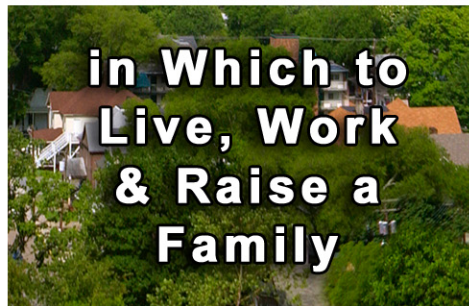




CITY OF KNOXVILLE
MADELINE ROGERO, MAYOR



**Making
Knoxville
America's
Premier City**



FY 2012 / 2013 PROPOSED OPERATING BUDGET

KNOXVILLE, TENNESSEE
WWW.CITYOFKNOXVILLE.ORG

**FISCAL YEAR 2012-2013
PROPOSED ANNUAL OPERATING BUDGET
CITY OF KNOXVILLE, TENNESSEE**

MAYOR
Madeline Rogero

MEMBERS OF CITY COUNCIL

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

DEPUTY TO THE MAYOR

Eddie Mannis, Chief Operating Officer
William Lyons, Chief Policy Officer

OFFICE OF MANAGEMENT AND BUDGET

Boe Cole, Comptroller
Robin Shelton, Financial Analyst, Sr.
Blake Young, Financial Analyst

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City of Knoxville
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Executive Summary

The purpose of this section is to provide an overview of some of the major initiatives of the FY 12/13 budget. Also discussed are some of the factors that have impacted the preparation of this budget, and some of the significant changes between this budget and the prior year budget. More detailed explanations of these changes are found later in the document.

Investing in a Great City

The Fiscal Year (FY) 12/13 budget, like all budgets, sets forth 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.

The budget is always constrained in the sense that demands exceed available resources. The FY 12/13 budget is even more constrained given the state of the economy. While both state and local sales tax revenues and business taxes have begun a turnaround, property tax revenue is hindered by very low to negative growth rates. Overall property taxes are expected to remain flat when compared to expected amounts in FY 11/12. Modest gains in commercial growth are expected to be offset by losses in residential values, personal property and public utility values. Interest earnings, affected by extremely low yields, also continue to show weakness. The low growth in property values is a significant factor in that it has a long term impact, affecting budgets several years into the future. Expenditures, on the other hand, continue to grow primarily as a result of salary and benefit adjustments, higher pension contributions, and the escalation in fuel prices.

General Overview

One principle is to work as efficiently as possible and minimize the demands upon the taxpayers. As such, the proposed property tax rate for FY 12/13 is \$2.46 per hun-

dred dollars of assessed value, unchanged from the prior year. Of this amount \$0.60 goes to the Debt Service fund to pay for bonded debt costs. When adjusted for the impact of inflation and countywide reappraisals, the proposed tax rate is actually lower than it was ten years ago.

The total operating budget in FY 12/13 is \$357,015,870. The net budget, i.e., excluding inter-fund transfers and charges which are effectively double counted within the budget, is \$263,154,600. The budget for the General Fund, which is the main operating fund of the city, equals \$180,562,500.

The total budget decreases by \$3,659,660 (1.01%) when compared to the FY 11/12 budget. The net budget decreases by \$7,949,600 (2.93%). The General Fund budget is up by \$8,384,530 (4.87%).

Budgeted personnel for FY 12/13 total 1,594 full-time positions and 34 part-time positions. This represents an increase of four (4) full-time positions and no change in the number of part-time positions when compared to the FY 11/12 budget.

At the same time our goal is to ensure that personnel are paid competitively. In FY 10/11 the City completed the implementation of the "Mercer Plan", a comprehensive compensation study. In order to remain current, the budget includes a salary increase of 2.5% for all employees.

In addition to the salary adjustments mentioned above, the budget includes an approximate \$2.2 million increase to the pension plan. This funds the annual required contribution and enables the plan to remain actuarially sound. Total budgeted contributions to the plan are just under \$14.4 million.

Administrative Goals

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

Strong, safe neighborhoods

Living Green and Working Green

Executive Summary

An energized downtown

Job creation and retention

Strong, Safe Neighborhoods

As in the past, the largest portion of the budget is devoted to the operations of the Police and Fire Departments. The proposed budget includes approximately \$1.610 million in new capital funding for the Police Department, for items ranging from improvements at various police facilities, enhanced training facilities, and investments in new equipment designed to help officers perform their duties. Funding is provided for on-going maintenance at various fire stations throughout the city, as well as the acquisition of a new fire station alerting system.

Stronger, safer neighborhoods are more than quality police and fire protection. It is important that neighborhoods also have quality infrastructure and are free from blight. This budget provides \$500,000 to address chronic problem properties and another \$300,000 for blighted property acquisition, a net increase of \$300,000 for the two programs. The budget includes \$20,000 to fund an administrative hearing officer to more quickly address blighted property issues. The budget provides \$100,000 in seed funding for implementation of the "demolition by neglect" program to protect historic properties, and grants \$21,000 to Knox Heritage to promote historic preservation throughout the City. The budget includes the fourth contribution of \$800,000 to assist KCDC in the redevelopment of the Walter P. Taylor homes project in the Five Points/Park City area. This is part of a multi-year commitment to this project.

The FY 12/13 budget continues to fund the successful Office of Neighborhoods and a Neighborhood Coordinator who works with neighborhood groups to help them improve the quality of their neighborhoods. Included as part of this function is a \$30,000 fund to provide resources to strengthen neighborhoods and build the capacity of neighborhood organizations to implement successful projects.

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

The FY 12/13 budget includes \$200,000 for ball field and tennis court improvements in parks throughout the City. The budget allocates \$350,000 for improvements to the Dr. E.V. Davidson recreation center, \$346,000 for new restroom facilities at Chilhowee Park, \$210,000 for other park improvements, and \$150,000 for ADA accessibility improvements. A total of \$1.1 million is set aside for the realignment of the entrance into Fort Dickerson Park.

Phase 1 of the First Creek Greenway from Woodland to Edgewood Park is funded at \$1.06 million and another \$200,000 will go to greenway maintenance and improvements.

A total of \$1.73 million is allocated to sidewalks and crosswalks including \$500,000 for the sidewalk safety program, i.e., sidewalks within school parental responsibility zones; \$400,000 for new sidewalk construction; \$500,000 for ADA sidewalk enhancements; and \$330,000 for the Crosswalk Safety program, a portion of which is for improvements near the new UT sports fields on Sutherland.

The budget continues to provide support for KAT, Knoxville's public transit system, in the amount of \$10.7 million in direct city support to operate buses, trolleys and paratransit service across the city.

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

The budget continues annual funding of \$650,000 for the bridge replacement program. Funding is specifically designated for continued improvements to traffic signals,

Executive Summary

including an increase of \$75,000 from FY 11/12. Also included is match money for various SAFETEA-LU road projects. Funding of an additional \$500,000 is budgeted for Cherokee Trail improvements.

The budget provides \$500,000 for flooding issues in the Cross Park Drive area and \$850,000 for other neighborhood drainage problems. A total of \$350,000 is allocated for water quality improvements, an increase of \$50,000 from the FY 11/12 budget.

Living Green and Working Green

The Mayor is committed to making Knoxville a more environmentally friendly city. The budget includes funding to continue the Office of Sustainability. This office guides our comprehensive sustainability efforts across all city departments and activities and has been supported with grant funds that are now ending. The new budget appropriates \$146,120 to retain two staff and the operations of the office.

The budget for tree planting increases by \$10,000 to a total of \$50,000. A new position of Urban Forester is included to coordinate and oversee the City's tree planting efforts. This position is funded through the elimination of two other positions.

Our river is kept clean of debris through a partnership with Fort Loudon Lake Association. This budget will fund a new boat so they can continue their environmental stewardship. In addition, the appropriation for the City's new residential curbside recycling program is increased to fund a full year of operations.

An Energized Downtown

Downtown is "everybody's neighborhood" and it is returning as the cultural and economic pulse of our city and region. This budget supports downtown redevelopment with a \$2.6 million appropriation to complete the addition of a new level to the State Street Garage. Plans for this facility include a new pedestrian overpass across State Street to improve public safety.

Mayor Rogero's downtown revitalization strategy includes continued reinvestment along the commercial spines that extend from downtown - north, south, east, and west. New allocations for the FY 12/13 budget include \$500,000 for projects in the Downtown North area and \$200,000 for design work for improvements in the Magnolia Warehouse Redevelopment area. An additional \$200,000 is designated for Jackson Avenue redevelopment and \$200,000 for the commercial façade improvement program.

Job Creation and Retention

Job and business development is a goal of this administration. The proposed budget includes \$400,000 for the Innovation Valley campaign, as well as other funding to aid the Chamber Partnership in their economic development efforts.

The budget also funds the new Office of Business Support and the Business Liaison whose job is to assist businesses and cut the red tape in dealing with city government.

As one of the most visited attractions in East Tennessee, the Knoxville Zoo is an economic generator. The budget contains \$500,000 for renovation of existing facilities and an increase of \$50,000 in operating expenses.

Enhancing arts and cultural opportunities also strengthens economic development. Operating grants totaling \$359,000 are budgeted for the Knoxville Symphony, the Art Museum, and nineteen other arts and cultural groups. Facility upgrades budgeted at \$195,000 will enhance the Civic Coliseum venue.

Conclusion

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

BUDGET COMPARISON - ALL FUNDS

Fiscal Year 2012/13

Fund No.	Fund Name	Adopted FY 11/12 Budget	Proposed FY 12/13 Budget	Dollar Change FY 11/12 - 12/13	Percentage Change FY 11/12 - 12/13
100	General Fund	<u>\$ 172,177,970</u>	<u>\$ 180,562,500</u>	<u>\$ 8,384,530</u>	<u>4.87%</u>
	Special Revenue Funds				
201	State Street Aid	4,631,000	4,646,000	15,000	0.32%
202	Community Improvement	85,000	90,000	5,000	5.88%
209	Abandoned Vehicles	866,810	865,380	(1,430)	(0.16%)
211	Animal Control	50,000	45,700	(4,300)	(8.60%)
213	City Court	4,618,890	3,875,590	(743,300)	(16.09%)
216	City Inspections	2,355,670	2,400,980	45,310	1.92%
220	Stormwater	2,712,750	2,898,160	185,410	6.83%
230	Solid Waste	10,437,920	10,855,230	417,310	4.00%
240	Miscellaneous Special Revenue	3,628,680	3,948,520	319,840	8.81%
250	Senior Aides	587,940	453,950	(133,990)	(22.79%)
264	Home Grant	1,574,950	1,328,720	(246,230)	(15.63%)
269	Emergency Solutions Grant	83,000	146,670	63,670	76.71%
290	Community Development Block Grant	2,157,360	1,781,970	(375,390)	(17.40%)
	Subtotal - Special Revenue Funds	<u>33,789,970</u>	<u>33,336,870</u>	<u>(453,100)</u>	<u>(1.34%)</u>
	Debt Service Funds				
305	Debt Services	28,891,980	25,813,780	(3,078,200)	(10.65%)
306	Tax Increment	774,990	944,780	169,790	21.91%
	Subtotal - Debt Service Funds	<u>29,666,970</u>	<u>26,758,560</u>	<u>(2,908,410)</u>	<u>(9.80%)</u>
	Capital Projects Funds				
401	Capital Projects	33,742,810	20,991,090	(12,751,720)	(37.79%)
	Subtotal - Capital Projects Funds	<u>33,742,810</u>	<u>20,991,090</u>	<u>(12,751,720)</u>	<u>(37.79%)</u>
	Enterprise Funds				
503	Public Assembly Facilities	5,340,970	5,526,380	185,410	3.47%
504	Metro Parking	1,613,110	4,674,400	3,061,290	189.78%
506	Convention Center	19,656,560	19,249,320	(407,240)	(2.07%)
507	Mass Transportation	22,722,700	23,530,280	807,580	3.55%
508	Municipal Golf Course	1,579,240	1,549,290	(29,950)	(1.90%)
	Subtotal - Enterprise Funds	<u>50,912,580</u>	<u>54,529,670</u>	<u>3,617,090</u>	<u>7.10%</u>
	Internal Service Funds				
702	Fleet Services	13,792,530	13,821,620	29,090	0.21%
704	Risk Management	7,302,590	6,696,950	(605,640)	(8.29%)
705	Health Care	15,747,640	16,796,540	1,048,900	6.66%
706	Equipment Replacement	2,212,100	2,217,520	5,420	0.25%
707	City Building	1,330,370	1,304,550	(25,820)	(1.94%)
	Subtotal - Internal Service Funds	<u>40,385,230</u>	<u>40,837,180</u>	<u>451,950</u>	<u>1.12%</u>
	Grand Total	<u>\$ 360,675,530</u>	<u>\$ 357,015,870</u>	<u>\$ (3,659,660)</u>	<u>(1.01%)</u>

TOTAL EXPENDITURES BY DEPARTMENT

Fiscal Year 2012/13

Department	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	\$ 3,317,740	\$ 148,400	\$ -	\$ 950,000	\$ -	\$ -	\$ 4,416,140
Finance	3,754,570	-	10,000	800,000	-	23,664,950	28,229,520
Information Systems	4,310,650	-	-	-	-	930,430	5,241,080
Community Development	1,311,670	3,257,360	-	1,150,000	-	-	5,719,030
Fleet Services	-	865,380	-	15,300	-	13,821,620	14,702,300
Public Works	273,090	-	-	-	-	-	273,090
Public Services	21,401,020	11,321,710	-	1,140,000	-	2,000	33,864,730
Engineering	5,798,270	6,327,680	-	13,835,900	-	700	25,962,550
Inspections	-	2,400,980	-	-	-	-	2,400,980
Recreation	6,636,600	687,450	-	990,000	1,549,290	7,140	9,870,480
Knoxville Area Transit (KAT)	1,007,160	-	-	-	23,530,280	-	24,537,440
Law	1,825,760	-	-	-	-	-	1,825,760
Police	49,502,190	1,592,030	-	1,609,890	-	850,230	53,554,340
Emergency Management	344,610	-	-	-	-	-	344,610
Fire	35,391,150	-	-	-	-	254,840	35,645,990
Legislative	967,530	97,000	-	-	-	-	1,064,530
City Court	-	882,910	-	-	-	-	882,910
Civil Service	1,064,830	-	-	-	-	-	1,064,830
Convention Center	-	-	-	-	12,110,610	-	12,110,610
Community Development	-	-	-	-	-	-	-
Public Assembly Facilities	-	193,100	-	-	5,526,380	720	5,720,200
Nondepartmental							
City Elections	40,000	-	-	-	-	-	40,000
City Buildings	-	-	-	-	4,674,400	1,304,550	5,978,950
Knoxville Partnership	642,970	-	-	-	-	-	642,970
Metropolitan Planning Commission (MPC)	905,000	-	-	-	-	-	905,000
Knoxville Zoological Park	1,058,680	-	-	500,000	-	-	1,558,680
Agency Grants	712,000	-	-	-	942,190	-	1,654,190
Waterfront	530,380	-	-	-	-	-	530,380
Community Action Committee (CAC)	690,640	-	-	-	-	-	690,640
Debt Service	-	-	8,598,760	-	6,196,520	-	14,795,280
Reserve	1,810,000	-	-	-	-	-	1,810,000
Other Non-departmental Expenses	1,438,870	-	-	-	-	-	1,438,870
Transfers	35,827,120	5,562,870	18,149,800	-	-	-	59,539,790
Subtotal - Nondepartmental	43,655,660	5,562,870	26,748,560	500,000	11,813,110	1,304,550	89,584,750
GRAND TOTAL	\$ 180,562,500	\$ 33,336,870	\$ 26,758,560	\$ 20,991,090	\$ 54,529,670	\$ 40,837,180	\$ 357,015,870

