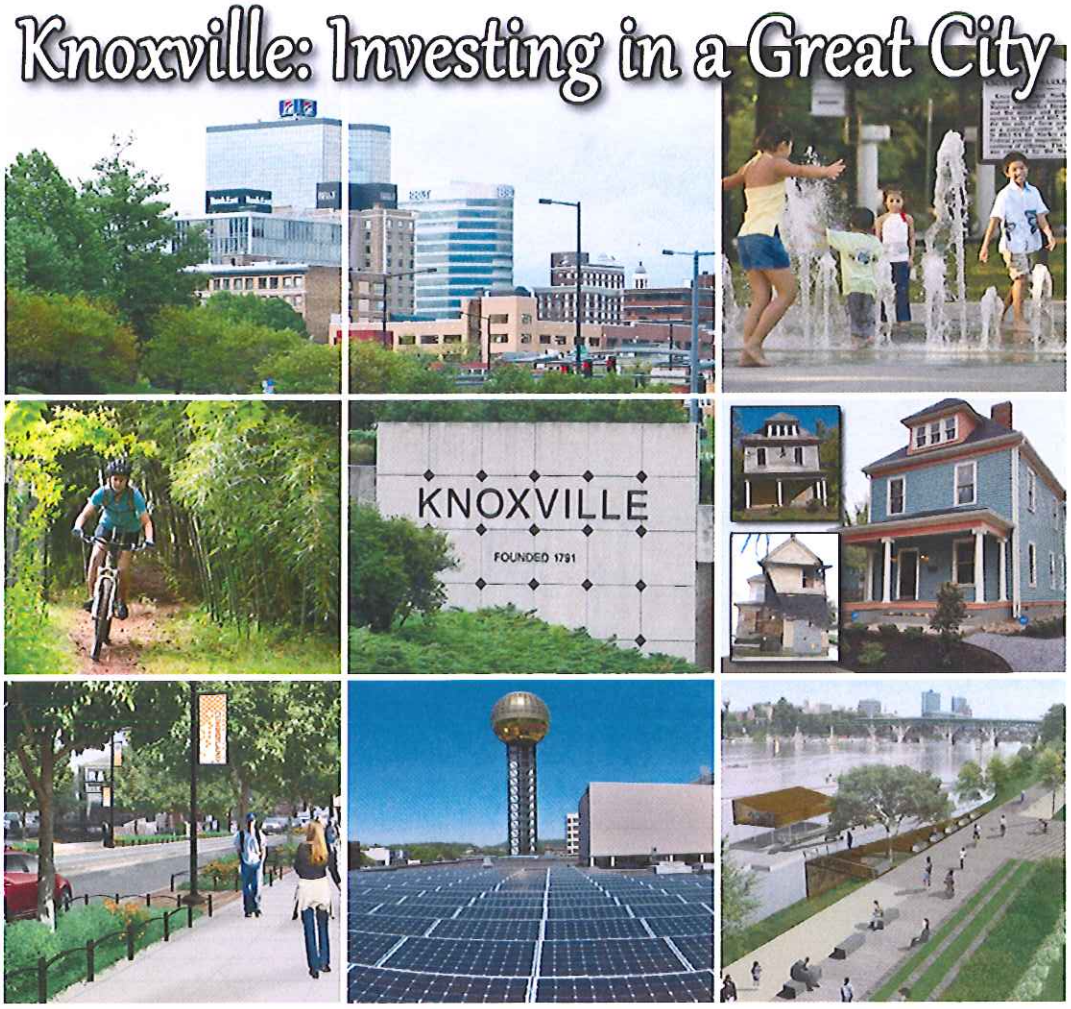
CITY OF KNOXVILLE

MADELINE ROGERO, MAYOR



FY 2014 / 2015 PROPOSED OPERATING BUDGET

KNOXVILLE, TENNESSEE

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FISCAL YEAR 2014-2015
ADOPTED ANNUAL OPERATING BUDGET
CITY OF KNOXVILLE, TENNESSEE

MAYOR
Madeline Rogero

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

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Executive Summary

The purpose of this section is to provide an overview of some of the major initiatives of the FY 14/15 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 continued growth and improvement of a city requires both a vision and a commitment to move forward. A budget attempts to capture that vision and to ascribe dollars and cents to the task. 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 theme of this budget is to sustain the on-going momentum and progress occurring in Knoxville.

General Overview

Maintaining a fiscally sound city is important not only in the short term but for the future. Pressing obligations, particularly to fund pensions and other expenses, require a tax adjustment. For FY 14/15 the tax rate is set at $2.7257 per $100 of assessed value. This is an increase of $0.34. In FY 14/15, $0.5334 goes to the Debt Service fund and $2.1923 goes to the General Fund. When adjusted for the impact of inflation and countywide reappraisals, the proposed tax rate is actually lower than it was ten years ago.

The total operating budget in FY 14/15 is $384,611,930. The net budget, i.e., excluding inter-fund transfers and charges which are effectively double counted within the budget, is $284,450,780. The budget for the General Fund, which is the main operating fund of the city, equals $200,502,560.

The total budget decreases by $2,262,920 (0.6%) when compared to the FY 13/14 budget. The net budget decreases by $11,406,840 (3.86%). The General Fund budget is up by $17,322,130 (9.46%).

Budgeted personnel for FY 14/15 total 1,599 full-time positions and 31 part-time positions. This represents an increase of one full-time position and a decrease of two part-time positions.

A goal is to ensure that personnel are paid competitively. In order to remain current, the budget includes a salary increase of 2.5% for employees.

In addition to the salary adjustments mentioned above, the budget includes an approximate $7.38 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 approximately $23.39 million, which represent normal contributions and the amortization of the unfunded pension liability. The budget also increases the allocation for health care benefits. Although the City's health claim experience has been better than the national trends the costs still continue to escalate and funding is required to address those costs.

Administrative Goals

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

Strong, safe neighborhoods

Living Green and Working Green

An energized downtown

Job creation and retention

Strong, Safe Neighborhoods

As in the past, the largest portion of the budget is devoted to the operations of the Police and Fire Departments. The proposed budget includes approximately $3 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 du-

ties. Funding is provided for on-going maintenance at various fire stations throughout the city, as well as renovations to the historic Fire Station 12. Funds are also allocated to begin the planning of new fire training facilities.

It is important that neighborhoods also have quality infrastructure and are free from blight. This budget provides $300,000 to address chronic problem properties and another $200,000 for blighted property acquisition. Included is $100,000 to continue the "demolition by neglect" program to protect historic properties. To further add in this effort, $500,000 is being set aside to promote historic preservation throughout the City. The budget includes the sixth contribution of $800,000 to assist KCDC in the redevelopment of the Walter P. Taylor homes project in the Five Points/Park City area. This is part of a multi-year commitment to this project.

Stronger, safer neighborhoods are more than quality police and fire protection and bricks and mortar. Strengthening the social fabric and ensuring success for families and youth are essential as well. The budget provides $100,000 to assist Community Schools in center city neighborhoods in collaboration with the Great Schools Partnership and Knox County Schools. A capital grant of $250,000 will go to the Boys and Girls Clubs of the Tennessee Valley to expand recreational facilities at their Caswell Avenue campus. An additional $200,000 is funded to address homelessness issues in the City.

The FY 14/15 budget continues to fund the Office of Neighborhoods and a Neighborhood Coordinator who works with neighborhood groups to help them improve the quality of their neighborhoods. A position is added to expand the work of this office. 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 14/15 budget includes $200,000 for ball field and tennis court improvements in parks throughout the City. The budget allocates $50,000 for greenway maintenance and improvements, and $1,000,000 for the development of greenway corridors. The budget allots an additional $2 million to fund utility improvements to Lakeshore Park, and $100,000 for improvements to the Ijams Nature Center.

A total of $2.18 million, an increase of $318,000, is allocated to sidewalks and crosswalks including $750,000 for the sidewalk safety program, i.e., sidewalks within school parental responsibility zones; $750,000 for new sidewalk construction; $250,000 for ADA sidewalk enhancements; and $80,000 for the Crosswalk Safety program. A total of $350,000 is included to begin design and land acquisition for sidewalk improvements in the I-640 at Old Broadway area.

The budget continues to provide support for KAT, Knoxville's public transit system, in the amount of $10.3 million in direct city support and grant match funding to operate buses, trolleys and para-transit service across the city.

The City has an on-going program to pave and maintain streets on a regular basis. Our schedule seeks to pave arterial streets at least once every ten years, collector streets every fifteen years and residential streets at least once every twenty years. To maintain this schedule the budget includes $5.8 million in direct city funding for the City's paving program. The budget also includes $200,000 for alley-paving and $250,000 for roadway safety.

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

The budget includes funding for two new positions in the Engineering Department. These staff will focus on the completion of city capital projects, and infrastructure projects formerly bonded by developers but left unfinished. The city is responsible for completing these projects. A position has also been added to speed up right-of-way acquisition, an area that has bottlenecked project work.

Living Green and Working Green

The Mayor is committed to making Knoxville a more environmentally friendly city. The budget funds the Office of Sustainability. This office guides our comprehensive sustainability efforts across all city departments and activities. The total budget for this Office is $276,310. Included within this budget is funding for the continuation of electric vehicle charging stations in public facilities, and the acquisition of a new energy management system.

The budget again funds $500,000 for match grants for an advanced traffic management system (ATMS). When implemented the new system should enhance traffic flow and again result in lower fuel consumption and pollution. Also funded is $285,000 for bicycle infrastructure improvements. These funds are part of the city's goal of complete streets that provide safe facilities for bicyclists, pedestrians, and public transit.

The budget provides $250,000 in funding for the Knoxville Botanical Gardens and Arboretum's new Center for Urban Agriculture capital campaign. This initiative will be a model for permaculture and sustainable living practices that will provide both economic and ecological benefits.

An Energized Downtown

Downtown is "everybody's neighborhood" as it is the cultural and economic hub of our city and region. The budget allocates $130,000 for the Downtown Improvements fund, $250,000 for restrooms near Market Square, and $850,000 for public infrastructure improvements near the new Marble Alley development.

The downtown revitalization strategy includes continued reinvestment along the commercial spines that extend from downtown - north, south, east, and west. Allocations for the FY 14/15 budget include $50,000 for projects in the Downtown North area and $300,000 for the Magnolia Warehouse District and Corridor. The amount of $500,000 is designated for the commercial façade improvement program.

Job Creation and Retention

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

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

Arts and cultural opportunities continue to serve residents and visitors and are factors often cited in business relocations and economic development. Operating grants totaling $374,500 are budgeted for the Knoxville Symphony, Beck Cultural Center, and twenty four other arts and cultural groups. The budget includes $250,000 to be used for public art, and $50,000 for the Museum of Art capital campaign.

Long-term Goals and Strategies

Looking toward the future, the City of Knoxville has invested in several projects that will enhance the quality of life for residents, attract potential visitors and provide a business-friendly environment to retain and lure businesses.

One current ongoing project is the Cumberland Avenue Corridor, which is adjacent to The University of Tennessee, the state's flagship university. The Cumberland Avenue Corridor is undergoing massive upgrades with the Tennessee Department of Transportation as a partner. More than $2.3 million has been budgeted for design and right-

of-way contracts and more than $12 million has been allocated for construction of the project. The project includes widened sidewalks and amenities such as street trees, benches and trash receptacles as well as a road diet from four lanes to three. An additional $2.2 million is being funded to complete this project.

The project has already spurred private investment with the renovations of some restaurants currently located on the corridor. The Cumberland Plan estimated that $12 million of public investment would leverage $280 million in private investment. Already, nearly $100 million in private investment has been realized with the renovation of a restaurant, a major retail development on a former brownfield site, a former gas station being converted into a mixed use development, and the renovation of a vacant hotel.

As mentioned earlier, the City of Knoxville is investing in a long-term vision for the Magnolia Avenue Warehouse District and Corridor. Past funding has been budgeted for preliminary design work and an additional $300,000 is provided in this budget for final design documents.

Final design plans will begin with a four block area, which will become a model for the Magnolia Corridor – making it more pedestrian friendly with trees, lighting and other amenities. The public investment in the Magnolia Warehouse District and Corridor will spur private investment.

Regular maintenance of infrastructure is a key to a thriving city. In addition to annual budgets for resurfacing, paving, curb cuts and sidewalk safety, other infrastructure projects include on-going drainage improvements as well as park improvements.

On a larger scale, the City of Knoxville has committed to reducing its carbon footprint by 20% from 2005 levels by the year 2020. Sustainable initiatives during the past few years have targeted carbon emissions, along with better building, transportation and waste initiatives.

These projects and programs all aim to provide a high quality of life for Knoxville's citizens.

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 2014/15

Fund No.	Fund Name	Adopted FY 13/14 Budget	Proposed FY 14/15 Budget	Dollar Change FY 13/14 - 14/15	Percentage Change FY 13/14 - 14/15
100	**General Fund**	$ 183,180,430	$ 200,502,560	$ 17,322,130	9.46%
	Special Revenue Funds				
201	State Street Aid	4,603,000	4,573,600	(29,400)	(0.64%)
202	Community Improvement	90,000	90,000	-	0.00%
209	Abandoned Vehicles	1,030,660	879,260	(151,400)	(14.69%)
211	Animal Control	45,700	25,000	(20,700)	(45.30%)
213	City Court	4,306,350	3,167,850	(1,138,500)	(26.44%)
216	City Inspections	2,462,640	2,534,230	71,590	2.91%
220	Stormwater	2,991,890	3,302,900	311,010	10.40%
230	Solid Waste	10,912,650	11,111,770	199,120	1.82%
240	Miscellaneous Special Revenue	4,540,580	5,841,920	1,301,340	28.66%
250	Senior Aides	458,230	0	(458,230)	(100.00%)
264	Home Grant	1,959,470	2,491,280	531,810	27.14%
269	Emergency Solutions Grant	159,330	0	(159,330)	(100.00%)
290	Community Development Block Grant	1,633,870	1,560,670	(73,200)	(4.48%)
	Subtotal - Special Revenue Funds	35,194,370	35,578,480	384,110	1.09%
	Debt Service Funds				
305	Debt Services	24,343,510	24,498,440	154,930	0.64%
306	Tax Increment	1,177,590	1,717,400	539,810	45.84%
	Subtotal - Debt Service Funds	25,521,100	26,215,840	694,740	2.72%
	Capital Projects Funds				
401	Capital Projects	50,071,530	27,809,160	(22,262,370)	(44.46%)
	Subtotal - Capital Projects Funds	50,071,530	27,809,160	(22,262,370)	(44.46%)
	Enterprise Funds				
503	Public Assembly Facilities	5,750,070	5,018,890	(731,180)	(12.72%)
504	Metro Parking	1,836,270	2,754,230	917,960	49.99%
506	Convention Center	17,825,900	17,840,340	14,440	0.08%
507	Mass Transportation	23,596,720	23,180,080	(416,640)	(1.77%)
508	Municipal Golf Course	1,575,280	1,459,680	(115,600)	(7.34%)
	Subtotal - Enterprise Funds	50,584,240	50,253,220	(331,020)	(0.65%)
	Internal Service Funds				
702	Fleet Services	14,068,940	14,016,270	(52,670)	(0.37%)
704	Risk Management	6,691,440	7,758,670	1,067,230	15.95%
705	Health Care	18,329,340	19,572,220	1,242,880	6.78%
706	Equipment Replacement	1,935,620	1,514,300	(421,320)	(21.77%)
707	City Building	1,297,840	1,391,210	93,370	7.19%
	Subtotal - Internal Service Funds	42,323,180	44,252,670	1,929,490	4.56%
	Grand Total	$ 386,874,850	$ 384,611,930	$ (2,262,920)	(0.58%)

