

Mayor's Budget Retreat February 10, 2017

- Welcome/Introduction - Mayor Rogero
- Financial Update - Jim York
- Mayor's Update – Mayor Rogero and Staff
- Questions/Comments from Council
- Budget Calendar/Closing – Mayor Rogero



Budget Retreat – Part I

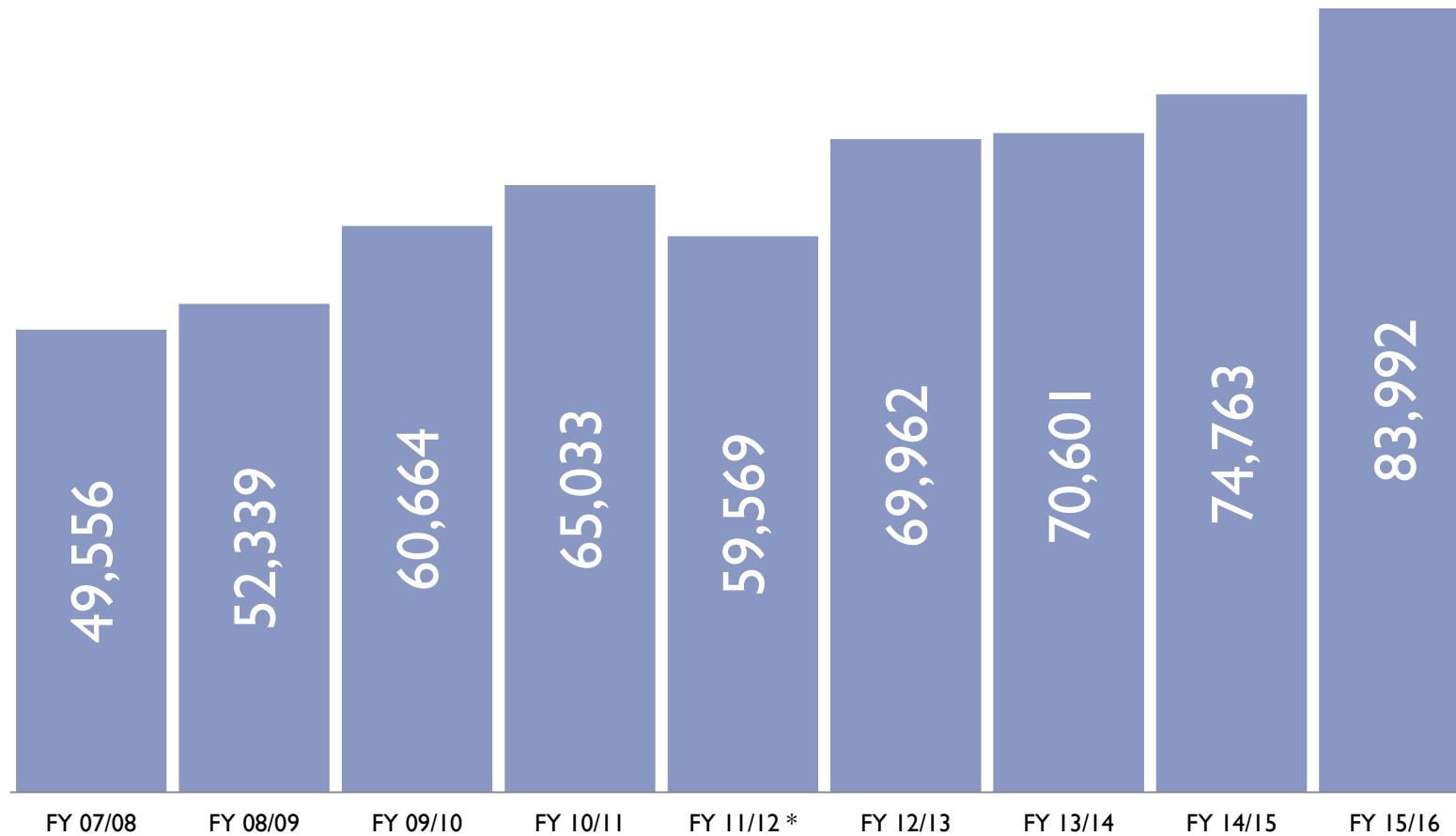
Financial Update

February 10, 2017





General Fund Ending Fund Balance



- In FY 11/12 the City provided a supplemental contribution of \$10 million to the Pension System. If not for this action the ending fund balance in FY 11/12 and subsequent years would both be \$10 million higher.
- All numbers in \$1,000's



General Fund Ending Fund Balance

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16
Non-spendable						
Prepaid	78,502	49,501	10,758	-	9,258	-
Inventory	<u>346,784</u>	<u>335,252</u>	<u>355,677</u>	<u>323,900</u>	<u>432,138</u>	<u>354,116</u>
Subtotal - Non-spendable	<u>425,286</u>	<u>384,753</u>	<u>366,435</u>	<u>323,900</u>	<u>441,396</u>	<u>354,116</u>
Restricted						
Encumbrances	<u>264,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal - Restricted	<u>264,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Committed						
Encumbrances	194,606	290,920	561,044	131,498	279,196	382,277
Policy	<u>34,435,594</u>	<u>34,435,594</u>	<u>36,636,086</u>	<u>40,100,512</u>	<u>41,275,270</u>	<u>42,506,918</u>
Subtotal - Committed	<u>34,630,200</u>	<u>34,726,514</u>	<u>37,197,130</u>	<u>40,232,010</u>	<u>41,554,466</u>	<u>42,889,195</u>
Assigned						
Encumbrances	-	160,690	281,423	82,718	472,838	142,766
Appropriated Fund Balance	1,725,000	4,410,000	1,850,000	2,004,600	2,065,000	2,135,000
Other	<u>230,966</u>	<u>150,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal - Assigned	<u>1,955,966</u>	<u>4,720,735</u>	<u>2,131,423</u>	<u>2,087,318</u>	<u>2,537,838</u>	<u>2,277,766</u>
Unassigned	<u>27,987,982</u>	<u>19,892,490</u>	<u>30,267,058</u>	<u>27,957,986</u>	<u>30,228,819</u>	<u>38,470,483</u>
Total Fund Balance	<u><u>65,263,665</u></u>	<u><u>59,724,492</u></u>	<u><u>69,962,046</u></u>	<u><u>70,601,214</u></u>	<u><u>74,762,519</u></u>	<u><u>83,991,561</u></u>

Definitions:

- Non-Spendable – Items included in assets that are non-cash related and cannot be spent
- Restricted – Funding that is restricted by law or contracts
- Committed – Items that have been approved by the governing body and are committed/designated
- Assigned – Reserved funds that do not meet the two above standards
- Unassigned – Balance available after above standards are met - the spendable amount