City of Knoxville

NET BUDGET

Fiscal Year 2012/13

Fund No.	Fund Name	Adopted FY 12/13 Budget	Less Interfund Transfers Out	Less Interfund Charges In	Net Budget
100	General Fund	\$ 180,562,500	\$ (35,827,120)	\$ -	\$ 144,735,380
	Special Revenue Funds				
201	State Street Aid	4,646,000	(750,000)	-	3,896,000
202	Community Improvement	90,000	-	-	90,000
209	Abandoned Vehicles	865,380	-	-	865,380
211	Animal Control	45,700	-	-	45,700
213	City Court	3,875,590	(2,992,680)	-	882,910
216	City Inspections	2,400,980	-	-	2,400,980
220	Stormwater	2,898,160	-	-	2,898,160
230	Solid Waste	10,855,230	-	-	10,855,230
240	Miscellaneous Special Revenue	3,948,520	(1,820,190)	-	2,128,330
250	Senior Aides	453,950	-	-	453,950
264	Home Grant	1,328,720	-	-	1,328,720
269	Emergency Solutions Grant	146,670	-	-	146,670
290	Community Development Block Grant	1,781,970	-	-	1,781,970
	Subtotal - Special Revenue Funds	33,336,870	(5,562,870)	-	27,774,000
	Debt Service Funds				
305	Debt Services	25,813,780	(18,149,800)	-	7,663,980
306	Tax Increment	944,780	-	-	944,780
	Subtotal - Debt Service Funds	26,758,560	(18,149,800)	-	8,608,760
	Capital Project Funds				
401	Capital Projects	20,991,090	-	-	20,991,090
	Subtotal - Capital Project Funds	20,991,090	-	-	20,991,090
	Enterprise Funds				
503	Public Assembly Facilities	5,526,380	-	-	5,526,380
504	Metro Parking	4,674,400	-	-	4,674,400
506	Convention Center	19,249,320	-	-	19,249,320
507	Mass Transportation	23,530,280	-	-	23,530,280
508	Municipal Golf Course	1,549,290	-	-	1,549,290
	Subtotal - Enterprise Funds	54,529,670	-	-	54,529,670
	Internal Service Funds				
702	Fleet Services	13,821,620	-	(14,118,490)	(296,870)
704	Risk Management	6,696,950	-	(6,090,220)	606,730
705	Health Care	16,796,540	-	(10,679,990)	6,116,550
706	Equipment Replacement	2,217,520	-	(2,220,730)	(3,210)
707	City Building	1,304,550	-	(1,212,050)	92,500
	Subtotal - Internal Service Funds	40,837,180	-	(34,321,480)	6,515,700
	Grand Total	\$357,015,870	(\$59,539,790)	(\$34,321,480)	\$263,154,600

NET REVENUES BY TYPE - ALL FUNDS

Fiscal Year 2012/13

Fund No.	Fund Name	Taxes	Licenses & Permits	Intergovt. Revenue	Charges For Serv.	Fines & Forfeits	Miscellaneous Revenue
100	General Fund	\$148,582,450	\$332,680	\$21,136,690	\$1,562,310	\$661,800	\$883,890
201	State Street Aid	-	-	4,643,000	-	-	3,000
202	Community Improvement	-	-	-	-	-	-
209	Abandoned Vehicles	-	-	-	456,000	-	409,380
211	Animal Control	-	45,000	-	-	-	700
213	City Court	-	-	-	-	3,855,700	19,890
216	City Inspections	-	1,510,360	-	-	-	390
220	Stormwater	-	100,200	-	-	-	15,000
230	Solid Waste	-	-	76,000	795,000	-	262,000
240	Miscellaneous Special Revenue	-	-	150,000	338,700	2,394,200	444,720
250	Senior Aides	-	-	379,030	-	-	-
264	Home Grant	-	-	898,720	-	-	430,000
269	Emergency Solutions Grant	-	-	146,670	-	-	-
290	Community Development Block Grant	-	-	1,561,970	-	-	220,000
305	Debt Services	24,894,350	-	-	-	-	919,430
306	Tax Increment	-	-	-	-	-	-
401	Capital Projects	-	-	876,900	-	-	-
503	Civic Auditorium/Coliseum/KCEC	-	-	-	1,600,300	-	8,000
504	Metro Parking	-	-	-	1,596,320	-	3,680
506	Convention Center	5,739,700	-	5,695,770	3,510,380	-	178,290
507	Mass Transportation	-	-	2,050,750	7,473,100	-	-
508	Municipal Golf Course	-	-	-	1,203,790	-	83,520
702	Fleet Services	-	-	-	-	-	157,000
704	Risk Management	-	-	-	45,000	-	112,430
705	Health Care	-	-	-	-	-	35,000
706	Equipment Replacement	-	-	-	-	-	12,500
707	City Building	-	-	-	-	-	92,500
Grand Total		<u>\$179,216,500</u>	<u>\$1,988,240</u>	<u>\$37,615,500</u>	<u>\$18,580,900</u>	<u>\$6,911,700</u>	<u>\$4,291,320</u>
Percent of Net Revs.		68.10%	0.76%	14.29%	7.06%	2.63%	1.63%

Fund No.	Fund Name	Other Financing Sources	Use Off/ (Addition To) Fund Balance	Net Revenues	Interfund Charges In	Interfund Transfers In	Total Revenues
100	General Fund	\$0	\$4,410,000	\$177,569,820	\$0	\$2,992,680	\$180,562,500
201	State Street Aid	-	-	4,646,000	-	-	4,646,000
202	Community Improvement	-	-	-	-	90,000	90,000
209	Abandoned Vehicles	-	-	865,380	-	-	865,380
211	Animal Control	-	-	45,700	-	-	45,700
213	City Court	-	-	3,875,590	-	-	3,875,590
216	City Inspections	-	-	1,510,750	-	890,230	2,400,980
220	Stormwater	-	40,000	155,200	-	2,742,960	2,898,160
230	Solid Waste	-	-	1,133,000	-	9,722,230	10,855,230
240	Miscellaneous Special Revenue	-	530,900	3,858,520	-	90,000	3,948,520
250	Senior Aides	-	-	379,030	-	74,920	453,950
264	Home Grant	-	-	1,328,720	-	-	1,328,720
269	Emergency Solutions Grant	-	-	146,670	-	-	146,670
290	Community Development Block Grant	-	-	1,781,970	-	-	1,781,970
305	Debt Services	-	-	25,813,780	-	-	25,813,780
306	Tax Increment	-	-	-	-	944,780	944,780
401	Capital Projects	-	-	876,900	-	20,114,190	20,991,090
503	Civic Auditorium/Coliseum/KCEC	-	946,470	2,554,770	-	2,971,610	5,526,380
504	Metro Parking	-	474,400	2,074,400	-	2,600,000	4,674,400
506	Convention Center	315,630	174,170	15,613,940	-	3,635,380	19,249,320
507	Mass Transportation	-	3,289,190	12,813,040	-	10,717,240	23,530,280
508	Municipal Golf Course	-	131,550	1,418,860	-	130,430	1,549,290
702	Fleet Services	5,000	(523,470)	(361,470)	14,118,490	64,600	13,821,620
704	Risk Management	-	-	157,430	6,090,220	449,300	6,696,950
705	Health Care	4,771,330	980	4,807,310	10,679,990	1,309,240	16,796,540
706	Equipment Replacement	-	(15,710)	(3,210)	2,220,730	-	2,217,520
707	City Building	-	-	92,500	1,212,050	-	1,304,550
Grand Total		<u>\$5,091,960</u>	<u>\$9,458,480</u>	<u>\$263,154,600</u>	<u>\$34,321,480</u>	<u>\$59,539,790</u>	<u>\$357,015,870</u>
Percent of Net Revs.		1.93%	3.59%	100.00%			

City of Knoxville

NET EXPENDITURES BY TYPE - ALL FUNDS

Fiscal Year 2012/13

Fund No.	Fund Name	Personal Services	Supplies	Other Expenses	Debt Service	Capital
100	General Fund	\$ 84,419,030	\$ 3,807,210	\$ 24,276,750	\$ -	\$ -
201	State Street Aid	-	-	3,896,000	-	-
202	Community Improvement	-	-	90,000	-	-
209	Abandoned Vehicles	384,280	17,620	384,130	-	-
211	Animal Control	-	20,000	25,700	-	-
213	City Court	656,740	7,800	124,630	-	-
216	City Inspections	1,798,090	17,000	107,790	-	-
220	Stormwater	2,215,160	58,390	140,960	-	-
230	Solid Waste	573,600	80,620	9,723,770	-	-
240	Miscellaneous Special Revenue	327,030	973,500	778,190	-	-
250	Senior Aides	399,530	5,300	35,480	-	-
264	Home Grant	137,600	-	1,172,680	-	-
269	Emergency Solutions Grant	-	-	146,670	-	-
290	Community Development Block Grant	864,980	9,340	721,640	-	-
305	Debt Services	-	-	10,000	7,653,980	-
306	Tax Increment	-	-	-	944,780	-
401	Capital Projects	-	-	-	-	20,991,090
503	Public Assembly Facilities	2,153,240	155,300	2,263,530	-	541,200
504	Metro Parking	-	-	2,061,180	-	2,600,000
506	Convention Center	-	-	12,636,460	6,196,520	-
507	Mass Transportation	14,205,860	3,206,580	6,102,610	-	-
508	Municipal Golf Course	-	-	1,549,100	-	-
702	Fleet Services	2,017,690	5,491,930	5,753,690	-	64,600
704	Risk Management	301,180	47,810	6,280,650	-	-
705	Health Care	201,350	64,400	16,476,460	-	-
706	Equipment Replacement	-	-	2,017,520	-	200,000
707	City Building	-	-	1,300,370	-	-
Grand Total		<u>\$ 110,655,360</u>	<u>\$ 13,962,800</u>	<u>\$ 98,075,960</u>	<u>\$ 14,795,280</u>	<u>\$ 24,396,890</u>

Percent of Net Exps. 42.05% 5.31% 37.27% 5.62% 9.27%

Fund No.	Fund Name	Other Uses of Funds	Net Expenditures	Interfund Charges Out	Interfund Transfers Out	Total Expenditures
100	General Fund	\$ 952,680	\$ 113,455,670	\$ 31,279,710	\$ 35,827,120	\$ 180,562,500
201	State Street Aid	-	3,896,000	-	750,000	4,646,000
202	Community Improvement	-	90,000	-	-	90,000
209	Abandoned Vehicles	-	786,030	79,350	-	865,380
211	Animal Control	-	45,700	-	-	45,700
213	City Court	-	789,170	93,740	2,992,680	3,875,590
216	City Inspections	-	1,922,880	478,100	-	2,400,980
220	Stormwater	-	2,414,510	483,650	-	2,898,160
230	Solid Waste	-	10,377,990	477,240	-	10,855,230
240	Miscellaneous Special Revenue	-	2,078,720	49,610	1,820,190	3,948,520
250	Senior Aides	-	440,310	13,640	-	453,950
264	Home Grant	-	1,310,280	18,440	-	1,328,720
269	Emergency Solutions Grant	-	146,670	-	-	146,670
290	Community Development Block Grant	-	1,595,960	186,010	-	1,781,970
305	Debt Services	-	7,663,980	-	18,149,800	25,813,780
306	Tax Increment	-	944,780	-	-	944,780
401	Capital Projects	-	20,991,090	-	-	20,991,090
503	Public Assembly Facilities	-	5,113,270	413,110	-	5,526,380
504	Metro Parking	-	4,661,180	13,220	-	4,674,400
506	Convention Center	315,630	19,148,610	100,710	-	19,249,320
507	Mass Transportation	-	23,515,050	15,230	-	23,530,280
508	Municipal Golf Course	-	1,549,100	190	-	1,549,290
702	Fleet Services	-	13,327,910	493,710	-	13,821,620
704	Risk Management	-	6,629,640	67,310	-	6,696,950
705	Health Care	-	16,742,210	54,330	-	16,796,540
706	Equipment Replacement	-	2,217,520	-	-	2,217,520
707	City Building	-	1,300,370	4,180	-	1,304,550
Grand Total		<u>\$ 1,268,310</u>	<u>\$263,154,600</u>	<u>\$ 34,321,480</u>	<u>\$ 59,539,790</u>	<u>\$ 357,015,870</u>

Percent of Net Exps. 0.48% 100.00%

SUMMARY OF INTERFUND CHARGES

Fiscal Year 2012/13

From (Fund Name)	Fund No.	To Fleet Services Fund 702	To Risk Management Fund 704	To Health Care Fund 705	To Equipment Replacement Fund 706	To City Building Fund 707	Grand Total
General Fund	100	\$ 13,321,310	\$ 5,565,610	\$ 9,328,260	\$ 2,113,220	\$ 951,310	\$ 31,279,710
Abandoned Vehicles	209	-	17,410	61,560	380	-	79,350
City Court	213	-	9,740	73,450	10,550	-	93,740
City Inspections	216	124,450	55,150	196,420	7,380	94,700	478,100
Stormwater	220	85,950	87,360	228,050	33,730	48,560	483,650
Solid Waste	230	343,900	40,530	87,150	5,660	-	477,240
Miscellaneous Special Revenue	240	-	5,550	44,060	-	-	49,610
Senior Aides	250	-	1,280	12,360	-	-	13,640
Home Grants	264	-	4,060	14,380	-	-	18,440
Community Development Block Grant	290	28,570	15,500	83,260	-	58,680	186,010
Public Assembly Facilities	503	76,740	110,250	219,070	7,050	-	413,110
Metro Parking	504	-	13,220	-	-	-	13,220
Convention Center	506	8,440	79,970	-	12,300	-	100,710
Mass Transportation	507	-	1,690	-	13,540	-	15,230
Fleet Services	702	124,440	66,850	274,310	11,970	16,140	493,710
Risk Management	704	4,690	8,790	33,590	4,950	15,290	67,310
Health Care	705	-	2,890	24,070	-	27,370	54,330
City Building	707	-	4,180	-	-	-	4,180
Grand Total		<u>\$ 14,118,490</u>	<u>\$ 6,090,220</u>	<u>\$10,679,990</u>	<u>\$ 2,220,730</u>	<u>\$ 1,212,050</u>	<u>\$ 34,321,480</u>

SUMMARY OF INTERFUND TRANSFERS

Fiscal Year 2012/13

To (Fund Name)	Fund No.	From General Fund (Fund 100)	From State Street Aid Fund (Fund 201)	From City Court Fund (Fund 213)	From Misc. Spec. Rev. Fund (Fund 240)	From Debt Service Fund (Fund 305)	Grand Total
General Fund	100	\$ -	\$ -	\$ 2,992,680	\$ -	\$ -	\$ 2,992,680
Community Improvement	202	90,000	-	-	-	-	90,000
City Inspections	216	890,230	-	-	-	-	890,230
Stormwater	220	2,742,960	-	-	-	-	2,742,960
Solid Waste	230	9,722,230	-	-	-	-	9,722,230
Miscellaneous Special Revenue	240	90,000	-	-	-	-	90,000
Miscellaneous Grant Funds	250	74,920	-	-	-	-	74,920
Tax Increment	306	944,780	-	-	-	-	944,780
Capital Projects	401	-	750,000	-	1,625,190	17,739,000	20,114,190
Coliseum/KCEC	503	2,430,410	-	-	195,000	346,200	2,971,610
Metro Parking	504	2,600,000	-	-	-	-	2,600,000
Convention Center	506	3,635,380	-	-	-	-	3,635,380
Mass Transportation	507	10,717,240	-	-	-	-	10,717,240
Municipal Golf	508	130,430	-	-	-	-	130,430
Fleet Services	702	-	-	-	-	64,600	64,600
Risk Management	704	449,300	-	-	-	-	449,300
Health Care	705	1,309,240	-	-	-	-	1,309,240
Grand Total		<u>\$35,827,120</u>	<u>\$750,000</u>	<u>\$2,992,680</u>	<u>\$1,820,190</u>	<u>\$18,149,800</u>	<u>\$59,539,790</u>