TOTAL EXPENDITURES BY DEPARTMENT

Fiscal Year 2014/15

Department	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	$ 3,934,110	$ 715,530	$ -	$ 4,074,830	$ -	$ -	$ 8,724,470
Finance	4,108,960	-	-	50,000	-	19,572,220	23,731,180
Information Systems	4,496,830	-	-	-	-	733,300	5,230,130
Community Development	2,034,790	4,091,950	-	1,950,000	-	-	8,076,740
Fleet Services	-	879,260	-	-	-	14,016,270	14,895,530
Public Works	179,170	-	-	-	-	-	179,170
Public Services	23,376,000	11,351,890	-	1,682,000	-	2,000	36,411,890
Engineering	6,013,300	6,795,740	-	12,778,600	794,710	16,970	26,399,320
Inspections	-	2,534,230	-	-	-	7,140	2,541,370
Recreation	6,957,090	268,360	-	3,600,000	1,459,680	-	12,285,130
Knoxville Area Transit (KAT)	717,960	-	-	-	23,180,080	-	23,898,040
Law	1,930,000	-	-	-	-	7,759,210	9,689,210
Police	56,322,240	1,527,340	-	3,033,730	-	698,190	61,581,500
Emergency Management	364,930	-	-	-	-	-	364,930
Fire	39,976,440	5,000	-	500,000	-	55,440	40,536,880
Legislative	955,200	100,000	-	-	-	-	1,055,200
City Court	-	1,006,500	-	-	-	-	1,006,500
Civil Service	1,081,380	-	-	-	-	-	1,081,380
Convention Center	-	-	-	-	11,810,830	-	11,810,830
Public Assembly Facilities	-	-	-	-	5,018,890	720	5,019,610
Nondepartmental							
City Elections	10,000	-	-	-	-	-	10,000
City Buildings	-	-	-	-	1,959,520	1,391,210	3,350,730
Knoxville Partnership	800,080	-	-	-	-	-	800,080
Metropolitan Planning Commission (MPC)	905,000	-	-	-	-	-	905,000
Knoxville Zoological Park	1,158,610	-	-	-	-	-	1,158,610
Agency Grants	1,255,000	-	-	-	935,210	-	2,190,210
Waterfront	535,040	-	-	-	-	-	535,040
Community Action Committee (CAC)	690,640	-	-	140,000	-	-	830,640
Debt Service	-	-	10,695,340	-	5,094,300	-	15,789,640
Reserve	2,004,600	-	-	-	-	-	2,004,600
Other Non-departmental Expenses	1,975,860	-	-	-	-	-	1,975,860
Transfers	38,719,330	6,302,680	15,520,500	-	-	-	60,542,510
Subtotal - Nondepartmental	48,054,160	6,302,680	26,215,840	140,000	7,989,030	1,391,210	90,092,920
GRAND TOTAL	$ 200,502,560	$ 35,578,480	$ 26,215,840	$ 27,809,160	$ 50,253,220	$ 44,252,670	$ 384,611,930

NET BUDGET

Fiscal Year 2014/15

Fund No.	Fund Name	Proposed FY 14/15 Budget	Less Interfund Transfers Out	Less Interfund Charges In	Net Budget
100	**General Fund**	$ 200,502,560	$ (38,719,330)	$ -	$ 161,783,230
	Special Revenue Funds				
201	State Street Aid	4,573,600	(588,600)	-	3,985,000
202	Community Improvement	90,000	-	-	90,000
209	Abandoned Vehicles	879,260	-	-	879,260
211	Animal Control	25,000	-	-	25,000
213	City Court	3,167,850	(2,161,350)	-	1,006,500
216	City Inspections	2,534,230	-	-	2,534,230
220	Stormwater	3,302,900	-	-	3,302,900
230	Solid Waste	11,111,770	(470,000)	-	10,641,770
240	Miscellaneous Special Revenue	5,841,920	(3,082,730)	-	2,759,190
264	Home Grant	2,491,280	-	-	2,491,280
290	Community Development Block Grant	1,560,670	-	-	1,560,670
	Subtotal - Special Revenue Funds	35,578,480	(6,302,680)	-	29,275,800
	Debt Service Funds				
305	Debt Services	24,498,440	(15,520,500)	-	8,977,940
306	Tax Increment	1,717,400	-	-	1,717,400
	Subtotal - Debt Service Funds	26,215,840	(15,520,500)	-	10,695,340
	Capital Project Funds				
401	Capital Projects	27,809,160	-	-	27,809,160
	Subtotal - Capital Project Funds	27,809,160	-	-	27,809,160
	Enterprise Funds				
503	Public Assembly Facilities	5,018,890	-	-	5,018,890
504	Metro Parking	2,754,230	-	-	2,754,230
506	Convention Center	17,840,340	-	-	17,840,340
507	Mass Transportation	23,180,080	-	-	23,180,080
508	Municipal Golf Course	1,459,680	-	-	1,459,680
		50,253,220	-	-	50,253,220
	Internal Service Funds				
702	Fleet Services	14,016,270	-	(16,409,740)	(2,393,470)
704	Risk Management	7,758,670	-	(7,042,770)	715,900
705	Health Care	19,572,220	-	(13,086,270)	6,485,950
706	Equipment Replacement	1,514,300	-	(1,780,950)	(266,650)
707	City Building	1,391,210	-	(1,298,910)	92,300
		44,252,670	-	(39,618,640)	4,634,030
	Grand Total	$ 384,611,930	$ (60,542,510)	$ (39,618,640)	$ 284,450,780

NET REVENUES BY TYPE - ALL FUNDS

Fiscal Year 2014/15

Fund No.	Fund Name	Taxes	Licenses & Permits	Intergovt. Revenue	Charges For Serv.	Fines & Forfeits	Miscellaneous Revenue
100	General Fund	$ 172,041,700	$ 331,150	$ 21,637,370	$ 1,312,490	$ 586,620	$ 427,280
201	State Street Aid	-	-	4,570,000	-	-	3,600
202	Community Improvement	-	-	-	-	-	-
209	Abandoned Vehicles	-	-	-	460,000	-	419,260
211	Animal Control	-	38,000	-	-	-	700
213	City Court	-	-	-	-	3,146,770	21,080
216	City Inspections	-	1,711,330	-	-	-	450
220	Stormwater	-	122,000	-	-	-	980
230	Solid Waste	-	-	95,000	915,000	-	258,000
240	Miscellaneous Special Revenue	-	-	75,000	197,950	1,996,400	397,290
264	Home Grant	-	-	795,280	-	-	696,000
290	Community Development Block Grant	-	-	1,410,670	-	-	150,000
305	Debt Services	24,111,880	-	-	-	-	386,560
306	Tax Increment	-	-	-	-	-	-
401	Capital Projects	-	-	2,761,830	-	-	1,000,000
503	Civic Auditorium/Coliseum/KCEC	-	-	-	1,762,000	-	10,900
504	Metro Parking	-	-	-	1,734,690	-	307,190
506	Convention Center	5,444,300	-	5,829,500	3,268,750	-	150,270
507	Mass Transportation	-	-	3,113,900	7,225,030	-	100
508	Municipal Golf Course	-	-	-	1,246,780	-	-
702	Fleet Services	-	-	-	100	-	26,770
704	Risk Management	-	-	-	65,000	-	37,000
705	Health Care	-	-	-	5,153,300	-	16,000
706	Equipment Replacement	-	-	-	-	-	12,500
707	City Building	-	-	-	-	-	92,300
	Grand Total	$ 201,597,880	$ 2,202,480	$ 40,288,550	$ 23,341,090	$ 5,729,790	$ 4,414,230
	Percent of Net Revenues	70.87%	0.77%	14.16%	8.21%	2.01%	1.55%

Fund No.	Fund Name	Other Financing Sources	Use Of/ (Addition To) Fund Balance	Net Revenues	Interfund Charges In	Interfund Transfers In	Total Revenues
100	General Fund	$ -	$ 2,004,600	$ 198,341,210	$ -	$ 2,161,350	$ 200,502,560
201	State Street Aid	-	-	4,573,600	-	-	4,573,600
202	Community Improvement	-	-	-	-	90,000	90,000
209	Abandoned Vehicles	-	-	879,260	-	-	879,260
211	Animal Control	-	(13,700)	25,000	-	-	25,000
213	City Court	-	-	3,167,850	-	-	3,167,850
216	City Inspections	-	-	1,711,780	-	822,450	2,534,230
220	Stormwater	-	5,000	127,980	-	3,174,920	3,302,900
230	Solid Waste	-	470,000	1,738,000	-	9,373,770	11,111,770
240	Miscellaneous Special Revenue	-	2,494,160	5,160,800	-	681,120	5,841,920
264	Home Grant	-	1,000,000	2,491,280	-	-	2,491,280
290	Community Development Block Grant	-	-	1,560,670	-	-	1,560,670
305	Debt Services	-	-	24,498,440	-	-	24,498,440
306	Tax Increment	-	-	-	-	1,717,400	1,717,400
401	Capital Projects	-	-	3,761,830	-	24,047,330	27,809,160
503	Civic Auditorium/Coliseum/KCEC	-	753,850	2,526,750	-	2,492,140	5,018,890
504	Metro Parking	-	212,350	2,254,230	-	500,000	2,754,230
506	Convention Center	362,150	(825,420)	14,229,550	-	3,610,790	17,840,340
507	Mass Transportation	-	3,323,500	13,662,530	-	9,517,550	23,180,080
508	Municipal Golf Course	40,670	70,590	1,358,040	-	101,640	1,459,680
702	Fleet Services	-	(2,741,840)	(2,714,970)	16,409,740	321,500	14,016,270
704	Risk Management	-	-	102,000	7,042,770	613,900	7,758,670
705	Health Care	-	-	5,169,300	13,086,270	1,316,650	19,572,220
706	Equipment Replacement	-	(279,150)	(266,650)	1,780,950	-	1,514,300
707	City Building	-	-	92,300	1,298,910	-	1,391,210
	Grand Total	$ 402,820	$ 6,473,940	$ 284,450,780	$ 39,618,640	$ 60,542,510	$ 384,611,930
	Percent of Net Revenues	0.14%	2.28%	100.00%			

NET EXPENDITURES BY TYPE - ALL FUNDS

Fiscal Year 2014/15

Fund No.	Fund Name	Personal Services	Supplies	Other Expenses	Debt Service	Capital
100	General Fund	$ 95,188,950	$ 5,090,780	$ 24,791,040	$ -	$ -
201	State Street Aid	-	-	3,985,000	-	-
202	Community Improvement	-	-	90,000	-	-
209	Abandoned Vehicles	393,240	16,620	381,130	-	-
211	Animal Control	-	10,000	15,000	-	-
213	City Court	683,470	54,810	150,430	-	-
216	City Inspections	1,869,300	41,160	83,630	-	-
220	Stormwater	2,376,050	82,390	305,460	-	-
230	Solid Waste	623,970	92,000	9,392,990	-	-
240	Miscellaneous Special Revenue	352,540	620,110	1,685,290	-	-
264	Home Grant	183,720	-	2,281,230	-	-
290	Community Development Block Grant	688,470	7,640	741,120	-	-
305	Debt Services	-	-	-	8,977,940	-
306	Tax Increment	-	-	-	1,717,400	-
401	Capital Projects	-	-	-	-	27,809,160
503	Public Assembly Facilities	2,249,820	173,990	2,027,210	-	-
504	Metro Parking	117,940	-	2,097,300	-	500,000
506	Convention Center	-	-	12,266,550	5,094,300	15,000
507	Mass Transportation	14,140,490	3,121,360	4,901,320	-	-
508	Municipal Golf Course	-	-	1,419,010	-	-
702	Fleet Services	2,202,300	5,207,460	5,700,060	-	321,500
704	Risk Management	495,770	47,730	7,106,370	-	-
705	Health Care	315,940	53,900	19,138,270	-	-
706	Equipment Replacement	-	-	1,514,300	-	-
707	City Building	-	-	1,387,030	-	-
	Grand Total	$ 121,881,970	$ 14,619,950	$ 101,459,740	$ 15,789,640	$ 28,645,660
	Percent of Net Exps.	42.85%	5.14%	35.67%	5.55%	10.07%

Fund No.	Fund Name	Other Uses of Funds	Net Expenditures	Interfund Charges Out	Interfund Transfers Out	Total Expenditures
100	General Fund	$ 1,591,000	$ 126,661,770	$ 35,121,460	$ 38,719,330	$ 200,502,560
201	State Street Aid	-	3,985,000	-	588,600	4,573,600
202	Community Improvement	-	90,000	-	-	90,000
209	Abandoned Vehicles	-	790,990	88,270	-	879,260
211	Animal Control	-	25,000	-	-	25,000
213	City Court	-	888,710	117,790	2,161,350	3,167,850
216	City Inspections	-	1,994,090	540,140	-	2,534,230
220	Stormwater	-	2,763,900	539,000	-	3,302,900
230	Solid Waste	-	10,108,960	532,810	470,000	11,111,770
240	Miscellaneous Special Revenue	60,000	2,717,940	41,250	3,082,730	5,841,920
264	Home Grant	-	2,464,950	26,330	-	2,491,280
290	Community Development Block Grant	-	1,437,230	123,440	-	1,560,670
305	Debt Services	-	8,977,940	-	15,520,500	24,498,440
306	Tax Increment	-	1,717,400	-	-	1,717,400
401	Capital Projects	-	27,809,160	-	-	27,809,160
503	Public Assembly Facilities	-	4,451,020	567,870	-	5,018,890
504	Metro Parking	-	2,715,240	38,990	-	2,754,230
506	Convention Center	362,150	17,738,000	102,340	-	17,840,340
507	Mass Transportation	-	22,163,170	1,016,910	-	23,180,080
508	Municipal Golf Course	40,670	1,459,680	-	-	1,459,680
702	Fleet Services	-	13,431,320	584,950	-	14,016,270
704	Risk Management	-	7,649,870	108,800	-	7,758,670
705	Health Care	-	19,508,110	64,110	-	19,572,220
706	Equipment Replacement	-	1,514,300	-	-	1,514,300
707	City Building	-	1,387,030	4,180	-	1,391,210
	Grand Total	$ 2,053,820	$ 284,450,780	$ 39,618,640	$ 60,542,510	$ 384,611,930
	Percent of Net Exps.	0.72%	100.00%			

SUMMARY OF INTERFUND CHARGES

Fiscal Year 2014/15

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	$ 15,440,580	$ 5,520,220	$11,350,850	$ 1,729,120	$ 1,080,690	$ 35,121,460
Abandoned Vehicles	209	4,340	17,280	65,850	800	-	88,270
City Court	213	-	9,670	105,960	2,160	-	117,790
City Inspections	216	130,210	54,730	246,240	3,670	105,290	540,140
Stormwater	220	94,450	86,690	287,350	19,600	50,910	539,000
Solid Waste	230	385,010	40,220	107,530	50	-	532,810
Miscellaneous Special Revenue	240	-	5,510	35,740	-	-	41,250
Home Grant	264	-	4,030	22,300	-	-	26,330
Community Development Block Grant	290	18,630	15,380	89,430	-	-	123,440
Public Assembly Facilities	503	152,390	109,410	299,900	6,170	-	567,870
Metro Parking	504	-	13,170	25,820	-	-	38,990
Convention Center	506	10,910	79,370	-	12,060	-	102,340
Mass Transportation	507	-	1,004,500	8,730	3,680	-	1,016,910
Fleet Services	702	169,910	66,850	330,180	1,090	16,920	584,950
Risk Management	704	3,310	8,790	66,190	1,420	29,090	108,800
Health Care	705	-	2,770	44,200	1,130	16,010	64,110
City Building	707	-	4,180	-	-	-	4,180
Grand Total		$ 16,409,740	$ 7,042,770	$13,086,270	$ 1,780,950	$ 1,298,910	$ 39,618,640

SUMMARY OF INTERFUND TRANSFERS

Fiscal Year 2014/15

To (Fund Name)	Fund No.	From General Fund (Fund 100)	From State Street Aid Fund (Fund 201)	From City Court Fund (Fund 213)	From Solid Waste Fund (Fund 230)	From Misc. Spec. Rev. Fund (Fund 240)	From Debt Service Fund (Fund 305)	Grand Total
General Fund	100	$ -	$ -	$2,161,350	$ -	$ -	$ -	$ 2,161,350
Community Improvement	202	90,000	-	-	-	-	-	90,000
City Inspections	216	822,450	-	-	-	-	-	822,450
Stormwater	220	3,174,920	-	-	-	-	-	3,174,920
Solid Waste	230	9,373,770	-	-	-	-	-	9,373,770
Miscellaneous Special Revenue	240	681,120	-	-	-	-	-	681,120
Tax Increment	306	1,717,400	-	-	-	-	-	1,717,400
Capital Projects	401	5,207,000	588,600	-	260,000	3,033,730	14,958,000	24,047,330
Coliseum/KCEC	503	2,492,140	-	-	-	-	-	2,492,140
Metro Parking	504	-	-	-	-	-	500,000	500,000
Convention Center	506	3,610,790	-	-	-	-	-	3,610,790
Mass Transportation	507	9,517,550	-	-	-	-	-	9,517,550
Municipal Golf	508	101,640	-	-	-	-	-	101,640
Fleet Services	702	-	-	-	210,000	49,000	62,500	321,500
Risk Management	704	613,900	-	-	-	-	-	613,900
Health Care	705	1,316,650	-	-	-	-	-	1,316,650
Grand Total		$38,719,330	$588,600	$2,161,350	$470,000	$3,082,730	$15,520,500	$60,542,510

Authorized Full Time Positions by Department

Fiscal Year 2014/15

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	30	-	-	-	30
Finance	44	-	-	5	49
Information Systems	30	-	-	-	30
Community Development	6	15	-	-	21
Fleet Services	-	10	-	44	54
Public Works	1	-	-	-	1
Public Services	282	23	-	-	305
Engineering	56	32	3	-	91
Inspections	-	29	-	-	29
Recreation	46	-	-	-	46
KAT	-	-	1	-	1
Law	13	-	-	8	21
Police	516	5	-	-	521
Emergency Management	3	-	-	-	3
Fire	337	-	-	-	337
Legislative	3	-	-	-	3
City Court	-	14	-	-	14
Civil Service	10	-	-	-	10
Public Assembly Facilities	-	-	33	-	33
Total - Full Time	1,377	128	37	57	1,599

