



*The New Knoxville  
Convention Center  
At World's Fair  
Park*

**CITY OF KNOXVILLE, TENNESSEE  
FY 2001/2002 ANNUAL OPERATING BUDGET  
VICTOR ASHE, MAYOR**

*Knoxville  
Convention  
Center  
Registration  
Hall*



**FISCAL YEAR 2001-2002  
PROPOSED OPERATING BUDGET  
CITY OF KNOXVILLE, TENNESSEE**

**MAYOR**

Victor Ashe

**DEPUTY TO THE MAYOR**

Frank Cagle

**MEMBERS OF CITY COUNCIL**

District One: Gary Underwood  
District Two: Jean P. Teague  
District Three: Ivan Harmon  
District Four: Carlene Malone  
District Five: Larry Cox  
District Six: Raleigh Wynn  
At-Large: Nick Pavlis  
At-Large: Jack Sharp, Vice Mayor  
At-Large: Ed Shouse

**FINANCE DIRECTOR**

Randolph B. Vineyard

**DEPUTY FINANCE DIRECTOR**

James E. York

**OFFICE OF MANAGEMENT AND BUDGET**

Cheryl A. Davis, Financial Analyst, Sr.  
Jack Dixon, Financial Analyst  
John Harold, Financial Analyst  
Sherrie Bates, Office Assistant II

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

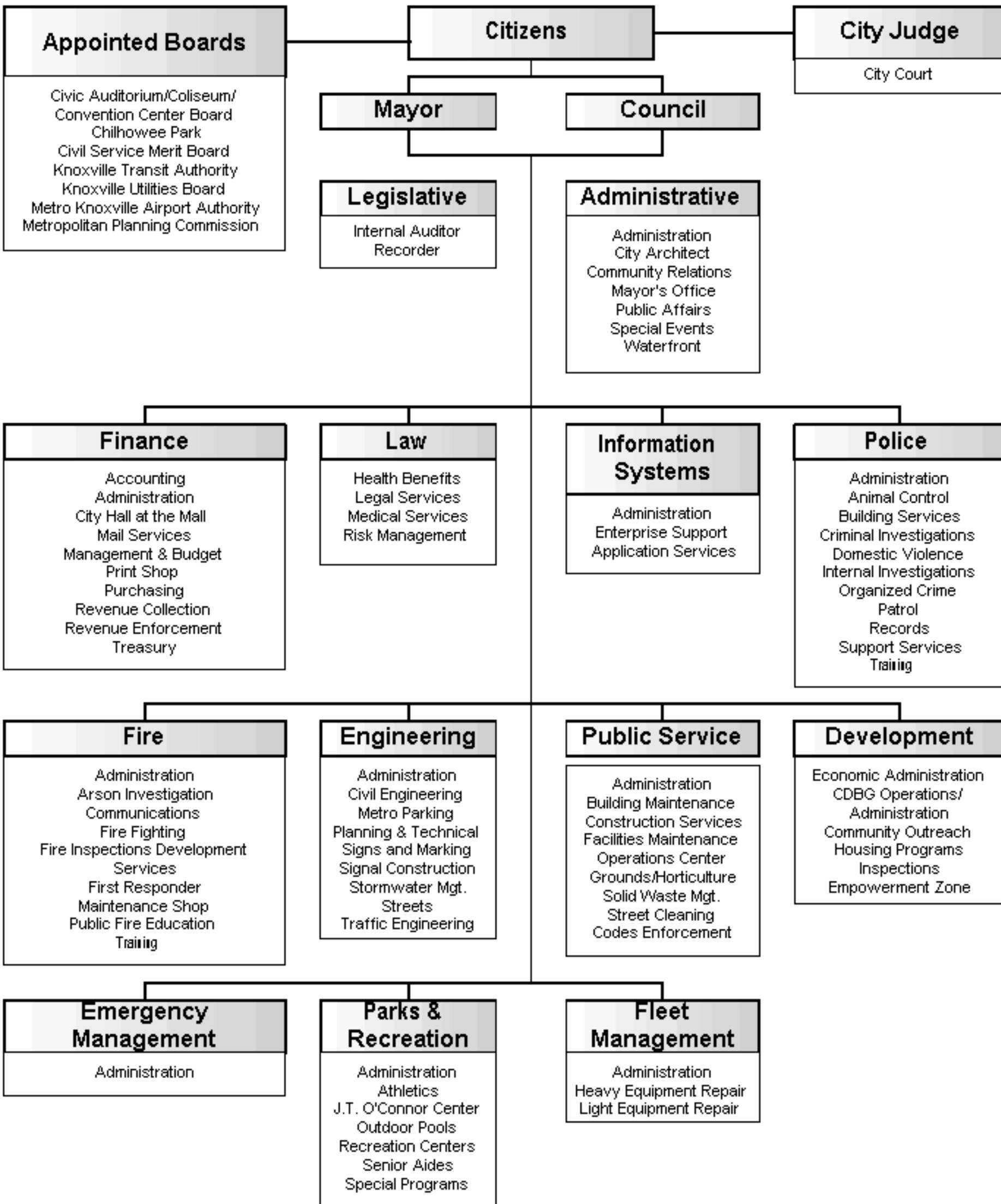
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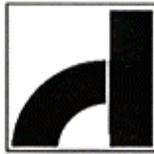
## **Principal Directors and Administrators**