Authorized Full Time Positions by Department

Fiscal Year 2012/13

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	30	0	0	0	30
Finance	43	0	0	8	51
Information Systems	30	0	0	0	30
Community Development	5	18	0	0	23
Fleet Services	0	10	0	44	54
Public Works	2	0	0	0	2
Public Services	282	23	0	0	305
Engineering	57	31	0	0	88
Inspections	0	29	0	0	29
Recreation	45	1	0	0	46
Law	12	0	0	0	12
Police	516	5	0	0	521
Emergency Management	3	0	0	0	3
Fire	337	0	0	0	337
Legislative	3	0	0	0	3
City Court	0	13	0	0	13
Civil Service	12	0	0	0	12
Public Assembly Facilities	0	0	35	0	35
Total - Full Time	<u>1,377</u>	<u>130</u>	<u>35</u>	<u>52</u>	<u>1,594</u>

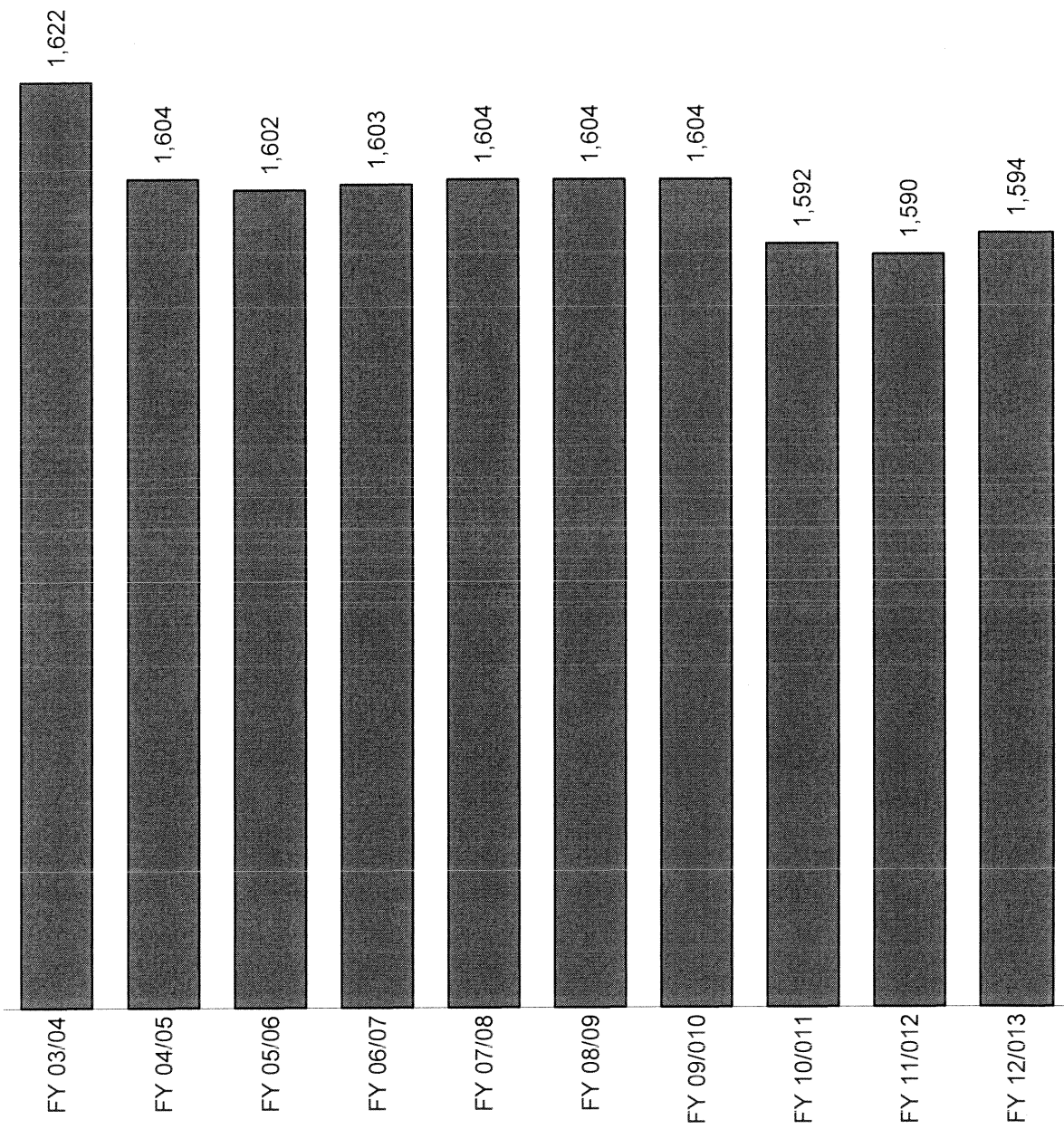
Full Time Positions by Department

Fiscal Years 2008/09 - 2012/13

Department	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	Difference 11/12 - 12/13
Administration	26	26	25	25	30	5
Finance	52	52	51	51	51	0
Information Systems	30	30	30	30	30	0
Community Development	25	25	25	23	23	0
Fleet Services	56	56	55	55	54	(1)
South Knoxville Waterfront	2	2	1	1	0	(1)
Public Works	0	0	0	0	2	2
Public Services	306	305	305	305	305	0
Engineering	87	88	87	87	88	1
Inspections	31	31	29	29	29	0
Recreation	50	49	47	47	46	(1)
Law	13	14	13	13	12	(1)
Police	522	522	521	521	521	0
Emergency Management	3	3	3	3	3	0
Fire	338	338	337	337	337	0
Legislative	3	3	3	3	3	0
City Court	13	13	13	13	13	0
Civil Service	13	13	12	12	12	0
Public Assembly Facilities	34	34	35	35	35	0
GRAND TOTAL	<u>1,604</u>	<u>1,604</u>	<u>1,592</u>	<u>1,590</u>	<u>1,594</u>	<u>4</u>

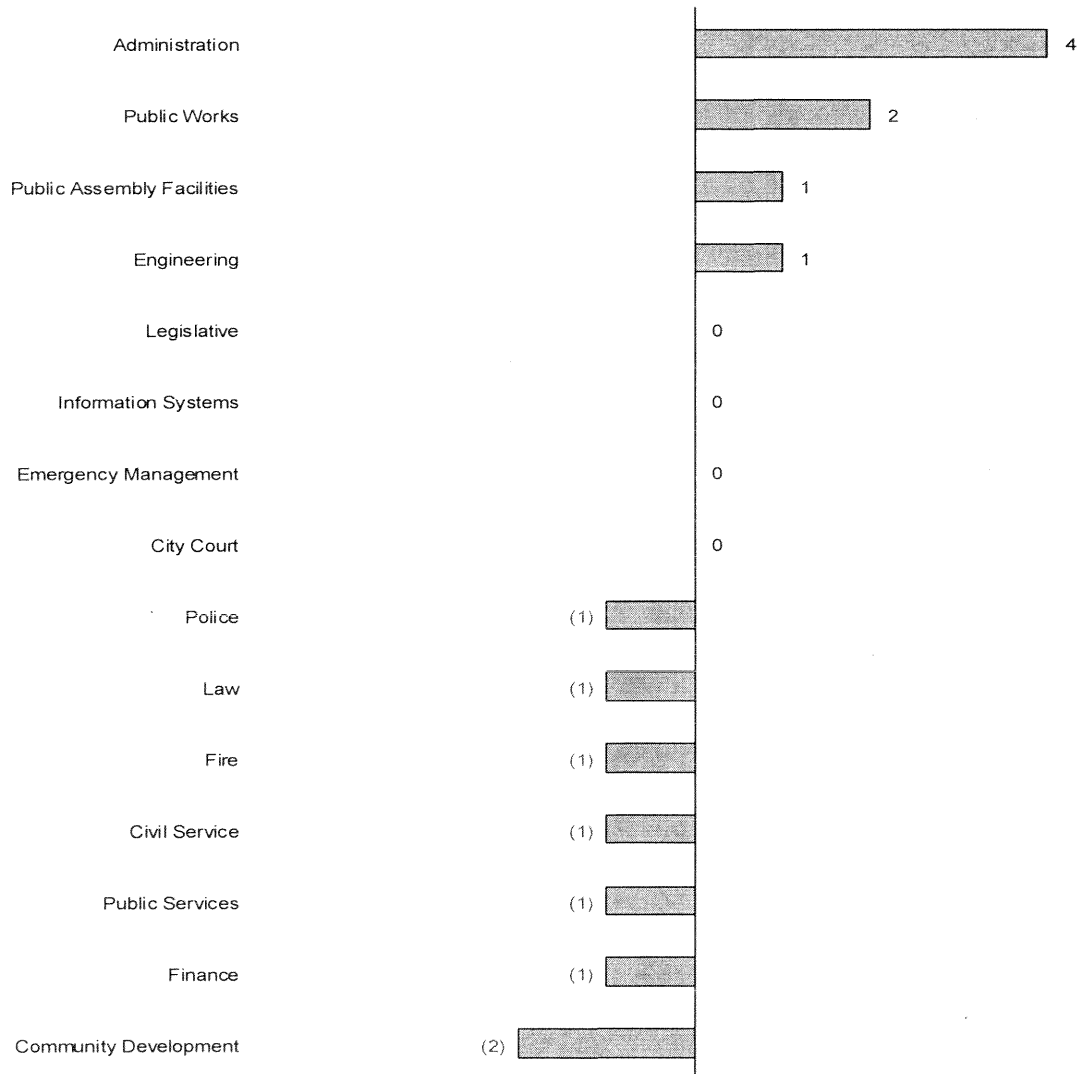
Authorized Full Time Personnel

Fiscal Years 2003/04 – 2012/13



Changes in Full Time Budgeted Personnel

Fiscal Years 2008/09 – 2012/13



Authorized Part Time Positions by Department

Fiscal Year 2012/13

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	1	0	0	0	1
Finance	0	0	0	1	1
Community Development	0	1	0	0	1
Engineering	1	0	0	0	1
Recreation	12	1	0	0	13
Law	1	0	0	0	1
Police	3	1	0	0	4
Legislative	9	0	0	0	9
City Court	0	1	0	0	1
Public Assembly Facilities	0	0	2	0	2
Total - Part Time	<u>27</u>	<u>4</u>	<u>2</u>	<u>1</u>	<u>34</u>

Part Time Positions by Department

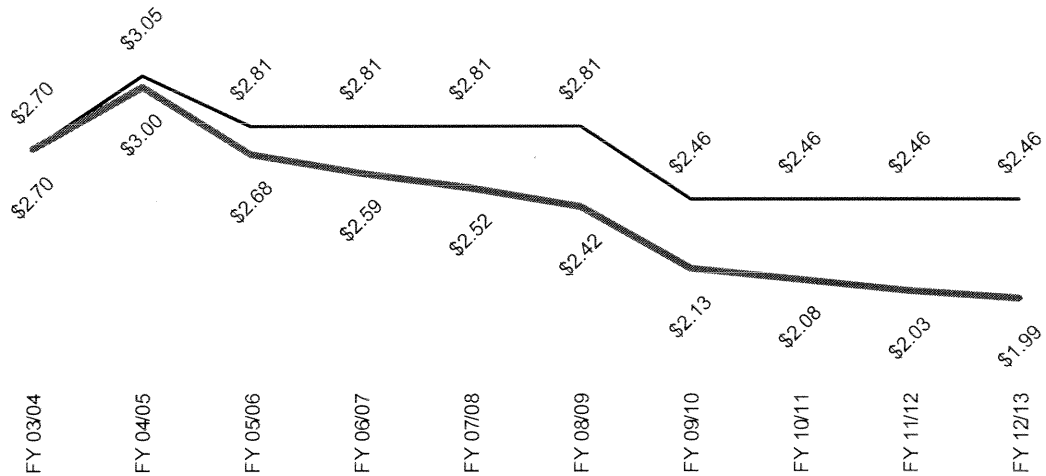
Fiscal Years 2008/09 - 2012/13

Department	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	Difference 11/12 - 12/13
Administration	2	2	3	3	2	1	(1)
Finance	1	1	1	0	0	1	1
Community Development	1	1	1	1	1	1	0
Engineering	1	1	1	1	1	1	0
Recreation	16	16	15	14	14	13	(1)
Law	0	0	0	0	0	1	1
Police	3	4	4	4	4	4	0
Legislative	9	9	9	9	9	9	0
City Court	1	1	1	1	1	1	0
Public Assembly Facilities	3	3	3	2	2	2	0
GRAND TOTAL	<u>37</u>	<u>38</u>	<u>38</u>	<u>35</u>	<u>34</u>	<u>34</u>	<u>0</u>

City of Knoxville

ADJUSTED/EQUALIZED TAX RATE

Fiscal Years 2003/04 – 2012/13



The above chart presents a ten year comparison of the actual (nominal) tax rate to the effective tax rate, that is, the tax rate after it has been adjusted for the effects of reappraisal by the Knox County Property Assessor and the impact of inflation. As can

be seen by the lower line, the effective tax rate has declined from \$2.70 in Fiscal Year 2003/04 to \$1.99 in Fiscal Year 2012/13. This means that the change in the tax rate has been less than the rate of inflation and equalization

City of Knoxville

CITY AND COUNTY PROPERTY TAX RATES

FY 87/88 - FY 12/13

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

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

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

City of Knoxville
ASSESSED VALUES - ALL PROPERTY

Fiscal Years 1983/84 - 2012/13

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	2,476,436,718	293,852,253	150,264,579	2,920,553,550
2004	2,525,476,515	302,687,562	157,887,475	2,986,051,552
2005	2,862,056,080 *	315,752,361	161,363,916	3,339,172,357
2006	2,920,636,035	329,685,195	145,503,340	3,395,824,570
2007	3,039,973,875	307,480,409	148,366,486	3,495,820,770
2008	3,156,234,335	305,025,792	146,017,169	3,607,277,296
2009	3,678,211,900 *	334,781,946	167,422,239	4,180,416,085
2010	3,705,130,455	316,571,241	147,791,536	4,169,493,232
2011	3,760,574,350	321,529,326	157,728,123	4,239,831,799
2012 (Est.)	3,783,863,050	316,522,380	154,265,810	4,254,651,240

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

Note that the assessments for each calendar year are reflected in the budget for the following year. For example the 2012 assessments are used in the FY 12/13 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 Tennessee Public Service Commission. Personal property is assessed at 30% of the appraised value.

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GENERAL FUND REVENUES

Total General Fund budgeted revenues for FY 12/13 equal \$180,562,500. This is a 4.87% increase when compared to the budgeted FY 11/12 revenues of \$172,177,970. Operating revenue equals \$176,152,500, which is \$5,699,530 or 3.34% above the FY 11/12 budgeted operating revenue. Non-operating revenues are budgeted at \$4,410,000 for FY 12/13. We have seen some rebound in the more cyclical revenues such as local option sales taxes, state shared sales taxes, and business taxes. This accounts for most of the growth.

TAXES

The largest single category of revenue to the General Fund is taxes. This one category equals \$148,582,450 or approximately 85.8% of the total operating revenue to this fund.

Property Taxes

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

There are four factors that determine revenues from property taxes:

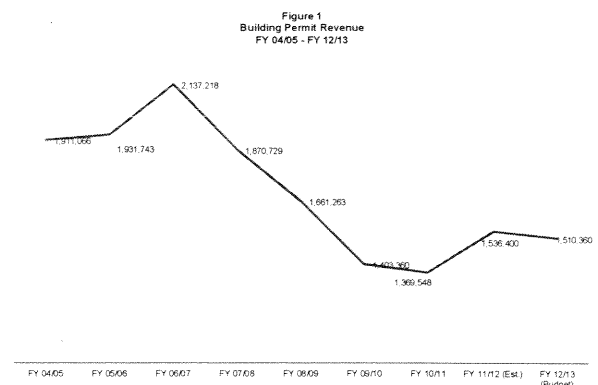
- 1) The assessed value of property;
- 2) The state equalization rate;
- 3) The collection rate on property taxes;
- 4) The tax rate itself.