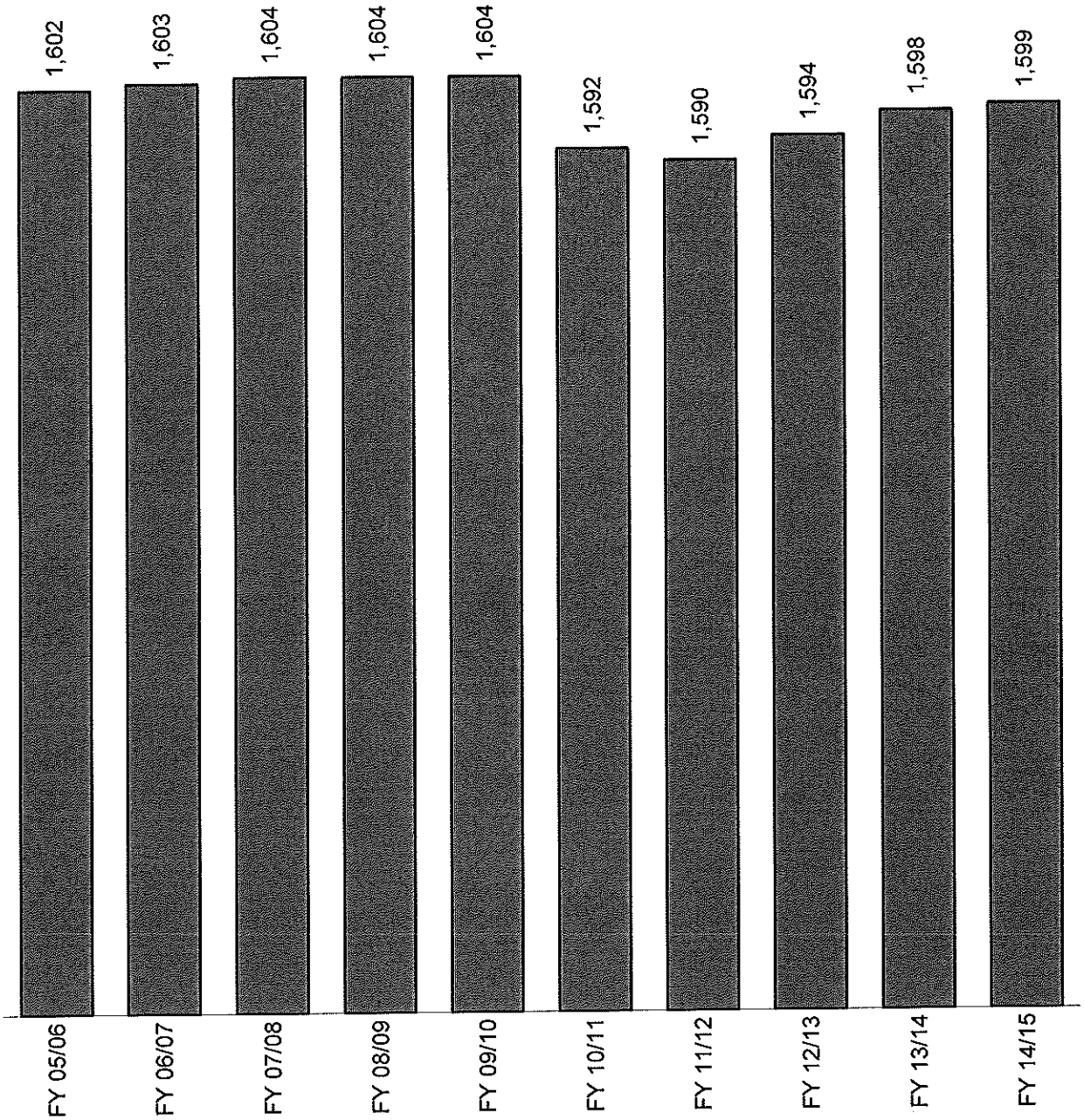
Full Time Positions by Department

Fiscal Years 2010/11 - 2014/15

Department	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Difference 13/14 - 14/15
Administration	25	25	30	30	30	-
Finance	51	51	51	48	49	1
Information Systems	30	30	30	30	30	-
Community Development	25	23	23	23	21	(2)
Fleet Services	55	55	54	54	54	-
South Knoxville Waterfront	1	1	-	-	-	-
Public Works	-	-	2	2	1	(1)
Public Services	305	305	305	305	305	-
Engineering	87	87	88	88	91	3
Inspections	29	29	29	29	29	-
Recreation	47	47	46	47	46	(1)
Knoxville Area Transit (KAT)	-	-	-	-	1	1
Law	13	13	12	19	21	2
Police	521	521	521	521	521	-
Emergency Management	3	3	3	3	3	-
Fire	337	337	337	337	337	-
Legislative	3	3	3	3	3	-
City Court	13	13	13	14	14	-
Civil Service	12	12	12	10	10	-
Public Assembly Facilities	35	35	35	35	33	(2)
GRAND TOTAL	1,592	1,590	1,594	1,598	1,599	1

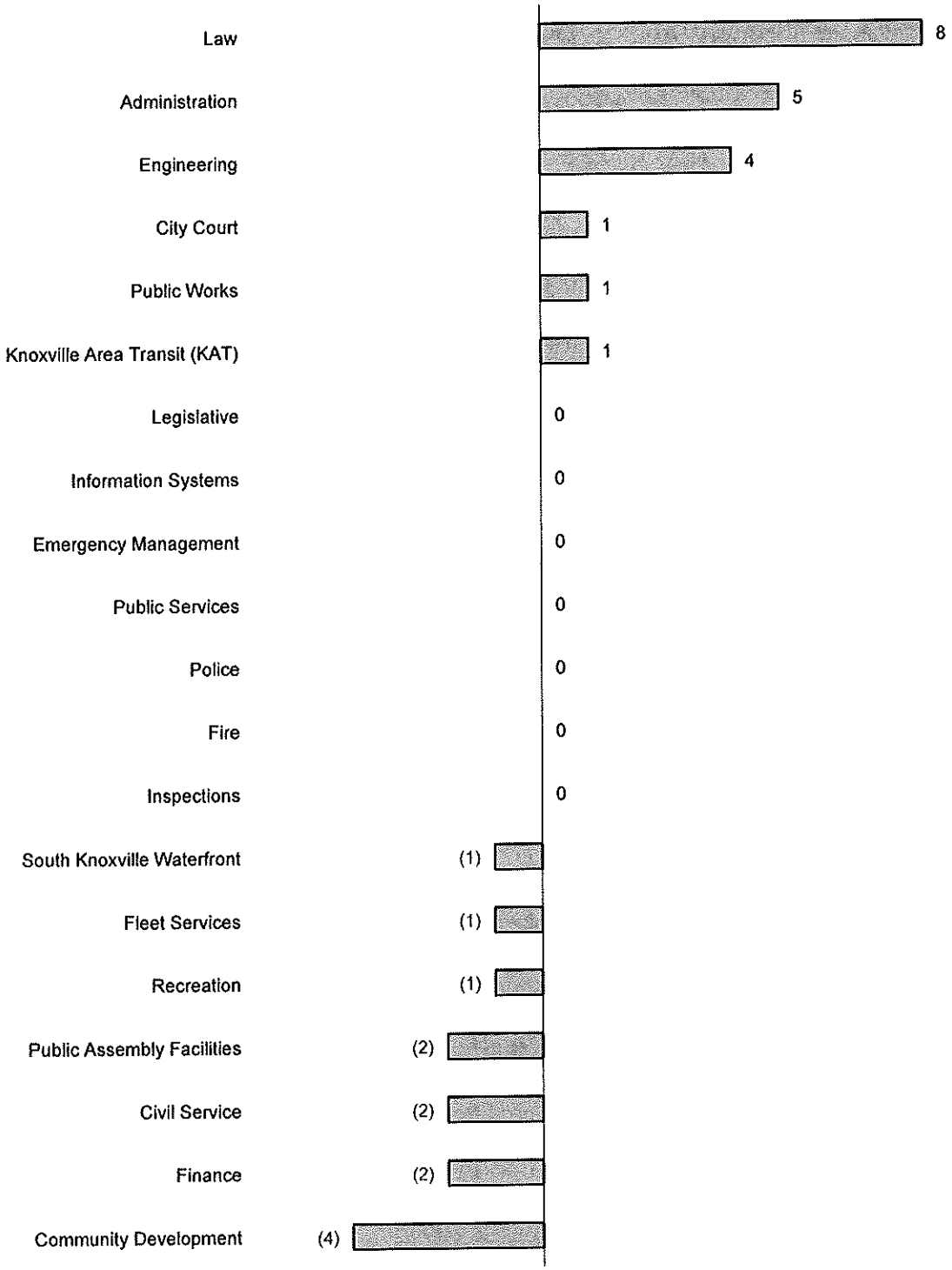
Authorized Full Time Personnel

Fiscal Years 2005/06 – 2014/15



Changes in Full Time Budgeted Personnel

Fiscal Years 2010/11 – 2014/15



Authorized Part Time Positions by Department

Fiscal Year 2014/15

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	1	-	-	-	1
Community Development	-	1	-	-	1
Public Services	-	-	-	-	-
Engineering	1	-	-	-	1
Recreation	11	-	-	-	11
Law	-	-	-	-	-
Police	3	1	-	-	4
Fire	-	-	-	-	-
Legislative	9	-	-	-	9
City Court	-	1	-	-	1
Public Assembly Facilities	-	-	3	-	3
Total - Part Time	25	3	3	-	31

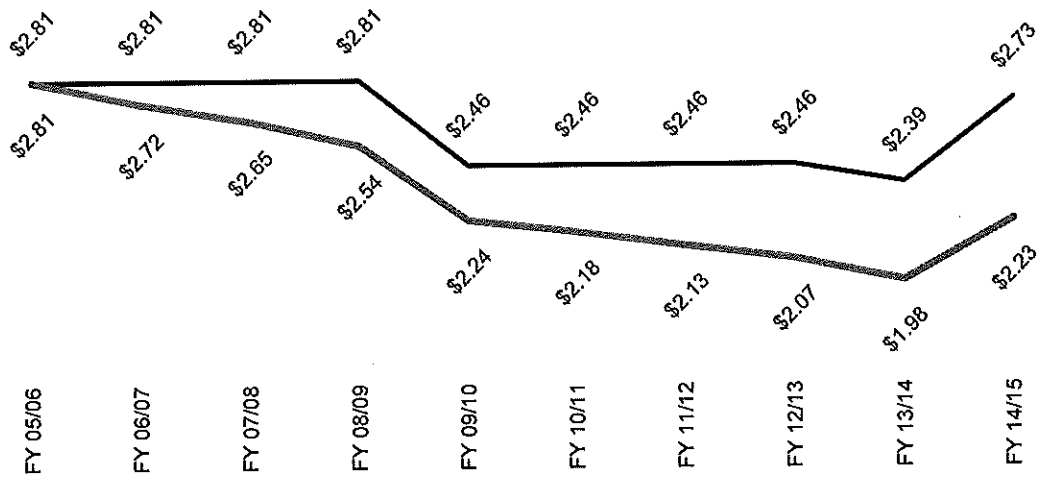
Part Time Positions by Department

Fiscal Years 2010/11 - 2014/15

Department	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Difference 13/14 - 14/15
Administration	3	2	1	1	1	-
Finance	-	-	1	1	-	(1)
Community Development	1	1	1	1	1	-
Public Services	-	-	-	-	-	-
Engineering	1	1	1	2	1	(1)
Recreation	14	14	13	12	11	(1)
Law	-	-	1	-	-	-
Police	4	4	4	4	4	-
Fire	-	-	-	-	-	-
Legislative	9	9	9	9	9	-
City Court	1	1	1	1	1	-
Public Assembly Facilities	2	2	2	2	3	1
Nondepartmental						
GRAND TOTAL	35	34	34	33	31	(2)

ADJUSTED/EQUALIZED TAX RATE

Fiscal Years 2005/06 – 2014/15



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 $2.81 in Fiscal Year 2005/06 to $2.23 in Fiscal Year 2014/15. 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 95/96 - FY 14/15

Fiscal Year	City Rate		County Rate		City Combined Rate
FY 95/96	$2.87		3.16		$6.03
FY 96/97	$2.87		3.16		$6.03
FY 97/98	$2.58	*	2.77	*	$5.35
FY 98/99	$2.85		2.77		$5.62
FY 99/00	$2.85		3.32		$6.17
FY 00/01	$3.04		3.32		$6.36
FY 01/02	$2.70	*	2.96	*	$5.66
FY 02/03	$2.70		2.96		$5.66
FY 03/04	$2.70		2.96		$5.66
FY 04/05	$3.05		2.96		$6.01
FY 05/06	$2.81	*	2.69	*	$5.50
FY 06/07	$2.81		2.69		$5.50
FY 07/08	$2.81		2.69		$5.50
FY 08/09	$2.81		2.69		$5.50
FY 09/10	$2.46	*	2.36	*	$4.82
FY 10/11	$2.46		2.36		$4.82
FY 11/12	$2.46		2.36		$4.82
FY 12/13	$2.46		2.36		$4.82
FY 13/14	$2.39	*	2.32	*	$4.71
FY 14/15	$2.73		2.32		$5.05

* 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 2013. 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 $2.3857 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 1995/96 - 2014/15

Calendar Year	Total Real Property		Personal Property	Public Utilities	Total Assessments
1995	1,618,398,558		177,681,038	112,540,638	1,908,620,234
1996	1,623,659,535		184,552,898	115,766,135	1,923,978,568
1997	1,878,801,360	*	218,591,024	126,746,927	2,224,139,311
1998	1,934,290,885		242,537,032	128,589,318	2,305,417,235
1999	1,982,169,765		258,297,182	139,643,315	2,380,110,262
2000	2,028,588,845		260,949,460	136,081,340	2,425,619,645
2001	2,383,807,165	*	296,305,803	180,021,560	2,860,134,528
2002	2,438,014,810		304,602,014	174,625,693	2,917,242,517
2003	2,476,436,718		293,852,253	150,264,579	2,920,553,550
2004	2,525,476,515		302,687,562	157,887,475	2,986,051,552
2005	2,862,056,080	*	315,752,361	161,363,916	3,339,172,357
2006	2,920,636,035		329,685,195	145,503,340	3,395,824,570
2007	3,039,973,875		307,480,409	148,366,486	3,495,820,770
2008	3,156,234,335		305,025,792	146,017,169	3,607,277,296
2009	3,678,211,900	*	334,781,946	167,422,239	4,180,416,085
2010	3,705,130,455		316,571,241	147,791,536	4,169,493,232
2011	3,760,574,350		321,529,326	157,728,123	4,239,831,799
2012	3,833,108,643		299,141,014	165,367,668	4,297,617,325
2013	3,995,429,249	*	346,877,495	155,877,529	4,498,184,273
2014 (Est.)	4,054,164,350		347,702,270	153,778,610	4,555,645,230

* The Property Assessor is required by law to undertake a complete reappraisal of property at least every four years. These reappraisals were completed in 1997, 2001, 2005, 2009 and 2013

Note that the assessments for each calendar year are reflected in the budget for the following year. For example the 2014 assessments are used in the FY 14/15 budget. Residential property is assessed at 25% of the appraised value. Commercial/Industrial property is assessed at 40% of the appraised value and public utility property is assessed at 55% of the appraised value. The majority of public utility property is appraised by the Tennesse Public Service Commission. Personal property is assessed at 30% of the appraised value.

GENERAL FUND REVENUES

Total General Fund budgeted revenues for FY 14/15 equal $200,502,560. This is a 9.46% increase when compared to the budgeted FY 13/14 revenues of $183,180,430. Operating revenue equals $198,497,960 which is $17,167,530 or 9.47% above the budgeted FY 13/14 operating revenue. Non-operating revenues are budgeted at $2,004,600 for FY 14/15.

The overall revenue picture can be viewed as one of flat to relatively modest growth in most areas. The change in assessed property values is expected to be small. Revenues in the more cyclical revenues such as local option sales taxes, state shared sales taxes, and business taxes have been trending upward and growth is expected to continue, but again at fairly slow pace. Increases are the result of rate changes, discussed in more depth below.

TAXES

The largest single category of revenue to the General Fund is taxes. This one category equals $172,041,700 or approximately 87.6% of the total operating revenue to this fund.

