely due to higher risk management charges.

Solid Waste (Fund 230)

The Public Service Department manages the Solid Waste Management Fund. The FY 08/09 budget for Solid Waste is $10,303,960 an increase of $343,270 from the prior year. This is primarily due to increases in contracted services, various fleet costs and risk management charges. The General Fund transfer to Solid Waste is budgeted at $9,385,590, an increase of $273,270 when compared to last year.

Housing Grants (Fund 260)

Beginning with FY 98/99, various housing grants administrated by the Community Development Department are budgeted in these funds. The total for FY 08/09 grants is $1,745,300. Funding is for the Home Grant ($1,662,310) and an Emergency Shelter Grant (ESG) of $82,990. The Home Grant decreased this year by $69,620.

Empowerment Zone (Fund 270)

The Empowerment Zone (EZ) budget for FY2008/09 is $6,902,300, with $6,000,000 being budgeted for disbursement of EZ loans which will be fully reimbursed by the Federal government from previously approved grants.

Community Development (Fund 290)

The Community Development Fund is managed the Community Development Department. The overall budget for Community Development is $2,003,360, a decrease of $123,010. The Community Development Block Grant for FY 08/09 is $1,858,360, a decrease of $67,710 from last year.

Public Assembly Facilities (Fund 503)

The Public Assembly Facilities Fund includes operations at the Civic Coliseum/Auditorium and Chilhowee Park. The proposed FY08/09 budget increases by $807,410 from FY 07/08. Personal services increases by $89,360 due to additional costs for the proposed salary increase. Supply costs decrease $11,750 to $195,290. Other charges increase by $729,800. This is mainly due to additional funding for depreciation, fleet charges and utilities.

Metro Parking (Fund 504)

The Metro Parking Fund covers the following City parking facilities: Jackson Avenue , Main Avenue Garage, Market Square Garage, Promeande Garage and the State Street Garage. These facilities are managed by the Public Building Authority (PBA) for the city. The FY 08/09 budget increases by $1,691,320, largely due a $1 million transfer to the Capital Projects Fund, and higher depreciation charges. There are no personnel or supply costs in this fund.

Knoxville Convention Center (Fund 506)

This fund includes the Locust Street Garage and the City's Convention Center, as well as debt service and depreciation associated with these facilities. The total budget for this fund is $22,612,370 which represents a $1,300,940 increase from FY07/08. This increase is mainly attributable to increases in professional service charges and depreciation. The budget as prepared reflects an improvement in the Center's ability to sustain its operations as the City's funding obligation de-

creased by $247,190 to $2,139,770.

Mass Transportation (Fund 507)

The FY 08/09 budget for Mass Transit operations is $19,584,060. The budget includes all three divisions of KAT; Motor Buses, Trolleys, and Lift (paratransit). Operating expenses increase by $2,155,070. This is mainly due to salary increases, other costs related to salaries, health care costs and substantial fuel cost increases. Also, included is funding for service to the Woodland Apartments ($65,000) pending annexation.

Fleet Services (Fund 702)

The Fleet Services Operating Fund increases by $881,160. Supplies increased by $664,890 due to higher fuel ($566,090) and part prices ($68,100). The Fleet Service Equipment Replacement Fund is budgeted at $4,970,000.

Risk Management (Fund 704)

The Risk Management Fund is a division of the Finance and Accountability Department. The budget for FY 08/09 increases by $6,760 (or 0.08%) to $8,366,070 from the previous fiscal year. This is attributable mainly due to higher workers compenation charges.

Health Care (Fund 705)

The FY 08/09 budget for Health Care increases by $2,109,130 or 14.99% from FY 07/08 to $16,175,380. Personal services costs increase $32,970 or 21.7% mostly due to the proposed salary increase. The supplies category decreases slightly to $9,600. The Other Expense category increases by $2,076,280 to $15,980,700, due to higher health care costs.

GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2008/09

Department	Actual FY 05/06	Actual FY 06/07	Adopted Budget FY 07/08	Proposed Budget FY 07/08	$ Change 07/08 - 08/09	% Change 07/08 - 08/09
Administration	1,996,016	2,056,658	2,233,330	2,378,100	144,770	6.48%
Finance	2,882,891	2,992,260	3,287,000	3,591,100	304,100	9.25%
Information Systems	3,153,541	3,190,696	3,564,700	4,028,340	463,640	13.01%
Community Development	564,548	682,861	978,950	1,050,680	71,730	7.33%
South Knoxville Waterfront	0	0	285,410	292,280	6,870	2.41%
Public Services	16,688,727	18,506,507	18,946,960	20,005,860	1,058,900	5.59%
Engineering	5,058,148	5,379,139	5,787,930	5,706,950	(80,980)	(1.40%)
Recreation	6,000,818	6,139,663	6,414,150	6,744,380	330,230	5.15%
Knoxville Area Transit (KAT)	882,950	830,000	830,000	850,000	20,000	2.41%
Law	1,550,812	1,573,216	1,673,140	1,667,220	(5,920)	(0.35%)
Police	37,066,176	39,847,585	43,193,610	44,730,920	1,537,310	3.56%
Emergency Management	260,508	277,999	296,640	292,970	(3,670)	(1.24%)
Fire	27,979,769	27,998,056	29,537,190	31,068,220	1,531,030	5.18%
Legislative	845,590	815,596	881,320	906,490	25,170	2.86%
Civil Service	908,805	916,891	943,680	978,390	34,710	3.68%
Nondepartmental						
City Elections	271,265	10,933	280,000	30,000	(250,000)	(89.29%)
Knoxville Partnership	726,401	540,000	540,000	673,390	133,390	24.70%
Metropolitan Planning Commission (MPC)	737,550	713,430	713,430	763,430	50,000	7.01%
Knoxville Zoological Park	864,210	908,420	909,920	907,100	(2,820)	(0.31%)
Agency Grants	1,237,700	1,900,400	1,533,400	1,130,200	(403,200)	(26.29%)
Waterfront	322,516	358,543	469,390	511,590	42,200	8.99%
Community Action Committee (CAC)	444,980	444,550	469,250	517,370	48,120	10.25%
Reserve	0	0	2,410,000	2,450,000	40,000	1.66%
Miscellaneous Expenses	0	0	355,720	0	(355,720)	(100.00%)
Transfers	35,751,721	41,471,348	36,470,320	37,219,800	749,480	2.06%
Subtotal - Nondepartmental	40,356,343	46,347,624	44,151,430	44,202,880	51,450	0.12%
GRAND TOTAL	146,195,642	157,554,751	163,005,440	168,494,780	5,489,340	3.37%