Assessed Value and Equalization Rate: During the past thirty 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 2000's have been characterized, with the exception of reappraisal years, by this same fairly moderate growth. Growth rates since the 2005 reappraisal have ranged between 2.05% and 4.09%. The last two years have seen a sharp decline from those numbers. In FY 10/11 the growth was only 0.73%. In FY 11/12 this improved slightly but was still only 1.5%. Even at this

rate all the growth was in the commercial area with residential and industrial property showing declines in valuations.

For FY 12/13 we think that the growth in assessed values will remain low and will reflect the same pattern as in FY11/12. We expect residential and industrial property to decline and commercial property to increase at a modest pace. At this time we are forecasting an increase of 0.67% in property values for the upcoming year.

Given the fall off in construction activity (See Figure 1 below) the forecast for property tax growth during the next few years is for flat to only modest growth. For FY 12/13 the projected assessed value of real property is \$3,783,863,050. The projected amounts for FY 12/13 are based upon the latest available data from the Assessor's Office.



The Property Assessor is unable to supply final estimates on the assessed value of personal property until after the adoption of the budget. Personal property tax growth rates have shown much more volatility than real property. In the 1980's the annual growth rate of this revenue source was frequently in the mid-teens. A change in state law, implemented a new accelerated depreciation schedule, and made other changes in the calculation of this tax. This change essentially halted the growth of this revenue source for several years. As a result of increased audits, an upward trend began in 1998, but this has leveled off

and occasionally been negative in more recent years. For the upcoming year we forecast the growth in assessed value to be down by approximately 1.6%. As with real property, we did not have final numbers from the Property Assessor's Office until after passage of the budget. The actual tax roll was higher than we had projected, which explains the increase in forecasted FY 11/12 revenues from the FY 11/12 budget. We think results from some pent up demand being satisfied in 2010. We expect some residual impact in the new year but believe that it will be more than offset from depreciation of existing assets.

The third set of property tax revenues comes from taxes on public utilities, which are assessed by the Division of State Assessed Properties under the Office of the State Comptroller. These values are not supplied until January or February of the subsequent year and have typically varied little unless affected by a change in the equalization rate. Recent trends, however, have been negative, the result of many successful appeals of the state appraisals. We expect assessments to be approximately 2.2% lower going into the FY 12/13 fiscal year.

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

Tax Rate:

In FY 12/13 the budget is based upon a total tax rate of \$2.46 per hundred dollars of assessed value, which is the same rate as in FY 11/12. The tax rate is apportioned be-

tween the Debt Service Fund and the General Fund. In FY 12/13, \$0.60 of the tax rate goes directly to the Debt Service Fund, six cents less than in FY 11/12. The portion of the tax rate used for General Fund purposes is \$1.86. Combining all factors yields the budgeted revenue from property taxes as illustrated in Table 1.

When compared to the FY 11/12 budget, current projected property tax revenues to the General Fund are up by \$1,412,900 in the General Fund.

Tax Discounts

The City offers a one percent discount on property taxes paid before the end of October. For FY 12/13 the anticipated discount in the General Fund is \$406,560, which is \$6,010 more than the FY 11/12 budgeted amount. The greater amount is due to the small growth in overall valuations, as we do not believe the percentage of individuals receiving a discount will deviate much from the current year.

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

Payments In Lieu Of Taxes

Other revenues within the tax category include the payment in lieu of taxes from the Knoxville Utilities Board (KUB) and Knoxville's Community Development Corporation (KCDC). The payment from KUB is based upon two components, one being the estimated property value owned by KUB and the second being an average of overall revenues. In FY 12/13 the KUB payment is expected to be \$13,921,750 which is \$775,540 or 5.9% above the budget for FY 11/12. This change is based upon

modest growth in property held by KUB, and anticipated growth in average revenues. Payment from KCDC is now forecast to be \$171,090, which is approximately the

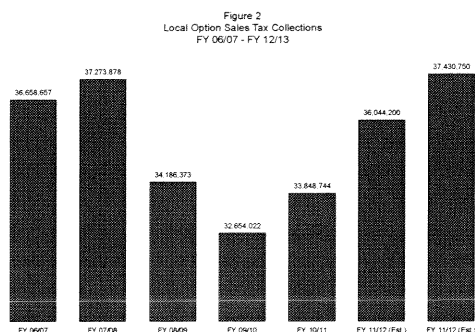
TABLE 1				
	Estimated Assessed Valuations	EstCol l. Rate	Tax Rate per \$100	FY 12/13 Budgeted Revenue
Real Property	\$3,783,863,050	94.7%	\$1.86	\$66,649,800
Personal Property	316,522,380	91.9%	1.86	5,410,400
Public Utilities	<u>154,265,810</u>	97.0%	1.86	<u>2,783,200</u>
TOTAL	<u>\$4,254,651,240</u>			<u>\$74,843,400</u>

same as in FY 11/12.

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 \$238,920. Other payments in lieu of taxes are expected to yield \$105,210.

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 12/13, local option sales tax revenues are expected to equal \$37,430,750 or 20.7% of total General Fund operating revenues. We have seen the end of the downward trend in this revenue over the past three years. (See Figure 2) We now forecast FY 11/12 revenue from this source at \$36,044,200. We think that FY 12/13 will continue the upturn, but believe it will be small given continued economic weakness and the high costs of fuel which should dampen discretionary spending.



Our current forecast for FY 12/13 has revenues from this source \$3,441,420 above the FY 11/12 budgeted amount. This represents a growth of 10.13% when compared to the FY 11/12 budget and a growth of 10.6% when compared to actual collections in FY 10/11. We are forecasting an increase of two and a half percent (2.5%) from adjusted FY 11/12 collections.

Other Taxes

Revenues from the beer tax, mixed drink tax, and the alcoholic beverage tax grew at a rapid pace throughout the 1990's, but the rate of growth has slowed and even reversed itself in recent years. In the past three years we have seen reasonable growth in beer taxes, but, based upon our latest forecasts for FY 11/12, we expect the trend to be relatively flat in the upcoming year. Revenues from beer taxes are expected to increase by \$89,570 or 1.3% when compared to the FY 11/12 budget. Total revenues from the beer tax are forecast at \$6,850,000. Wholesale liquor inspection fees have also been relatively flat the past two years, but we now expect some growth during the upcoming year. Revenues from this source are expected to generate \$2,656,070 in FY 12/13. This is \$123,440 or 4.9% more than the amount budgeted in FY 11/12. Mixed drink taxes are forecast to increase in the upcoming year. We are now estimating this revenue at \$1,462,150 in FY 12/13, which is \$121,850 more than budgeted in FY 11/12.

Revenue from business taxes have, like sales taxes, is experiencing a turn around, though it is still forecast to be only slightly above the peak of several years ago. We currently expect to end FY 11/12 up by \$457,620 from the budgeted amount. For FY 12/13 we are projecting steady collection levels from anticipated FY 11/12 collections. Projected revenue from this source in FY 12/13 is \$4,795,780.

Cable television franchise taxes from Comcast, AT&T, and Knology are projected to be up slightly when compared to the FY 11/12 budgeted level as we expect very modest growth in the new fiscal year. These revenues are now forecast at \$1,753,300 which is \$24,680 or 1.4% more than the amount budgeted in FY 11/12.

INTERGOVERNMENTAL REVENUE

The second largest revenue category of the General Fund is intergovernmental revenue, i.e., revenue that comes from another governmental unit, primarily the State of Tennessee. This category of revenue accounts for \$21,136,690 or 12.2% of total operating revenue. Overall, we expect this category of revenue to be up by \$1,201,590 or 6.0% when compared to the budget for FY 11/12.

The largest single revenue within this grouping is the state shared sales tax. As with local option

sales taxes, the negative recent trend has ended and has turned slightly upward. Current year revenues from this source are now forecast to end above budgeted revenues for this year, and are expected to continue to grow modestly in FY 12/13. The total estimated amount in FY 12/13 from this source is \$11,836,150. This is \$619,020 or 5.5% above the amount budgeted in FY 11/12.

The second largest revenue in this category is the city's portion of the Hall Income Tax. In FY 12/13 we are expecting revenue from this source to generate \$5,000,000, which is the same as in the FY 11/12 budget. This revenue has fluctuated widely, both up and down, in recent years. The FY 12/13 estimate is derived from the average collections over recent years.

The City also receives a number of other state-shared revenues. Revenue from alcoholic beverage tax is expected to be up from the amount budgeted in FY 11/12, at a total of \$143,190. Revenues from beer taxes are expected to be up slightly from FY 11/12 at a total of \$88,350.

Revenue from the state excise tax, a tax upon the net earnings of state and national banks chartered in Tennessee, is currently expected to hold steady when compared to FY 11/12. For FY 12/13 this is expected to generate \$274,440.

Revenue from the streets and transportation tax is expected to decline slightly. This revenue is budgeted at \$355,860 or \$5,810 less than in FY 11/12. The City's share of TVA gross receipts is forecast to be up when compared to FY 11/12. The expected amount from this source FY 11/12 is up from budgeted levels and, consequently, we have revised our FY 12/13 projections upward. The result is an anticipated increase of \$109,990 or 5.5% when compared to the FY 11/12 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 12/13 is \$726,440.

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

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

OTHER REVENUE

There are four other categories of operating revenue to the General Fund, these being licenses and permits, charges for services, fines and forfeits, and miscellaneous revenue. The combined total from these sources is \$3,440,680, or 1.98% of the total operating revenues to the General Fund. A breakdown of these revenues for FY 11/12 and FY 12/13 is shown in Table 2.

TABLE 2			
	FY 11/12 Budget	FY 11/12 Est. Actual	FY 12/13 Projected Revenues
Licenses & Permits	\$321,360	\$332,680	\$332,680
Charges	\$1,417,720	\$1,562,310	\$1,562,310
Fines & Forfeits	\$2,233,650	\$680,070	\$661,800
Misc. Revenue	<u>\$976,390</u>	<u>\$818,890</u>	<u>\$883,890</u>
TOTAL	<u>\$4,949,120</u>	<u>\$3,393,950</u>	<u>\$3,440,680</u>

Overall, the category of licenses and permits is up by \$11,320 or 3.2% when compared to the budget for FY 11/12. Although more than half of the numbers of accounts within this category are expected to be down when compared to the FY 11/12 budget, expected gains in beer privilege taxes are expected to more than offset the small losses in those accounts. This latter revenue is forecast to generate \$75,860 or \$12,680 more than budgeted in FY 11/12. Other accounts within this category expected to show gains include blasting permits,

(\$1,580), fireworks permits (\$670), tank abandonment fees (\$480), and liquor by the ounce permits (\$7,750). These gains are partially offset by expected lower amounts from tank installation fees and background check fees which are expected to decline by \$3,200 and \$3,270 respectively.

The amount expected to come from charges for services is projected at \$1,562,310, which is \$144,590 or 10.2% more than the budgeted amount for FY 11/12. This increase is due to gains in, attorney fees, codes enforcement fees, and state reimbursements for work performed for them. These are offset, in part, by decreased expected revenue from officer costs, accident reports, and team registration fees.

The category of fines and forfeits includes a portion of fines that are rebated from the county court. Revenues from this source are expected to yield \$110,020 from General Sessions costs, and \$112,180 from Criminal Court fines. Revenues from red light violations are down significantly, this being attributable changes mandated by state law and to the normal decline as drivers begin to change their behavior. Overall this category of revenue is expected to yield \$661,800, which is \$1,571,850 or 70.4% less than budgeted in FY 11/12.

The category entitled miscellaneous revenue is projected at \$883,690, which is \$92,500 less than the amount budgeted in FY 11/12. The drop in this category comes mainly from parking meter revenue which is expected to decline by \$77,580 when compared to the FY 11/12 budget. Interest earn-

ings, which is the largest revenue source within this category is expected to generate \$465,000. Yields on the types of investments appropriate for government have decreased significantly over the past two years and expected to remain flat until 2014.

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 decreased during the past year. Consequently we expect revenue from this source to decline in the upcoming fiscal year. Excess City Court fees are now forecast at \$2,992,680 or \$764,780 lower than the amount budgeted in FY 11/12.

Non-Operating Revenue

The FY 12/13 General Fund is balanced through the use of \$4,410,000 non-operating revenue. This use can be broken into two parts. The FY 12/13 proposes to transfer \$2.6 million to the Metro Parking Fund to be used to add a new parking deck to the State Street Garage. Appropriated fund balance in this amount is proposed to be used for this funding.

The City Charter also requires that a reserve of at least 1% of operating expenses be budgeted. In FY 12/13 this reserve is appropriated at \$1,810,000. An appropriation of fund balance is also designated to offset the budgeted reserve.

GENERAL FUND REVENUE

Fiscal Year 2012/13

Account Code	Revenue Source	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Budget	FY 11/12 Forecast	FY 12/13 Budget
5111	Property Tax Real - Current	\$ 62,034,795	\$ 63,127,106	\$ 65,664,000	\$ 66,239,500	\$ 66,649,800
5112	Property Tax Real - Prior	2,303,349	2,622,517	2,302,730	2,500,000	2,500,000
5113	Personal Property Tax - Current	5,439,755	5,345,394	5,177,300	5,496,000	5,410,400
5114	Personal Property Tax - Prior	137,585	244,939	160,000	135,730	135,730
5115	Public Utilities - Current	2,918,635	2,623,553	2,589,200	2,845,700	2,783,200
5116	Public Utilities - Prior	5,145	51,379	2,000	2,200	2,200
5117	Discount	(348,873)	(345,605)	(400,550)	(370,100)	(406,560)
5131	K U B	12,367,150	12,899,181	13,146,210	13,453,230	13,921,750
5132	K C D C	197,038	170,751	170,740	171,090	171,090
5134	Downtown	65,263	65,263	83,710	83,710	83,710
5135	News-Sentinel	203,753	238,918	238,920	238,920	238,920
5136	Other PILOTS	197,505	46,493	21,500	21,500	21,500
5141	Local Shared Sales Tax	32,654,022	33,848,744	33,989,330	36,044,200	37,430,750
5151	Beer Tax	6,561,920	6,783,736	6,760,430	6,850,000	6,850,000
5152	Mixed Drink Tax	1,338,548	1,341,354	1,340,300	1,462,150	1,462,150
5153	Wholesale Liquor Inspection Fee	2,430,776	2,566,324	2,532,630	2,656,070	2,656,070
5161	Business Tax	6,923	221	140	100	100
5163	Business License Fees	366,107	565,814	319,780	310,000	310,000
5165	Tax Sale Publication Fees	36,334	10,904	9,610	20,700	20,700
5166	Business Tax 2003	4,743,847	5,281,947	4,338,160	4,795,780	4,795,780
5171	Interest & Penalties-Current	140,825	156,561	150,000	141,000	141,000
5172	Interest & Penalties-Prior	1,271,686	1,582,902	1,448,130	1,630,830	1,630,830
5173	Interest & Penalties-Business	22,192	161	300	270	270
5174	Interest & Penalties-License	626	832	910	150	150
5175	Interest & Penalties CBID	2,784	12,324	17,620	10,730	10,730
5176	Interest-New Btx	6,648	800	820	2,110	2,110
5177	Penalty-New Btx	39,421	2,988	3,110	2,420	2,420
5178	Interest - Bankruptcy Court	10,497	9,283	15,640	4,350	4,350
5193	Cable TV Franchise Tax	1,669,418	1,673,718	1,728,620	1,744,580	1,753,300
	Subtotal - Taxes	136,823,675	140,928,502	141,811,290	146,492,920	148,582,450
5201	Blasting Permits	2,900	3,700	3,250	4,830	4,830
5202	Fire Reports	-	230	350	280	280
5203	Fireworks Permit	3,950	3,930	3,850	4,520	4,520
5204	Tank Abandonment	720	-	-	460	460
5205	Tank Installation Fees	15,110	14,955	15,420	12,220	12,220
5211	Merchant & General Privilege	200	-	-	60	60
5212	Liquor By Ounce	170,550	174,790	166,930	174,680	174,680
5215	Alcoholic Beverage License	8,000	9,000	6,000	4,800	4,800
5251	Beer Application Fees	26,980	31,100	24,280	23,440	23,440
5252	Beer Privilege Tax	60,119	60,745	63,180	75,860	75,860
5253	Beer Permit Publications	2,850	3,285	2,680	2,890	2,890
5254	Beer Permit Records Check	8,800	9,525	8,330	6,620	6,620
5255	Duplicate Beer Permits	335	402	140	140	140
5281	Pets in Restaurant Patio Permits	500	440	160	150	150
5291	Solicitation	5,425	5,625	5,670	5,300	5,300
5293	Street Vendor	3,625	4,297	4,600	3,180	3,180
5296	Background Check Fees	12,336	15,226	16,520	13,250	13,250
	Subtotal - Licenses & Permits	322,400	337,250	321,360	332,680	332,680
5313	Emer. Mgmt. - Federal Share	136,000	150,000	136,000	136,000	136,000
5319	Federal Grants	665,462	688,086	265,670	726,440	726,440
5321	Sales Tax	11,124,790	11,556,971	11,217,130	11,547,460	11,836,150
5322	Income Tax	9,449,630	7,298,785	5,000,000	5,000,000	5,000,000
5323	Beer Tax	86,173	90,718	84,910	88,350	88,350
5324	Alcoholic Beverage Tax	122,581	128,462	127,600	143,190	143,190
5326	Streets & Transportation Gas	373,370	372,723	361,670	366,870	355,860
5327	Excise Tax	719,734	274,433	274,440	274,440	274,440
5328	TVA - Gross Receipts	1,950,396	1,994,445	1,994,760	2,104,750	2,104,750
5329	State Contribution	425,100	428,464	409,200	409,200	409,200
5332	Telecommunications Sales Tax	15,088	11,262	10,720	9,310	9,310
5341	Emer. Mgmt. - County Share	53,000	53,000	53,000	53,000	53,000
	Subtotal - Intergovernmental Revenue	25,121,324	23,047,349	19,935,100	20,859,010	21,136,690