Property Taxes

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

There are four factors that determine revenues from property taxes:

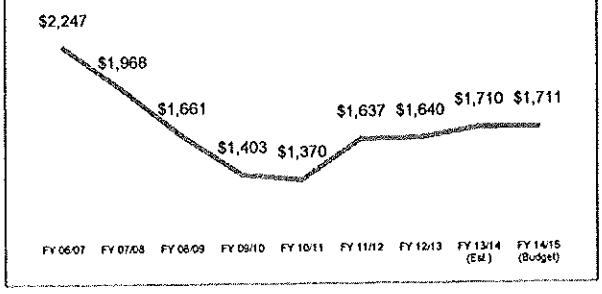
1) The assessed value of property;
2) The state equalization rate;
3) The collection rate on property taxes;
4) The tax rate itself.

Assessed Value and Equalization Rate: Historically, growth in the value of new real property would be considered fairly moderate, and not characterized by the boom/bust cycles of many cities. The normal annual rate of growth would fall in the two (2) to three (3) percent range, with some exceptions along the way. The mid to late 1990's and 2000's were, with the exception of reappraisal years, characterized by this same fairly moderate growth. Growth rates following the 2005 reappraisal until the recession of 2008 and 2009 ranged between 2.05% and 4.09%. More recent years have seen a sharp decline from those numbers. In FY 10/11 the growth was only 0.73%. In FY 11/12 and FY 12/13 this improved slightly but was still only 1.5% and 1.9% respectively. FY13/14 being a reappraisal year shows a growth of 4.2% in total appraisals but this is price appreciation rather than new growth which was in the low 1% range. Even at this rate all the growth has been in the commercial area with residential and industrial property showing declines in valuations.

For FY 14/15 we think that the growth in assessed values will be remain low and will reflect the same pattern of recent years. We expect virtually no growth in residential and industrial property. We anticipate commercial property to increase at a modest pace. At this time we are forecasting an increase of 1.47% in overall property values for the upcoming year.

Although we seeing an uptick in construction activity (See Figure 1 below), the forecast for property tax growth during the next few years is for continued flat to modest growth. For FY 14/15 the projected assessed value of real property is $4,054,164,350. The projected amounts for FY 14/15 are based upon the latest available data from the Assessor's Office.

Figure1
Building Permit Revenue
FY 06/07 - FY 14/15
(All Numbers in $1,000's)



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 past ten years the change in assessed value has been mostly negative, with a few dramatic upticks, primarily during the reappraisal cycle. In FY 13/14 the growth rate was 15.96%, the highest of the last decade. Given the trends we expect a return to the trend of flat to declining values. For the upcoming year we forecast the change in assessed value to be up by approximately 0.2%. As with real property, we did not have final numbers from the Property Assessor's Office until after passage of the budget. The actual tax roll was much higher than we had projected, which explains the significant increase in forecasted FY 13/14 revenues from the FY 13/14 budget.

The third set of property tax revenues comes from taxes on public utilities, which are assessed by the Division of State Assessed Properties under the Office of the State Comptroller. These values are not supplied until January or February of the subsequent year and have typically varied little unless affected by a change in the equalization rate. Recent trends, however, have been negative, the result of many successful appeals of the state appraisals. We expect assessments to continue to decline in the upcoming year, coming in 1.35% lower in FY 14/15.

Collection Rate: In recent years, the City has collected an average of 94.9% of real property taxes, 92.9% of personal property taxes, and 98.1% 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 increase in the collection rate for all categories of property.

Tax Rate:

In FY 14/15 the budget is based upon a total tax rate of $2.7257 per hundred dollars of assessed value. This is an increase of $0.34 when compared to FY 13/14. The tax rate is apportioned between the Debt Service Fund and the General Fund. In FY 14/15, $0.5354 of the tax rate goes directly to the Debt Service Fund, the same as in FY 13/14. The portion of the tax rate used for General Fund purposes is $2.1923 or thirty-four cents more than in FY 13/14. Combining all factors yields the budgeted revenue from property taxes as illustrated in Table 1.

TABLE 1

	Estimated Assessed Valuations	Est. Coll. Rate	Tax Rate per $100	FY 13/14 Budgeted Revenue
Real Property	$4,054,164,350	94.9%	$2.19	$84,302,100
Personal Property	347,702,270	92.9%	2.19	7,077,700
Public Utilities	153,778,610	98.1%	2.19	3,307,200
TOTAL	$4,555,645,230			$94,687,000

In FY 14/15 current property taxes are expected to generate $94,687,000. When compared to the FY 13/14 budget, current projected property tax revenues to the General Fund are up by $15,896,000, due primarily to the increase in the tax rate.

Tax Discounts

The City offers a one percent discount on property taxes paid before the end of October. For FY 14/15 the anticipated discount in the General Fund is $514,240, which is $85,560 more than the FY 13/14 budgeted amount. The greater amount is due to the small growth in overall valuations and the increase in the tax rate, as we do not believe the percentage of individuals receiving a discount will deviate much from the current year.

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

Payments In Lieu Of Taxes

Other revenues within the tax category include the payment in lieu of taxes from the Knoxville Utilities Board (KUB) and Knoxville's Community Development Corporation (KCDC). The payment from KUB is based upon two components, one being the estimated property value owned by KUB and the second being an average of overall revenues. In FY 14/15 the KUB PILOT payment is forecast at $15,204,790 which represents an increase of

$557,880 or 3.8% when compared to the budget for FY 13/14. This change is based upon modest growth in property held by KUB, and anticipated growth in average net revenues. The amount from KCDC is now forecast to yield $117,540 which is a drop of $36,060 or 23.4%.

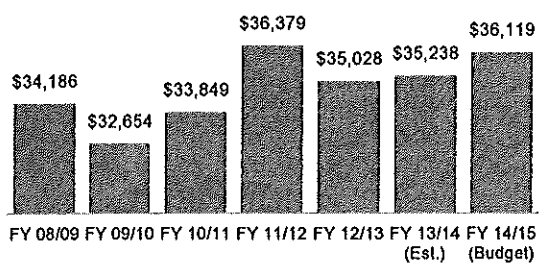
There are several other entities now making payments in lieu of taxes. These payments are part of the redevelopment strategy of the City. Other payments in lieu of taxes are expected to yield $208,490. This is up by $62,740 when compared to budgeted FY 13/14.

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 14/15, local option sales tax revenues are expected to equal $36,118,670 or 18.2% of total General Fund operating revenues.

As shown in figure 2, growth in sales tax receipts has been steady, if not spectacular, in recent years. In FY 09/10, at tail end of the recession, revenues from this source had dropped to $32.654 million. They have shown improvement, with the exception of FY 12/13, in each successive year. The amounts in FY 11/12 are thought to be an outlier, artificially high due to sales related to the recovery/repair from damaging storms in the spring of 2011. We think that FY 14/15 will continue the upturn, but believe it will remain modest.

Figure 2
Local Option Sales Tax Collections
FY 08/09 - FY 14/15
(All numbers in $1,000's)



We are forecasting an increase of two and a half percent (2.5%) from anticipated FY 13/14 collections.

Other Taxes

Revenues from the beer tax and mixed drink tax, have, in recent years, shown small to modest growth. In FY 14/15 we expect revenues from these two sources to be relatively flat. Mixed drink taxes are forecast to generate $1,481,570, which represents a decline of $36,160 or 2.38% when compared to the FY 13/14 budget. Revenues from beer taxes are expected to increase by $35,420 or 0.48% when compared to the FY 13/14 budget. Total revenues from the beer tax are forecast at $7,351,340. A recent change in state law shifts this tax from a price based tax to an excise based tax. As a result of this change we expect that future growth will be flat to negative.

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 $2,758,850 in FY 14/15. This is $53,410 or 1.9% more than the amount budgeted in FY 13/14.

Revenue from business taxes has, like sales taxes, been experiencing a turnaround. We currently expect to end FY 13/14 with a favorable variance of $695,910 from the budgeted amount. For FY 14/15 we are projecting growth of two percent (2%) levels from anticipated FY 13/14 collections. Projected revenue from this source in FY 14/15 is $6,519,680, an increase of $823,750 when compared to the FY 13/14 budget.

Cable television franchise taxes from Comcast, AT&T, and Knology are projected to be down slightly when compared to the FY 13/14 budgeted amount. Collections in FY 13/14 are running below expected levels and we anticipate only modest growth in the new fiscal year. These revenues are now forecast at $1,806,110 which is $13,010 or 0.72% less than the amount budgeted in FY 13/14.

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 $21,637,370 or 11.0% of to-

tal operating revenue. Overall, we expect this category of revenue to be up by $635,420 or 3.0% when compared to the budget for FY 13/14.

The largest single revenue within this grouping is the state shared sales tax. Current year revenues from this source are now forecast to end below budgeted revenues for this year. We believe this to be a minor setback and do expect an upturn in FY 14/15. The total estimated amount in FY 14/15 from this source is $12,407,450. This is $260,740 or 2% under the amount budgeted in FY 13/14.

The second largest revenue in this category is the city's portion of the Hall Income Tax. This revenue has shown extreme volatility in recent years, going from $5 million to $9.5 million to $7.3 million, then to $3.9 million and $12.5 million. We think that FY 12/13 is an extraordinary one-time gain that is unlikely to be repeated. In FY 14/15 we are expecting revenue from this source to generate $4.9 million, which is more a recent historical average. This amount is up by $974,300 when compared to the FY 13/14 budget.

The City also receives a number of other state-shared revenues. Revenue from alcoholic beverage tax is expected to be up slightly when compared to FY 13/14 budget, at a total of $149,970. Revenues from beer taxes are expected to be down slightly from FY 13/14 at a total of $83,920.

Revenue from the state excise tax, a tax upon the net earnings of state and national banks chartered in Tennessee, is currently expected to decline slightly when compared to FY 13/14. For FY 14/15 this is expected to generate $247,200.

Revenue from the streets and transportation tax is expected to be fairly stable. This revenue is budgeted at $354,840 or $360 less than in FY 13/14. The City's share of TVA gross receipts is also forecast to be down when compared to FY 13/14. and,, as such, we have revised our FY 14/15 projections downward. The result is an anticipated decrease of $61,070 or 2.9% when compared to the FY 13/14 budget.

The City receives funding from the federal government to help offset the cost of several positions within the police department. This includes the payment of overtime for officers working in KCDC housing and other areas. The funding is listed as federal contribution, the total amount budgeted for FY 14/15 being $826,450.

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 serves as conduit to pay this supplement. The budgeted amount totals $445,800 and is equal to planned expenditures in the Police and Fire Department budgets.

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

OTHER REVENUE

There are four other categories of operating revenue to the General Fund, these being licenses and permits, charges for services, fines and forfeits, and miscellaneous revenue. The combined total from these sources is $2,657,540, or 1.35% of the total operating revenues to the General Fund. A breakdown of these revenues for FY 13/14 and FY 14/15 is shown in Table 2.

Overall, the category of licenses and permits is up by $10,540 or 3.3% when compared to the budget for FY 13/14. Within this revenue category half of the accounts are expected to be up and half down when compared to the FY 13/14 budget. The largest expected improvement is from liquor by the ounce fees which are expected to grow by $9,530 to $178,500. The two accounts showing

TABLE 2

	FY 13/14 Budget	FY 13/14 Est. Actual	FY 14/15 Projected Revenues
Licenses & Permits	$320,610	$331,150	$331,150
Charges for Services	1,414,800	1,312,490	1,312,490
Fines & Forfeits	438,000	599,600	586,620
Misc. Revenue	710,650	664,110	427,280
TOTAL	$2,884,060	$2,907,350	$2,657,540

the largest expected decline are fees to publish beer permits and fees for blasting permits. These two sources are expected to be down by $3,600 and $2,980 respectively.

The amount expected to come from charges for services is projected at $1,312,490, which is $102,310 or 7.2% less than the amount budgeted for FY 13/14. The drop is concentrated in a few accounts. Revenues from attorney costs for the collection of delinquent taxes are expected to decline by $74,790 to $509,020. Codes enforcement liens are forecast to decline by $35,140 to $206,710. The remainder of the accounts within this category show a mixture of declines and increases that tend to offset each other.

The category of fines and forfeits are forecast to generate $586,620, an increase of $148,620 or 33.9%. This increase is primarily in red light camera fines which have improved following a change in contract terms. This source is expected to yield $203,310 or 163,480 more than the amount budgeted in FY 13/14. This gain is partially offset by expected drops in county court costs and criminal court fines that are rebated from the county court, as well KPD automated information fines. These are expected to decline by $1,640, $2,720, and $18,130 respectively.

The category entitled miscellaneous revenue is projected at $427,280, which is $283,370 less than the amount budgeted in FY 13/14. The reason for the decline is a shift of parking meter revenues to the Metro Parking Fund. The shift is part of an effort to treat all parking as a comprehensive integrated system. The amount budgeted from parking meters in FY 13/14 is $307,190. Also within this category is interest earnings, projected at $265,600. This is an increase of $20,000 when compared to FY 13/14. Yields on the types of investments appropriate for government are expected to remain flat until late 2014, but stronger fund balances somewhat mitigate the lower rates. The remaining revenue sources within this category are expected to remain flat.

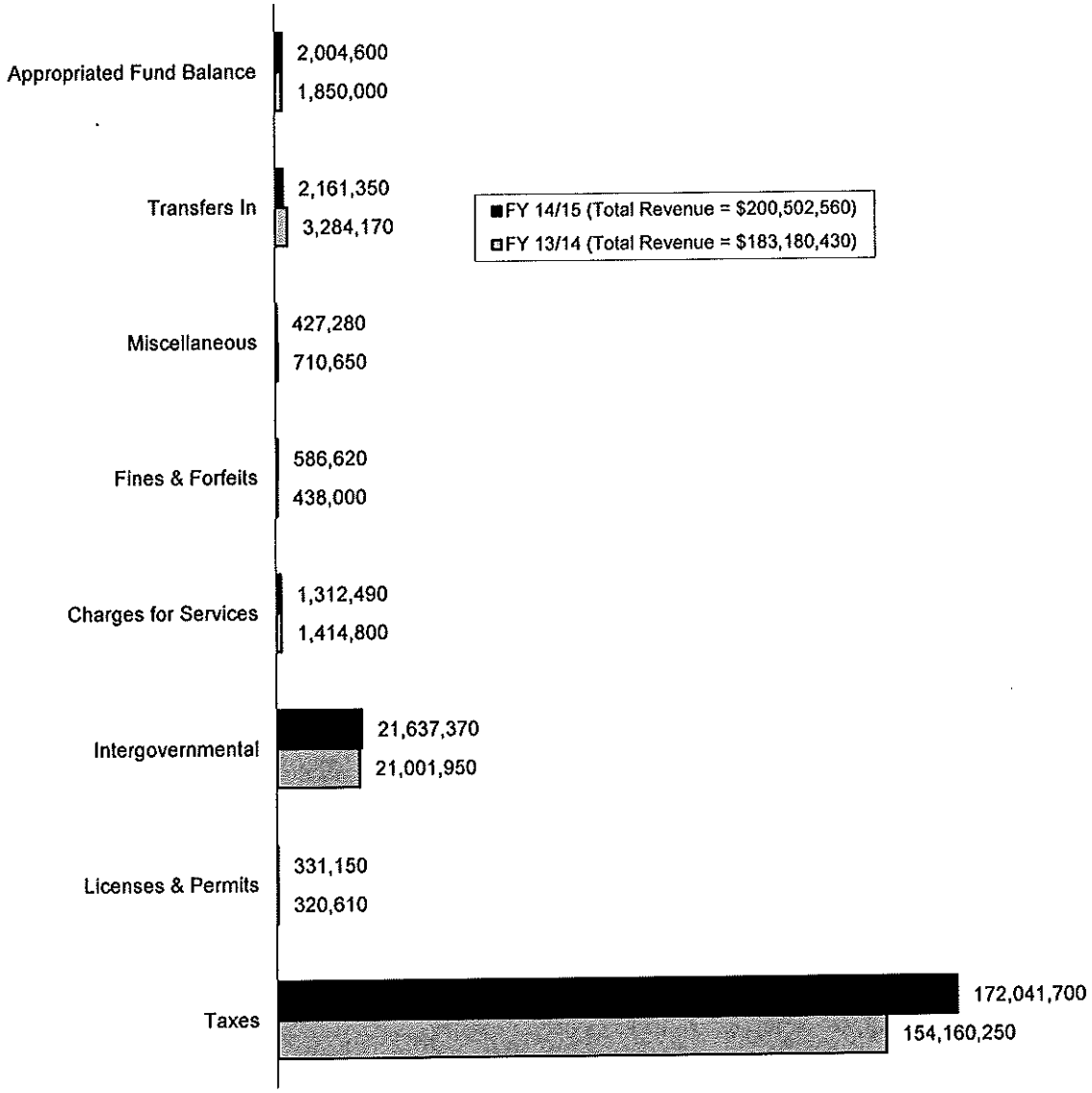
Transfers In

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 resumed their downward trend after showing an uptick in FY 12/13. We expect revenue from this source to be down in the upcoming fiscal year when compared to the FY 13/14 budget. Excess City Court fees are now forecast at $2,161,350 or $1,122,820 lower than the amount budgeted in FY 13/14.