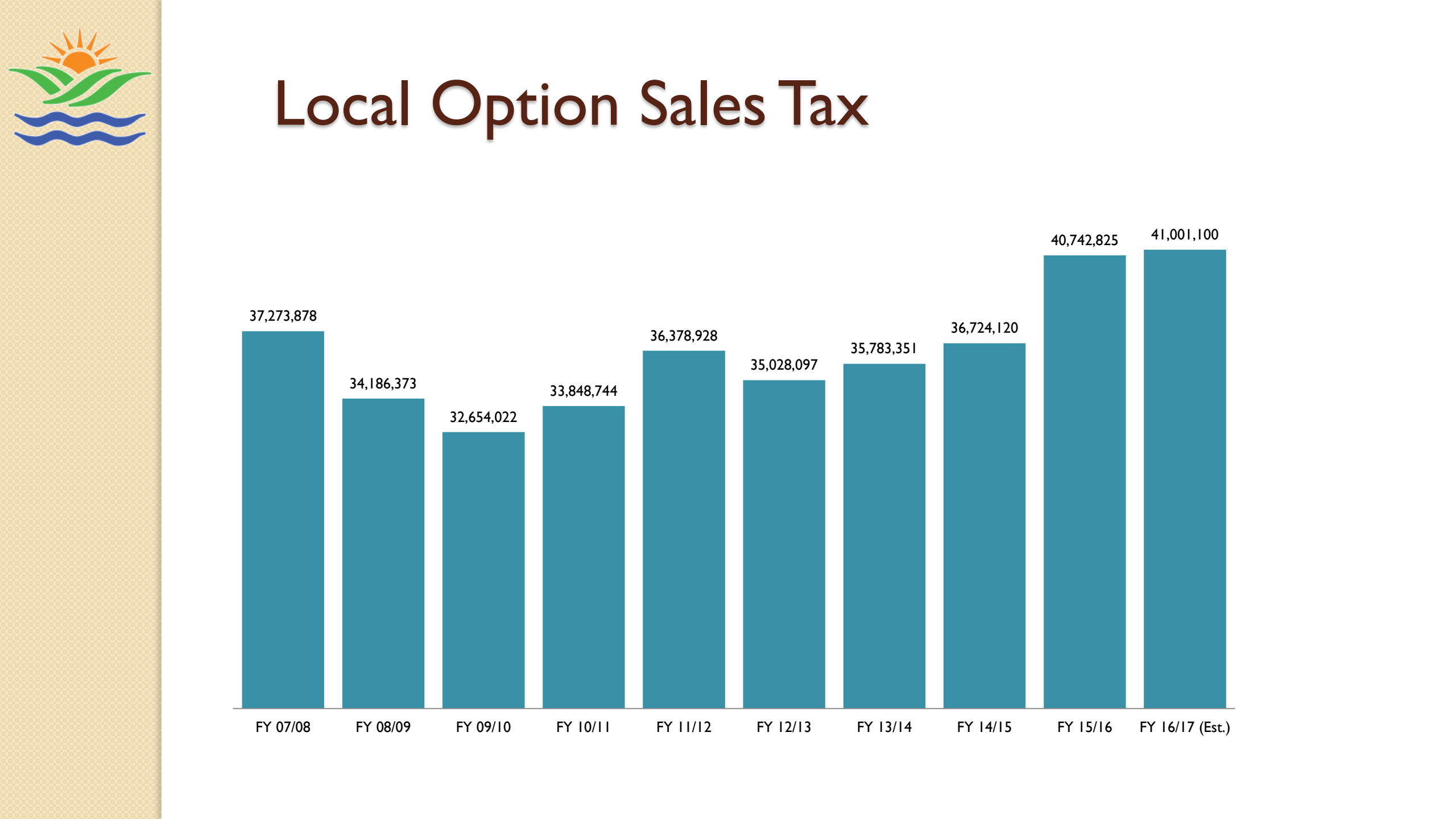
Bond Ratings

Fitch	AAA
Moody's	Aa1
Standard & Poor's	AA+

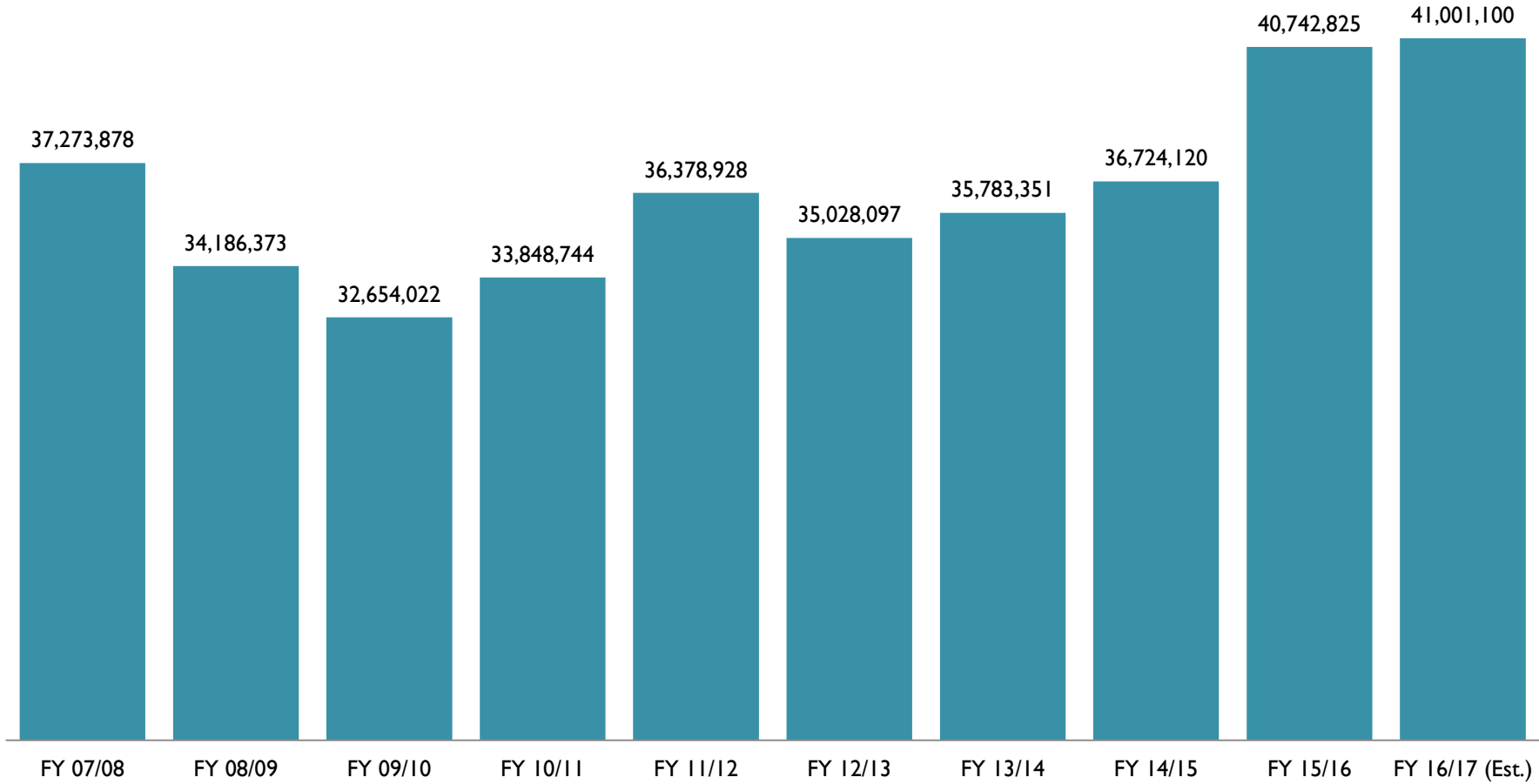


Mid-Year Forecast

- Forecast is positive
 - Strength in both local option sales tax receipts, and state shared sales taxes
 - Smaller growth rate in real property and personal property assessed values
 - Favorable growth in Inspection revenue and City Court revenue
 - Overall revenue forecast is positive when compared to budget
 - Significant savings in Solid Waste collection