Administration	Ellen Adcock, Director
City Court	John Rosson, Judge
Civil Service Board	Karen Day, Executive Sec./Dir.
Community Relations	Thomas Strickland, Director
Development	Leslie Henderson, Director
Emergency Management	Joseph McNally, Director
Engineering Department	Samuel L. Parnell, Jr., P.E., Dir.
Finance Department	Randolph B. Vineyard, Director
Fire Department	H. Gene Hamlin, Chief
Fleet Service	Mel Cummings, Director
Information Systems	Janet Wright, Director
Knoxville Convention/Exhibition Center, Auditorium/Coliseum, World's Fair Park and Chilhowee Park	Bob Polk, Executive Director
Knoxville Area Transit	Mark Hairr, General Manager
Knoxville Utilities Board	Larry Fleming, President
Law Department	Michael S. Kelley, Director
Metropolitan Knoxville Airport Authority	Bill Marrison, President
Parks and Recreation	Samuel P. Anderson, Director
Police Department	Phil Keith, Chief
Public Affairs	Craig Griffith, Director
Public Service Department	Bob Whetsel, Director
Special Events	Mickey Foley, Director

# City of Knoxville

## Organizational Structure





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO  
City of Knoxville,  
Tennessee

For the Fiscal Year Beginning  
July 1, 2000

*Anne Spray Kinsey* *Jeffrey L. Essler*  
President Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Knoxville for its annual budget for the fiscal year beginning July 1, 2001.

In order to receive the award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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City of Knoxville

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**COMMUNITY PROFILE**

**COMMUNITY PROFILE**

**Welcome to the City of Knoxville!**

Mayor Victor Ashe and his family welcome you to Knoxville. In the following pages you will discover what Knoxville and the surrounding areas have to offer and that Knoxville is a wonderful place to live.

In his fourth term as Mayor of Knoxville, Tennessee, Victor Ashe is continuing to develop new and innovative ways to deliver essential public services while maintaining a level tax rate. Ashe was first elected Mayor of Knoxville in 1987 and won re-election in 1991 and 1995 by at least a two-thirds majority of the votes. In the 1999 Primary Election, Mayor Ashe was elected without a runoff to his fourth consecutive term as Mayor.

As Mayor, he has concentrated on improving the City's financial condition, making sure city neighborhoods are clean and safe and developing new parks and greenways. Tremendous progress has been made towards these goals as Knoxville's bond rating has significantly improved saving taxpayers millions of dollars in interest costs and crime rates have been reduced by more than 30 percent since 1991.

Five major new parks, more than 10 miles of new greenways and new downtown attractions along the Tennessee River have been developed.

Mayor Ashe is a past President of the United States Conference of Mayors, which represents 1,100 cities with populations of more than 30,000. As USCM President, Mayor Ashe led the battle against unfunded federal mandates that resulted in the passage of mandate relief bill that was signed into law by the President in March 1995.

He is past president of the Tennessee Municipal League. In 1992 Mayor Ashe was delegate to the Republican National Convention, and in 1996 he served as an alternate delegate. The Mayor also serves on the advisory board of the National League of Cities, the nation's largest municipal organization. In 1999, Mayor Ashe was honored with the Martin Luther King Leadership Award.

The City has a Mayor-Council form of government. The Mayor is the chief executive and administrative officer, elected by a direct vote of the people to a four-year term of office. The City Council is composed of six district council members and three council members-at-large, each serving a term of four years. Four council members are elected at one biennial election; five are elected at the succeeding biennial election. The council members are nominated in a primary election by districts and elected by the qualified electorate of the entire City in the general election.