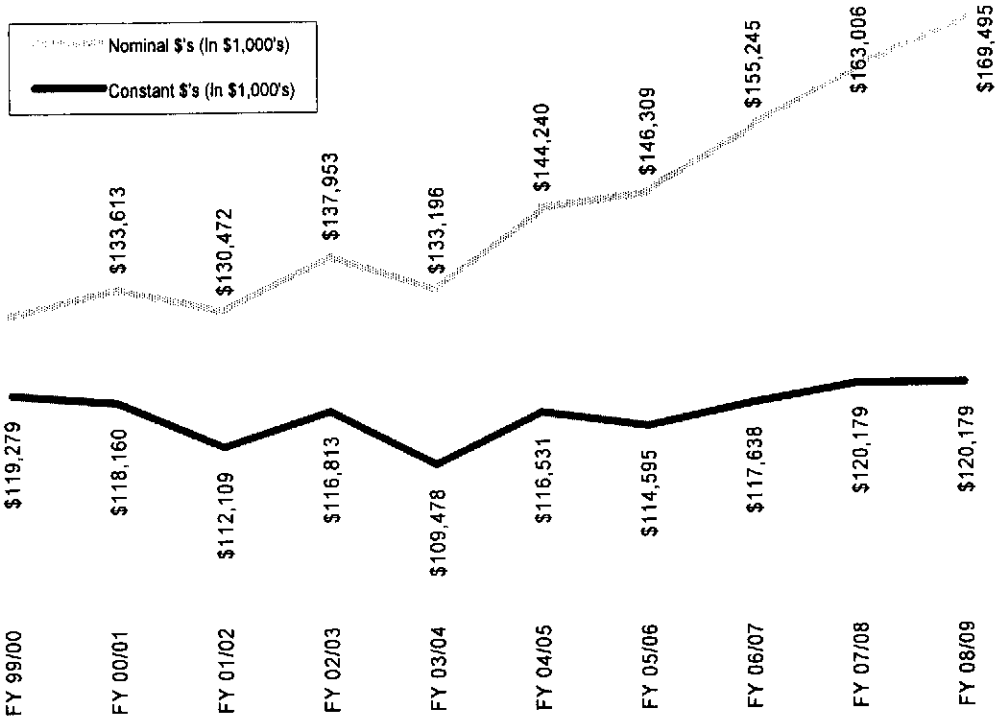
GENERAL FUND BUDGET BY DEPARTMENT

Fiscal Years 2004/05 - 2008/09

Department	Adopted Budget FY 04/05	Adopted Budget FY 05/06	Adopted Budget FY 06/07	Adopted Budget FY 07/08	Proposed Budget FY 07/08
Administration	1,693,720	2,061,890	2,169,830	2,233,330	2,378,100
Finance	2,941,180	3,180,010	3,167,780	3,287,000	3,591,100
Information Systems	2,922,560	3,201,410	3,391,170	3,564,700	4,028,340
Community Development	637,680	566,190	736,090	978,950	1,050,680
South Knoxville Waterfront	0	0	0	285,410	292,280
Public Services	14,333,840	16,956,660	18,627,940	18,946,960	20,005,860
Engineering	6,220,840	5,170,500	5,325,990	5,787,930	5,706,950
Recreation	5,952,980	5,692,990	5,862,910	6,414,150	6,744,380
Knoxville Area Transit (KAT)	857,240	882,950	830,000	830,000	850,000
Law	1,437,170	1,503,090	1,582,860	1,673,140	1,667,220
Police	37,598,500	38,974,730	40,825,150	43,193,610	44,730,920
Emergency Management	267,500	277,480	284,650	296,640	292,970
Fire	25,698,020	27,517,840	28,032,920	29,537,190	31,068,220
Legislative	811,400	821,830	861,660	881,320	906,490
Civil Service	887,870	946,310	945,800	943,680	978,390
Nondepartmental					
City Elections	35,000	265,000	40,000	280,000	30,000
Knoxville Partnership	689,820	696,580	540,000	540,000	673,390
Metropolitan Planning Commission (MPC)	692,650	737,550	713,430	713,430	763,430
Knoxville Zoological Park	864,210	864,210	863,420	909,920	907,100
Agency Grants	1,489,170	1,197,700	1,870,400	1,533,400	1,130,200
Waterfront	275,730	359,380	372,920	469,390	511,590
Community Action Committee (CAC)	444,980	444,980	444,550	469,250	517,370
Reserve	1,450,000	1,965,000	1,952,410	2,410,000	2,450,000
Miscellaneous Expenses	0	0	0	355,720	0
Transfers	36,037,480	32,024,320	35,803,020	36,470,320	37,219,800
Subtotal - Nondepartmental	41,979,040	38,554,720	42,600,150	44,151,430	44,202,880
GRAND TOTAL	144,239,540	146,308,600	155,244,900	163,005,440	168,494,780