Non-Operating Revenue

The FY 14/15 General Fund is balanced through the use of $2,004,600 in non-operating revenue. The City Charter requires that a reserve of at least 1% of operating expenses be budgeted. In FY 14/15 this reserve is appropriated at $2,004,600. An appropriation of fund balance is designated to fund the budgeted reserve.

General Fund Revenue Comparison
FY 2013/14– 2014/15



Account Code	Revenue Source	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Budget	FY 13/14 Forecast	FY 14/15 Proposed
5111	Property Tax Real - Current	$ 64,486,580	$ 68,208,313	$ 70,276,100	$ 70,084,900	$ 84,302,100
5112	Property Tax Real - Prior	3,086,745	2,912,505	3,092,200	3,172,000	3,172,000
5113	Personal Property Tax - Current	5,392,456	6,000,235	5,080,000	5,904,800	7,077,700
5114	Personal Property Tax - Prior	156,683	226,469	150,990	231,490	231,490
5115	Public Utilities - Current	2,803,648	2,943,256	3,062,300	2,800,700	3,307,200
5116	Public Utilities - Prior	16,103	16,991	2,200	2,200	2,200
5117	Discount	(367,852)	(356,403)	(428,680)	(356,680)	(514,240)
5131	K U B	13,453,228	14,172,900	14,646,910	14,646,320	15,204,790
5132	K C D C	171,081	153,591	153,600	117,540	117,540
5134	Downtown	65,263	65,263	77,110	77,110	98,490
5135	News-Sentinel	243,282	195,506	-	-	-
5136	Other PILOTS	49,076	50,320	68,640	68,640	110,000
5141	Local Shared Sales Tax	36,378,928	35,028,097	36,143,610	35,237,730	36,118,670
5151	Beer Tax	7,256,091	7,285,379	7,315,920	7,351,340	7,351,340
5152	Mixed Drink Tax	1,456,512	1,488,658	1,517,730	1,481,570	1,481,570
5153	Wholesale Liquor Inspection Fee	2,665,431	2,737,076	2,705,440	2,758,850	2,758,850
5161	Business Tax	341	(23,618)	-	-	-
5163	Business License Fees	607,509	666,090	623,470	673,740	673,740
5165	Tax Sale Publication Fees	56,965	71,604	42,290	49,160	49,160
5166	Business Tax 2003	5,883,056	6,489,743	5,695,930	6,391,840	6,519,680
5171	Interest & Penalties-Current	166,937	125,881	141,000	129,800	129,800
5172	Interest & Penalties-Prior	1,793,767	2,064,820	1,944,920	2,031,590	2,031,590
5173	Interest & Penalties-Business	697	62	90	250	250
5174	Interest & Penalties-License	165	2,917	110	30	30
5175	Interest & Penalties CBID	13,558	15,764	28,830	11,220	11,220
5176	Interest-New Btx	1,975	53	80	-	-
5177	Penalty-New Btx	2,503	88	130	-	-
5178	Interest - Bankruptcy Court	4,933	340	210	420	420
5193	Cable TV Franchise Tax	1,755,363	1,781,946	1,819,120	1,797,120	1,806,110
	Subtotal - Taxes	147,601,024	152,323,845	154,160,250	154,663,680	172,041,700
5201	Blasting Permits	5,150	3,870	3,160	180	180
5202	Fire Reports	230	270	260	200	200
5203	Fireworks Permit	4,100	3,950	4,250	3,790	3,790
5204	Tank Abandonment	600	180	-	760	760
5205	Tank Installation Fees	16,195	15,545	10,840	15,390	15,390
5211	Merchant & General Privilege	225	100	220	110	110
5212	Liquor By Ounce	176,730	176,890	168,970	178,500	178,500
5215	Alcoholic Beverage License	8,000	8,500	4,800	3,600	3,600
5251	Beer Application Fees	28,300	29,850	24,560	25,920	25,920
5252	Beer Privilege Tax	64,101	64,283	69,470	65,870	65,870
5253	Beer Permit Publications	3,207	3,450	2,930	2,580	2,580
5254	Beer Permit Records Check	8,400	7,775	7,030	7,630	7,630
5255	Duplicate Beer Permits	603	1,139	410	480	480
5281	Pets in Restaurant Patio Permits	140	120	280	180	180
5289	Sale of Plans, Books and Reports	-	12,785	-	3,100	3,100
5291	Solicitation	5,300	5,750	5,970	6,210	6,210
5293	Street Vendor	3,400	3,525	3,100	1,980	1,980
5296	Background Check Fees	13,916	13,314	14,360	14,670	14,670
	Subtotal - Licenses & Permits	338,597	351,296	320,610	331,150	331,150
5313	Emer. Mgmt. - Federal Share	150,000	150,000	136,000	136,000	136,000
5319	Federal Grants	699,370	761,702	888,390	826,450	826,450
5321	Sales Tax	12,133,944	12,364,127	12,668,190	12,104,830	12,407,450
5322	Income Tax	3,925,698	12,555,648	3,925,700	4,900,000	4,900,000
5323	Beer Tax	87,806	88,436	87,060	83,920	83,920
5324	Alcoholic Beverage Tax	138,648	142,834	143,220	149,970	149,970
5326	Streets & Transportation Gas	367,128	366,507	355,200	365,810	354,840
5327	Excise Tax	262,638	247,187	247,860	247,200	247,200
5328	TVA - Gross Receipts	2,104,150	2,077,360	2,077,690	2,016,620	2,016,620
5329	State Contribution	420,000	473,048	409,200	409,200	445,800
5332	Telecommunications Sales Tax	11,107	15,987	10,440	16,120	16,120
5341	Emer. Mgmt. - County Share	53,000	-	53,000	53,000	53,000
	Subtotal - Intergovernmental Revenue	20,353,489	29,242,836	21,001,950	21,309,120	21,637,370
5410	Market Square Rental	1,400	-	-	5,700	5,700
5411	Parking Lots	-	18	-	-	-
5412	Atty. Cost - Taxes	555,641	584,138	583,810	509,020	509,020
5413	Recording & Collection	365	225	280	160	160

Account Code	Revenue Source	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Budget	FY 13/14 Forecast	FY 14/15 Proposed
5423	Accident Reports	78,729	83,086	71,340	74,490	74,490
5424	Fire Service	-	840	-	-	-
5425	Officer Costs	188,994	268,114	140,230	148,840	148,840
5426	Special Police	213	-	-	-	-
5434	Codes Enforcement	262,965	204,460	241,850	206,710	206,710
5435	State Reimb./Streets, Signs	23,514	-	30,000	-	-
5436	Lot Clearance Fees - Post 2012	-	28,139	3,000	-	-
5437	Interest - Lot Clearance Fees	-	901	-	-	-
5441	Recreation Program Fees	22,686	25,078	24,450	41,370	41,370
5442	Inskip Pool Gate	46,742	45,168	48,520	41,740	41,740
5443	Ed Cothren Pool Gate	13,615	11,776	8,150	7,690	7,690
5444	Indoor Pool Fees and Rentals	18,636	17,363	15,150	17,280	17,280
5445	Team Registration Fees	45,075	46,445	46,250	64,150	64,150
5447	Vending Concessions	60	61	30	70	70
5449	Summer Program Registration Fee	13,043	12,258	14,250	12,260	12,260
5450	Tennis Revenue	-	5,671	-	5,670	5,670
5451	Building and Shelter Revenues	47,642	40,548	47,640	40,550	40,550
5452	Parks and Field Rental Fees	17,512	24,853	24,450	13,830	13,830
5453	Lease of SKCC	42,098	43,148	38,030	36,140	36,140
5459	Parks and Recreation - Miscellaneous Fees	16,696	10,605	7,160	11,810	11,810
5461	Caswell Park League Concessions	21,454	17,068	22,620	20,350	20,350
5464	Caswell Park Gate Fee	24,516	21,808	23,630	32,180	32,180
5466	Inskip Pool Concessions	23,234	21,064	20,610	18,960	18,960
5467	Ed Cothren Pool Concessions	10,123	8,601	3,350	3,520	3,520
	Subtotal - Charges for Services	1,474,950	1,521,436	1,414,800	1,312,490	1,312,490
5512	County Court Costs	99,479	81,455	74,820	73,180	73,180
5528	KPD - Automated Information	99,166	97,942	107,490	89,360	89,360
5531	Criminal Court Fines	179,718	179,079	177,100	174,380	174,380
5532	KPD - DARE	414	476	420	420	420
5580	Red Light Camera Fines	210,015	470,391	39,830	216,290	203,310
5581	Red Light Camera Fines - Municipal Court	200	800	70	800	800
5582	Red Light Camera Fines - Municipal Court LC	59,280	44,488	38,270	45,170	45,170
	Subtotal - Fines & Forfeits	648,273	874,631	438,000	599,600	586,620
5603	Residential Parking Permits	10	10	-	-	-
5605	Gifts	-	12,800	-	-	-
5611	Interest On Investments	245,279	292,608	245,000	265,600	265,600
5613	C/D Loan Payment	15,007	-	-	-	-
5614	Program Income	-	480	-	-	-
5616	Interest on Loans and Notes	6,452	1,212	6,450	6,450	6,450
5620	Lease & Rental Income	71,751	78,911	71,750	78,910	78,910
5623	K C D C Parking Rents	6,243	14,776	9,200	9,200	9,200
5627	Parking Meters	308,152	300,914	307,190	236,830	-
5631	Gain/(Loss) on Retired Assets	-	10	-	-	-
5632	Sale of Surplus Property Tax Properties	-	38,428	-	-	-
5641	Abandoned Vehicles	-	12,775	-	-	-
5642	Equipment	51,763	42,578	47,000	43,060	43,060
5643	Non Equipment Sales	-	15	-	-	-
5666	Agency Contribution	-	632	-	-	-
5699	Misc. Revenue	10,937	262,000	24,060	24,060	24,060
	Subtotal - Misc. Revenue	715,595	1,058,147	710,650	664,110	427,280
	Grand Total - Operating Revenue	171,131,927	185,372,190	178,046,260	178,880,150	196,336,610
5905	Transfer - Excess City Court Revenues	2,878,260	2,936,680	3,284,170	2,678,170	2,161,350
5926	Capital Project Transfer	1,073,887	-	-	-	-
5970	Residual Equity Transfers	130,990	-	-	-	-
	Subtotal - Transfers In	4,083,137	2,936,680	3,284,170	2,678,170	2,161,350
	Grand Total - Revenues	$ 175,215,065	$ 188,308,870	$ 181,330,430	$ 181,558,320	$ 198,497,960
5998	Appropriated Fund Balance	-	-	1,850,000	-	2,004,600
	Grand Total - General Fund	$ 175,215,065	$ 188,308,870	$ 183,180,430	$ 181,558,320	$ 200,502,560

GENERAL FUND EXPENDITURES

General Fund Overview

General Fund expenditures for FY 14/15, including the reservation for contingencies, total $200,502,560. This represents an increase of 9.46% when compared to the FY 13/14 General Fund budget of $183,180,430. The following narrative describes the major expenditure changes by department. The purpose of this section is to provide a general overview of all expenditure categories.

TABLE 1

	FY14/15 Proposed Budget	FY 13/14 Original Budget	Change
Personal Services	$ 106,539,800	$ 97,518,700	$ 9,021,100
Supplies	5,090,780	4,675,940	414,840
Other Charges	48,176,790	45,749,110	2,427,680
Other Uses	40,695,190	35,236,680	5,458,510
Total's	$ 200,502,560	$ 183,180,430	$ 17,322,130

Personal Services

The amount budgeted for personal services, i.e., salaries, benefits and related costs, is $106,539,800. Overall costs for this category increase by $9,021,100 or 9.25% when compared to the FY 13/14 budget. This is due to a 2.5% general salary increase for all non-probationary employees, increases to cover the actuarially required pension contribution, and an expected jump in health care costs. The impact on specific departmental budgets is discussed in more detail below, and in the executive summary.

Supplies

The category of "Supplies" is used to pay for such things as office and operating supplies, repair and maintenance items (chemicals, road salt, etc.), and operating equipment not provided for in the equipment replacement funds or capital budget. The budget for the supplies category increases by $409,840 or 8.76%. The most significant changes are an increase in the appropriation for operating supplies within the Public Service Department, and a shift in the accounting for software licensing fees from the Other Expenses category to the Supplies category. The appropriation for uniforms also grows to cover the cost of an increase in the uniform allowance for fire department personnel.

Other Charges

The category of "Other Charges" includes such expenditures as postage, professional services, equipment leases, internal service fund charges, and various miscellaneous items. The proposed budget reflects an increase of $2,427,680 when compared to the previous fiscal year. Much of the growth is in internal service charges, but other accounts increase as well. Funding for Grants & Benevolences is up by $688,850, due in part to capital grants being made to various non-profit organizations.

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. The majority of the transfers cover revenue shortages in various other funds. Overall budgeted transfers increase by $5,438,510. This jump is primarily due to a transfer of $5,207,000 from the General Fund to the Capital Projects Fund (Fund 401). The transfer to the Tax Increment Fund (Fund 306) grows by $539,810 and the transfer to miscellaneous special revenue funds increases by $416,240, the latter driven by a $500,000 contribution for historic preservation work. Partially offsetting some of the increases is a reduction of $1,220,820 in General Fund support for the Knoxville Area Transit system.

Administration

The proposed budget for Administration increases by $438,110 or 12.53% to $3,934,110. Within this department personal services expenses increase by $32,950, or 1.18%, to $2,814,710. This results from the general salary increase and the associated growth in pension and health care costs. The appropriation for Supplies costs declines slightly by $1,650 to $68,190. The category of Other Expenses increases by $406,810 to $1,051,210. This is

partially due to a one-time grant match of $200,000 for brownfield remediation. Also, $125,000 is included for a study by the Urban Land Institute and $88,260 is added to cover the contractual monitoring of energy savings payments by Ameresco.

Finance Division

The FY 14/15 proposed budget for the department of Finance is up by $147,800 (3.73%) to $4,108,960. Personal services expenditures increase by $140,770 to $3,231,180, the result of the proposed salary increase and pension and health care expenses. Supply costs are consistent with the FY13/14 budget. Other charges rise by $7,150, with the majority of the change in internal services costs, which are up $5,680 from FY13/14.

Information Systems Division

The budget for the Information Systems Department increases by $193,220 (4.49%) when compared to FY 13/14 to a total of $4,496,830. Personal services grow by $140,420, stemming from the proposed salary increases and other related benefit hikes. Operating supplies increase by $20,770, primarily for incremental increases in computer maintenance charges. The category of Other Charges is up by $32,030. Within this category, internal service charges rise by $42,800, but are partially offset by a decrease in training and education expenditures.

Community Development Division

The proposed budget for Community Development (Economic Administration) is $2,034,790, an increase of $416,880 (25.77%) from the prior year budget. Personal services accounts for $135,810 of the jump. This is due to the 2.5% salary increase and higher pension and health care costs. A new position is added to the Department of Neighborhoods. Also, two positions formerly funded 100% by the Community Development Block Grant (CDBG), are now partially funded within the General Fund.

The budget for the supplies category remains the same at $21,230. The budget for Other Charges grows by $281,070 (24.38%) from $1,152,840 to $1,433,910. There are several factors which account for this increase: $25,000 is added for the East Tennessee Quality Growth (ETQG) Program, $200,000 for homeless prevention and emergency sheltering services has been added, and funding is increased to cover higher rental costs for the Emporium.

Engineering Division

The Engineering Department general fund budget is down by $15,050 when compared to FY13/14. The net increase for salaries and benefits is $139,810. The cost of salaries and benefits in total increase by $283,570. However, three positions ($143,760) move from the General Fund to the Metro Parking Fund along with associated revenue. A Civil Engineer position is added in order to expedite the completion of capital projects. The supplies budget remains constant at $422,860. Other charges declined by $154,860, generally attributable to a shift of $171,000 in charges from the General Fund to the Stormwater fund (Fund 220). Within the General Fund budget for Engineering, internal service charges increase by $16,140.

Public Service Division

The proposed FY 14/15 budget for the Public Service Division is $23,555,170, an increase of $1,254,940 (5.63%) from FY13/14. Personal service costs go from $14,416,060 to $14,533,590, a jump of $417,530 or 2.96%. This is due to salary, pension and benefit increases. The budget for the Supply category rises by $94,530 or 7.79% to a total $1,307,490, primarily to cover increased operating supply expenses. Other costs are also up by $747,530 (10.73%) to $6,966,550. The major changes within this category are higher fleet services costs and increased professional service expenses.