## **KNOXVILLE/KNOX COUNTY GENERAL INFORMATION**

Founded in 1791 where the French Broad and Holston Rivers converge to form the Tennessee River, Knoxville is the largest City in East Tennessee and ranks third largest in the State. It is located in a broad valley between the Cumberland Mountains to the northwest and the Great Smoky Mountains to the southeast. These two mountain ranges help provide a moderate climate. There are 99.4-square miles in the City of Knoxville and 526-square miles in all of Knox County. Downtown Knoxville is 936 feet above sea level. In October of 1791, the City of Knoxville was officially founded, named in honor of General Henry Knox, Secretary of War in President Washington's Cabinet. In 1796, when the territory became the State of Tennessee, Knoxville was named the capital, and remained so until 1818.

The set of the Civil War, East Tennessee strongly favored the preservation of the Union, but Middle and Western Tennessee favored secession. Thus, on June 18, 1861, the State of Tennessee seceded from the Union, joining the Confederacy. During the Civil War, Tennessee, known as the Volunteer State, provided 100,000 men to the Confederacy, and 30,000 to the Union. When the war ended, Tennessee was the first to rejoin the Union.

After the Civil War, the area began to grow and thrive. After hosting three expositions in the early 1900's, the City was pleased to again welcome a major exposition, the 1982 World's Fair and Energy Exposition. For six months, Knoxville was home to twenty-three countries exhibiting their energy ideas. More than 11 million visitors attended that fair, making it one of the largest ever.

### **Livability and Climate**

The Knoxville area is ranked first in the United States among mid-sized urban regions according to the Millennium Edition of Places Rated Almanac. Among the 343 metropolitan areas of all sizes rated in the book, the Knoxville area placed 13<sup>th</sup> overall. A favorable cost of living, affordable housing, excellent health care, a low crime rate, cultural events, and a pleasant climate with nearby lakes and mountains contribute to making Knoxville an attractive place to settle. The University of Tennessee calls Knoxville home, making an array of educational and cultural opportunities available to area residents.

The sheltering mountain ranges which surround Knoxville help provide a moderate climate, and there is seldom an extended period of either extremely hot or cold weather. The Tennessee Valley, with its four distinct seasons, sees an average of 13 inches of snow and 46 inches of rain annually. The average annual temperature is 58 degrees. In January, the coldest month, the average is 46 degrees, and in July, the hottest month, average temperature is 87 degrees.

### **Utilities**

The Knoxville Utilities Board (KUB) distributes electric power generated by the Tennessee Valley Authority. KUB also provides natural gas, water, and sewer services. In Knox County outside KUB boundaries, six utility districts, five of which also supply wastewater treatment service, supply water service. The Lenoir City Utilities Board provides electricity for portions of west Knox County.

## Population

Knoxville, the county seat of Knox County, is the largest incorporated municipality within the County. The median age of the County's population is 37.

The chart below shows the population for both the City and County.

Total City/County Population			
Year	Population	Percent Change	
1990	335,749	1980-1990	5.0
1996	364,566	1990-1996	8.6
1997	365,626	1990-1997	8.9
1998	366,846	1990-1998	9.3
1999	376,039	1990-1999	12.0
2000	382,032	1990-2000	13.8%
City of Knoxville			
Year	Population	Percent Change	
1980	175,045	1970-1980	0.3
1990	169,761	1980-1990	-3.0
1999	174,860	1990-1999	3.0
2000	173,890	1999-2000	5.3%

## **Education System**

City of Knoxville voters approved a referendum on November 4, 1986, which transferred funding and operational responsibilities of the City's 51 public schools to Knox County on July 1, 1987. Knox County operates 84 public schools, including 50 elementary, 14 middle, and 12 high schools, 2 vocational schools, 4 special education centers, and 2 early childhood centers. Enrollment in 2000-01 was 52,186 students. There are 52 private/parochial schools, which add approximately 6,700 students this number.

The University of Tennessee is one of the oldest institutions of higher education in the nation, tracing its origins back to 1794. The main campus is located in the City and includes all colleges except the medical units. Spring 2000 enrollment totaled 25,000 students. The percentage of college students that graduates is 23.9%. Other campuses of the University System are located in Memphis, Chattanooga, Nashville, and Martin.