Equalized General Fund Budget

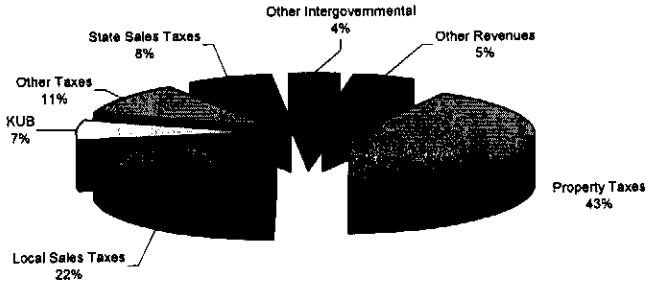
Fiscal Years 1999/00 – 2008/09



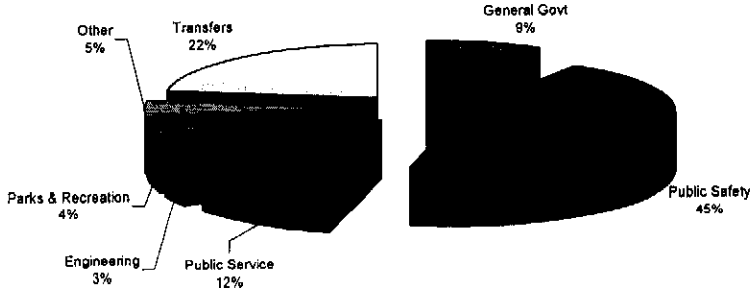
The chart above shows the actual adopted General Fund budget compared to the budget adjusted for the impacts of inflation. As can be seen the adjusted budget has fluctuated over the years. The proposed FY 08/09 budget, as adjusted, is up by $900,000 million compared to 10 years ago, and is unchanged compared to a year ago.

General Fund Revenue and Expenditures
FY 2008-09

Where the money comes from

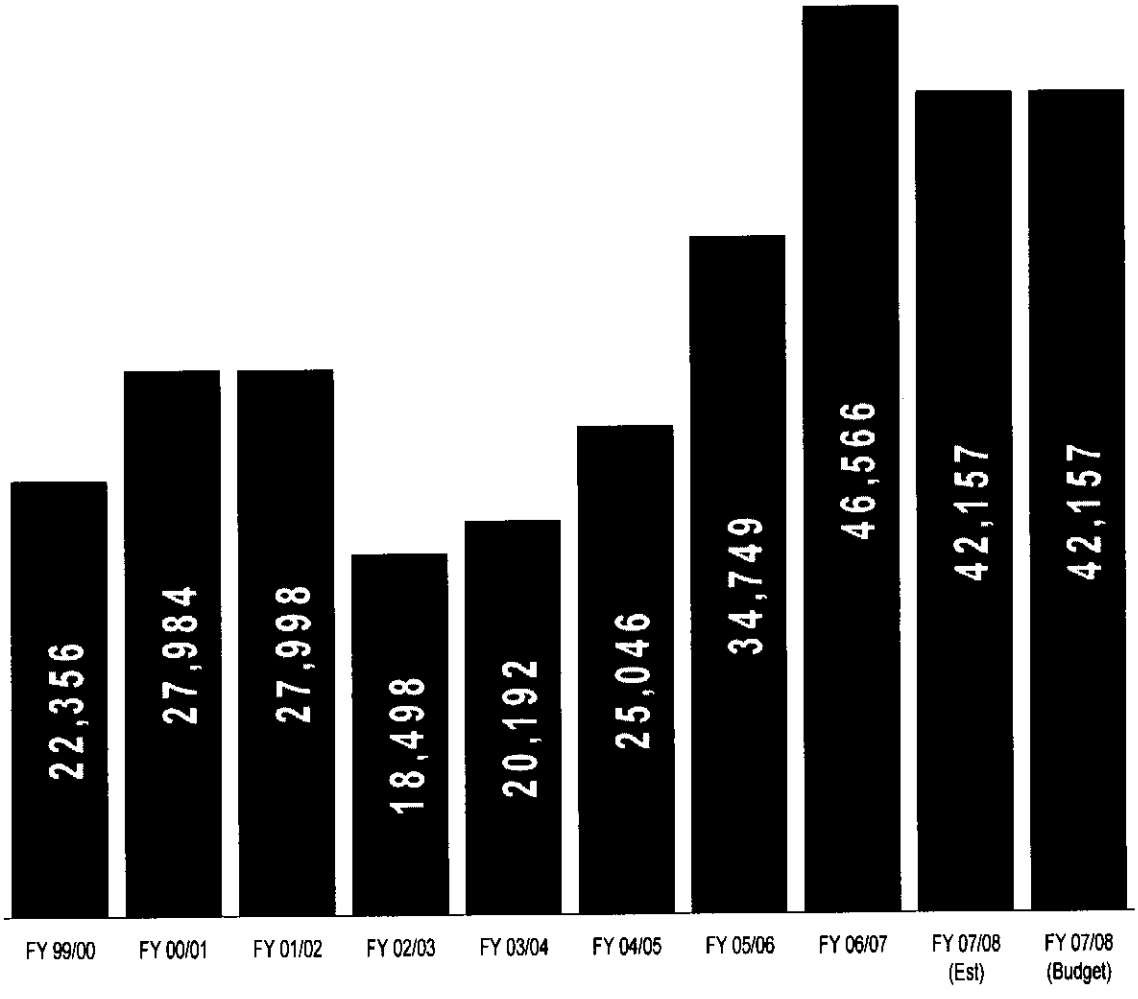


Where the money goes



General Fund Ending Fund Balance

Fiscal Years 1999/00 – 2008/09



All numbers in $1,000's.

The chart above shows the General Fund ending fund balance from FY 99/00 to FY 08/09. The FY 07/08 total is an estimate. As can be seen in the chart the fund balance declined by a large amount in FY 02/03, increased in FY 03/04, FY 04/05, FY 05/06 and FY 06/07. It is expected to decrease in FY 07/08. There is no proposed use of fund balance in FY 08/09.