Parks and Recreation Division

The Parks and Recreation budget for FY 14/15 grows by $123,880 to $6,957,090. Personal service increases by $135,130 as the result of salary and benefits costs. Supply costs decrease by $3,700, due to the shifting appropriations among accounts. Other costs decrease by $7,550 as a result of a decline in internal service charges. In addition, the professional service account rises by $20,000 to cover contractual obligations and increases in security costs.

Mass Transit Division (Grant Match)

The allocation for Mass Transit Grant Match for FY 14/15 declines by $447,410 from $1,165,370 to $717,960. In prior years this appropriation has been used to match the transit system's formula (5307) allocation, Surface Transportation Program (STP) grants and Congestion Mitigation Air Quality (CMAQ) grants. KAT is, temporarily, no

longer eligible for some of the latter two funds which accounts for the overall reduction in the funding level.

Law

The proposed FY14-15 Law Department budget increases by $21,300 or 1.12% to a total of $1,930,000. The increase in Personal Services of $17,880 (1.35%) to $1,346,000 is due to the proposed salary, health care costs and pension contribution expenses. The supplies category remains constant at $69,000. Other Charges expenses grow slightly by the amount of $3,420.

Police Department

The FY14/15 budget for the Police Department is $56,322,240, an increase of $5,794,730 or 11.47%, over FY 13/14. Personal Services grow by $4,582,980 for salary and benefit costs. The supplies budget increases by $236,770 and is primarily attributed to the shift of computer maintenance charges from the Other Charges category. The budget for Other Charges rises by $974,980, chiefly due to an increase of $1,148,700 for internal service charges (mostly vehicle replacement). Conversely, repair and maintenance charges drop ($205,440) because of the shift of computer maintenance charges to the supplies budget. Departmental authorized strength is 521, including uniformed positions which remain at 416.

Emergency Management Division

The FY 14/15 budget for Emergency Management increases by $7,370 (3.68%) to $364,930. The change in the budget is primarily due to higher personal service charges due to the proposed salary increase and various benefits. The supplies and other expense catorgies have only minor changes.

Fire

The FY 14/15 proposed budget for the Fire Department is $39,976,440 which is an increase of $3,542,280 or 9.72% when compared to the FY 13/14 budget. Personal services increase $3,235,690 to $28,329,100 due to the proposed salary change, and higher pension contributions and health care costs.

The category of Supplies increases from $804,290 to $880,080, a total of $75,790. The majority of this change can be attributed to an increase in the uniform allowance for fire personnel. The Other Expenses category increases $230,800 to $10,767,260, primarily due to higher fleet service charges.

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

Civil Service

The Civil Service budget for FY 14/15 decreases by $137,770 to $1,081,380. Salary and benefits costs increase $55,060 (7.18%) and relate to the propsed salary change and higher pension and health care costs. Supplies costs decrease slightly by $2,900. The primary change is in the Other Charges category which decline by $189,930. The FY 13/14 budget includes one-time funding of $225,000 for a comparative compensation study. This appropriation is no longer included in FY14/15. Partially offsetting this reduction is a $32,170 increase in internal service charges..

Legislative

The Legislative budget decreases ($21,060) from $976,262 to $955,000. This decrease is due to a reduction in the personal services category. Pension contributions, both from the employee and employer, cease whenever employees enter the "DROP" program. This has occurred within the Legislative budget and is the explanation for the decline.

City Elections Division

Pursuant to state law, all elections are managed by the Knox County Election Commission. The Commission charges the City for its proportionate share of any primary or general elections. There are no elections during the 2014/15 fiscal year. The budget is lowered to $10,000, this expense to cover costs associated with possible charter referenda on the statewide ballot.

OTHER FUNDS

State Street Aid (Fund 201)

The State Street Aid budget decreases by $29,400 to $4,573,600, the result of a forecast decline in gas tax revenues. The allocation for street lighting charges grows by $142,000. Within this fund, $588,600 is allocated to transfers for capital transportation related improvements. This represents a decrease of $171,400 in State Street Aid funded capital when compared to FY 13/14.

Abandoned Vehicles (Fund 209)

The FY 14/15 budget for the Abandoned Vehicles Fund totals $879,260, a reduction of $151,400 when compared to the FY 13/14 budget. Included within the FY 13/14 budget was an allocation of $175,000 for capital funding, which is not repeated in FY 14/15.

City Court (Fund 213)

The total budget for City Court is $3,167,850, a drop of $1,006,500. The appropriation for personal service costs is actually down slightly by $9,040, and is the result of personnel turnover. The budget for supplies declines by $550 and the category of Other Charges drops by $6,090 primarily due to a reduction in internal service charges are ($8,140). The balance of the budget is the transfer of fees collected in excess of operating court costs ($2,161,350) to the General Fund. As forecast revenues are down significantly, this represents a decrease of $1,122,820 from FY 13/14.

City Inspections (Fund 216)

The City Inspections Fund budget is up by $71,590 to $2,534,230 when compared to the FY 13/14 budget. Personal service costs grow by $42,440 to fund the proposed salary change and higher pension and benefit changes. Supply costs remain constant at $41,160. Operating costs increase by $29,150, primarily attributable to higher internal service charges. The General Fund support for Inspections decreases by $77,660 to $822,450 in FY 14/15.

Stormwater (Fund 220)

The proposed budget for FY 14/15 is up by $321,010 to $3,267,900. Personal service costs increase by $120,250, the result of higher employee salary and benefits and the addition of a Stormwater Engineer position. This position is to oversee the completion of infrastructure work that has been left unfinished by developers. Funding for this work comes from recaptured performance bonds posted by the developers. The budget for supplies increases by $18,000 to cover additional work needed to satisfy NPDES permit requirements. The allocation for Other Charges increases by $182,760, in part to fund the conversion of original records to digital format.

Solid Waste (Fund 230)

Solid Waste operations are under the purview of the Public Service Department. The FY 14/15 budget for Solid Waste is $11,111,770, an increase of $199,120 (or 1.82%) from the prior year. Personal services grow from $685,890 to $731,500, the result of salary and benefit increases. Supply costs remain constant at $92,000. Other costs decrease slightly by $16,490 to $9,818,270. Capital allocations for the fund grow from $300,000 to $470,000.

Safety City (Fund 240010)

The total budget for this fund grows by $452,700. Salary expenses are up slightly by $15,550. The greatest change is for capital funding which increases by $437,770 when compared to FY 13/14. Included in the budget is a transfer of $450,000 to the Capital Projects Fund to pay for the Safety City Phase III building project.

Home Grant (Fund 264)

The total for FY 14/15 housing grants is $2,491,280, an increase of $531,810 when compared with FY13/14. This is due to unspent grant funding from prior year grants being re-appropriated in FY 14/15. The increase is reflected in the allocation for projects.

Community Development (Fund 290)

This budget is funded solely from the Federal Community Development Block Grant revenues. The proposed FY14/15 budget of $1,560,670 is down $73,200 from the FY 13/14 budget, due to reductions in federal funding. Some costs are also shifted to the General Fund. Personal services are down from $987,270 to $777,900 due to the elimination of three full-time positions. The funding for the supplies category decreases $1,700 to $7,640. The Other Charges category increases from $637,260 to $775,130.

Public Assembly Facilities (Fund 503)

The Public Assembly Facilities Fund includes operations at the Civic Coliseum/Auditorium and Chilhowee Park. The proposed FY14/15 budget decreases by $731,180 when compared to FY 13/14. Personal services are up $103,580 to fund salary and benefit increases. Supply costs are up $16,690 due to a shift from other charges. Other charges drop by a total of $151,450. Within this latter category, internal service charges drop slightly ($5,090) and depreciation expenses fall by $129,660. Also, $16,690 is reallocated to the supplies budget. Capital project funding drops from $700,000 in FY 13/14 to $0 in FY 14/15.

Metro Parking (Fund 504)

The Metro Parking Fund accounts for the following City parking facilities: Jackson Avenue, Main Avenue Garage, Market Square Garage, Promenade Garage and the State Street Garage. These facilities are now contractually managed by the Public Building Authority for the city. The FY 14/15 budget totals $2,754,230, an increase of $917,960. As part of an effort to better integrate the full spectrum of parking, some major changes occur in this fund. Revenue from parking meters have, in the past, flowed to the General Fund, but are shifted to this fund in FY 14/15. Correspondingly, the costs of staff assigned to maintain the meters are also reassigned to this fund. As such, personnel costs jump from $0 to $143,760 due to the transfer of three positions from the Engineering Department General Fund budget. Operating costs for the various parking operations go up approximately $275,000. Capital funding is provided in the amount of $500,000 for parking meter upgrades.

Mass Transportation (Fund 507)

The FY 14/15 budget for Mass Transit operations increases by $416,640 to $23,180,080. The budget includes all three divisions of KAT: Motor Buses, Trolleys, and Lift (para-transit) Services. The General Fund contribution to fund transit operations decreases by $1,220,820 to $9,517,550, the result of a higher level of federal funding.

Fleet Services (Fund 702)

The Fleet Services Operating Fund increases slightly ($1,980) to $8,821,300. Salary and benefits increase by $123,630. The supplies budget falls by $184,890, primarily due to a decrease in the fuel budget. Operating equipment is up by $10,000. An increase of $42,740 in other charges is attributed to the rise in internal service charges. Capital expenses are budgeted at $62,500, representing a decrease of $20,500 when compared to FY 13/14.

Risk Management (Fund 704)

The budget for FY 14/15, when compared to FY13/14, increases by $1,067,230 from $6,691,440 to $7,758,670. Beginning in FY 13/14 the responsibility for insuring KAT liability and property was shifted from private insurance carriers to the City self insurance progam. In FY 14/15 the budget for the KAT related insurance is $1,004,500. It is this shift which accounts for most of the changes within this fund.

Health Care (Fund 705)

The FY15 budget for the Health Care services fund increases by $1,242,880 to $19,572,220. Personal services costs increase by $39,300 to reflect the proposed 2.5% raise and other benefit changes. The supplies category decreases by $400. Various Other Charge costs, used to purchase external insurance and fund self-insurance claims, increase by $1,203,980 to $19,158,180. This is due to past year claims experience and anticipated increases in health care costs. The budget also adds funding to pay for the transitional fees associated with the Affordable Care Act.

GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2014/15

Department	Actual FY 11/12	Actual FY 12/13	Adopted Budget FY 13/14	Proposed Budget FY 14/15	$ Change 13/14 - 14/15	% Change 13/14 - 14/15
Administration	$ 2,693,678	$ 3,035,797	$ 3,496,000	$ 3,934,110	$ 438,110	12.53%
Finance	3,572,047	3,575,340	3,961,160	4,108,960	147,800	3.73%
Information Systems	4,050,062	3,931,360	4,303,610	4,496,830	193,220	4.49%
Community Development	914,366	1,227,485	1,617,910	2,034,790	416,880	25.77%
South Knoxville Waterfront	111,691	-	-	-	-	
Public Works	4,091	235,923	284,710	179,170	(105,540)	(37.07%)
Public Services	22,669,980	21,442,690	22,015,520	23,376,000	1,360,480	6.18%
Engineering	5,346,161	5,323,740	6,028,350	6,013,300	(15,050)	(0.25%)
Recreation	6,599,771	6,440,269	6,833,210	6,957,090	123,880	1.81%
Knoxville Area Transit (KAT)	951,230	1,007,160	1,165,370	717,960	(447,410)	(38.39%)
Law	1,618,864	1,583,173	1,908,700	1,930,000	21,300	1.12%
Police	48,211,201	48,802,710	50,527,510	56,322,240	5,794,730	11.47%
Emergency Management	327,331	342,670	351,980	364,930	12,950	3.68%
Fire	33,668,634	35,576,464	36,434,160	39,976,440	3,542,280	9.72%
Legislative	933,606	1,050,485	976,260	955,200	(21,060)	(2.16%)
Civil Service	889,189	933,989	1,219,150	1,081,380	(137,770)	(11.30%)
Subtotal - Departmental	132,561,902	134,509,255	141,123,600	152,448,400	11,324,800	8.02%
Nondepartmental						
City Elections	230,870	-	260,000	10,000	(250,000)	(96.15%)
Knoxville Partnership	619,100	618,725	800,080	800,080	-	0.00%
Metropolitan Planning Commission (MPC)	905,000	905,000	905,000	905,000	-	0.00%
Knoxville Zoological Park	1,009,570	1,057,825	1,108,610	1,158,610	50,000	4.51%
Agency Grants	714,938	746,706	712,000	1,255,000	543,000	76.26%
Waterfront	483,172	529,533	568,820	535,040	(33,780)	(5.94%)
Community Action Committee (CAC)	636,252	690,640	615,640	690,640	75,000	12.18%
Reserve	-	-	1,850,000	2,004,600	154,600	8.36%
Other Non-departmental Expenses	11,115,197	1,438,872	1,904,250	1,975,860	71,610	3.76%
Transfers	32,402,317	37,419,751	33,332,430	38,719,330	5,386,900	16.16%
Subtotal - Nondepartmental	48,116,416	43,407,052	42,056,830	48,054,160	5,997,330	14.26%
GRAND TOTAL	$ 180,678,318	$ 177,916,307	$ 183,180,430	$ 200,502,560	$ 17,322,130	9.46%

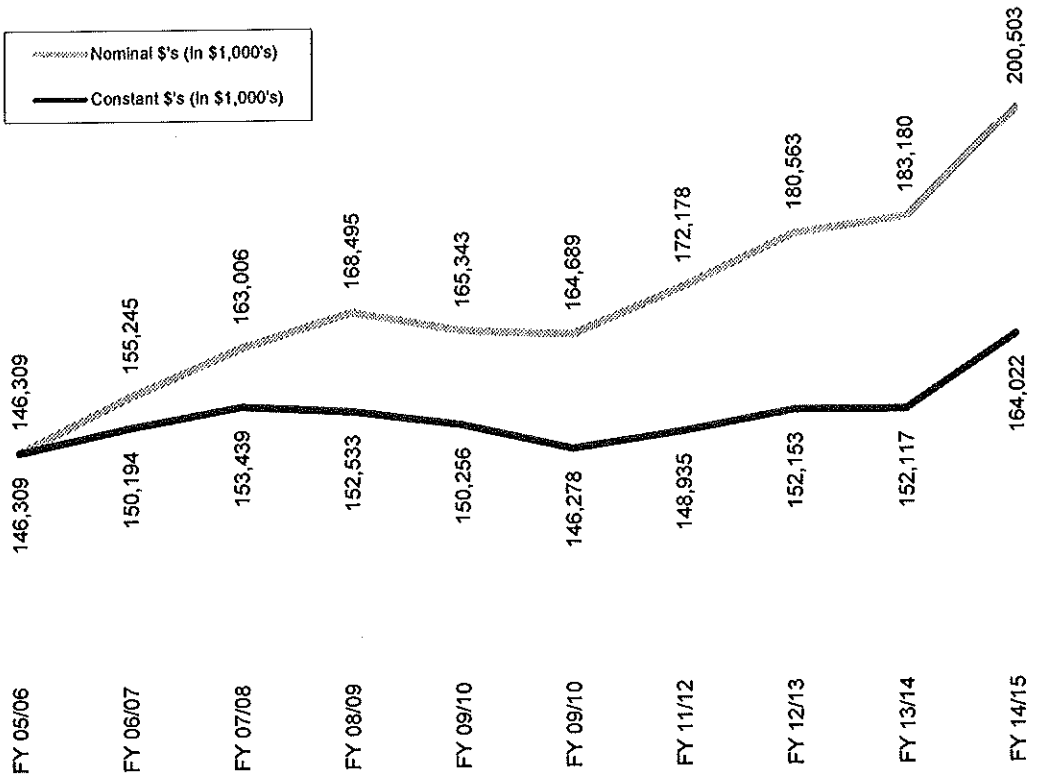
GENERAL FUND BUDGET BY DEPARTMENT

Fiscal Years 2010/11 - 2014/15

Department	Adopted Budget FY 10/11	Adopted Budget FY 11/12	Adopted Budget FY 12/13	Adopted Budget FY 13/14	Proposed Budget FY 14/15
Administration	$ 2,372,800	$ 2,683,300	$ 3,317,740	$ 3,496,000	$ 3,934,110
Finance	3,539,460	3,672,480	3,754,570	3,961,160	4,108,960
Information Systems	4,077,990	4,208,220	4,310,650	4,303,610	4,496,830
Community Development	1,090,230	1,065,730	1,311,670	1,617,910	2,034,790
South Knoxville Waterfront	225,590	236,270	-	-	-
Public Works	-	-	273,090	284,710	179,170
Public Services	20,372,640	20,979,060	21,401,020	22,015,520	23,376,000
Engineering	5,673,040	5,876,230	5,798,270	6,028,350	6,013,300
Recreation	6,743,630	6,799,330	6,636,600	6,833,210	6,957,090
Knoxville Area Transit (KAT)	912,950	951,230	1,007,160	1,165,370	717,960
Law	1,764,930	1,809,540	1,825,760	1,908,700	1,930,000
Police	45,958,920	47,931,560	49,502,190	50,527,510	56,322,240
Emergency Management	316,940	325,680	344,610	351,980	364,930
Fire	32,322,580	33,653,620	35,391,150	36,434,160	39,976,440
Legislative	915,560	945,160	967,530	976,260	955,200
Civil Service	991,330	1,024,640	1,064,830	1,219,150	1,081,380
Subtotal - Departmental	127,278,590	132,162,050	136,906,840	141,123,600	152,448,400
Nondepartmental					
City Elections	-	280,000	40,000	260,000	10,000
Knoxville Partnership	651,300	642,970	642,970	800,080	800,080
Metropolitan Planning Commission (MPC)	905,000	905,000	905,000	905,000	905,000
Knoxville Zoological Park	906,660	1,009,570	1,058,680	1,108,610	1,158,610
Agency Grants	876,500	717,000	712,000	712,000	1,255,000
Waterfront	528,090	530,380	530,380	568,820	535,040
Community Action Committee (CAC)	567,650	565,640	690,640	615,640	690,640
Reserve	1,650,000	1,725,000	1,810,000	1,850,000	2,004,600
Other Non-departmental Expenses	475,180	1,115,200	1,438,870	1,904,250	1,975,860
Transfers	30,850,270	32,525,160	35,827,120	33,332,430	38,719,330
Subtotal - Nondepartmental	37,410,650	40,015,920	43,655,660	42,056,830	48,054,160
GRAND TOTAL	$ 164,689,240	$ 172,177,970	$ 180,562,500	$ 183,180,430	$ 200,502,560