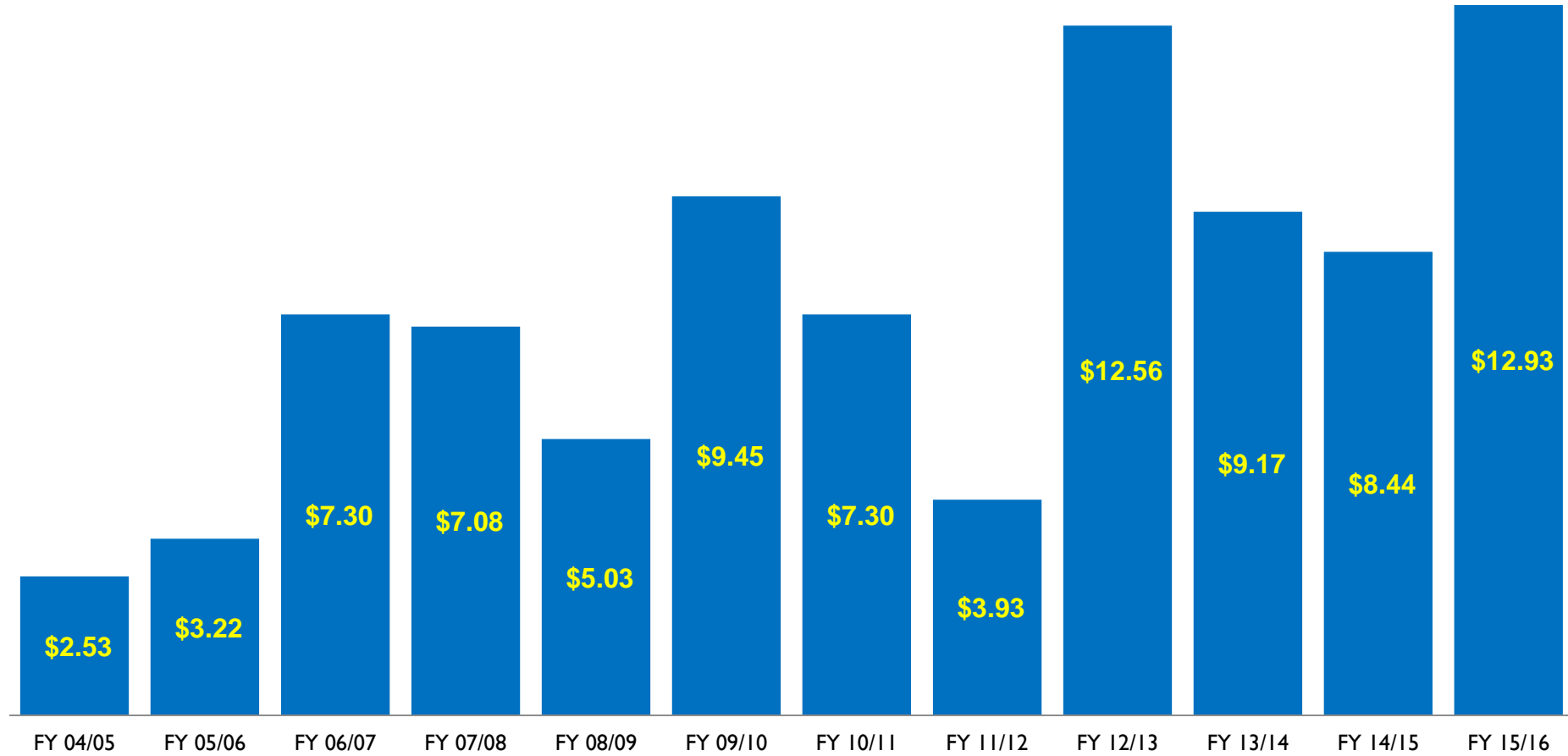


Local Option Sales Tax





Hall Tax Receipts



All amounts in million \$'s



General Fund Forecast

Ending 6/30/2017

	Amended Budget	Current Forecast
Revenues & Sources	\$ 210,399,590	\$ 214,389,800
Expenditures	(210,399,590)	(207,748,890)
Budgeted Reserve	<u>(2,135,000)</u>	<u>-</u>
Revenues Less Expenditures	<u>(2,135,000)</u>	<u>6,640,910</u>
Beginning Fund Balance	83,991,561	83,991,561
Ending Fund Balance	<u>\$ 81,856,561</u>	<u>\$ 90,632,471</u>



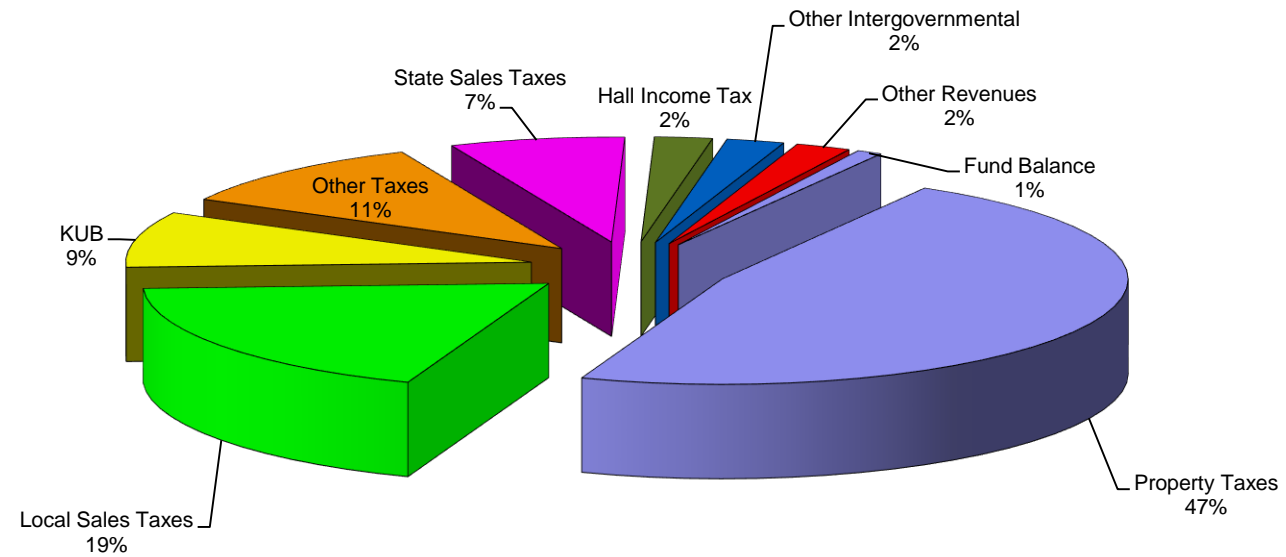
General Fund Forecast

Ending 6/30/2017

	Amended Budget	Current Forecast
Revenues	\$ 208,769,430	\$ 212,159,650
Expenditures	(170,071,180)	(166,466,040)
Net Transfers	<u>(40,833,250)</u>	<u>(39,052,700)</u>
Revenues/Sources Over Uses	<u>(2,135,000)</u>	<u>6,640,910</u>
Beginning Fund Balance	83,991,561	83,991,561
Ending Fund Balance	<u>\$ 81,856,561</u>	<u>\$ 90,632,471</u>