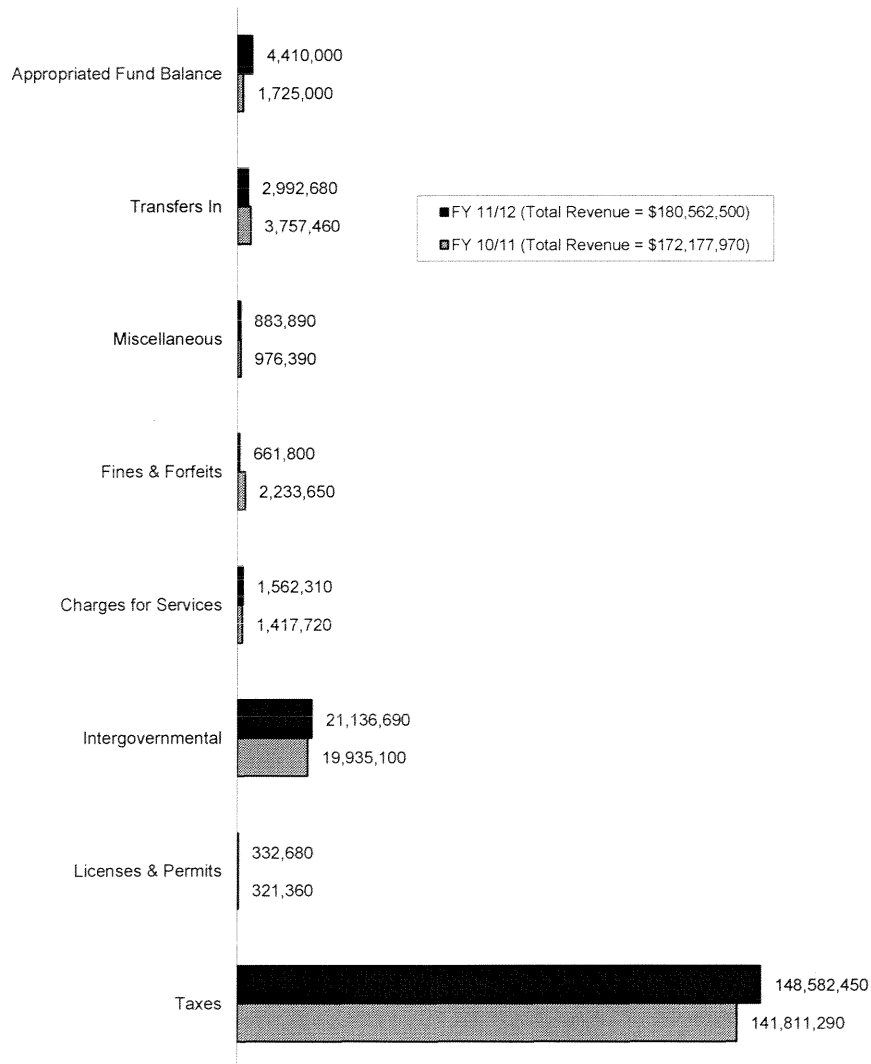
GENERAL FUND REVENUE

Fiscal Year 2012/13

Account Code	Revenue Source	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Budget	FY 11/12 Forecast	FY 12/13 Budget
5410	Market Square Rental	1,100	1,100	1,040	1,200	1,200
5412	Atty. Cost - Taxes	362,917	488,779	426,150	472,530	472,530
5413	Recording & Collection	25,753	660	710	370	370
5421	Towing & Impoundment	505	-	-	-	-
5423	Accident Reports	109,463	85,261	81,000	79,530	79,530
5425	Officer Costs	172,882	243,332	239,240	90,360	90,360
5434	Codes Enforcement	209,908	158,081	168,720	281,990	281,990
5435	State Reimb./Streets, Signs	106,181	319,051	106,180	300,000	300,000
5441	Recreation Program Fees	29,308	25,085	23,050	21,800	21,800
5442	Inskip Pool Gate	38,190	46,309	52,520	44,510	44,510
5443	Ed Cothren Pool Gate	8,988	13,534	8,720	9,910	9,910
5444	Indoor Pool Fees and Rentals	15,710	21,673	20,620	19,220	19,220
5445	Team Registration Fees	47,045	52,457	78,290	57,840	57,840
5447	Vending Concessions	219	150	220	40	40
5449	Summer Program Registration Fee	12,867	14,680	12,870	9,970	9,970
5450	Tennis Revenue	13,667	1,566	13,670	1,570	1,570
5451	Building and Shelter Revenues	55,670	62,409	55,670	57,990	57,990
5452	Parks and Field Rental Fees	13,871	14,330	15,080	13,820	13,820
5453	Lease of SKCC	52,695	31,574	26,350	27,320	27,320
5459	Parks and Recreation - Miscellaneous Fees	20,642	20,994	16,690	-	-
5461	Caswell Park League Concessions	27,631	26,034	31,850	36,210	36,210
5464	Caswell Park Gate Fee	23,073	24,023	22,220	21,780	21,780
5466	Inskip Pool Concessions	20,147	22,442	11,130	10,460	10,460
5467	Ed Cothren Pool Concessions	9,359	11,552	5,730	3,890	3,890
	Subtotal - Charges for Services	1,377,790	1,685,076	1,417,720	1,562,310	1,562,310
5512	County Court Costs	143,259	117,765	86,020	110,020	110,020
5528	KPD - Automated Information	126,909	120,292	119,330	112,810	112,810
5531	Criminal Court Fines	148,197	175,145	209,470	138,230	138,230
5532	KPD - DARE	624	401	180	200	200
5580	Red Light Camera Fines	1,509,047	1,443,572	1,524,450	255,690	240,350
5581	Red Light Camera Fines - Municipal Court	493	-	-	-	-
5582	Red Light Camera Fines - Municipal Court LC	386,093	261,451	294,200	63,120	60,190
	Subtotal - Fines & Forfeits	2,314,621	2,118,626	2,233,650	680,070	661,800
5603	Residential Parking Permits	-	6,935	-	-	-
5605	Gifts	-	75	-	-	-
5611	Interest On Investments	621,366	442,969	465,000	400,000	465,000
5616	Interest on Loans and Notes	11,121	8,853	9,800	9,800	9,800
5620	Lease & Rental Income	60,000	60,000	60,000	60,000	60,000
5623	K C D C Parking Rents	9,640	8,416	4,600	5,430	5,430
5627	Parking Meters	345,144	357,411	379,410	301,830	301,830
5630	Sale Of/(And Loss) Fixed Asset	(5,003)	-	-	-	-
5642	Equipment	95,853	61,131	22,790	34,210	34,210
5643	Non Equipment Sales	-	4,548	4,550	-	-
5666	Agency Contribution	-	23,846	23,850	-	-
5699	Misc. Revenue	314,671	(42,858)	6,390	7,620	7,620
	Subtotal - Misc. Revenue	1,452,792	931,326	976,390	818,890	883,890
	Grand Total - Operating Revenue	167,412,602	169,048,129	166,695,510	170,745,880	173,159,820
5905	Transfer - Excess City Court Revenues	4,098,180	3,727,320	3,757,460	3,688,880	2,992,680
5919	Misc. Special Revenue Transfer In	77	-	-	-	-
5926	Capital Project Transfer	1,484,475	1,301,212	-	-	-
5970	Residual Equity Transfers	101,381	406	-	-	-
	Subtotal - Transfers In	5,684,113	5,028,938	3,757,460	3,688,880	2,992,680
	Grand Total - Revenues	\$ 173,096,715	\$ 174,077,067	\$ 170,452,970	\$ 174,434,760	\$ 176,152,500
5998	Appropriated Fund Balance	-	-	1,725,000	-	4,410,000
	Grand Total - General Fund	\$ 173,096,715	\$ 174,077,067	\$ 172,177,970	\$ 174,434,760	\$ 180,562,500

City of Knoxville

General Fund Revenue Comparison FY 2011/12– 2012/13



GENERAL FUND EXPENDITURES

General Fund Overview

Proposed General Fund expenditures for FY 12/13, including the reservation for contingencies, are \$180,562,500. This is 4.87% more than the FY 11/12 General Fund budget of \$172,177,970. Following are significant expenditure changes for the proposed budget. The purpose of this section is to provide a general overview of all expenditure categories.

TABLE 1

	FY 11/12	FY 12/13	Change
Personal Services	89,493,680	93,747,290	4,253,610
Supplies	3,822,120	3,807,210	(14,910)
Other Charges	45,221,810	45,742,010	520,200
Transfers Out	33,640,360	37,265,990	3,625,630
Totals	172,177,970	180,562,500	8,384,530

Personal Services

The category of personal services expense, which include salaries and benefits, increases by \$4,253,610 or 4.75% when compared to the FY 11/12 budget. The cost of the salary increase for all non-probationary employees for the general fund is \$1,689,490. The required pension contribution increase is \$1,742,690, an increase of 16.67% when compared to FY 11/12. Group health insurance costs for the general fund rise by \$652,460. Specific departmental budgets are discussed in more detail below, and in the executive summary.

Supplies

The category of "Supplies" accounts for such things as office and operating supplies, repair and maintenance items (chemicals, road salt, etc.), and operating equipment not provided in the equipment replacement funds or capital budget. The budget for supplies category declines slightly by \$14,910 (0.39%).

Other Charges

"Other Charges" include such expenditures as postage, professional services, equipment leases, internal service fund charges, and various miscel-

laneous items. The proposed budget reflects an increase of \$380,250 when compared to the previous fiscal year. This increase is largely due to an increase in fleet charges, which are affected by higher fuel prices.

Transfers

Transfers reflect the movement of financial assets among City funds. Due to their significance in the operations of the General Fund, special emphasis is given here. Most of the transfers cover operating deficits in various other funds. Total budgeted transfers increase by \$3,625,630 from the previous fiscal year to a total of \$37,265,990. The largest change is an increase of \$2,600,000 for the Metro Parking Fund transfer, which will be used to pay for an addition to the State Street Parking Garage. The KAT operating subsidy grows by \$275,950 to a total of \$10,717,240, and the transfer to the Solid Waste fund increases by \$306,110. The latter reflects full year funding for the curbside recycling program and other contractual increases. The actuarially required pension fund contribution for former city school system employees is up by \$313,710 to a total of \$952,680. Other increases are reflected in transfers to the Stormwater Fund and the Tax Increment Fund.

Administration

The proposed Administration budget up by \$634,400 (23.64%) to \$3,317,740. This is due to the addition three new sections. These are: Communications/Government Relations (11130), the Office of the Business Liason (11160) and the Office of Sustainability (11170). The personal services expenses increase by \$654,900, representing the staffing of the new sections and the shift of one person from the South Waterfront Office to this function. Supplies decrease \$650 to \$68,200. Other expenses reduce by \$19,810.

Finance Division

The FY 12/13 proposed budget for the department of Finance and Accountability is up by \$82,890. Overall, personal services expenditures increase by \$121,540 attributable to overall salary and benefit adjustments and the transfer of one

position from Fleet Services organization. Supply costs decline by \$1,950 to \$32,800. Other Charges decrease by \$37,500 due to a decrease in internal service charges such as City/County Building rent, Risk Management Charges and Equipment Lease Charges.

Information Systems Division

The budget for Information Systems grows by \$102,430 or 2.43%. Personal services costs increase by \$102,270 (3.84%), resulting from the salary increase and other benefit adjustments. Other costs remain relatively constant.

Community Development Division

The proposed budget for Community Development (Economic Administration) is \$1,311,670, an increase of \$245,940 (23.07%) from prior year. This is due in part from the movement of the Homeless Prevention Section from the special revenue fund 240041 to the General Fund. Personal services account for \$106,550 of the increase due to the proposed salary/benefit changes and the addition of one position from the Homeless Prevention section. Supplies increase slightly from \$2,330 to \$20,120. Other charges rise from \$735,110 to \$872,110.

South Knoxville Waterfront

The South Knoxville Waterfront Department been eliminated and the functions have been shifted to the Department of Policy Development. Policy Development will oversee the redevelopment of the City's South Knoxville Waterfront.

Engineering Division

The Engineering budget decreases by \$181,020 (3.03%) from the prior fiscal year. Salaries and benefits increase by \$115,730. The supplies budget are down by \$67,700, primarily as the discontinuance of the pavement marking contract on state roadways. Costs for the program were reflected here and reimbursed by the State. Other charges decline by \$229,050 as a result of lower internal service charges.

Public Service Division

The proposed FY 12/13 budget for the Public Service Division is \$21,401,020, an increase of \$421,960 when compared to FY11/12. Personal service costs increase from \$12,999,450 to \$13,512,970 (\$513,520) due to salary and benefit

increases. Supply costs drop slightly by \$1,120 to 1,120,250. Other expenses costs decrease by \$90,440 to \$6,767,800, with specific reductions occurring in fleet and risk management charge accounts.

Parks and Recreation Division

The Parks and Recreation budget for FY 12/13 drop by \$162,730 (2.39%) to \$6,636,600. Personal service expenses are lower by \$50,470 due to the elimination of one part time and one full time position. Supply costs show a decrease of \$26,260, mostly from the miscellaneous equipment category. Other costs reduce by \$86,000 due to lower internal service charges.

Mass Transit Division (Grant Match)

The Mass Transit Grant Match for FY 12/13 increases by \$55,930 to \$1,007,160. This funding satisfies the City's match requirements for Section 5307 transit funding and Surface Transportation Program (STP) grant.

Law

The Law Department budget is up by \$16,220. The increase in Personal Services of \$33,090 is due to the proposed salary and benefit increases, partially offset by changing a full-time position to a part time position. The supplies category remain essentially flat. The 'other categories' expenses decline by \$16,770 due to a drop in risk management and equipment lease charges.

Police Department

The FY10/11 budget for the Police Department is \$49,502,190, an increase of \$1,570,630 or 3.28%, when compared to FY 11/12. Personal Services increase by \$1,377,440. The supplies budget grows by \$77,090, primarily due software maintenance licenses. Other costs increase by \$116,100 due to an increase in internal service charges. Departmental authorized strength is 521, including uniformed positions which remains at 416.

Emergency Management Division

The FY 12/13 budget for Emergency Management increases by \$18,930 from last year. The change in the budget is primarily due to higher personal service charges resulting from the proposed salary increase and health benefits. The supplies and other expense categories have negligible changes.