Equalized General Fund Budget

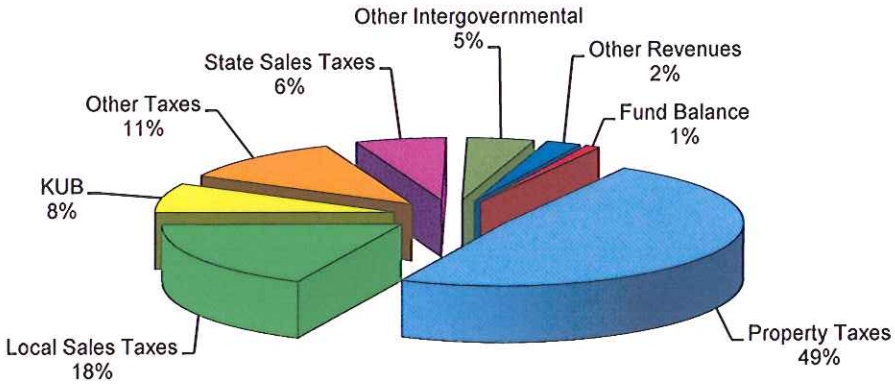
Fiscal Years 2005/06 – 2014/15



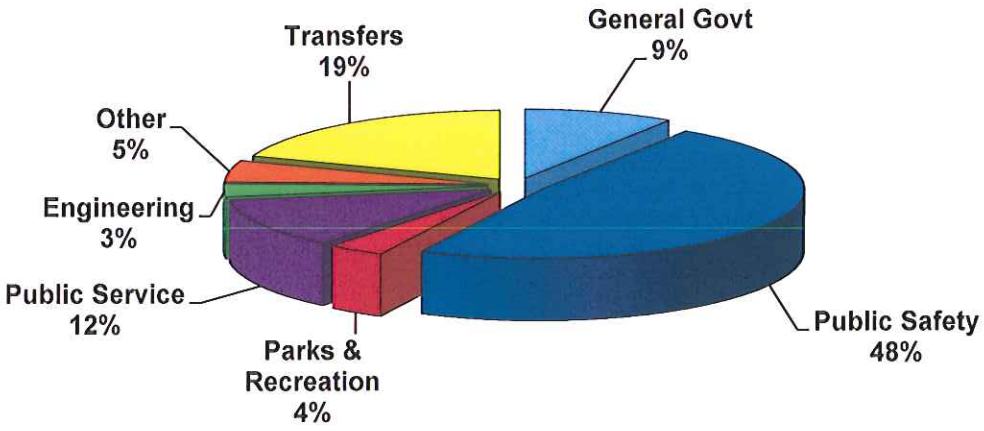
The chart above shows the actual adopted General Fund budget compared to the budget adjusted for the impacts of inflation over the past ten years. As can be seen the adjusted budget has fluctuated both up and down over the years. The proposed FY 14/15 budget, as adjusted, is up when compared to 10 years ago, as well as from one year ago.

General Fund Revenue and Expenditures FY 2014-15

Where the money comes from



Where the money goes



Authorized Positions by Department

Full and Part-Time General Fund

Department	FY 12/13 Full Time	FY 12/13 Part Time	FY 13/14 Full Time	FY 13/14 Part Time	FY 14/15 Full Time	FY 14/15 Part Time	Total Change 13/14 - 14/15
Administration	30	1	30	1	30	1	-
Finance	43	-	44	-	44	-	-
Information Systems	30	-	30	-	30	-	-
Community Development	5	-	5	-	6	-	1
Public Works	2	-	2	-	1	-	(1)
Public Services	282	-	282	-	282	-	-
Engineering	57	1	58	1	56	1	(2)
Recreation	45	12	46	11	46	11	-
Law	12	1	13	-	13	-	-
Police	516	3	516	3	516	3	-
Emergency Management	3	-	3	-	3	-	-
Fire	337	-	337	-	337	-	-
Legislative	3	9	3	9	3	9	-
Civil Service	12	-	10	-	10	-	-
Total - Full Time	1,377	27	1,379	25	1,377	25	(2)

Permanent Full Time Personnel

General Fund FY 10/11 - 14/15

Department	FY 10/11 Full Time	FY 11/12 Full Time	FY 12/13 Full Time	FY 13/14 Full Time	FY 14/15 Full Time	Change 10/11 - 14/15	Change 14/15 -14/15
Administration	24	25	30	30	30	6	-
Finance	42	42	43	44	44	2	-
Information Systems	30	30	30	30	30	-	-
Community Development	4	4	5	5	6	2	1
South Knoxville Waterfront	1	1	-	-	-	(1)	-
Public Works	-	-	2	2	1	1	(1)
Public Services	282	282	282	282	282	-	-
Engineering	58	57	57	58	56	(2)	(2)
Recreation	46	46	45	46	46	-	-
Law	13	13	12	13	13	-	-
Police	516	516	516	516	516	-	-
Emergency Management	3	3	3	3	3	-	-
Fire	337	337	337	337	337	-	-
Legislative	3	3	3	3	3	-	-
Civil Service	12	12	12	10	10	(2)	-
Total - Full Time	1,371	1,371	1,377	1,379	1,377	6	(2)

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2014/15

Description	Actual FY 11/12	Actual FY 12/13	Adopted FY 13/14	Proposed FY 14/15	Dollar Change	Percentage Change
Operating Grants						
African American Appalachian Arts	$ 18,000	$ 32,556	$ 15,000	$ -	$ (15,000)	(100.00%)
Arts and Cultural Alliance	25,000	25,000	28,000	28,000	-	0.00%
Beck Cultural Center	26,000	25,500	25,500	28,000	2,500	9.80%
Bijou Theatre	20,000	19,500	18,500	19,500	1,000	5.41%
Blount Mansion Association	8,000	8,000	7,500	7,500	-	0.00%
Boys/Girls Club	3,000	3,000	-	-	-	
Carpetbag Theatre	5,000	10,000	7,500	-	(7,500)	(100.00%)
Centro Hispano de East Tennessee	-	5,000	5,000	5,500	500	10.00%
Cerebral Palsy Center	7,000	7,000	7,000	7,000	-	0.00%
Child and Family Services	38,000	38,000	38,000	-	(38,000)	(100.00%)
Childhelp Children's Center of East Tennessee	-	7,000	7,000	-	(7,000)	(100.00%)
Clarence Brown Theatre	2,500	10,000	5,000	5,000	-	0.00%
C.O.N.N.E.C.T. Ministries	5,000	5,000	5,000	5,000	-	0.00%
Court Appointed Special Advocates (CASA)	-	1,000	-	-	-	
Crutcher Memorial Youth Enrichment Center	-	1,000	-	-	-	
Dogwood Arts Festival, Inc.	-	5,000	10,000	12,000	2,000	20.00%
East Tennessee Civil War Alliance	-	-	-	4,500	4,500	
East Tennessee Community Design Center	8,000	8,000	8,000	4,000	(4,000)	(50.00%)
East Tennessee Discovery Center	20,000	20,000	15,000	15,000	-	0.00%
East Tennessee Historical Society	18,000	20,000	17,500	17,500	-	0.00%
East Tennessee Technology Access Center	2,500	2,500	2,500	3,000	500	20.00%
Emerald Youth Foundation	1,500	1,500	1,500	2,000	500	33.33%
Epilepsy Foundation	1,000	1,000	-	2,000	2,000	
Family Promise of Knoxville	1,500	1,500	-	-	-	
Florence Crittenton Home	3,000	-	-	-	-	
Fountain City Art Center	1,000	2,000	1,500	1,500	-	0.00%
Free Medical Clinic of America, Inc.	-	5,500	-	6,000	6,000	
Friends of the Knox County Library (Imagination Library)	7,000	7,000	7,000	7,000	-	0.00%
Friends of Literacy	3,000	3,000	3,000	3,000	-	0.00%
Hands and Feet Ministries	1,000	1,000	1,000	-	(1,000)	(100.00%)
Hazen Historical Museum Foundation	8,000	10,000	7,500	7,500	-	0.00%
Helen Ross McNabb Center	4,500	4,500	4,500	45,500	41,000	911.11%
Hola Hora Latina	3,000	8,500	8,500	9,000	500	5.88%
Hope Resource Center	4,000	-	-	-	-	
Interfaith Health Clinic	32,000	32,000	32,000	32,000	-	0.00%
James White Fort Association	8,000	9,000	7,500	7,500	-	0.00%
Joy of Youth Music School	12,000	12,000	12,000	15,000	3,000	25.00%
Jubilee Community Arts	5,000	10,000	5,000	5,000	-	0.00%
Keep Knoxville Beautiful	5,000	5,000	5,000	5,000	-	0.00%
Knox Heritage	21,000	21,000	21,000	5,000	(16,000)	(76.19%)
Kinox Jazz Festival	-	-	-	1,000	1,000	
Knoxville Area Urban League	45,000	45,000	45,000	45,000	-	0.00%
Knoxville Botanical Gardens & Arboretum	3,500	3,500	3,500	-	(3,500)	(100.00%)
Knoxville Choral Society	1,500	1,500	1,500	1,500	-	0.00%
Knoxville Habitat for Humanity	2,500	2,500	-	-	-	
Knoxville Leadership Foundation - Amachi Knoxville	-	3,000	3,000	4,000	1,000	33.33%
Knoxville Museum of Art	80,000	80,000	74,000	74,000	-	0.00%
Knoxville Opera Company	24,000	-	22,000	23,000	1,000	4.55%
Knoxville Symphony Society	55,000	60,000	54,000	54,000	-	0.00%
Legal Aid of East Tennessee	4,000	4,000	4,000	4,000	-	0.00%
Life Saver's, Inc.	-	1,000	-	-	-	
Lighthouse at Austin Homes, Inc.	-	-	-	1,000	1,000	
McClung Museum	-	2,500	1,500	3,000	1,500	100.00%
Metropolitan Drug Commission	40,000	40,000	40,000	40,000	-	0.00%
MLK Commemorative Commission	-	2,500	3,000	5,000	2,000	66.67%
Positively Living	5,000	5,000	5,000	5,000	-	0.00%
Redeeming Hope Ministries	-	-	-	4,000	4,000	
Samaritan Ministry - CBC	1,500	1,500	1,500	1,500	-	0.00%
Second Harvest Food Bank	8,000	8,000	8,000	8,000	-	0.00%
SEEED	-	-	-	4,000	4,000	
Senior Citizens Home Assistance	20,000	20,000	-	20,000	20,000	
Sertoma Center	22,000	19,650	-	-	-	
Sexual Assault Center of East Tennessee	-	3,000	3,000	-	(3,000)	(100.00%)
Shora Foundation	500	500	-	-	-	
Tennessee Archive of Moving Image and Sound	1,000	-	-	-	-	

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2014/15

Description	Actual FY 11/12	Actual FY 12/13	Adopted FY 13/14	Proposed FY 14/15	Dollar Change	Percentage Change
Tennessee Children's Dance Ensemble	3,000	2,500	2,000	2,500	500	25.00%
Tennessee Stage Company	6,000	-	4,000	4,000	-	0.00%
Tennessee Theatre Foundation	20,000	-	8,500	10,000	1,500	17.65%
Tennessee Valley Fair	-	-	-	5,000	5,000	
Tribe One	6,500	6,500	-	-	-	
UUNIK Academy, Inc.	-	1,000	1,000	2,000	1,000	100.00%
Volunteer Ministry Center	3,000	6,000	6,000	5,000	(1,000)	(16.67%)
WDVX	21,000	30,000	24,000	24,000	-	0.00%
Williams Creek Community Garden (TCWN)	1,500	-	-	-	-	
YMCA	5,000	5,000	5,000	5,000	-	0.00%
YWCA	5,000	5,000	5,000	5,000	-	0.00%
Subtotal - Operating Grants	712,000	746,706	663,500	675,000	11,500	1.73%
Capital Grants						
Beck Cultural Center Capital	-	-	33,500	-	(33,500)	(100.00%)
Boys/Girls Club Capital	-	-	-	250,000	250,000	
C.O.N.N.E.C.T. Ministries Capital	-	-	-	15,000	15,000	
Crutcher Memorial Youth Enrichment	5,000	-	-	-	-	
Knoxville Botanical Gardens and Arboretum	-	-	-	250,000	250,000	
Knoxville Museum of Art Capital	-	-	-	50,000	50,000	
Love Kitchen Capital	(2,062)	-	-	-	-	
Sertoma Center, Inc. Capital	-	-	15,000	15,000	-	0.00%
Subtotal - Capital Grants	2,938	-	48,500	580,000	531,500	1095.88%
Grand Total	$714,938	$746,706	$712,000	$1,255,000	$ 543,000	76.26%

Description	Budget FY 13/14	Proposed FY 14/15	Change 13/14 - 14/15	Comment
Community Improvement (202) Transfer	90,000	90,000	-	Transfer for community improvements (see Fund 202)
City Inspections Transfer	900,110	822,450	(77,660)	Subsidy for City Inspections (see Fund 216)
Stormwater Transfer	2,855,890	3,174,920	319,030	Funding for Stormwater operations (see Fund 220)
Solid Waste Transfer	9,479,650	9,373,770	(105,880)	Funding for Solid Waste operations (see Fund 230)
Special Revenue Fund Transfer	264,880	681,120	416,240	Transfer for Misc. Spec. Rev./Demolition by Neglect/Others (see Fund 240)
Tax Increment Transfer	1,177,590	1,717,400	539,810	Tax Increment Expenditures (see Fund 306)
Capital Projects Transfer	-	5,207,000	5,207,000	Capital Purchases (see Fund 401)
Chilhowee Park Transfer	1,001,720	1,022,620	20,900	Subsidy for Chilhowee Park operations (see Fund 503)
Auditorium/Coliseum Transfer	1,422,740	1,469,520	46,780	Subsidy for Auditorium/Coliseum (see Fund 503)
Metro Parking Transfer	125,000	-	(125,000)	Capital allocation for State Street Garage
Convention Center Transfer	2,156,430	2,126,470	(29,960)	Support for Convention Center Operations (see Fund 506)
World's Fair Park Transfer	1,559,120	1,484,320	(74,800)	Subsidy for WFP operations (see Fund 506)
Mass Transit Transfer	9,816,380	8,474,520	(1,341,860)	KAT operating subsidy (see Fund 507)
Trolley Transfer	921,990	1,043,030	121,040	Trolley operating subsidy (see Fund 507)
Golf Course Transfer	50,000	101,640	51,640	Subsidy for Municipal Golf Course (see Fund 508)
Risk Management Transfer	549,140	613,900	64,760	Support administration of Risk Fund (see Fund 704)
Health Care Transfer	961,790	1,316,650	354,860	Support administration of Health Care Fund (see Fund 705)
	33,332,430	38,719,330	5,386,900	
Non-departmental expeditures				
Transfer - Trust & Agency	1,450,000	1,591,000	141,000	Pension contribution per Actuary for past service liability (Schools)
Employer Subsidy - Retiree Health Care	454,250	384,860	(69,390)	Employer contribution to offset a portion of retiree's health care costs
	1,904,250	1,975,860	71,610	
	35,236,680	40,695,190	5,458,510	

DEBT SERVICE

The City of Knoxville, like other cities, occasionally needs to borrow money in order to complete various capital projects. In the past the city has issued debt for such items as road paving and construction, fire station construction, waterfront development, storm sewer improvements, land acquisition and improvements at the World's Fair site, the new Convention Center, and various other projects. As of June 30, 2014, the long-term debt of the City, excluding revenue supported debt of the Knoxville Utilities Board (KUB) and the Metropolitan Knoxville Airport Authority (MKAA), is expected to be $190,835,000. This amount includes the planned issuance of $31,400,000 in new debt in late FY 13/14 or early FY 14/15. As KUB and MKAA are not a part of the City's operating budget the following analysis focuses only on the debt of the general government.

