

# Budget Retreat 2008

City of Knoxville

# FY 06/07 Results

	FY 06/07 Adopted Budget	Forecast As Of 12/31/2006	Actual FY 06/07
Revenues	151,994,650	156,044,540	165,442,031
Expenditures	119,441,880	116,790,720	122,238,968
Net Transfers	(32,552,770)	(37,523,510)	(31,385,888)
Revenues/Sources Over Uses	0	1,730,310	11,817,175
Beginning Fund Balance	34,670,631	34,670,631	34,670,631
Ending Fund Balance	34,670,631	36,400,941	46,487,806

# Reasons for FY 06/07 Variance

- Revenues were up by \$9.2 million
  - Higher collection rate for real property taxes
    - 96.5% collection rate – highest since early 80's
    - Change in rate approx \$1.3 million
  - Higher prior period tax collections (approx \$1.1 million)
  - Very high collections from Hall Income Tax
    - More than double prior year collections and highest ever
    - This resulted in gain of \$4.1 million
- Expenditures were less than forecast
  - Emphasis on savings by the Departments

# Results as of 12/31/07

Revenues	65,327,850
Expenditures	70,144,352
Net Transfers	(16,507,127)
Revenues/Sources Over Uses	(20,420,190)
Beginning Fund Balance	46,487,806
Ending Fund Balance	26,067,616

# Forecast Ending 6/30/08

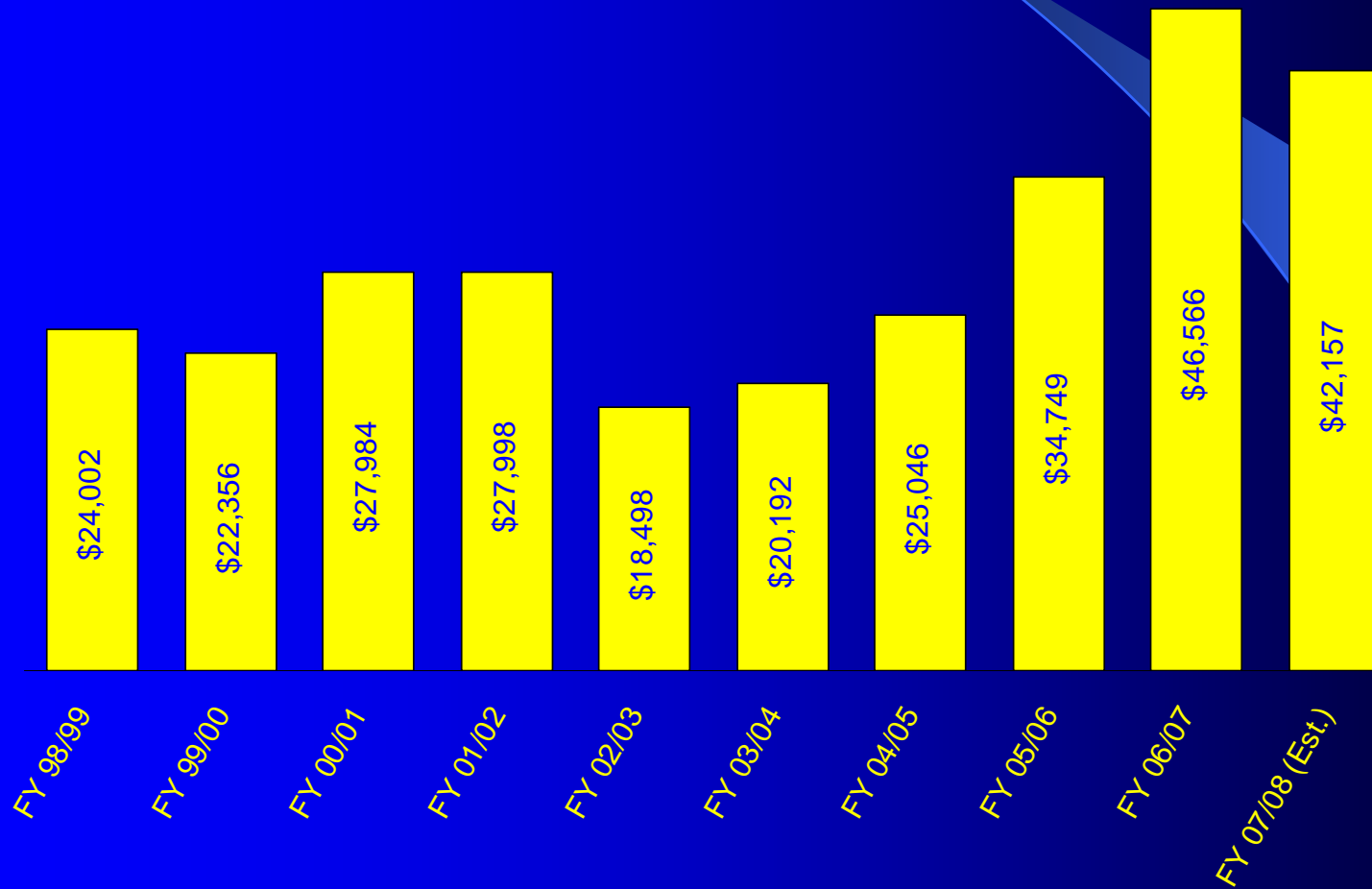
Revenues	161,055,660
Expenditures	124,587,000
Net Transfers	(40,878,430)
Revenues/Sources Over Uses	(4,409,770)
Beginning Fund Balance	46,487,806
Ending Fund Balance	42,078,036