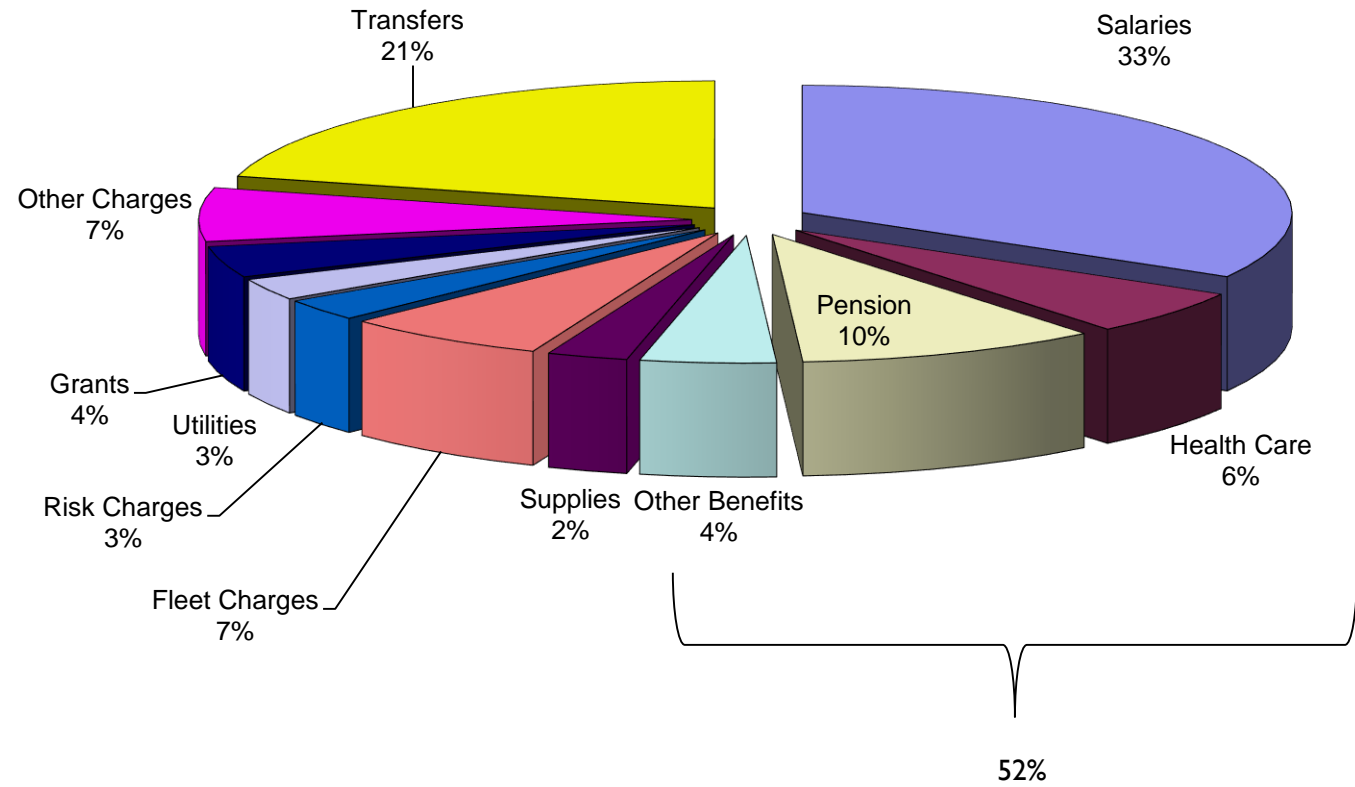


General Fund Revenues



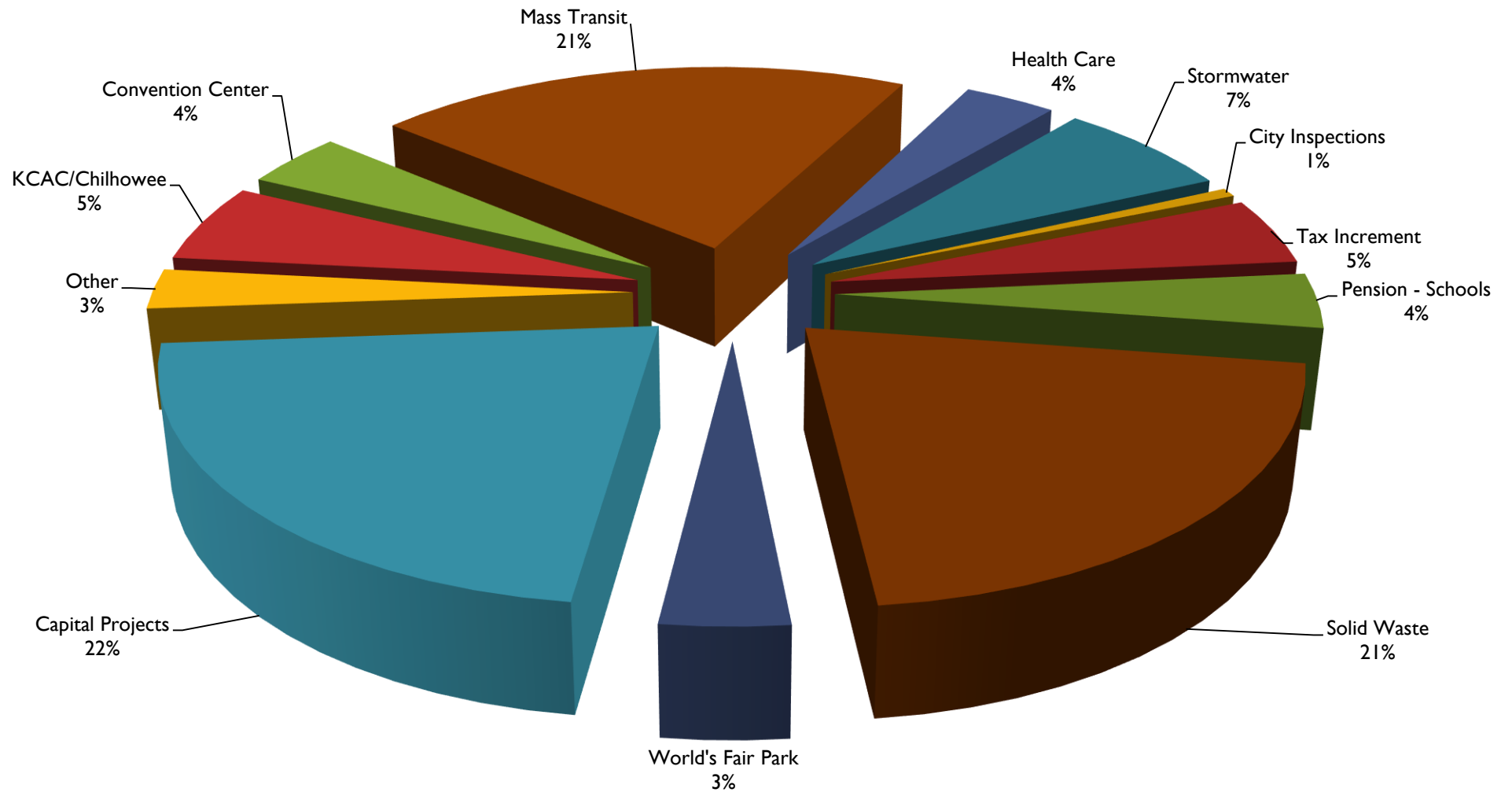


General Fund Expenditures





Transfers



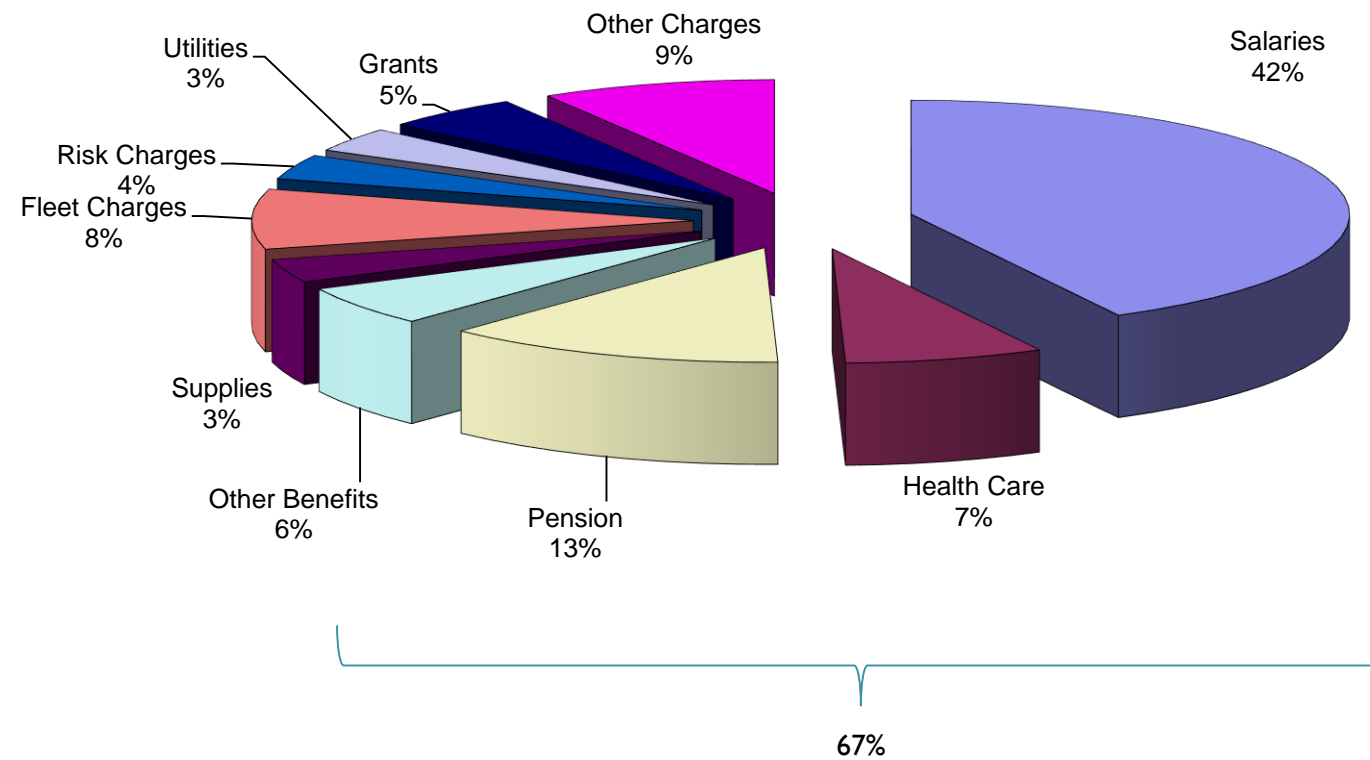


Transfers

Stormwater	\$ 3,120,530
City Inspections	280,560
Tax Increment	2,126,090
Pension - Schools	1,718,950
Solid Waste	9,371,670
World's Fair Park	1,606,910
Capital Projects	9,733,500
Other	1,255,210
KCAC/Chilhowee	2,476,820
Convention Center	1,761,060
Mass Transit	9,503,030
Health Care	1,612,890
	<hr/>
	<u>\$ 44,567,220</u>