Authorized Positions by Department

Full and Part-Time General Fund

Department	FY 06-07 Full Time	FY 06-07 Part Time	FY 07-08 Full Time	FY 07-08 Part Time	FY 08-09 Full Time	FY 08-09 Part Time	Total Change 07/08 - 08/09
Administration	24	1	24	2	25	2	1
Finance	43	1	43	1	43	1	0
Information Systems	30	0	30	0	30	0	0
Development Services	4	0	0	0	0	0	0
Community Development	0	0	6	0	4	0	(2)
South Knoxville Waterfront	0	0	2	0	2	0	0
Public Services	286	0	286	0	285	0	(1)
Engineering	62	2	61	1	59	1	(2)
Inspections	0	0	0	0	0	0	0
Recreation	50	15	50	15	49	15	(1)
Law	13	0	13	0	13	0	0
Police	514	28	516	2	517	3	2
Emergency Management	3	0	3	0	3	0	0
Fire	338	0	338	0	338	0	0
Legislative	3	9	3	9	3	9	0
Civil Service	14	1	13	0	13	0	0
Nondepartmental							
Knoxville Partnership	1	0	0	0	0	0	0
Subtotal - Nondepartmental	1	0	0	0	0	0	0
Total - Full Time	1,385	57	1,388	30	1,384	31	(3)

Permanent Full Time Personnel

General Fund FY 04/05 - 08/09

Department	FY 04-05 Full Time	FY 05-06 Full Time	FY 06-07 Full Time	FY 07-08 Full Time	FY 07-08 Full Time	Change 04/05 - 08/09	Change 07-08 -08/09
Administration	19	24	24	24	25	6	1
Finance	42	43	43	43	43	1	0
Information Systems	29	29	30	30	30	1	0
Development Services	3	3	4	0	0	(3)	(4)
Community Development	1	0	0	6	4	3	4
South Knoxville Waterfront	0	0	0	2	2	2	2
Public Services	253	280	286	286	285	32	(1)
Engineering	87	62	62	61	59	(28)	(3)
Recreation	55	52	50	50	49	(6)	(1)
Law	13	13	13	13	13	0	0
Police	518	515	514	516	517	(1)	3
Emergency Management	3	3	3	3	3	0	0
Fire	339	339	338	338	338	(1)	0
Legislative	3	3	3	3	3	0	0
Civil Service	14	13	14	13	13	(1)	(1)
Nondepartmental							
Knoxville Partnership	1	1	0	0	0	(1)	0
Subtotal - Nondepartmental	1	1	0	0	0	(1)	0
Total - Full Time	1,380	1,380	1,384	1,388	1,384	4	0

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2008/09

Description	Actual FY 05/06	Actual FY 06/07	Adopted FY 07/08	Adopted FY 08/09	Dollar Change	Percentage Change
Operating Grants						
Affordable Housing Demonstration Proj.	322,600	323,000	323,000	0 *	(323,000)	(100.00%)
Arts and Cultural Alliance	44,500	25,000	10,000	25,000	15,000	150.00%
Beck Cultural Center	27,700	28,000	30,000	28,000	(2,000)	(6.67%)
Bijou Theatre	0	0	20,000	22,500	2,500	12.50%
Blount Mansion Association	7,400	7,500	7,500	7,500	0	0.00%
Center School	3,000	0	0	0	0	
Cerebral Palsy Center	6,500	6,500	6,500	6,500	0	0.00%
Cerebral Palsy Housing Corp.	4,700	0	0	0	0	
Central Business Improvement District	40,000	80,000	60,000	60,000	0	0.00%
Child and Family Services	42,400	42,000	42,000	42,000	0	0.00%
Circle Modern Dance	0	0	0	1,000	1,000	
Discovery Center	0	20,000	20,000	20,000	0	0.00%
East Tennessee Community Design Center	0			6,000	6,000	
East Tennessee Historical Society	7,400	7,500	7,500	15,000	7,500	100.00%
Epilepsy Foundation	1,500	0	0	0	0	
Florence Crittenton Home	4,400	4,500	4,500	4,000	(500)	(11.11%)
Friends of the Knox County Library	0			3,200	3,200	
Great Schools Partnership	0			10,000	10,000	
Helen Ross McNabb Center	5,600	5,500	5,500	5,500	0	0.00%
Hola Hora Latina	0			500	500	
Interfaith Health Clinic	20,000	20,000	20,000	20,000	0	0.00%
James White Fort	7,000	5,000	7,000	7,000	0	0.00%
Joy of Youth Music School	0			7,500	7,500	
Keep Knoxville Beautiful	5,000	5,000	5,000	5,000	0	0.00%
Knox Heritage	0	20,000	20,000	20,000	0	0.00%
Knoxville Area Urban League	46,100	46,000	46,000	46,000	0	0.00%
Knoxville Museum of Art	125,000	125,000	125,000	115,000	(10,000)	(8.00%)
Knoxville Opera Company	5,000	10,000	10,000	20,000	10,000	100.00%
Knoxville Rescue Squad	41,500	41,500	41,500	0 **	(41,500)	(100.00%)
Knoxville Safe Haven	12,500	12,500	12,500	10,000	(2,500)	(20.00%)
Knoxville Symphony	45,000	45,000	45,000	47,500	2,500	5.56%
Knoxville Writer's Guild	0			500	500	
Kuumba Festival	0	0	20,000	20,000	0	0.00%
McClung Museum	0	3,000	3,000	0	(3,000)	(100.00%)
Metropolitan Drug Commission	46,100	46,000	46,000	45,000	(1,000)	(2.17%)
MPC/Smart Trips	2,500	0	0	0	0	
Nativity Pageant	1,500	0	0	0	0	
Senior Citizens Home Assistance	23,100	23,000	23,000	20,000	(3,000)	(13.04%)
Sertoma Center	22,600	22,500	22,500	22,500	0	0.00%
Tennessee Children's Dance Ensemble	1,400	1,400	1,400	1,000	(400)	(28.57%)
Tennessee Theatre Foundation	46,100	46,000	46,000	46,500	500	1.09%
UT Speech and Hearing Center	4,500	4,000	0	0	0	
WDBX	0	5,000	5,000	10,000	5,000	100.00%
YWCA	5,100	5,000	5,000	5,000	0	0.00%
Subtotal - Operating Grants	977,700	1,035,400	1,040,400	725,200	(315,200)	(30.30%)
Capital Grants						
Arts & Cultural Alliance Capital	0	0	15,000	0	(15,000)	(100.00%)
Bijou Theatre Capital	55,000	75,000	0	0	0	
Boys/Girls Club Capital	0	0	200,000	150,000	(50,000)	(25.00%)
East Tennessee Historical Museum Capital	0	0	0	20,000	20,000	
Fountain City Lions Club Capital	0	0	0	15,000	15,000	
Helen Ross McNabb Capital	0	60,000	60,000	0	(60,000)	(100.00%)
Knoxville Botanical Gardens and Arboretum	0	30,000	0	75,000	75,000	
Love Kitchen Capital	0	0	18,000	0	(18,000)	(100.00%)
Mabry Hazen House Capital	5,000	0	0	0	0	
Senior Citizen's Home Assistance Capital	0	0	0	125,000	125,000	
Tennessee Theatre Capital	0	500,000	0	0	0	
Transportation Planning Organization Capital	0			20,000	20,000	
YMCA Capital	200,000	200,000	200,000	0	(200,000)	(100.00%)
Subtotal - Capital Grants	260,000	865,000	493,000	405,000	(88,000)	(10.17%)
Grand Total	1,237,700	1,900,400	1,533,400	1,130,200	(403,200)	(21.56%)