# FY 07/08 Revenues

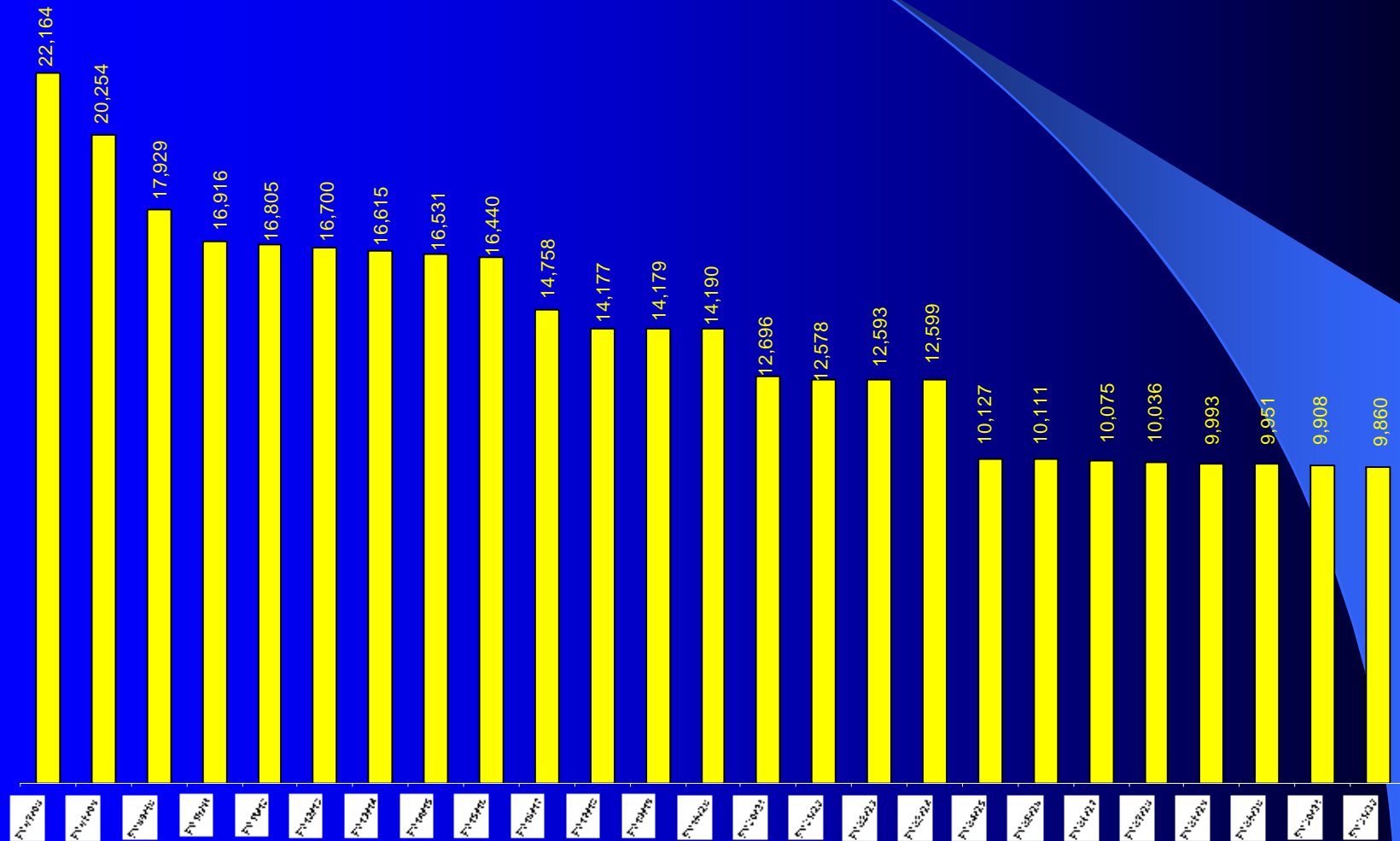
- Expect to end the year with a favorable variance of \$2.5 million compared to budget
- Strength in real property taxes and public utility taxes
  - Taxable assessed values came in higher than estimated
- Beer and alcoholic beverage taxes higher than expected
- Business taxes currently on target for the year
- Local sales taxes and state shared sales taxes show some weakness in first half of year
- Interest earnings good in first half of year but expected to taper off in next two quarters
- Cyclical revenues have some potential downside risks