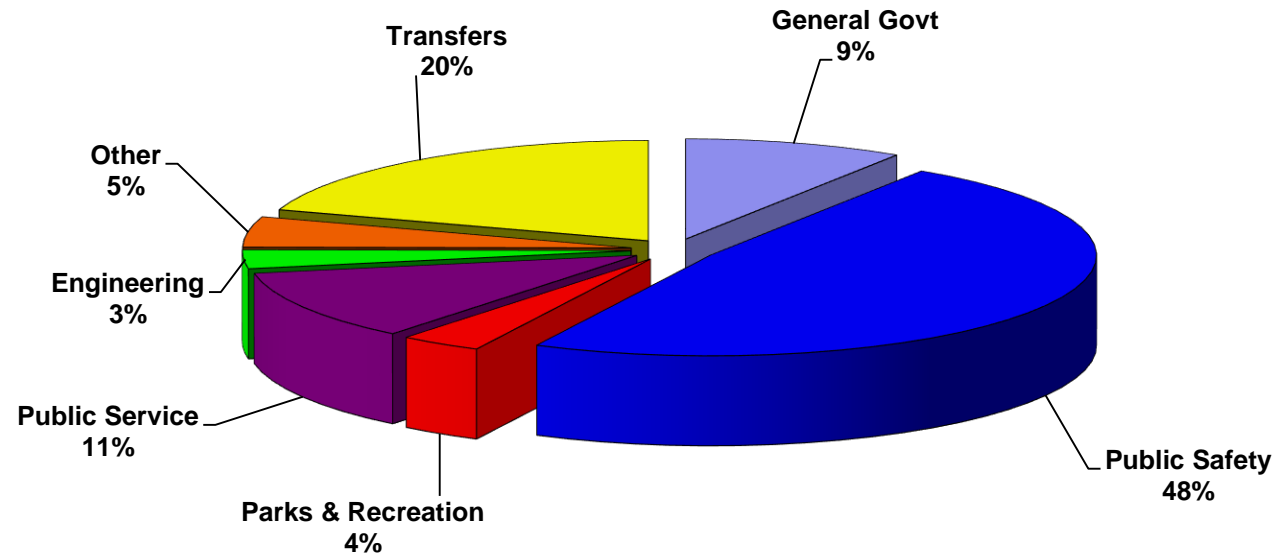


General Fund Expenditures



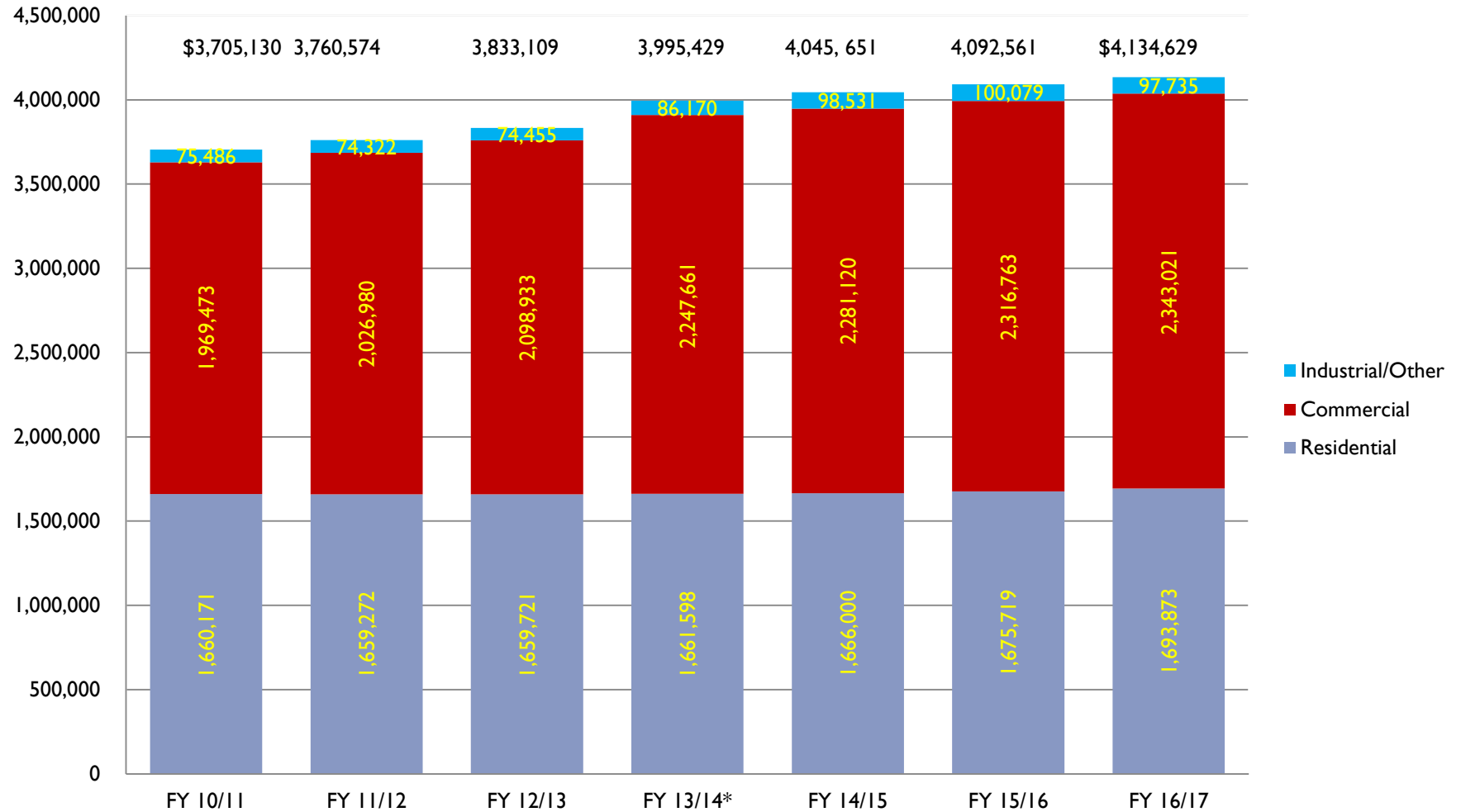


General Fund Expenditures





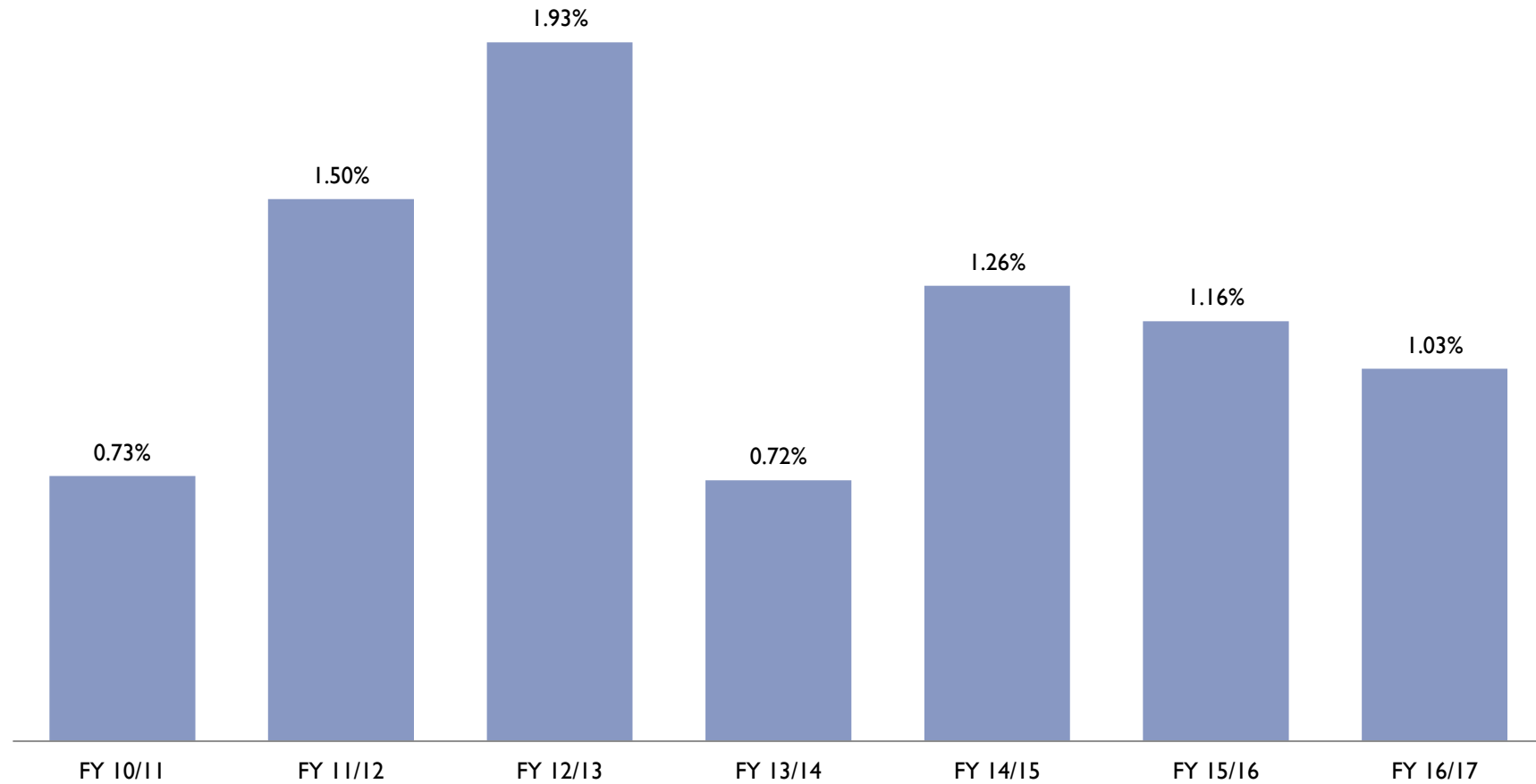
Real Property Values



- FY 13/14 was a reappraisal year which accounts for the larger growth.
- All number in \$1,000's