Knoxville College, established in 1875, is a private liberal arts institution, operating under the sponsorship of the United Presbyterian Church, U.S.A. Spring 2000 showed an enrollment of 200 students.

The Pellissippi State Technical Community College, the third largest two-year college in Tennessee, had an enrollment of 7,900 as of spring 2000. Facilities include the main campus in the Technology Corridor, along with the Division Street and Blount County campuses.

In addition, thirty businesses and vocational schools and fifty-two private and parochial schools are located in the area. The private and parochial schools have enrollments of over 6,700. Also located in Knoxville is the Tennessee School for the Deaf with over 200 students.

Knox County operates a library system, which has seventeen branches located throughout the City and County. The size of collection for the library is 929,308. The University maintains a main library and four branches on its campus. The library is open to the public with checkout privileges to students, faculty and fee-paying members.

## **Recreation and Tourism**

The City of Knoxville has captured the benefits of its prime location to the mountains and highways. It boasts seven theaters for the performing arts, the Knoxville Museum of Art, the World's Fair Park, and many other galleries and museums. Nine historical sites are open to the public, including the original James White Fort, Blount Mansion, and Old Gray Cemetery. Other historic preservation efforts are taking place throughout the City.

In recent years, the City has put emphasis on greenways connecting parks and neighborhoods. Walking trails and small neighborhood parks have also been added in significant numbers. Knoxville/Knox County has 5,596 acres of park and recreation space, including 27 recreation centers, 6 senior citizen centers, 144 playgrounds and parks, 103 tennis courts, 20 public golf courses, and 14 greenways and walking trails. Two big attractions for both young and old are the Knoxville Zoological Gardens and Ijams Nature Center. The Tennessee Smokies provide a professional baseball for East Tennesseans and the Knoxville Speed hockey team plays at the Coliseum October through March. Knoxville recently acquired an indoor football team called the ThunderCats. National championship UT sport teams draw thousands of enthusiasts to games each year. Special seasonal events include the Dogwood Arts Festival in the spring, Hot Summer Nights and Festival on the Fourth in the summer, Boomsday in the fall, and Christmas In The City in December.

The nearby Great Smoky Mountains National Parks is the country's most visited national park with 10.2 million visitors in 2000. Knoxville and visitors alike enjoy the beauty and leisure activities that can be found there and at the numerous state parks, lakes, and resorts which dot the area.

Knoxville supports an active tourism and convention trade. A new 500,000-square foot convention center on the World's Fair Park site is expected to open in 2002. The center will include spacious meeting rooms and a 400-seat lecture hall. Other local facilities are a large civic coliseum/auditorium, an exhibition hall/convention center, and a

25,000-seat arena. In 1998 travelers spent more than \$492 million in Knox County, ranking it fifth in the state for visitor expenditures. Over 8,500 people are employed in travel related jobs in Knox County.

## **Arts and Culture**

The Knoxville Symphony, the Knoxville Opera Company, and the Tennessee Children's Dance Ensemble are among the many exceptional arts organizations in Knoxville. Additional dance companies, civic choral groups, and ten theaters also help celebrate the arts. Live entertainment productions include touring Broadway shows, ice shows, concerts, and circuses. The Knoxville Museum of Art and the 11<sup>th</sup> Street Artists Colony feature changing exhibits throughout the year. Many libraries, historic sites, and museums, such as the Museum of Appalachia and the Beck Cultural Center, add to the cultural value of the Knoxville area.

## **Civic Organizations**

The Knoxville Area Chamber Partnership has 1,813 members who participate in economic development, general commerce, and civic affairs. Around 150 civic groups and 200 neighborhood associations are active in the City and County. United Way and Community Shares support agencies providing youth, family, and social service programs. Organizations such as the Community Action Committee and Child and Family Services also offer needed social programs. More than 400 churches, serving many faiths and denominations, meet the religious needs of the community.

## **THE ECONOMY**

### **Transportation**

Three of the nation's busiest interstate highways intersect in Knoxville: I-40, I-75, and I-81. One-third of the U.S. population is within 500 miles of Knoxville via the interstate system. The city is directly linked to the Great Lakes by the Interconnected Inland Water System and to the Gulf of Mexico by the Tennessee-Tombigbee Waterway. Three active river terminals facilitate barge shipping. Also serving the area are 65 major truck lines, 2 railroads, and 12 major airlines. Knoxville Area Transit (KAT), the public bus system serving the city, operates 70 vehicles and carries about 2.7 million passengers a year. A trolley system serves the downtown and university areas.