* Beginning in FY 08/09 this contribution is budgeted in the General Fund, Community Development (100-23710).

** Beginning in FY 08/09 this contribution is budgeted in the General Fund, Fire (100-72510).

Description	Budget FY 07/08	Budget FY 08/09	Change 07/08 - 08/09	Comment
General Purpose School Transfer	355,720	0	(355,720)	Pension contributionfor past service liability (Schools)
Community Improvement (202) Transfer	80,000	90,000	10,000	Transfer for community improvements (see Fund 202)
City Inspections Transfer	0	135,380	135,380	Subsidy for City Inspections (see Fund 216)
Stormwater Transfer	1,969,600	2,200,060	230,460	Funding for Stormwater operations (see Fund 220)
Solid Waste Transfer	9,112,320	9,385,590	273,270	Funding for Solid Waste operations (see Fund 230)
Special Revenue Fund Transfer	716,720	1,035,380	318,660	Transfer for Senior Aides, Urban Growth, 10 Year Plan, Others (see Funds 240 & 250)
Tax Increment Transfer	0	563,200	563,200	Tax Increment Subsidy ($739,910) (see Fund 306)
Capital Projects Transfer	9,643,470	8,664,650	(978,820)	Capital Purchases (see Fund 401)
Chilhowee Park Transfer	760,710	868,700	107,990	Subsidy for Chilhowee Park operations (see Fund 503)
Auditorium/Coliseum Transfer	1,101,720	1,216,940	115,220	Subsidy for Coliseum (see Fund 503)
Convention Center Transfer	2,386,960	2,139,770	(247,190)	Support for Convention Center Operations (see Fund 506)
World's Fair Park Transfer	1,544,610	1,507,410	(37,200)	Subsidy for WFP operations (see Fund 506)
Mass Transit Transfer	6,737,670	6,764,770	27,100	KAT operating subsidy (see Fund 507)
Trolley Transfer	471,180	645,850	174,670	Trolley operating subsidy (see Fund 507)
Golf Course Transfer	95,000	128,800	33,800	Subsidy for Municipal Golf Course (see Fund 508)
Risk Management Transfer	827,430	863,120	35,690	Support administration of Risk Fund (see Fund 704)
Health Care Transfer	355,830	404,450	48,620	Support administration of Health Care Fund (see Fund 705)
Employer Subsidy - Retiree Health Care	667,100	605,730	(61,370)	Subsidy to offset a portion of retiree's health care costs
	36,826,040	37,219,800	393,760	

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, auditorium improvements, fleet purchases, the new Convention Center, and various other projects. As of June 30, 2008, 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 expected to be $223,796,030. This assumes the issuance of approximately $14,500,000 in new debt for the South Knoxville Waterfront by the end of the current fiscal year. 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 6/30/08	Principal Paid In FY 08/09	Principal Outstanding 6/30/09
G.O.Bonds & Notes	$78,400,000	$8,050,000	$70,350,000
Other Debt	1,156,030	68,060	1,087,970
Enterprise Fund Debt	144,240,000	3,430,000	140,810,000
Total	$223,796,030	$11,548,060	$212,247,970

The debt of the City can be separated into three basic categories: general obligation bonds; other debt, i.e., debt that is not a general obligation of the City; 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. There is, however, a large transfer of funds from this fund to the Convention Center Fund to help pay principal and interest on that facility's debt.

The Other Debt category consists of a debt obligation to Knox County. The City and County have jointly funded construction of an animal welfare center. The costs were funded from bonds issued by Knox County. The amount listed under other debt is the City's share of the debt repayment for the animal welfare center.

The primary revenue to this fund comes from a property tax levy of 75¢. This levy is unchanged when compared to the FY 07/08. For FY 08/09, property tax is projected to yield approximately $25.6 million. Also included are interest earnings of $1,100,000. The Knoxville Community Development Corporation (KCDC) received a portion of the City's Series 2000-A bonds, and is committed to repay the debt service on that portion. In FY 08/09 that amount is $224,560.

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 08/09, as well as a complete amortization schedule by year.