Fire

The FY 12/13 proposed budget for the Fire Department is \$35,391,150 representing a growth of \$1,737,530 or (5.16%) over FY 11/12. Personal services increase \$1,133,760 due to the proposed salary and benefit adjustments. The budget for Supplies remains level while the category of other charges increases by \$603,770, largely due to higher fleet charges.

Civil Service

The Civil Service budget for FY 12/13 increases by \$40,190. Personal service costs are up by \$51,040 for salaries and benefits. Other costs decrease by \$14,050 due to a savings in the internal service costs.

Legislative

The legislative budget is \$967,530, an increase of \$22,370. This is primarily attributable to salary and benefit changes.

City Elections

Pursuant to state law, all elections are managed by the Knox County Election Commission. The Commission charges the City for its proportionate share of any primary or general elections. The budget is down by \$240,000 to \$40,000, consistent with FY 12/13 being a non-election year. The \$0,000 budget is to cover expected costs resulting from a charter referendum election.

OTHER FUNDS

State Street Aid (Fund 201)

The State Street Aid budget increases by \$15,000 to \$4,646,000. This is due to a slight increase in street lighting charges.

Abandoned Vehicles (Fund 209)

The FY 12/13 budget for the Abandoned Vehicles Fund totals \$865,380, a decline of \$1,430 from FY 11/12. Salaries increase by \$9,890, supplies remain steady, and other charges drop by approximately \$11,220, stemming a reduction in internal service charges.

City Court (Fund 213)

The total budget for City Court is \$3,875,590. Budgeted expenditures for court operations are

\$882,910. This is an increase of \$21,480 and is due to the salary and benefit changes.

Projected excess fees collected in excess of operating court costs (\$2,992,680), are transferred to the General Fund. These are forecast to drop by \$764,780 from FY 11/12. This continues a multi-year trend of lower revenues from traffic citations.

City Inspections (Fund 216)

Budgeted expenses for this fund increase by \$45,310 (1.92%) to 2,400,980. Personnel service and operating costs rise by \$123,680, due to salary and benefit increases. Supplies expense drop slightly to \$17,000 from \$17,370. The other expense line items decrease by \$78,000 to \$389,470 due lower charges for fleet, risk management and equipment lease charges. The general fund transfer to this fund drops \$70,670 to \$890,230. This is due to slightly higher anticipated collections from permits.

Stormwater (Fund 220)

The proposed budget for FY 12/13 increases by \$185,410. Personnel service costs grow by \$210,810 as the result of the addition of one full time position for NPDES permit compliance and the proposed salary and benefits increases. Supplies costs increase by \$2,700, and other expenses drop by \$25,090 due to a decrease in internal service fund charges.

Solid Waste (Fund 230)

The Public Service Division of the Public Works Department manages the Solid Waste Management Fund. The FY 12/13 budget for Solid Waste is \$10,855,230, a jump of \$417,310 from the FY 11/12. This is due to full year funding for the curbside recycling program as well as primarily contractually required changes in solid waste service contracts. Personal services increase from \$630,300 to \$660,750 as a result of salary and associated benefits adjustments. Supply costs increase from \$70,620 to \$80,620. Other costs rise by \$376,860 for the reasons cited above.

Safety City (Fund 240010)

Funding for Safety City has decrease by \$233,950. The FY 11/12 budget has a one-time transfer for capital projects related to the program. This transfer is not repeated which accounts for the drop. Salary and benefits increase by \$16,020. Of

note is the anticipated reduction of court fines flowing into this fund.

Housing Grants (Funds 260 and 269)

The total for FY 012/13 housing grants is \$1,475,390 allocated between Home Grants (\$1,328,720) and an Emergency Solutions Grant (\$146,670). The Home Grant funding decreases this year by \$246,230, while the ESG grant increases by \$63,670. The former is attributable to a significant reduction in federal funding to the program.

Community Development (Fund 290)

This budget is funded solely from the Federal Community Development Block Grant revenues which are expected to decline by \$145,390 or 8.52%. Remaining allocations of unspent federal funds are no longer budget which results in a drop of \$290,000 in revenue. These losses are somewhat offset by higher loan repayment revenue. The proposed FY12/13 budget is down \$375,390 to \$1,781,970. Personal service expenses drop from \$994,000 to \$948,240 due to the elimination of one (1) position. The funding for the supplies category remains \$9,340. The other expenses category decreases from \$2,157,360 to \$1,781,970 a reduction of \$329,630.

Public Assembly Facilities (Fund 503)

The Public Assembly Facilities Fund includes operations at the Civic Coliseum/Auditorium and Chilhowee Park. The proposed FY12/13 budget increases by \$185,410 from FY 11/12. Personal services increase by \$32,660 due to the proposed salary and benefit increases. Supply costs increase \$21,400 to \$155,300. The categories of other charges and other uses show a net gain of \$24,880. Lower internal service charges and depreciation are offset by an increase for capital projects expenditures.

Metro Parking (Fund 504)

The Metro Parking Fund accounts for the following City parking facilities: Jackson Avenue, Main Avenue Garage, Market Square Garage, Promeande Garage and the State Street Garage. These facilities are now contractually managed by the Public Building Authority for the city. The FY 12/13 budget grows by \$3,061,290 due to an increase in capital funding for the State Street Garage expansion (\$2,600,000) and the estimated

depreciation for the expanded facility. There are no personnel service or supply costs in this fund.

Knoxville Convention Center (Fund 506)

This fund encompasses operations at the City's Convention Center and its accompanying Locust Street Garage, as well as debt service and depreciation associated with these facilities. In prior years, the activities were consolidated within Fund 506. In order to increase accountability, understanding and control, the fund was broken down into a series of subfunds (506001 – 506005) but the overall purpose of the fund remains the same. The total budget for this fund is \$19,249,320 which represents a \$407,240 decrease from FY11/12. This decrease is mainly attributable to a reduction in depreciation expense and bond interest payments.

Mass Transportation (Fund 507)

The FY 12/13 budget for Mass Transit operations is \$23,530,280. The budget includes all three divisions of KAT; Motor Buses, Trolleys, and Lift (paratransit) Services. The required General Fund transfer to maintain existing service and fund operations at the transit center increases by \$354,250 to \$10,717,240. The \$353,920 rise in personal services is attributed to increases in salary and benefits. Supply costs grow by \$143,890 due to projected higher fuel costs. The other expenses category is higher by \$309,770 due to more dollars being budgeted for depreciation and buildings and ground maintenances.

Fleet Services (Fund 702)

The Fleet Services Operating Fund is up by \$401,580. Salary and benefits change by \$17,600. An increase in overall salary and benefits is partially offset by the shift of one position to the Finance Department. A jump of \$473,280 in the supplies budget is due to higher fuel and parts costs. Other charges decrease by \$117,000 due to lower internal service charges. The other uses category of expenses is up by \$27,700 and is entirely related to capital purchases for shop equipment.

Risk Management (Fund 704)

The Risk Management operation is a division of the Finance Department. The budget for FY 12/13 decreases by \$605,640 to \$6,696,950. This is attributable mainly to a projected lower workers' compensation expenses. Personal services

declines from \$345,410 to \$334,770, the result of a reclassification of one position from full-time to part-time. Supply expenses increase from \$7,810 to \$47,810 due to a \$40,000 charge for computer software licenses.

Health Care (Fund 705)

The FY13 budget for the Health Care services fund increases by \$1,048,900 to \$16,796,540.

Personal services costs increase modestly by \$4,200. The supplies category increases \$54,800 to \$64,400 due to a change in the accounting for medical supplies. The large increase is in the other expense category. After several years of very low health care cost increases we are now anticipating a more significant rise in this area. As a result this category grows \$989,900 to \$16,506,720.

GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2012/13

Department	Actual FY 08/09	Actual FY 09/10	Adopted Budget FY 11/12	Proposed Budget FY 12/13	\$ Change 11/12 - 12/13	% Change 11/12 - 12/13
Administration	\$2,318,268	\$2,273,262	\$2,683,300	\$3,317,740	\$634,440	23.64%
Finance	3,509,209	3,266,524	3,672,480	3,754,570	82,090	2.24%
Information Systems	3,769,840	3,888,646	4,208,220	4,310,650	102,430	2.43%
Community Development	950,650	972,762	1,065,730	1,311,670	245,940	23.08%
South Knoxville Waterfront	285,147	227,235	236,270	-	(236,270)	(100.00%)
Public Works	-	-	-	273,090	273,090	
Public Services	19,919,968	20,531,841	20,979,060	21,401,020	421,960	2.01%
Engineering	5,362,636	5,354,224	5,876,230	5,798,270	(77,960)	(1.33%)
Recreation	6,668,667	6,966,538	6,799,330	6,636,600	(162,730)	(2.39%)
Knoxville Area Transit (KAT)	850,000	969,200	951,230	1,007,160	55,930	5.88%
Law	1,570,666	1,574,709	1,809,540	1,825,760	16,220	0.90%
Police	44,161,134	44,708,327	47,931,560	49,502,190	1,570,630	3.28%
Emergency Management	269,828	296,010	325,680	344,610	18,930	5.81%
Fire	30,887,097	30,322,072	33,653,620	35,391,150	1,737,530	5.16%
Legislative	1,017,398	896,730	945,160	967,530	22,370	2.37%
Civil Service	925,447	931,793	1,024,640	1,064,830	40,190	3.92%
Nondepartmental						
City Elections	-	248,422	280,000	40,000	(240,000)	(85.71%)
Knoxville Partnership	655,786	651,300	642,970	642,970	-	0.00%
Metropolitan Planning Commission (MPC)	763,430	800,000	905,000	905,000	-	0.00%
Knoxville Zoological Park	907,100	906,250	1,009,570	1,058,680	49,110	4.86%
Agency Grants	1,166,200	996,700	717,000	712,000	(5,000)	(0.70%)
Waterfront	341,323	536,761	530,380	530,380	-	0.00%
Community Action Committee (CAC)	517,370	719,770	565,640	690,640	125,000	22.10%
Reserve	-	-	1,725,000	1,810,000	85,000	4.93%
Other Non-departmental Expenses	605,730	-	1,115,200	1,438,870	323,670	29.02%
Transfers	37,072,255	35,425,940	32,525,160	35,827,120	3,301,960	10.15%
Subtotal - Nondepartmental	42,029,194	40,285,143	40,015,920	43,655,660	3,639,740	9.10%
GRAND TOTAL	<u>\$164,495,149</u>	<u>\$163,465,016</u>	<u>\$172,177,970</u>	<u>\$180,562,500</u>	<u>\$8,384,530</u>	<u>4.87%</u>

GENERAL FUND BUDGET BY DEPARTMENT

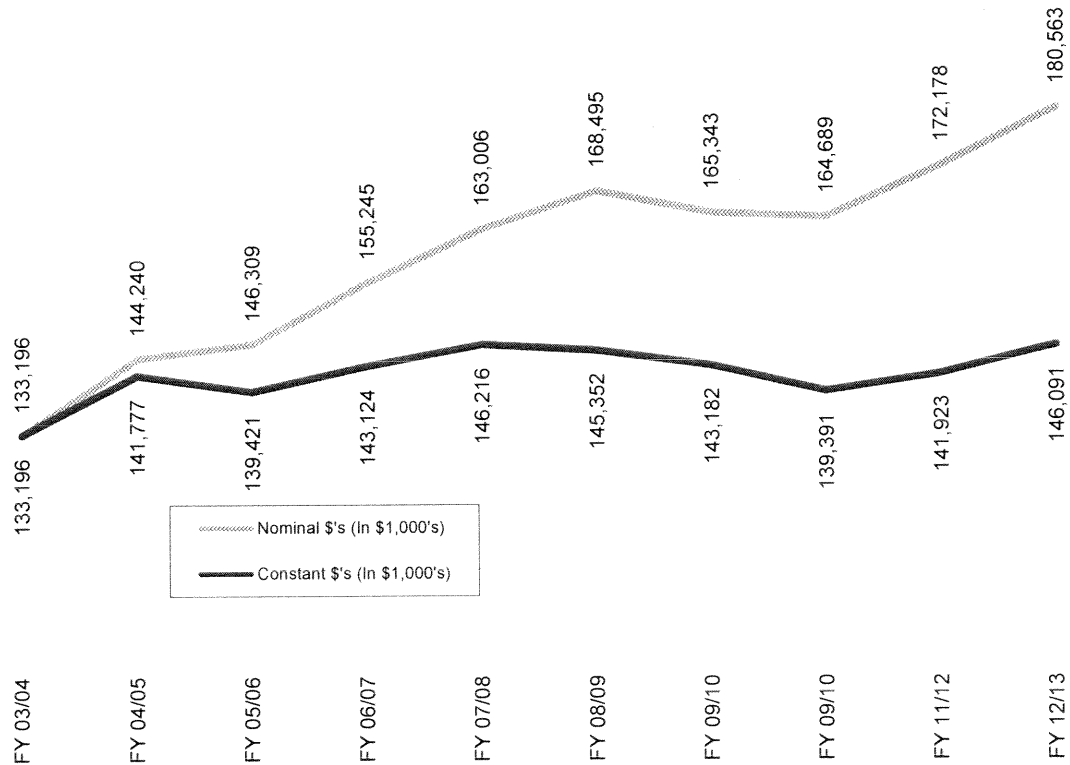
Fiscal Years 2008/09 - 2012/13

Department	Adopted Budget FY 08/09	Adopted Budget FY 09/10	Adopted Budget FY 10/11	Adopted Budget FY 11/12	Proposed Budget FY 12/13
Administration	\$ 2,378,100	\$ 2,454,900	\$ 2,372,800	\$ 2,683,300	\$ 3,317,740
Finance	3,591,100	3,499,930	3,539,460	3,672,480	3,754,570
Information Systems	4,028,340	3,974,450	4,077,990	4,208,220	4,310,650
Community Development	1,050,680	1,079,150	1,090,230	1,065,730	1,311,670
South Knoxville Waterfront	292,280	298,990	225,590	236,270	-
Public Works	-	-	-	-	273,090
Public Services	20,005,860	20,077,210	20,372,640	20,979,060	21,401,020
Engineering	5,706,950	5,594,940	5,673,040	5,876,230	5,798,270
Recreation	6,744,380	6,796,420	6,743,630	6,799,330	6,636,600
Knoxville Area Transit (KAT)	850,000	969,200	912,950	951,230	1,007,160
Law	1,667,220	1,822,840	1,764,930	1,809,540	1,825,760
Police	44,730,920	45,145,760	45,958,920	47,931,560	49,502,190
Emergency Management	292,970	298,440	316,940	325,680	344,610
Fire	31,068,220	30,698,080	32,322,580	33,653,620	35,391,150
Legislative	906,490	916,480	915,560	945,160	967,530
Civil Service	978,390	994,060	991,330	1,024,640	1,064,830
Nondepartmental					
City Elections	30,000	280,000	-	280,000	40,000
Knoxville Partnership	673,390	651,300	651,300	642,970	642,970
Metropolitan Planning Commission (MPC)	763,430	800,000	905,000	905,000	905,000
Knoxville Zoological Park	907,100	906,250	906,660	1,009,570	1,058,680
Agency Grants	1,130,200	996,700	876,500	717,000	712,000
Waterfront	511,590	519,390	528,090	530,380	530,380
Community Action Committee (CAC)	517,370	542,530	567,650	565,640	690,640
Reserve	2,450,000	1,675,000	1,650,000	1,725,000	1,810,000
Other Non-departmental Expenses	605,730	565,370	475,180	1,115,200	1,438,870
Transfers	36,614,070	33,785,570	30,850,270	32,525,160	35,827,120
Subtotal - Nondepartmental	44,202,880	40,722,110	37,410,650	40,015,920	43,655,660
GRAND TOTAL	<u>\$ 168,494,780</u>	<u>\$ 165,342,960</u>	<u>\$ 164,689,240</u>	<u>\$ 172,177,970</u>	<u>\$ 180,562,500</u>

City of Knoxville

Equalized General Fund Budget

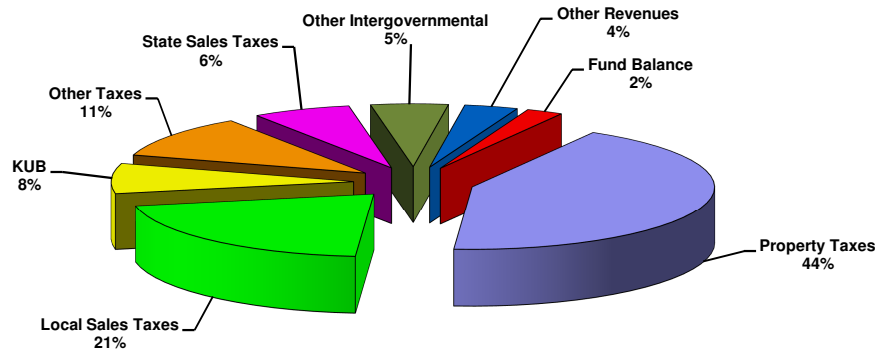
Fiscal Years 2003/04 – 2012/13



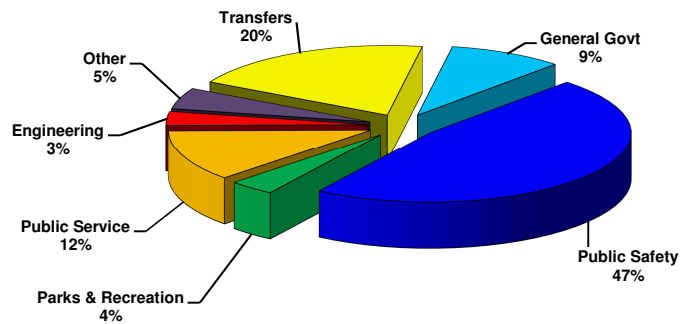
The chart above shows the actual adopted General Fund budget compared to the budget adjusted for the impacts of inflation over the past ten years. As can be seen the adjusted budget has fluctuated both up and down over the years. The proposed FY 12/13 budget, as adjusted, is up when compared to 10 years ago, but is down slightly from five years ago. When compared to FY 11/12 the adjusted budget is up by \$4,168,090.