### **Commerce and Industry**

Eleven business/industrial parks and the Technology Corridor in west Knox County provide locations to meet corporate needs. Several telemarketing divisions of large corporations are located in Knoxville while manufacturing firms in the Knoxville MSA produce everything from medical devices and electronic components to chemicals and automobile parts. Many of these firms are recognized as national and global business leaders, including Pilot Corporation, Bandit Lites, Goody's, Clayton Homes, and Sea Ray Boats. New industrial investment in the Knoxville MSA in 2000 totaled \$509 million, creating 2,662 additional jobs.

### **Building Permits**

More than 3,712 building permits were issued in 2000. Total value for 2000 is \$560,216,006.

## Employment

In 2000, nonagricultural employment in the Knoxville MSA\* was distributed as follows:

Construction	17,200	5.1%
Finance, Insurance, Real Estate	15,100	4.5%
Government	55,200	16.3%
Manufacturing, total	47,700	14.1%
Durable goods	32,000	9.5%
Nondurable goods	15,700	4.6%
Services	96,400	28.5%
Trade	91,000	28.5%
Transportation, Communications, and Public Utilities	15,600	4.6%
<b>TOTAL</b>	<b>338,200</b>	

\*MSA refers to Anderson, Blount, Knox, Loudon, Sevier, and Union Counties.

The overall business health of the Knoxville MSA is supported by a diversified economy. The balance among employment sectors contributes to the stability of local employment and wages. Total employment in 2000 was 338,800, including self-employed and agricultural workers. Knox County is expected to gain 28,000 new jobs between 2000 and 2010.

## Income

In 1998, Knoxville/Knox County per capita income was \$26,451, a 5.9% increase from 1997. The 1997-98 state change was 4.2%, and the national change was 4.9%. Between 1988 and 1998, the average annual growth rate of per capita personal income in Knox County was 4.5%. This was below the rate for Tennessee, 5.1%, and near the national rate of 4.6%.

## Taxes

There is no state personal income tax in Tennessee, however the state does levy a tax of 6% on stock dividends and bond interest. Called the Hall Tax, it applies to both individuals and partnerships. Under Tennessee Constitutional law, property taxes are assessed as follows: residential property is assessed at 25% appraised value,

and commercial/industrial property is assessed at 40% of appraised value. The current property tax rate for Knox County residents is \$3.32 per \$100 assessed value. The tax rate within the City of Knoxville is \$3.04 per \$100 assessed value. Residents of the City are subject to both City and County property taxes.

## Labor Force

The 2000 civilian labor force in the Knoxville MSA was 351,000. The average MSA unemployment rate in 2000 was 3.0%. The rate for Knox County was 2.3%. Both are lower than the statewide average rate of 3.9% and the nationwide average of 4.0% for this time period.

## Developments of Interest

Listed below are some developments in Knoxville and its vicinity that have had, or continue to have, a direct and positive impact on the area.

### Manufacturing

- ❖ *ALCOA* - This Company owns and operates three aluminum smelting and fabricating plants in Alcoa. The plants primary product is flat, rolled aluminum sheets which are processed into beverage cans, venetian blinds, lithographic sheets, and automobile trim. A \$100 million expansion and modernization of the hot rolling mill brings present employment in the area to approximately 2,000, including 135 in the corporate headquarters in the Riverview Tower, and 200 at the Alcoa Recycling Division on Lonas Drive.
- ❖ *American Safety Razor Co.* - This Company located at the Forks of the River Industrial Park, is the international headquarters for the manufacture of shaving blades. They have begun an expansion project totaling \$45 million, which will add 200-250 jobs upon completion.
- ❖ *Clayton Homes Inc.* - This Knoxville-based housing manufacturer recently completed \$4 million in expansion to its plant in White Pine, and also opened its prototype-for-the-future plant in Anderson County. Clayton has operations throughout the South and employs more than 2,800 people in Tennessee; 2,000 in Knoxville alone.
- ❖ *Cole Vision* - This eyeglass manufacturer expanded operations to a second Knoxville plant on Middlebrook Pike at a capital investment of \$3.1 million and employing an additional 100 people.
- ❖ *Daikin Drivetrain Components Corp.* - This subsidiary of Daikin Manufacturing of Japan built a 225,000 sq. ft. plant in Eastbridge Business Park in East Knox County, at a \$60 million initial capital investment. The facility employees nearly 200 people.
- ❖ *Nippondenso America, Inc.* - This Company one of the world's largest manufacturers of automotive components, announced two expansions in 1994, totaling \$18.4 million. With these expansions, the company occupies more than 1.2 million-sq. ft. in three plants and employs 1,500 people.
- ❖ *Oozx USA, Inc.* - This company manufactures aluminum valve drive train parts for Japan-based OEM and has plans for new development of approximately \$38 million to be complete by 1999, creating 50-70 new jobs.
- ❖ *Philips Consumer Electronics Corporation* - This Company moved its U.S. Corporate Headquarters Consumer Products division to Knoxville from Fort Wayne, Indiana, and employs 650 people in this facility. Their product lines include Magnavox, Sylvania, and Philco.
- ❖ *Sea Ray Boats* - The nation's largest manufacturer of luxury pleasure boats moved its corporate headquarters to Knoxville. Construction is complete on a \$1 million, 10,000 square foot corporate office building. Sea Ray now employs 1,275 workers in the greater Knoxville area.