TABLE 1

Type of Debt	Principal Outstanding 6/30/14	Principal Paid In FY 14/15	Principal Outstanding 6/30/15
G.O.Bonds & Notes	$71,258,260	$6,662,720	$64,595,540
Enterprise Fund Debt	119,576,740	4,337,280	115,239,460
Total	$190,835,000	$11,000,000	$179,835,000

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

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

The primary revenue to this fund comes from a property tax levy of 53.34¢ per $100 of assessed value. Property tax is projected to yield approximately $22.91 million. Interest earnings are forecast at $195,410. The Knoxville Community Development Corporation (KCDC) is committed to repay the debt service on a portion of the 2005A bonds. In FY 14/15 that amount is $56,810.

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. This review/approval may address debt structure, maturities, and consistency with the City's established debt policy.

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 14/15, as well as a complete amortization schedule by year.

DEBT SERVICE SCHEDULE

Fiscal Year 2014/15

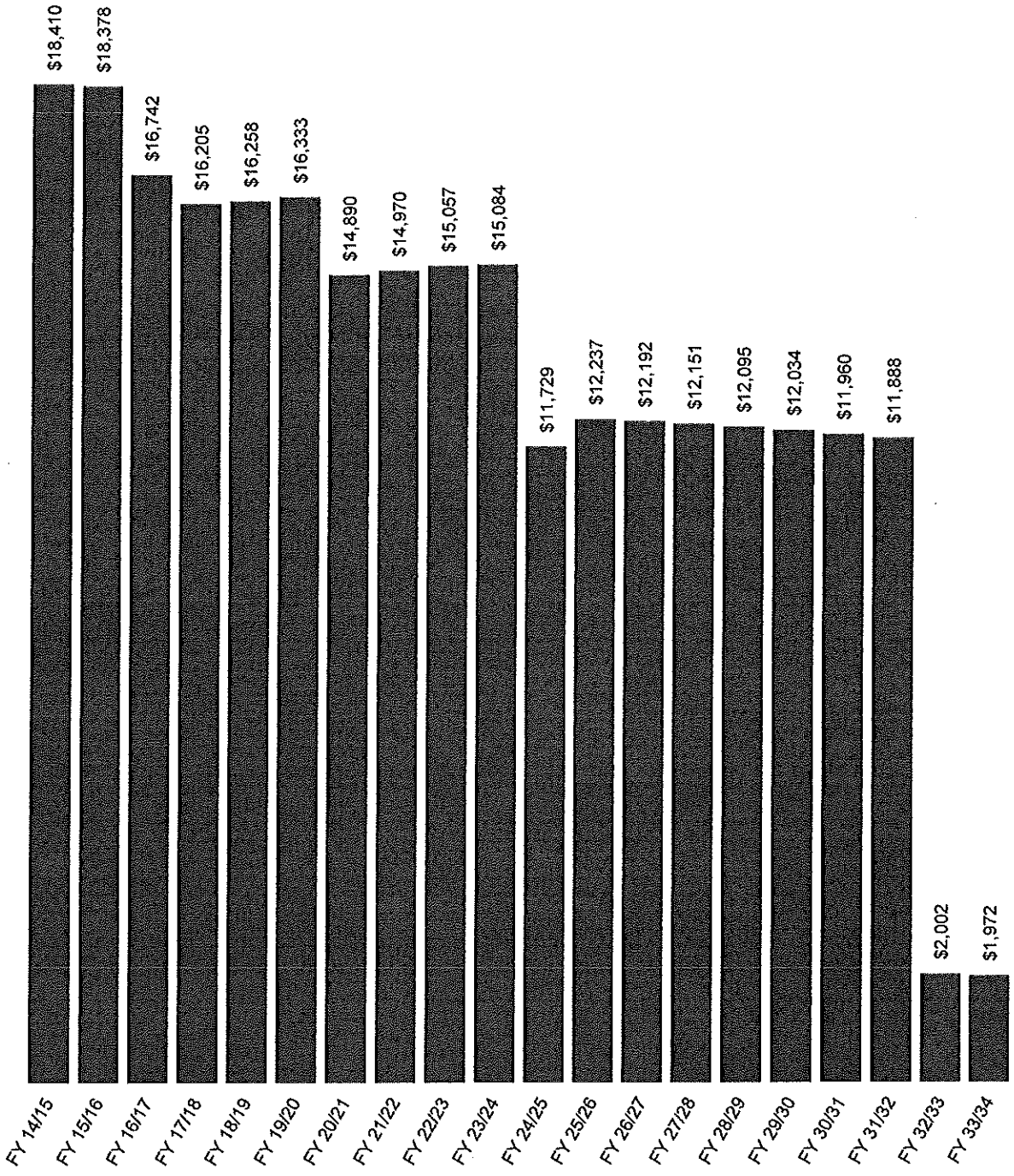
Bond Issue	Final Maturity	Principal Balance 6/30/2014	Principal Payable FY 14/15	Interest Payable FY 14/15	Total Payable FY 14/15	Principal Balance 6/30/2015
General Obligation Bonds						
G.O. Refunding Series 2005 A	05/20	$ 7,610,000	$ 1,120,000	$ 380,500	$ 1,500,500	$ 6,490,000
2012 G.O. Refunding	06/25	32,248,260	4,262,720	1,226,260	5,488,980	27,985,540
G.O. Series 2014 (est.)	05/33	31,400,000	1,280,000	708,460	1,988,460	30,120,000
Subtotal - G.O. Bonds		71,258,260	6,662,720	2,315,220	8,977,940	64,595,540
Grand Total- Fund 305		$ 71,258,260	$ 6,662,720	$ 2,315,220	$ 8,977,940	$ 64,595,540
Enterprise Fund Debt						
TN Loan - 2009 Refunding	06/20	$ 19,230,000	$ 2,855,000	$ 999,960	$ 3,854,960	$ 16,375,000
TN Loan Variable Rate - 2002	06/32	59,970,000	-	2,698,650	2,698,650	59,970,000
2012 G.O. Refunding	06/25	40,376,740	1,482,280	1,395,690	2,877,970	38,894,460
Subtotal - Enterprise Fund		$ 119,576,740	$ 4,337,280	$ 5,094,300	$ 9,431,580	$ 115,239,460
Grand Total - All Finds		$ 190,835,000	$ 11,000,000	$ 7,409,520	$ 18,409,520	$ 179,835,000

Debt Amortization Schedule

Fiscal Years 2014/15 - 2033/34

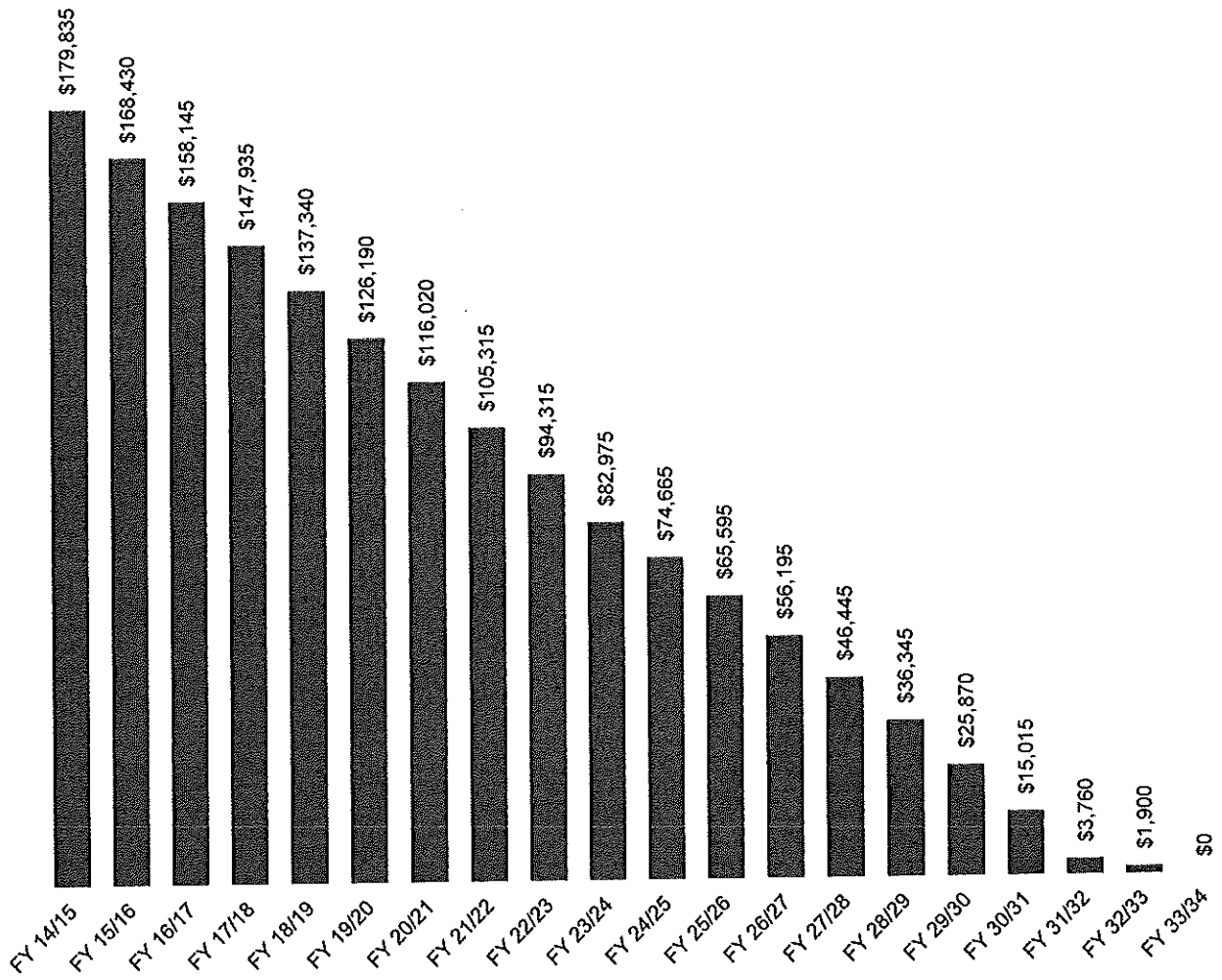
Fiscal Year	G.O. Bonds P & I	Enterprise P & I	Total P & I	Principal Balance EOY
2015	$ 8,977,940	$ 9,431,580	$ 18,409,520	$ 179,835,000
2016	8,957,290	9,420,410	18,377,700	168,430,000
2017	6,931,270	9,811,120	16,742,390	158,145,000
2018	6,457,820	9,747,590	16,205,410	147,935,000
2019	6,522,360	9,735,990	16,258,350	137,340,000
2020	6,601,210	9,731,860	16,333,070	126,190,000
2021	5,641,970	9,248,380	14,890,350	116,020,000
2022	5,714,210	9,255,560	14,969,770	105,315,000
2023	5,790,420	9,266,170	15,056,590	94,315,000
2024	5,816,840	9,267,120	15,083,960	82,975,000
2025	2,834,950	8,894,200	11,729,150	74,665,000
2026	2,125,490	10,111,180	12,236,670	65,595,000
2027	2,116,850	10,075,480	12,192,330	56,195,000
2028	2,115,030	10,036,280	12,151,310	46,445,000
2029	2,102,190	9,993,130	12,095,320	36,345,000
2030	2,083,530	9,950,580	12,034,110	25,870,000
2031	2,052,180	9,907,950	11,960,130	15,015,000
2032	2,028,420	9,859,580	11,888,000	3,760,000
2033	2,001,840	-	2,001,840	1,900,000
2034	1,972,390	-	1,972,390	-
	$ 88,844,200	$ 173,744,160	$ 262,588,360	

Annual Debt Payments
FY 2014/15– 2033/34



All numbers in $1,000's.

Remaining Debt Outstanding (End of Year)
FY 2014/15– 2033/34



All numbers in $1,000's.

Capital Improvement Budget
Sources and Uses
FY 2014/15

Sources of Funds	
City Proceeds	
General Fund	$ 5,207,000
State Street Aid Fund	588,600
Solid Waste Fund	470,000
Safety City Fund	450,000
Police Capital Fund	1,432,730
Police Training Fund	1,200,000
Debt Service Fund	15,520,500
Convention Center Fund	15,000
Subtotal - City Proceeds	24,883,830
Other Sources	
Federal/State Grants	2,761,830
Other Funding	1,000,000
Subtotal - Other Sources	3,761,830
Grand Total - Sources of Funds	$ 28,645,660
Uses by Fund	
Capital Projects Fund (Fund 401)	$ 27,809,160
Metro Parking Fund (Fund 504)	500,000
Convention Center Fund (Fund 506)	15,000
Fleet Services Fund (Fund 702)	62,500
Fleet Replacement Fund (Fund 702002)	259,000
Grand Total - Uses of Funds	$ 28,645,660
Uses of Funds	
Administration	
Cumberland Avenue Streetscape	$ 2,264,830
Marble Alley Improvements	850,000
Downtown North	50,000
Downtown Improvement Fund	130,000
Magnolia Avenue Warehouse	300,000
Downtown Restrooms	250,000
Public Art	230,000
Subtotal - Administration	4,074,830
Finance	
Contract Document Management	50,000
Subtotal - Finance	50,000

Capital Improvement Budget
Sources and Uses
FY 2014/15

Community Development	
ADA Access Improvements	150,000
Chronic Problem Property	300,000
Blighted Property Acquisition	200,000
Façade Improvement Project	500,000
Five Points (Taylor-Lee Williams)	800,000
Subtotal - Community Development	1,950,000
Public Service	
Roof & HVAC Maintenance Program	100,000
Fire Station Maintenance Program	75,000
Solid Waste Management Facility Improvements	260,000
Stormwater Grate Replacement for Bicyclist	35,000
Public Works Complex - Medical Center	1,212,000
Subtotal - Public Service	1,682,000
Engineering	
Citywide New Sidewalk Construction	750,000
Bridge Maintenance Program	138,600
ADA Curb Cut Program	250,000
Sidewalk Safety Program	750,000
Citywide Resurfacing Program	6,800,000
Neighborhood Drainage Improvements Program	500,000
Water Quality Improvements	250,000
Traffic Signal Maintenance	250,000
Citywide Roadway Safety Program	250,000
Crosswalk Safety Program	80,000
Citywide Alley Paving Program	200,000
Traffic Calming	20,000
Advanced Traffic Management System (ATMS)Federal/State	500,000
Bicycle Infrastructure Improvement Projects	250,000
Merchant Drive at Clinton Highway Intersection	1,440,000
Old Broadway Sidewalk South Project	150,000
Old Broadway Sidewalk North Project	200,000
Subtotal - Engineering	12,778,600
Parks and Recreation	
Ballfield, Tennis Court, Playground Improvements	200,000
Greenway Corridors	1,000,000
Lakeshore	2,000,000
Ijams	100,000
Greenway Maintenance and Improvements	50,000
Parks Improvements	250,000
Subtotal - Parks and Recreation	3,600,000

Capital Improvement Budget
Sources and Uses
FY 2014/15

Police	
Police Facility Building Improvements	1,000,000
Police Academy Building	1,200,000
Mobile Data Solution	157,430
Predictive Analysis	180,000
Phase 3 Building - Safety City	450,000
Steel Garage	46,300
Subtotal - Police	3,033,730
Fire	
Station 12 Renovation	300,000
Training Academy	200,000
Subtotal - Fire	500,000
CAC	
Ross Building Generator Replacement	140,000
Subtotal - Fire	140,000
Grand Total - Fund 401	27,809,160
Engineering	
Parking Meter Upgrade	500,000
Subtotal - Engineering	500,000
Grand Total - Fund 504	500,000
Convention Center	
Portable Coolers	15,000
Subtotal - Convention Center	15,000
Grand Total - Fund 506002	15,000
Fleet Service	
Knee Control Pipe/Tubing Bender	12,500
Heavy Shop Hetra Lift Set (4)	50,000
Subtotal - Fleet Service	62,500
Grand Total - Fund 702	62,500

Capital Improvement Budget
Sources and Uses
FY 2014/15

Fleet Service	
SWMF Facility Sweeper	210,000
Maintenance Truck	22,000
Skid- Steer Loader	27,000
Subtotal - Fleet Service	259,000
Grand Total - Fund 702002	259,000
Grand Total - All Funds	$ 28,645,660