# General Fund Fund Balance

(In \$1,000's)



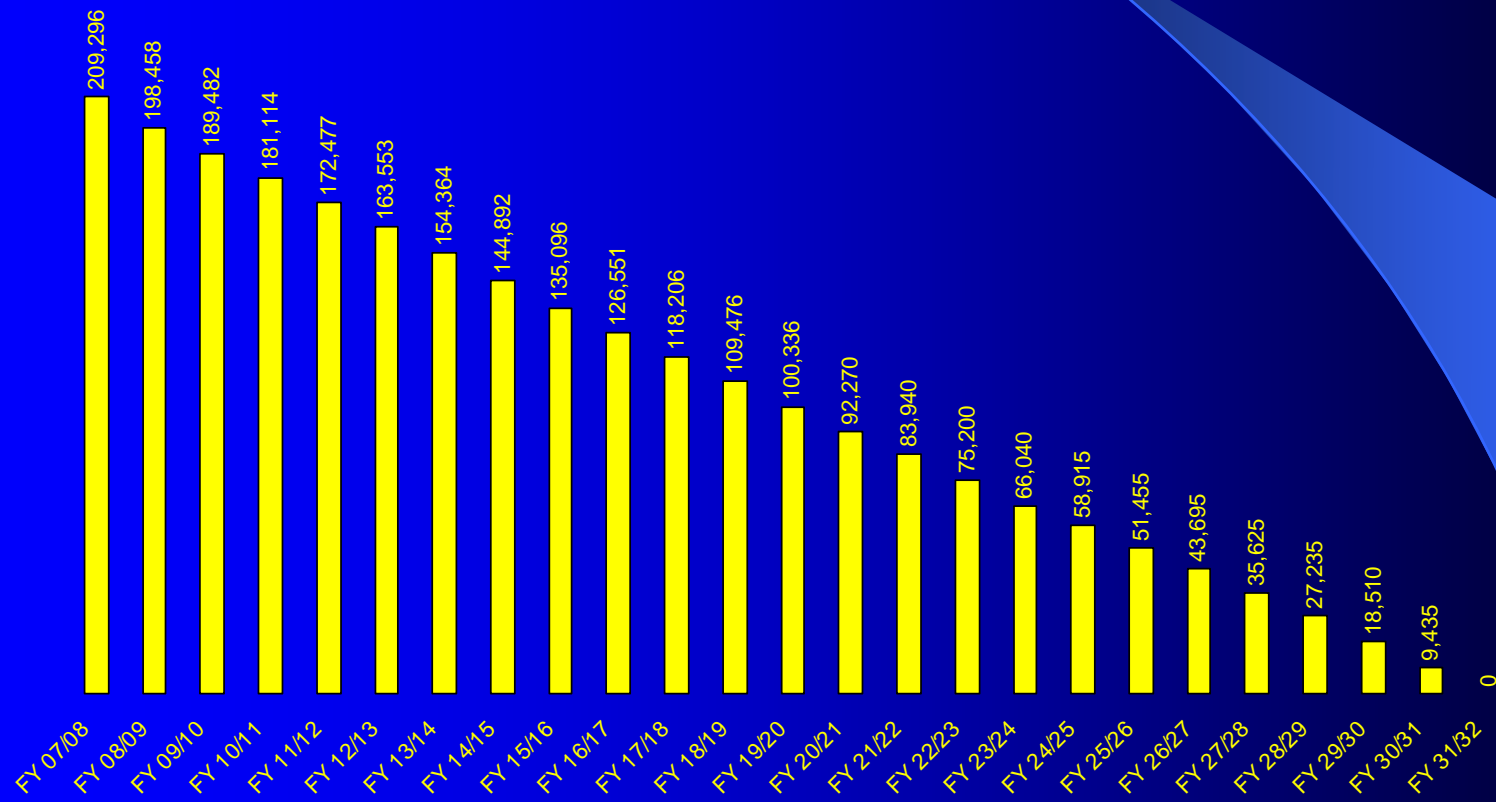
# Debt Service Payments FY 07/08 – FY 31/32





# Debt Service Balances

## FY 07/08 – FY 31/32



# Debt Ratings

- Fitch/ICBA AA+
- Moody's Aa2
- Standard & Poor's AA

# FY 08/09 Budget Issues

- Fuel Costs
  - 1 cent increase per gallon over the year results in a \$10 thousand cost to the City
- Minimum wage increase
  - Affects event personnel
  - Estimated cost is \$100 thousand plus per year
- Cable/Telecommunications Legislation
- Healthcare Cost

# The Budget Calendar

- January 11 – Capital project requests submitted
- January 31 – Budget Retreat
- Feb. – March – Departments submit budget requests, base numbers calculated, capital budget prepared
- March 31 – April 3 – Mayor's budget hearings
- May 1 – Mayor's budget submitted
- May 6 – First reading of budget and tax ordinances
- To be determined – Council Workshops, Public Hearing
- May 20 – Second reading of budget and tax ordinances