DEBT SERVICE SCHEDULE

Fiscal Year 2008/09

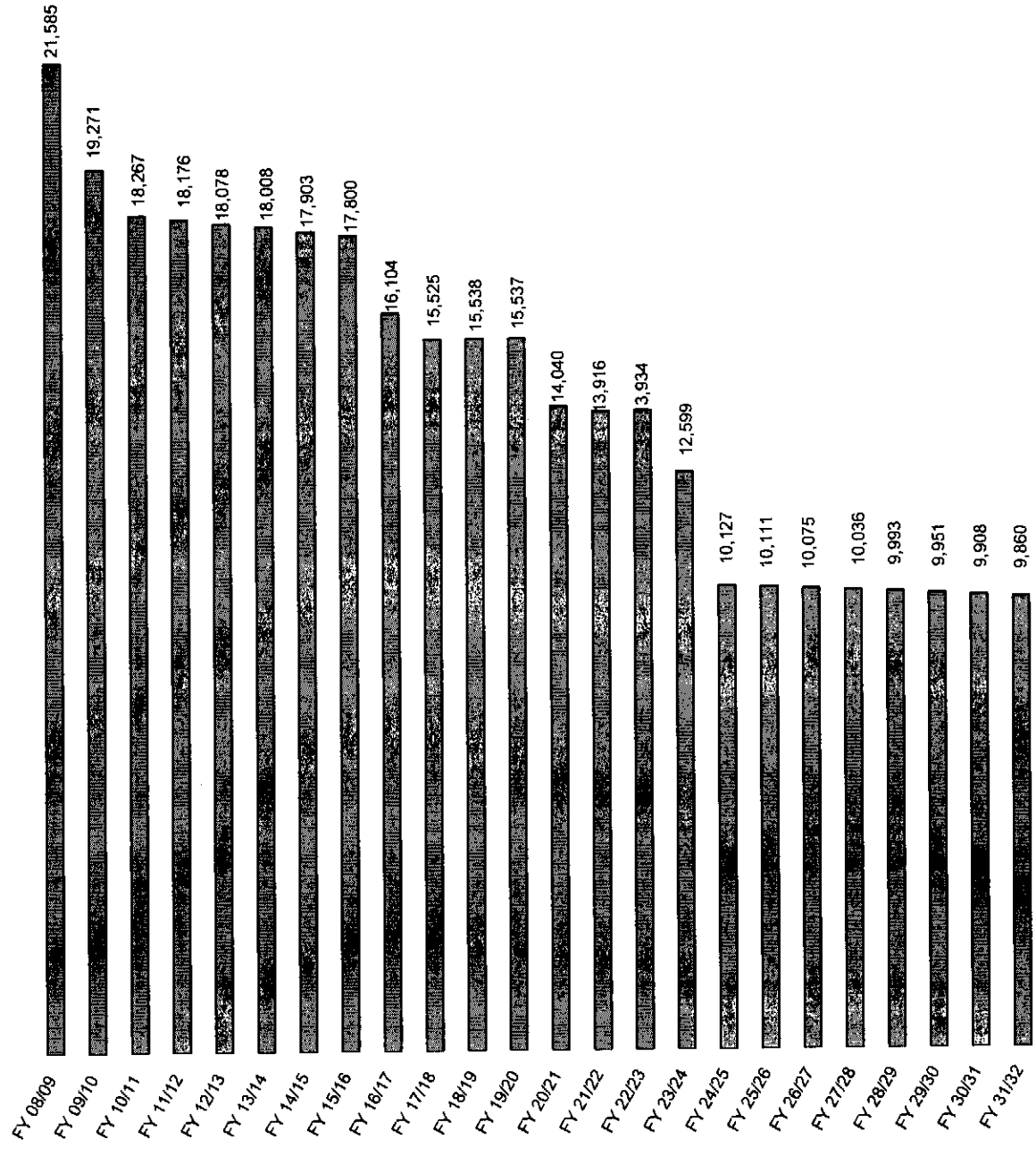
Bond Issue	Final Maturity	Principal Balance 06/30/2008	Principal Payable FY 08/09	Interest Payable FY 08/09	Total Payable FY 08/09	Principal Balance 06/30/2009
General Obligation Bonds						
G.O. Series 2004 A	05/24	28,810,000	1,385,000	1,145,350	2,530,350	27,425,000
G.O. Refunding Series 2004 B	05/17	21,630,000	5,055,000	945,000	6,000,000	16,575,000
G.O. Refunding Series 2005 A	05/20	13,460,000	900,000	603,870	1,503,870	12,560,000
G.O. Series 2008 (Estimated)	05/23	14,500,000	710,000	621,460	1,331,460	13,790,000
Subtotal - G.O. Bonds		78,400,000	8,050,000	3,315,680	11,365,680	70,350,000
Other Debt						
Knox County - 2002	06/21	1,156,030	68,060	59,310	127,370	1,087,970
Subtotal - Other Debt		1,156,030	68,060	59,310	127,370	1,087,970
Grand Total- Fund 305		79,556,030	8,118,060	3,374,990	11,493,050	71,437,970
Enterprise Fund Debt						
TN Loan - 1999	06/20	33,930,000	2,185,000	1,526,850	3,711,850	31,745,000
G.O. Series 2002 A	06/25	50,340,000	1,245,000	2,436,810	3,681,810	49,095,000
TN Loan Variable Rate - 2002	06/32	59,970,000	0	2,698,650	2,698,650	59,970,000
Subtotal - Enterprise Fund		144,240,000	3,430,000	6,662,310	10,092,310	140,810,000
		223,796,030	11,548,060	10,037,300	21,585,360	212,247,970