General Fund Revenue and Expenditures FY 2012-13

Where the money comes from



Where the money goes



Authorized Positions by Department

Full and Part-Time General Fund

Department	FY 10/11		FY 11/12		FY 12/13		Total Change
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	10/11 - 11/12
Administration	24	3	25	2	30	1	4
Finance	42	0	42	0	43	0	1
Information Systems	30	0	30	0	30	0	0
Community Development	4	0	4	0	5	0	1
South Knoxville Waterfront	1	0	1	0	0	0	(1)
Public Works	0	0	0	0	2	0	2
Public Services	282	0	282	0	282	0	0
Engineering	58	1	57	1	57	1	0
Recreation	46	13	46	13	45	12	(2)
Law	13	0	13	0	12	1	0
Police	516	3	516	3	516	3	0
Emergency Management	3	0	3	0	3	0	0
Fire	337	0	337	0	337	0	0
Legislative	3	9	3	9	3	9	0
Civil Service	12	0	12	0	12	0	0
Total - Full Time	<u>1,371</u>	<u>29</u>	<u>1,371</u>	<u>28</u>	<u>1,377</u>	<u>27</u>	<u>5</u>

Permanent Full Time Personnel

General Fund FY 08/09 - 12/13

Department	FY 08/09 Full Time	FY 09/10 Full Time	FY 10/11 Full Time	FY 11/12 Full Time	FY 12/13 Full Time	Change 08/09 - 12/13	Change 11/12 - 12/13
Administration	25	25	24	25	30	5	5
Finance	43	43	42	42	43	0	1
Information Systems	30	30	30	30	30	0	0
Community Development	4	4	4	4	5	1	1
South Knoxville Waterfront	2	2	1	1	0	(2)	(1)
Public Works	0	0	0	0	2	2	2
Public Services	285	284	282	282	282	(3)	0
Engineering	59	59	58	57	57	(2)	0
Recreation	49	48	46	46	45	(4)	(1)
Law	13	14	13	13	12	(1)	(1)
Police	517	517	516	516	516	(1)	0
Emergency Management	3	3	3	3	3	0	0
Fire	338	338	337	337	337	(1)	0
Legislative	3	3	3	3	3	0	0
Civil Service	13	13	12	12	12	(1)	0
Total - Full Time	<u>1,384</u>	<u>1,383</u>	<u>1,371</u>	<u>1,371</u>	<u>1,377</u>	<u>(7)</u>	<u>6</u>

City of Knoxville

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2012/13

Description	Actual FY 09/10	Actual FY 10/11	Adopted FY 11/12	Proposed FY 12/13	Dollar Change	Percentage Change
<i>Operating Grants</i>						
African American Appalachian Arts	\$ 20,000	\$ 15,000	\$ 18,000	\$ 17,500	\$ (500)	(2.78%)
Arts and Cultural Alliance	25,000	25,000	25,000	25,000	-	0.00%
Beck Cultural Center	28,000	20,000	26,000	25,500	(500)	(1.92%)
Bijou Theatre	22,500	20,000	20,000	19,500	(500)	(2.50%)
Blount Mansion Association	7,000	8,000	8,000	8,000	-	0.00%
Boys/Girls Club	-	3,000	3,000	3,000	-	0.00%
Canvas Can Do Miracles	-	1,000	-	-	-	-
Carpetbag Theatre	-	2,500	5,000	10,000	5,000	100.00%
Central Business Improvement District	60,000	2,107	-	-	-	-
Centro Hispano de East Tennessee	-	-	-	5,000	5,000	-
Cerebral Palsy Center	7,000	7,000	7,000	7,000	-	0.00%
Child and Family Services	40,000	38,000	38,000	38,000	-	0.00%
Childhelp Children's Center of East Tennessee	-	-	-	7,000	7,000	-
Clarence Brown Theatre	-	-	2,500	10,000	7,500	300.00%
C.O.N.E.C.T. Ministries	-	-	5,000	5,000	-	0.00%
Court Appointed Special Advocates (CASA)	-	-	-	1,000	1,000	-
Crutcher Memorial Youth Enrichment Center	-	-	-	1,000	1,000	-
disABILITY Resource Center	1,000	-	-	-	-	-
Dogwood Arts Festival, Inc.	-	-	-	5,000	5,000	-
East Tennessee Community Design Center	6,200	8,000	8,000	8,000	-	0.00%
East Tennessee Discovery Center	20,000	20,000	20,000	20,000	-	0.00%
East Tennessee Historical Society	18,000	18,000	18,000	20,000	2,000	11.11%
East Tennessee Technology Access Center	3,000	2,500	2,500	2,500	-	0.00%
Emerald Youth Foundation	-	1,500	1,500	1,500	-	0.00%
Epilepsy Foundation	-	1,000	1,000	1,000	-	0.00%
Family Promise of Knoxville	-	-	1,500	1,500	-	0.00%
Florence Crittenton Home	4,000	3,000	3,000	-	(3,000)	(100.00%)
Fountain City Art Center	-	1,000	1,000	2,000	1,000	100.00%
Free Medical Clinic of America, Inc.	-	-	-	5,500	5,500	-
Friends of the Knox County Library (Imagination Library)	5,000	6,500	7,000	7,000	-	0.00%
Friends of Literacy	3,000	3,000	3,000	3,000	-	0.00%
Hands and Feet Ministries	-	-	1,000	1,000	-	0.00%
Hazen Historical Museum Foundation	7,000	8,000	8,000	10,000	2,000	25.00%
Helen Ross McNabb Center	5,500	4,500	4,500	4,500	-	0.00%
Hola Hora Latina	1,500	3,000	3,000	8,500	5,500	183.33%
Hope Resource Center	-	4,000	4,000	-	(4,000)	(100.00%)
Interfaith Health Clinic	30,000	32,000	32,000	32,000	-	0.00%
James White Fort Association	7,000	8,000	8,000	9,000	1,000	12.50%
Joy of Youth Music School	7,500	12,000	12,000	12,000	-	0.00%
Jubilee Community Arts	-	-	5,000	10,000	5,000	100.00%
Keep Knoxville Beautiful	5,000	5,000	5,000	5,000	-	0.00%
Knox Heritage	20,000	20,000	21,000	21,000	-	0.00%
Knoxville Area Urban League	45,000	45,000	45,000	45,000	-	0.00%
Knoxville Botanical Gardens & Arboretum	-	3,000	3,500	3,500	-	0.00%
Knoxville Choral Society	500	1,500	1,500	1,500	-	0.00%
Knoxville Habitat for Humanity	-	-	2,500	2,500	-	0.00%
Knoxville Leadership Foundation - Amachi Knoxville	-	-	-	3,000	3,000	-
Knoxville Museum of Art	100,000	90,000	80,000	80,000	-	0.00%
Knoxville Opera Company	20,000	22,000	24,000	-	(24,000)	(100.00%)
Knoxville Symphony Society	47,500	50,000	55,000	60,000	5,000	9.09%
Legal Aid of East Tennessee	5,000	5,000	4,000	4,000	-	0.00%
Life Saver's, Inc.	-	-	-	1,000	1,000	-
McClung Museum	-	-	-	2,500	2,500	-
Metropolitan Drug Commission	40,000	40,000	40,000	40,000	-	0.00%
MLK Commemorative Commission	-	-	-	2,500	2,500	-
Positively Living	6,000	6,000	5,000	5,000	-	0.00%
Safe Haven Center	12,000	12,000	-	-	-	-
Samaritan Ministry - CBC	-	1,500	1,500	1,500	-	0.00%
Second Harvest Food Bank	7,000	7,500	8,000	8,000	-	0.00%
Senior Citizens Home Assistance	20,000	20,000	20,000	20,000	-	0.00%
Sertoma Center	22,500	22,000	22,000	-	(22,000)	(100.00%)
Sexual Assault Center of East Tennessee	-	-	-	3,000	3,000	-
Shora Foundation	-	500	500	500	-	0.00%
Tennessee Archive of Moving Image and Sound	-	-	1,000	-	(1,000)	(100.00%)
Tennessee Children's Dance Ensemble	1,500	3,000	3,000	2,500	(500)	(16.67%)
Tennessee Stage Company	5,000	6,500	6,000	-	(6,000)	(100.00%)
Tennessee Theatre Foundation	46,500	45,000	20,000	-	(20,000)	(100.00%)
Tribe One	-	-	6,500	6,500	-	0.00%

City of Knoxville

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2012/13

Description	Actual FY 09/10	Actual FY 10/11	Adopted FY 11/12	Proposed FY 12/13	Dollar Change	Percentage Change
UUNIK Academy, Inc.	-	-	-	1,000	1,000	
Volunteer Ministry Center	-	3,000	3,000	6,000	3,000	100.00%
WDVX	15,000	18,000	21,000	30,000	9,000	42.86%
Williams Creek Community Garden (TCWN)	-	-	1,500	-	(1,500)	(100.00%)
YMCA	5,000	5,000	5,000	5,000	-	0.00%
YWCA	5,000	5,000	5,000	5,000	-	0.00%
Subtotal - Operating Grants	756,700	714,107	712,000	712,000	-	0.00%
<i>Capital Grants</i>						
Crutcher Memorial Youth Enrichment	5,000	-	5,000	-	(5,000)	(100.00%)
disABILITY Resource Center Capital	-	3,000	-	-	-	
Friends of YWAC Capital	-	100,000	-	-	-	
Knoxville Botanical Gardens and Arboretum	75,000	-	-	-	-	
Love Kitchen Capital	10,000	-	-	-	-	
Metropolitan Drug Commission Capital	25,000	-	-	-	-	
Nativity Pageant Capital	-	1,500	-	-	-	
Senior Citizen's Home Assistance Capital	125,000	-	-	-	-	
Subtotal - Capital Grants	240,000	104,500	5,000	0	(5,000)	(100.00%)
Grand Total	\$ 996,700	\$ 818,607	\$ 717,000	\$ 712,000	\$ (5,000)	(0.70%)

City of Knoxville
GENERAL FUND TRANSFERS
Fiscal Year 2012/13

Description	Budget FY 11/12	Budget FY 12/13	Change 11/12 - 12/13	Comment
Community Improvement (202) Transfer	85,000	90,000	5,000	Transfer for community improvements (see Fund 202)
City Inspections Transfer	960,900	890,230	(70,670)	Subsidy for City Inspections (see Fund 216)
Stormwater Transfer	2,557,550	2,742,960	185,410	Funding for Stormwater operations (see Fund 220)
Solid Waste Transfer	9,416,120	9,722,230	306,110	Funding for Solid Waste operations (see Fund 230)
Special Revenue Fund Transfer	269,270	164,920	(104,350)	Transfer for Senior Aides, Others (see Funds 240 & 250)
Tax Increment Transfer	774,990	944,780	169,790	Tax Increment Subsidy (\$739,910) (see Fund 306)
Transfer - Trust & Agency	638,970	952,680	313,710	Actuarially required contribution for past service liability (Schools)
Chilhowee Park Transfer	1,016,390	951,800	(64,590)	Subsidy for Chilhowee Park operations (see Fund 503)
Auditorium/Coliseum Transfer	1,506,600	1,478,610	(27,990)	Subsidy for Coliseum (see Fund 503)
Metro Parking Transfer	0	2,600,000	2,600,000	Capital allocation for State Street Garage expansion (see Fund 504)
Convention Center Transfer	2,191,510	2,118,460	(73,050)	Support for Convention Center Operations (see Fund 506)
World's Fair Park Transfer	1,486,410	1,516,920	30,510	Subsidy for WFP operations (see Fund 506)
Mass Transit Transfer	9,512,700	9,788,650	275,950	KAT operating subsidy (see Fund 507)
Trolley Transfer	850,290	928,590	78,300	Trolley operating subsidy (see Fund 507)
Golf Course Transfer	126,500	130,430	3,930	Subsidy for Municipal Golf Course (see Fund 508)
Risk Management Transfer	434,940	449,300	14,360	Support administration of Risk Fund (see Fund 704)
Health Care Transfer	1,335,990	1,309,240	(26,750)	Support administration of Health Care Fund (see Fund 705)
Employer Subsidy - Retiree Health Care	476,230	486,190	9,960	Subsidy to offset a portion of retiree's health care costs (see Fund 705)
	<u>33,640,360</u>	<u>37,265,990</u>	<u>3,625,630</u>	

City of Knoxville

DEBT SERVICE

The City of Knoxville, like other cities, occasionally needs to borrow money in order to complete various capital projects. In the past the city has issued debt for such items as road paving and construction, fire station construction, waterfront development, storm sewer improvements, land acquisition and improvements at the World's Fair site, the new Convention Center, and various other projects. In FY 09/11 the City also assumed new debt in the form of a line of credit. The latter is used to pay for various energy saving measures. As of June 30, 2012, the long-term debt of the City, excluding revenue sup-

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

The primary revenue to this fund comes from a property tax levy of 60¢. Property tax is projected to yield approximately \$24.89 million. Interest earnings are forecast at \$554,630. The Knoxville Community Development Corporation (KCDC) is committed to repay the debt service on a portion of the 2005A bonds. In FY 12/13 that amount is \$222,000. An additional \$142,800 comes from the Public Building Authority to repay its portion of the line of credit.

Debt Limitations

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

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

TABLE 1			
Type of Debt	Principal Outstanding 6/30/12	Principal Paid In FY 12/13	Principal Outstanding 6/30/13
G.O. Bonds & Notes	\$56,307,230	\$5,390,360	\$50,916,870
Enterprise Fund Debt	<u>129,595,000</u>	<u>4,075,000</u>	<u>125,520,000</u>
Total	<u>\$185,902,230</u>	<u>\$9,465,360</u>	<u>\$176,436,870</u>

ported debt of the Knoxville Utilities Board (KUB) and the Metropolitan Knoxville Airport Authority (MKAA), is \$185,902,230. 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.