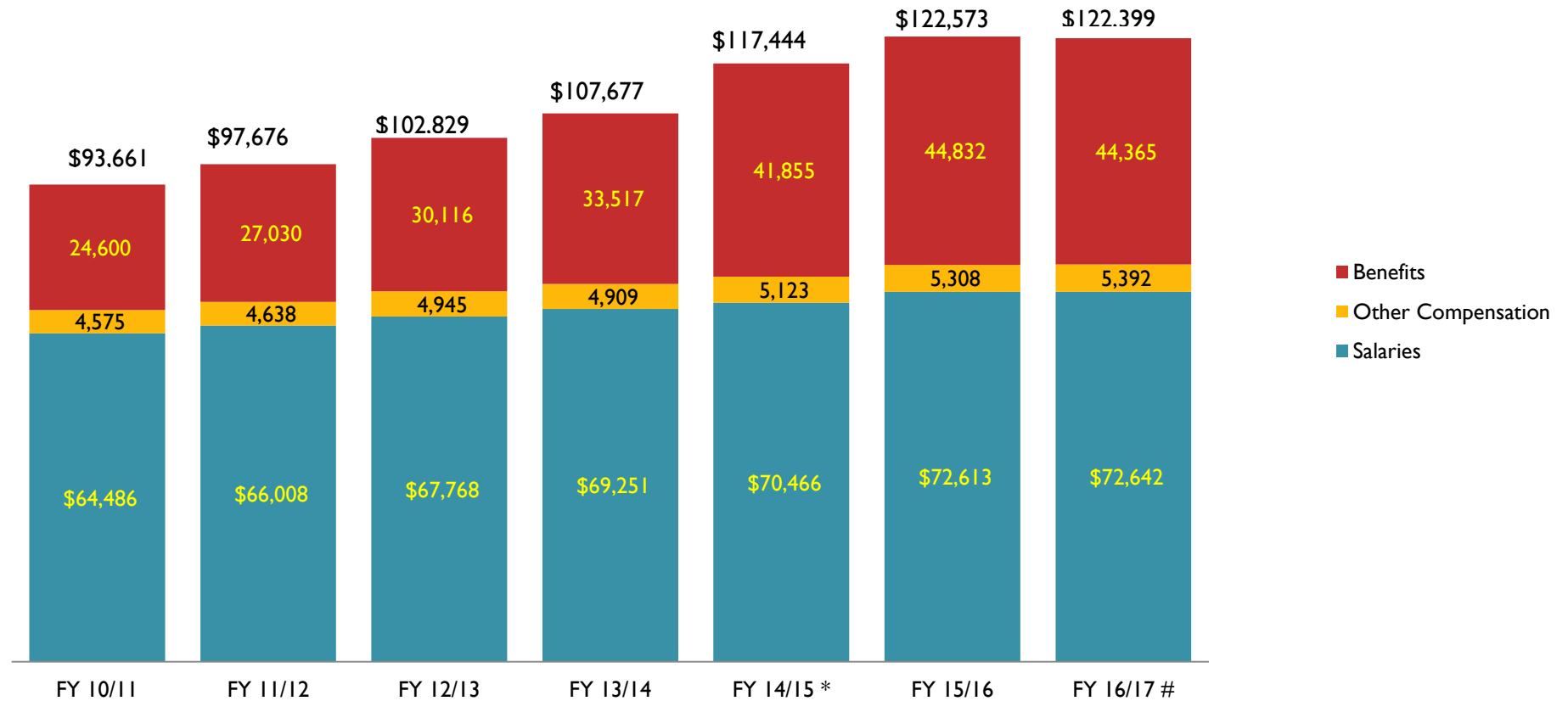


Rate of Growth in Real Property Values





Salary and Benefits Costs



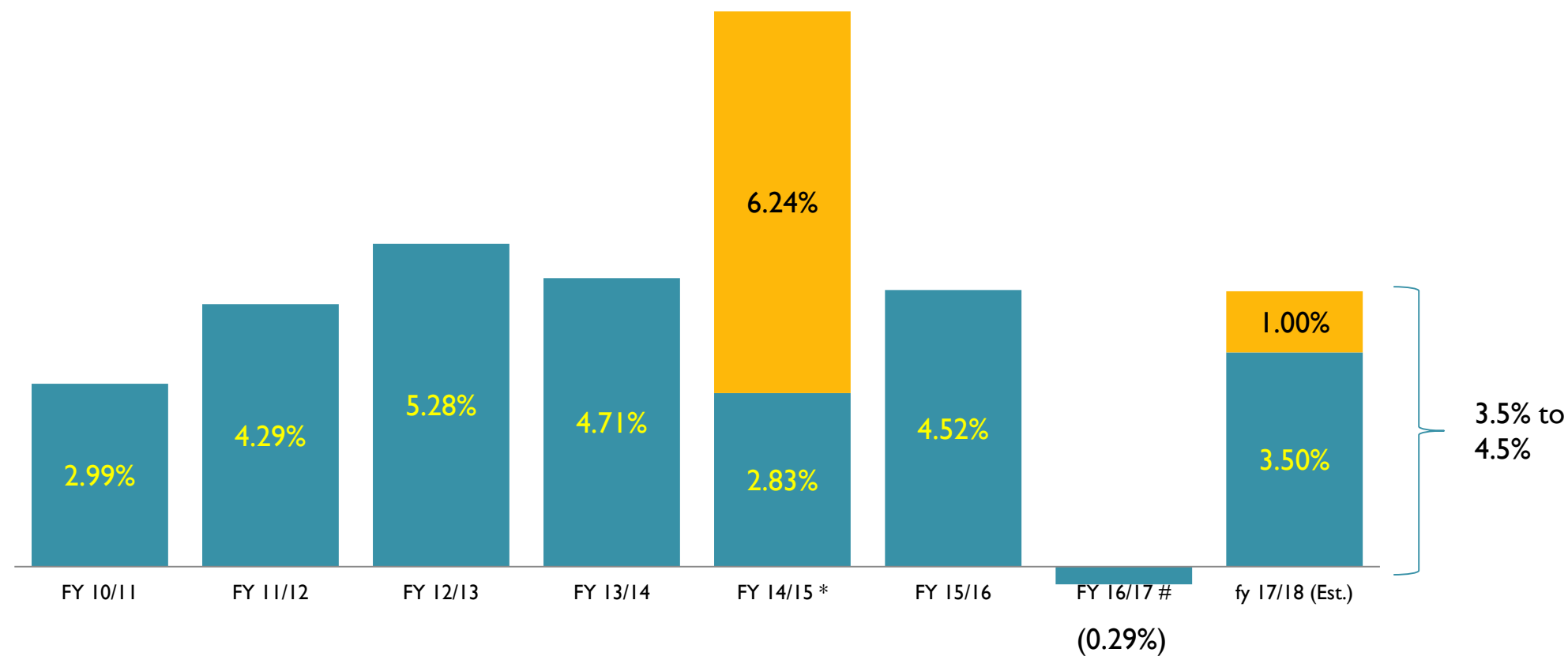
- FY 14/15 reflects a reduction in the pension discount rate from 8% to 7.375%. This action was taken to reduce risk and lower volatility of the investments. The result of this action is a one time increase in the base for pension costs.

The decline in FY 16/17 is due to the shift of the management of Public Assembly Facilities to SMG

- All Numbers in \$1,000's. Costs exclude KAT salaries and benefits.