Debt Amortization Schedule

Fiscal Years 2008/09 - 2031/32

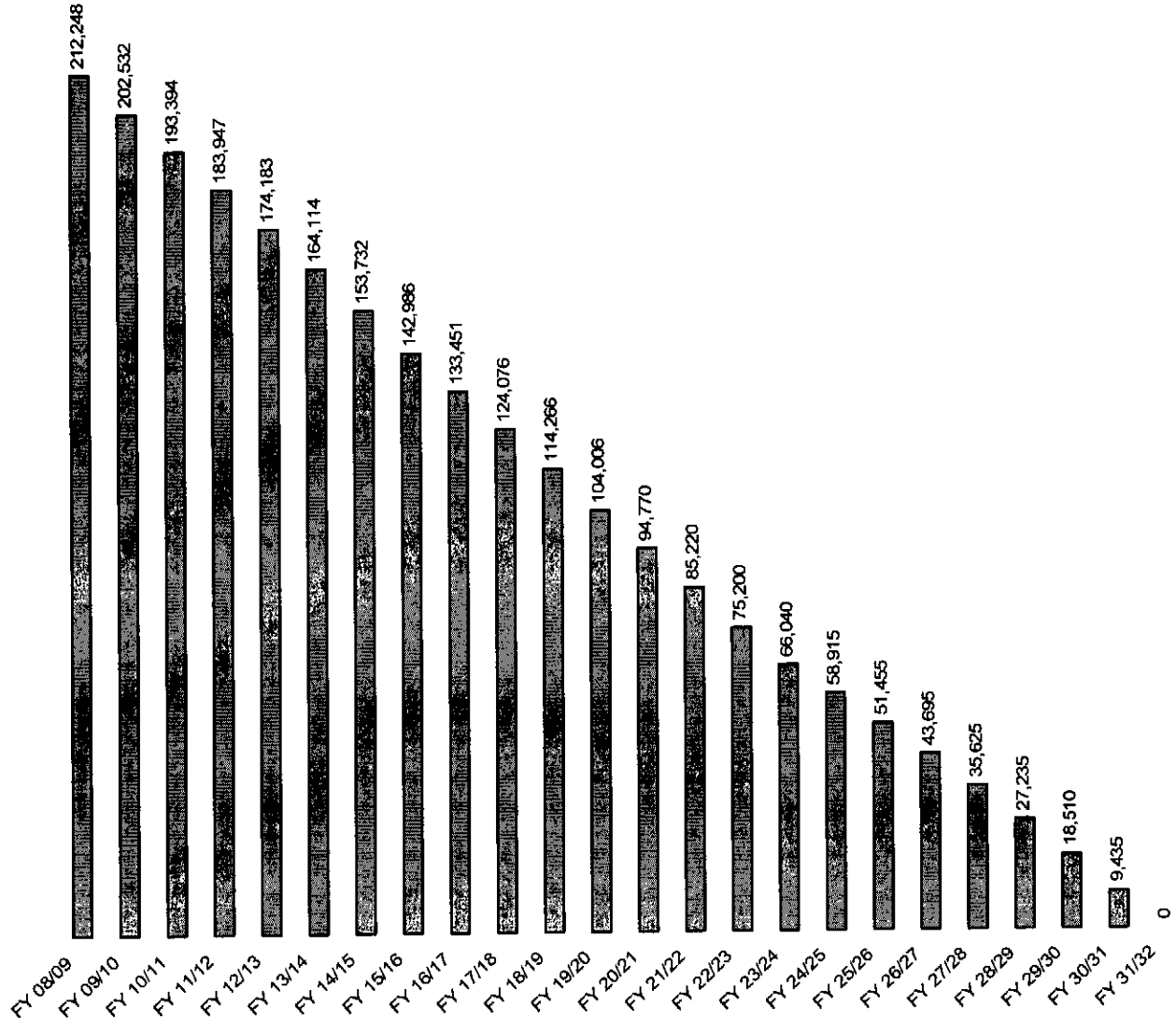
Fiscal Year	G.O. Bonds P & I	Other Debt P & I	Enterprise P & I	Total P & I	Principal Balance EOY
2009	11,365,680	127,370	10,092,310	21,585,360	212,247,970
2010	9,050,240	126,360	10,094,190	19,270,790	202,532,340
2011	8,047,140	125,510	10,094,560	18,267,210	193,393,860
2012	7,954,590	124,510	10,096,530	18,175,630	183,947,340
2013	7,855,320	123,620	10,099,530	18,078,470	174,182,500
2014	7,786,620	122,950	10,097,990	18,007,560	164,114,140
2015	7,679,400	122,280	10,101,510	17,903,190	153,732,070
2016	7,573,480	121,920	10,104,670	17,800,070	142,986,010
2017	5,875,100	121,730	10,106,870	16,103,700	133,450,580
2018	5,295,300	121,520	10,108,350	15,525,170	124,075,590
2019	5,306,440	121,370	10,109,950	15,537,760	114,265,750
2020	5,299,940	121,360	10,115,280	15,536,580	104,005,680
2021	3,799,840	121,470	10,118,650	14,039,960	94,770,000
2022	3,800,460	0	10,115,900	13,916,360	85,220,000
2023	3,815,110	0	10,118,650	13,933,760	75,200,000
2024	2,483,390	0	10,115,900	12,599,290	66,040,000
2025	0	0	10,127,150	10,127,150	58,915,000
2026	0	0	10,111,180	10,111,180	51,455,000
2027	0	0	10,075,480	10,075,480	43,695,000
2028	0	0	10,036,280	10,036,280	35,625,000
2029	0	0	9,993,130	9,993,130	27,235,000
2030	0	0	9,950,580	9,950,580	18,510,000
2031	0	0	9,907,950	9,907,950	9,435,000
2032	0	0	9,859,580	9,859,580	0
	102,988,050	1,601,970	241,752,170	346,342,190	

Annual Debt Payments
FY 2008/09– 2031/32



All numbers in $1,000's.

Remaining Debt Outstanding (End of Year)
FY 2008/09 – 2031/32



All numbers in $1,000's.