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

DEBT SERVICE SCHEDULE

Fiscal Year 2012/13

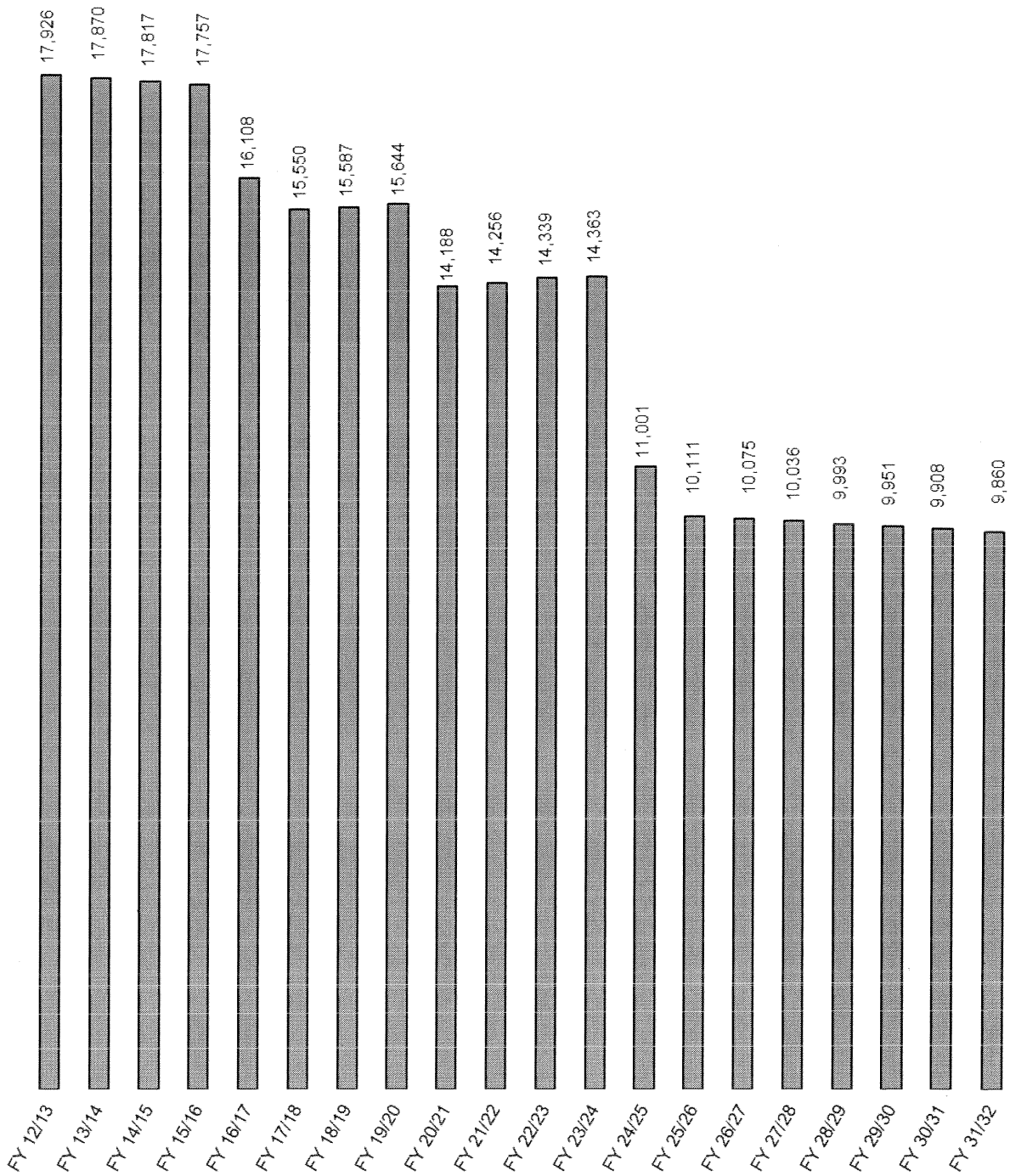
Bond Issue	Final Maturity	Principal Balance 6/30/2011	Principal Payable FY 12/13	Interest Payable FY 12/13	Total Payable FY 12/13	Principal Balance 6/30/2012
General Obligation Bonds						
G.O. Series 2004 A	05/24	\$ 23,055,000	\$ 1,550,000	\$ 895,690	\$ 2,445,690	\$ 21,505,000
G.O. Refunding Series 2004 B	05/17	9,260,000	2,200,000	326,500	2,526,500	7,060,000
G.O. Refunding Series 2005 A	05/20	9,700,000	1,020,000	485,000	1,505,000	8,680,000
Line of Credit (Ameresco)	11/21	14,292,230	620,360	556,430	1,176,790	13,671,870
Subtotal - G.O. Bonds		<u>56,307,230</u>	<u>5,390,360</u>	<u>2,263,620</u>	<u>7,653,980</u>	<u>50,916,870</u>
Grand Total- Fund 305		<u>\$ 56,307,230</u>	<u>\$ 5,390,360</u>	<u>\$ 2,263,620</u>	<u>\$ 7,653,980</u>	<u>\$ 50,916,870</u>
Enterprise Fund Debt						
TN Loan - 2009 Refunding	06/20	24,570,000	2,610,000	1,277,640	3,887,640	21,960,000
G.O. Series 2002 A	06/25	45,055,000	1,465,000	2,220,230	3,685,230	43,590,000
TN Loan Variable Rate - 2002	06/32	59,970,000	-	2,698,650	2,698,650	59,970,000
Subtotal - Enterprise Fund		<u>\$ 129,595,000</u>	<u>\$ 4,075,000</u>	<u>\$ 6,196,520</u>	<u>\$ 10,271,520</u>	<u>\$ 125,520,000</u>
Grand Total - All Finds		<u>\$ 185,902,230</u>	<u>\$ 9,465,360</u>	<u>\$ 8,460,140</u>	<u>\$ 17,925,500</u>	<u>\$ 176,436,870</u>

City of Knoxville
Debt Amortization Schedule

Fiscal Years 2012/13 - 2031/32

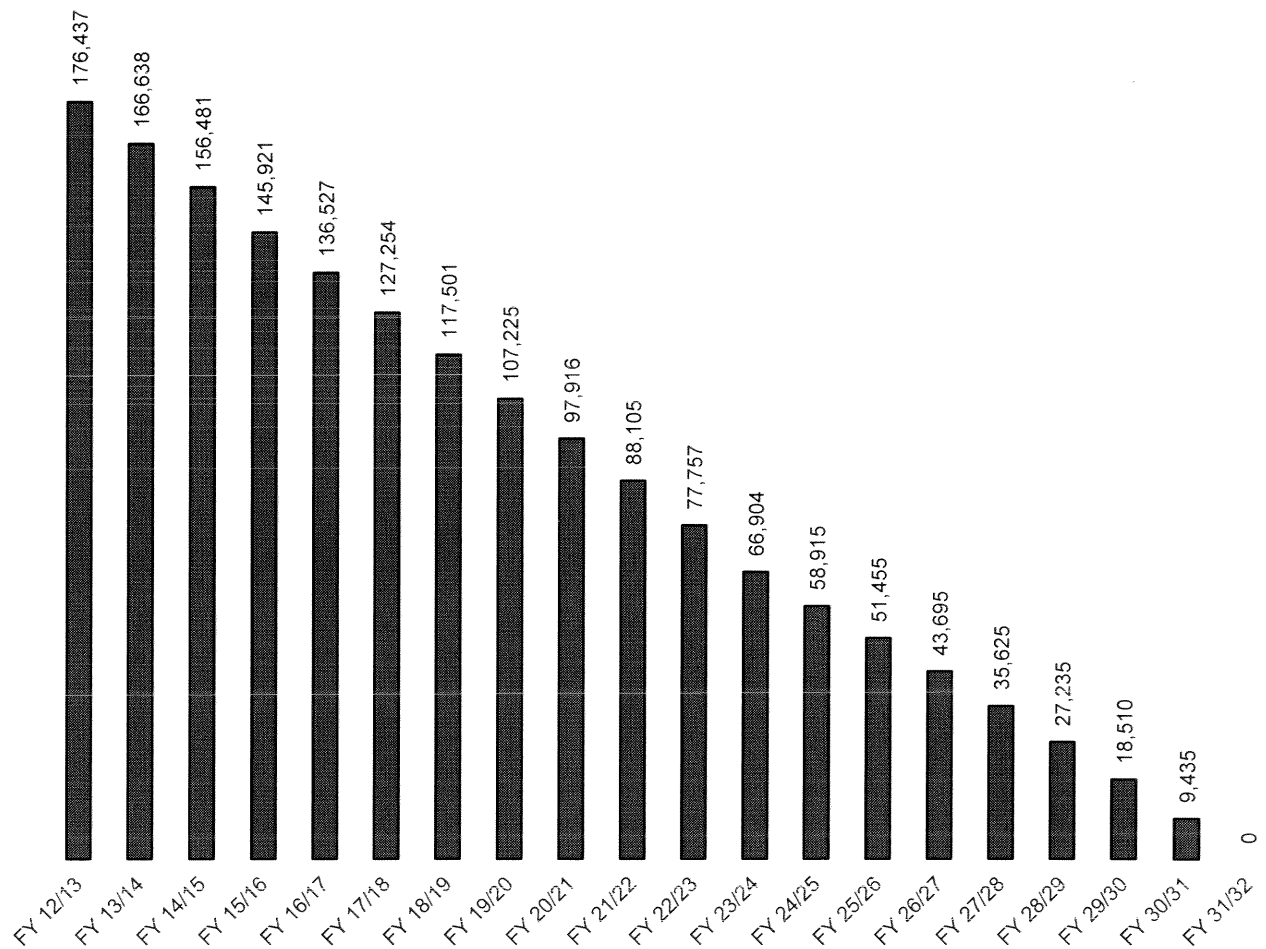
Fiscal Year	G.O. Bonds P & I	Enterprise P & I	Total P & I	Principal Balance EOY
2013	\$ 7,653,980	\$ 10,271,520	\$ 17,925,500	\$ 176,436,870
2014	7,617,850	10,251,710	17,869,560	166,638,190
2015	7,580,510	10,236,120	17,816,630	156,481,290
2016	7,538,160	10,219,290	17,757,450	145,921,000
2017	5,907,700	10,200,560	16,108,260	136,526,870
2018	5,369,900	10,180,170	15,550,070	127,253,770
2019	5,428,580	10,158,880	15,587,460	117,500,640
2020	5,503,820	10,140,300	15,644,120	107,225,060
2021	4,069,240	10,118,650	14,187,890	97,915,670
2022	4,140,240	10,115,900	14,256,140	88,105,340
2023	4,220,230	10,118,650	14,338,880	77,756,550
2024	4,247,010	10,115,900	14,362,910	66,903,690
2025	873,720	10,127,150	11,000,870	58,915,000
2026	-	10,111,180	10,111,180	51,455,000
2027	-	10,075,480	10,075,480	43,695,000
2028	-	10,036,280	10,036,280	35,625,000
2029	-	9,993,130	9,993,130	27,235,000
2030	-	9,950,580	9,950,580	18,510,000
2031	-	9,907,950	9,907,950	9,435,000
2032	-	9,859,580	9,859,580	-
	<u>\$ 70,150,940</u>	<u>\$ 202,188,980</u>	<u>\$ 272,339,920</u>	

Annual Debt Payments
FY 2012/13– 2031/32



All numbers in \$1,000's.

Remaining Debt Outstanding (End of Year)
FY 2012/13– 2031/32



City of Knoxville

**Capital Improvement Budget
Sources and Uses
FY 2012/13**

Sources of Funds

City Proceeds	
General Fund	\$ 2,600,000
State Street Aid Fund	750,000
Coliseum Restoration Fund	195,000
Police Capital Fund	1,425,190
Police Training Fund	200,000
Debt Service Fund	18,149,800
Equipment Replacement Fund	200,000
Subtotal - City Proceeds	<u>\$ 23,519,990</u>
Other Sources	
Federal/State Grants	<u>876,900</u>
Grand Total - Sources of Funds	<u><u>\$ 24,396,890</u></u>

Uses by Fund

Capital Projects Fund (Fund 401)	20,991,090
Public Assembly Facilities Fund (Fund 503)	541,200
Metro Parking Fund (Fund 504)	2,600,000
Fleet Services Fund (Fund 702)	64,600
Equipment Replacement Fund (Fund 706)	200,000
Grand Total - Uses of Funds	<u><u>\$ 24,396,890</u></u>

Uses of Funds

Administration	
Jackson Ave Redevelopment	200,000
State Street Parking Garage	2,600,000
Magnolia Warehouse Redevelopment Area	200,000
Downtown North	500,000
Downtown Improvement Fund	50,000
Subtotal - Administration	<u>3,550,000</u>
Community Development	
ADA Access Improvements	150,000
Chronic Problem Properties	500,000
Blighted Property Acquisition	300,000
Facade Improvement Program	200,000
Subtotal - Community Development	<u>1,150,000</u>
Engineering	
Bridge Maintenance Program	650,000

City of Knoxville

**Capital Improvement Budget
Sources and Uses
FY 2012/13**

ADA Curb Cut Program	500,000
Sidewalk Safety Program	500,000
Citywide Resurfacing Program	5,450,000
SAFETEA-LU Road Imp. Match	650,000
Neighborhood Drainage Improvements Program	500,000
Citywide Traffic Calming	20,000
Traffic Signal Modernization	250,000
Crosswalk Safety Program	330,000
Citywide Roadway Safety Program	500,000
Citywide New Sidewalk Construction	400,000
2013 Alley Paving	200,000
Water Quality Improvements	350,000
Cherokee Trail Safety Improvement	500,000
Cross Park Drive Drainage Improvements	500,000
First Creek Greenway - Phase 1 Woodland Ave to Edgewood Park	1,085,900
Ft. Dickerson Road Realignment	1,100,000
Pilkay Rd. Evacuation	350,000
Subtotal - Engineering	<u>13,835,900</u>
Public Service	
Public Works Complex	700,000
Roof & HVAC Maintenance Program	200,000
Knoxville Fire Department Station Maintenance Program	75,000
Knuckle Boom for Tree Crew	125,000
Knoxville Fire Department Station #20 Stormwater Compliance	40,000
Subtotal - Public Service	<u>1,140,000</u>
Parks & Recreation	
Ballfield, Tennis Court, Playground Improvements	200,000
Greenway Maintenance and Improvements	200,000
Dr. E.V. Davidson Recreation Center Improvements	350,000
Outdoor Pool Covers	30,000
Park Improvements	210,000
Subtotal - Parks & Recreation	<u>990,000</u>
Police	
Police Facility Building Improvements	350,000
Surveillance Platform	140,000
Crash Reconstruction Equip	55,750
Firearms Examination	186,800
Computers	11,900
Remote Surveillance Cameras	44,000
VHF Secure Transmitters	25,000
OCU Vehicles	60,000
Patrol Staffing Plan	23,800

City of Knoxville

**Capital Improvement Budget
Sources and Uses
FY 2012/13**

Training Academy Multi-Purpose Bldg.	500,000
Hogan's Alley	200,000
Digital Camera Upload Site	12,640
Subtotal - Police	<u>1,609,890</u>
Other Community Agencies	
Five Points(Taylor-Lee Williams)	800,000
Zoo Renovations and Improvements	500,000
Subtotal - Other Community Agencies	<u>1,300,000</u>
Public Assembly Facilities	
Chilhowee Park Restroom Facilities	346,200
Coliseum Coil Replacement	195,000
Subtotal - Public Assembly Facilities	<u>541,200</u>
Fleet Services	
Light Shop Tire Balancer	18,200
Light Shop Tire Changer	13,900
Bosch Vehicle Diagnostic Package	12,600
Impound Storage Building	15,300
Light Shop Tire Storage Addition	19,900
Subtotal - Fleet Services	<u>79,900</u>
Fire	
Fire Station Alerting System	200,000
Subtotal - Fire	<u>200,000</u>
Grand Total	<u><u>\$ 24,396,890</u></u>