Rate of Growth in Salaries and Benefits

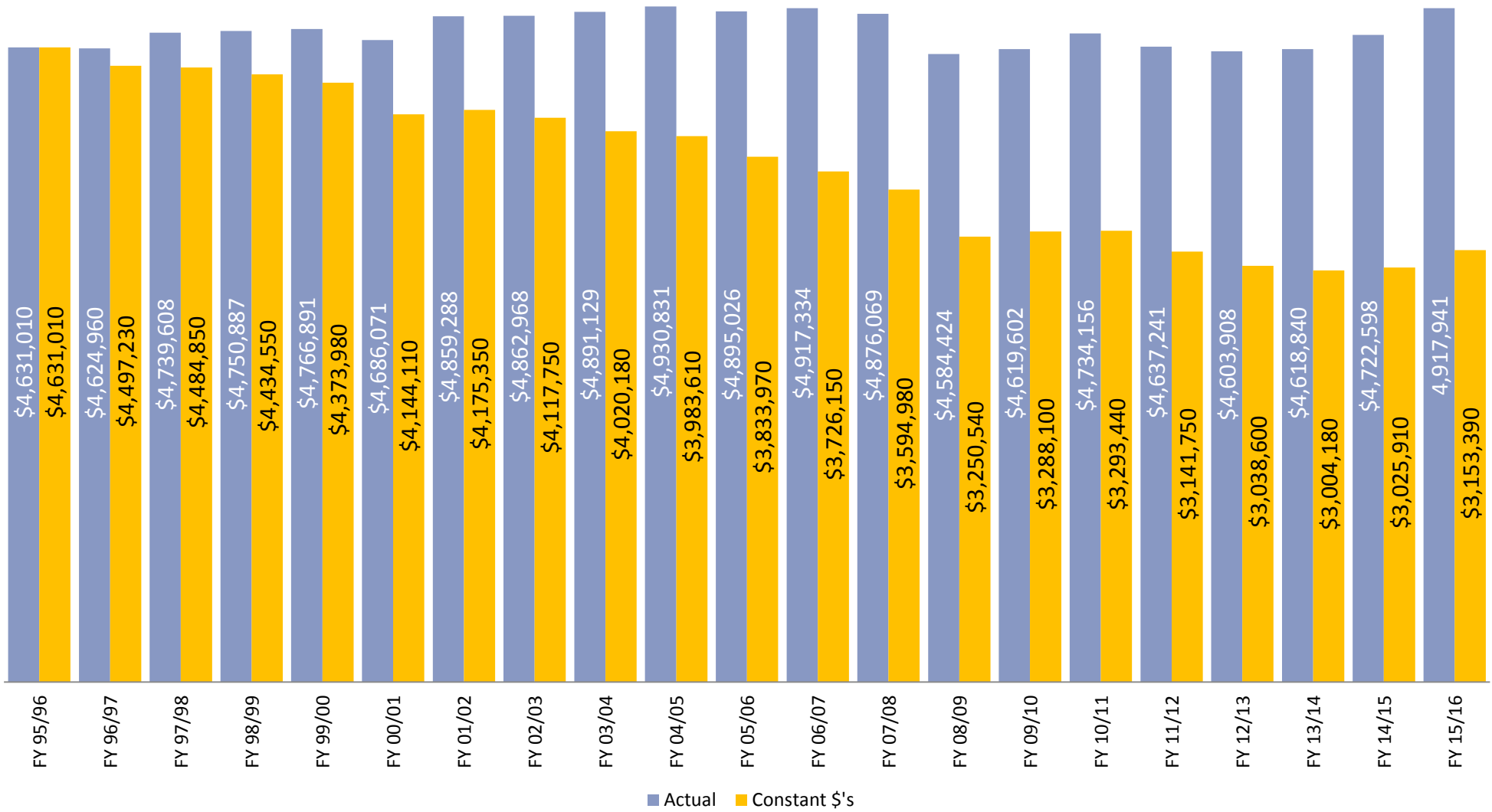


- FY 14/15 reflects a reduction in the pension discount rate from 8% to 7.375%. This action was taken to reduce risk and lower volatility of the investments. The result of this action is a one time increase in the base for pension costs.

The decline in FY 16/17 is due to the shift of the management of Public Assembly Facilities to SMG

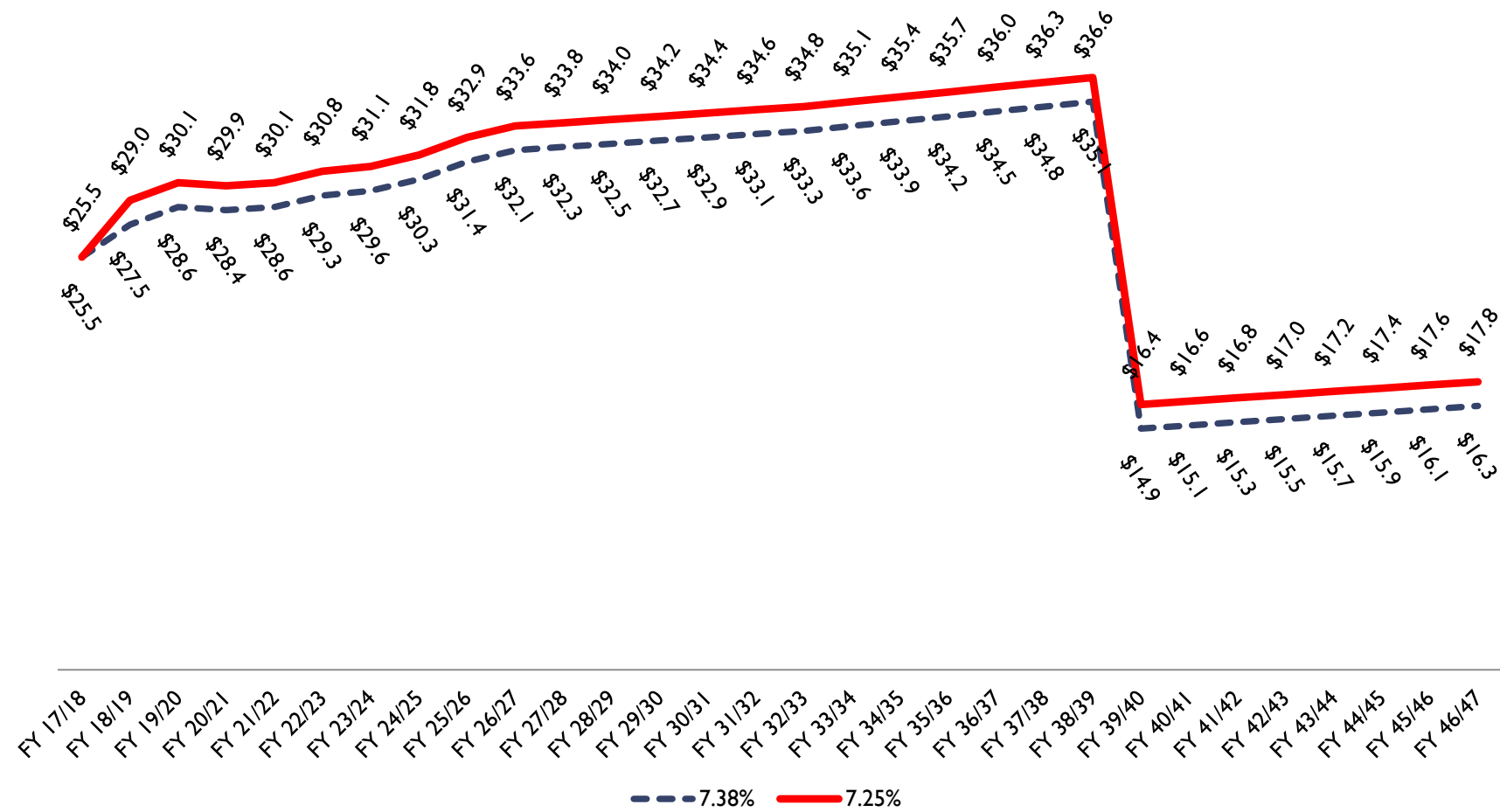


State Shared Gas Tax





Estimated Pension Contributions



All numbers in \$1,000,000's



2017/18 Budgetary Factors

- Limited new growth in real property
- Likely federal/state cuts
- Salary cost of living adjustments
- Slightly higher pension contributions
- Slightly higher health care costs
- Reduced solid waste collection costs

Budget Retreat – Part I

Financial Update

QUESTIONS



The Budget Calendar

- February 10, 2017 – Budget Retreat
- Feb. - April – Departments Submit Budget Requests, Base Numbers Calculated, and Capital Budget Prepared
- March 22 - March 24, 2017 – Mayor's Budget Hearings
- April 28, 2017 – Mayor's Budget Presentation
- May 9, 2017 – First Reading of Budget and Tax Ordinances
- May 11, 2017 – MPC Hearing on Capital Improvement Program
- May 12, 2017 – Council Budget Hearings
- May 12, 2017 – Public Hearing
- May 23, 2017 – Second Reading of Budget and Tax Ordinances