Capital Improvements Budget

FY 08/09

Project	Proposed Funding	Funding Source
Administration		
Cumberland Ave Project	$ 625,000	$125,000 Debt Service Fund; $500,000 State Grants
Downtown North	150,000	General Fund
Downtown Sidewalk Repair	250,000	Debt Service Fund
Downtown Improvement Fund	50,000	General Fund
Jackson/Depot Redevelopment Area Acquisition	250,000	Debt Service Fund
State Street Garage Expansion	1,000,000	Metro Parking Fund
Subtotal - Administration	2,325,000	
Finance		
The Center Building Expansion	53,000	Debt Service Fund
Subtotal - Finance	53,000	
Community Development		
ADA Access Improvements	150,000	Debt Service Fund
KCDC Park City Infill Housing	175,000	$150,000 Debt Service Fund; $25,000 House Fund
Chronic Problem Properties	250,000	Debt Service Fund
Blighted Property Acquisition	250,000	$200,000 Debt Service Fund; $50,000 General Fund
Façade Improvement Program	100,000	Debt Service Fund
Sidewalk Repair (Adjacent to Façade Project)	50,000	Debt Service Fund
Subtotal - Community Development	975,000	
Engineering		
Bridge Maintenance Program	650,000	State Street Aid Fund
ADA Curb Cuts	250,000	General Fund
Sidewalk Safety Program	250,000	$200,000 State Street Aid Fund:; $50,000 General Fund
Citywide Resurfacing Program	4,400,000	General Fund
SAFETEA-LU Roadway Improvements Match	1,200,000	General Fund
Neighborhood Drainage Imps. Program	250,000	General Fund
Citywide Traffic Calming	100,000	General Fund
Traffic Signal Modernization Program	175,000	State Street Aid Fund
Citywide New Sidewalk Construction	200,000	General Fund
Alley Paving	200,000	General Fund
First Creek Imps. - Phase II Lower End	500,000	Debt Service Fund
Gay Street Sidewalk - 100 Block	1,000,000	Debt Service Fund
Replacement of Jackson Avenue Ramps	225,000	Debt Service Fund
Crosswalk Safety Program	80,000	General Fund
Cross Park Drive Drainage, Phase II	1,200,000	Debt Service Fund
I-275 Business Park Improvements	248,000	Debt Service Fund
Westland Drive Bridge Replacement @ Craigland Ct.	880,000	Debt Service Fund
Street Lighting Projects	1,000,000	Debt Service Fund
Central Ave. Pike at Days Inn North Drainage Improvements	150,000	Debt Service Fund
Lake Avenue Stormdrain Improvements	350,000	Debt Service Fund
Citywide Roadway Safety Program	200,000	General Fund
Mary James Park/Baker Creek Restoration	50,000	Debt Service Fund
Martin Luther King Jr. Ave. Improvements	322,000	Debt Service Fund
Prosser Road Landfill	90,000	Debt Service Fund
Subtotal - Engineering	13,970,000	
Public Service		
Public Works/Fleet -Facilities Improvements Five Year Plan	600,000	Debt Service Fund
Skyline Drive-Property Acquisition and Site Improvements	110,000	Debt Service Fund
Special Events Staging	10,500	Debt Service Fund
Wheel Crusher - Solid Waste Management Facility	22,150	General Fund
Roof & HVAC Program	150,000	Debt Service Fund
Subtotal - Public Service	892,650	
Parks and Recreation		
Ballfield, Tennis Courts and Playground	150,000	Debt Service Fund
Fountain City Skatepark	130,000	$50,000 Debt Service Fund; $80,000 Donations
Lonsdale Recreation Center Expansion	400,000	$200,000 General Fund; $200,000 Donations
Addition of a Drop-off at Deane Hill Recreation Center	75,000	Debt Service Fund

Capital Improvements Budget

FY 08/09

Project	Proposed Funding	Funding Source
West Hills Tennis Facility Improvements	900,000	Donations
Demolition of Structures on Park Land	80,000	General Fund
Claude Walker Ballpark Improvements	50,000	Debt Service Fund
Subtotal - Parks and Recreation	1,785,000	
KAT		
Downtown Transit Center	7,585,060	$758,500 Debt Service Fund; $6,068,048 Federal Grants; $758,512 State Grants
Subtotal - KAT	7,585,060	
Police		
Records Management System	200,000	Police Capital Fund
Safety Building Parking Lot Repaving	96,900	Police Capital Fund
MED-ENG-9" Bomb Suit	40,000	Police Capital Fund
Live Fire/Low Light Shoot House	250,000	Police Capital Fund
Subtotal - Police	586,900	
Fire		
Station Remodeling	86,000	Debt Service Fund
Air Bottle Refill Station	70,000	Debt Service Fund
Subtotal - Fire	156,000	
Fleet		
Fuel Management System	375,000	Debt Service Fund
Vehicle Lift	40,000	Debt Service Fund
Impound Security System, Phase II	50,000	Abandoned Vehicle
Impound Lot Paving	70,000	Abandoned Vehicle
Subtotal - Fleet	535,000	
South Knoxville Waterfront		
South Knoxville Transportation Improvements	5,000,000	Bonded Debt
South Knoxville Transportation Improvements	1,485,000	$300,000 Debt Service Fund; $1,185,000 Federal Grants
Subtotal - South Knoxville Waterfront	6,485,000	
Public Assembly Facilities		
Pave ADA parking at the Prosser Road Lot, Kerr Gravel Lot, First-Aid Lot	93,100	Debt Service Fund
Poultry Building Renovations	50,000	General Fund
Renovation of Coliseum Sound System	190,000	Coliseum Restoration
Renovation of Auditorium & Coliseum Dressing Rooms	75,000	Coliseum Restoration
Sweeper for Garages	32,500	General Fund
Subtotal - Public Assembly Facilities	440,600	
Other		
Ross Building Fire Alarm System	95,000	Debt Service
Zoo Renovations	1,250,000	General Fund
Subtotal - Other	1,345,000	
Grand Total	$37,134,210	

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