### Service

- ❖ *Bell South* - This utility company chose Knoxville as the site of a consolidated work management center serving the state and employing 200 people. The Knoxville center, which will be at the downtown electronic

switching center on Magnolia, will handle the dispatching of installation and maintenance technicians across the state.

- ❖ *Hospitality Franchise Systems* - The parent company of the Days Inn, Ramada and Howard Johnson hotel brands, which located a telephone reservation center in an existing site in Knoxville and relocated a Days Inn training center here, currently employs 700 people.
- ❖ *Milan Express* - This regional freight carrier located on Sutherland Avenue recently expanded their facilities to include a new 15,000 sq. ft. 44-bay terminal.
- ❖ *The E.W. Scripps Co.* - This Company selected Knoxville as the home of Home & Garden Television. This 24-hour cable channel is expected to employ 150 and to draw on other Scripps properties in Knoxville.
- ❖ *SunTrust Bank* - This innovative financial center is part of an 18-acre business development on Kingston Pike near Pellissippi Parkway. The Financial Center represents an investment of \$4-5 million. The 30,000-sq. ft. building is home base for the bank trust and investment services, private banking, commercial lending, and a retail bank branch, and houses approximately 50 employees.

### **Retail/Trade**

- ❖ *Collins & Aikman Corp., dba Imperial Wallcoverings* - Currently operating a distribution facility at Forks of the River (the former Hess's building), this company has plans for expansion into manufacturing with a total investment of approximately \$35 million, creating an additional 100 jobs.
- ❖ *Knoxville Center* - This mall has celebrated its 10-year anniversary and is planning for expansion in addition to the 120 stores currently operating. Also, in this area is a new Wal-Mart and a Sam's Wholesale Club.
- ❖ *Goodies Family Clothing* - This Tennessee-based retailer with annual sales of \$160 million completed a \$7.5 million expansion of its Knoxville headquarters, more than doubling the facilities size and adding 250 employees.
- ❖ *The Kroger Company* - Kroger had built a new store on a 15.6-acre tract at the intersection of Northshore Drive and Pellissippi Parkway. Kroger uses about nine acres of the tract for the store and will have adjacent retail development. Kroger hired approximately 250 people for the new store.
- ❖ *Target Stores* - Target recently completed construction on a new 128,000-sq. ft. retail establishment on Clinton Highway in North Knoxville, creating nearly 200 new jobs.
- ❖ *Wal-Mart Stores Inc.* - Wal-Mart has opened a new store at Knoxville Center and Millertown Pike. The 125,000-sq. ft. store employs about 245 people, and includes a Tire & Lube Express and McDonald's restaurant.
- ❖ *West Town Mall* - The expansion of West Town Mall continues, making it the largest mall in Tennessee, and one of the largest in the Southeast. The 145,000-sq. ft. facility uses segmenting and adjacencies. That means departments, and departments within departments, are located in sensible, clearly defined spaces.

### **Government**

- ❖ *The General Service Administration* - The General Service Administration purchased the Whittle headquarters and is converting it into a federal courthouse.
- ❖ *Knox County Government* - Major renovations have been done on the Knox County Courthouse. The Knox County Schools relocated to the Andrew Johnson Building in 1992.
- ❖ *Lockheed-Martin* - Lockheed-Martin operates the production plants and the Oak Ridge National Laboratory for the Department of Energy (DOE). The DOE still maintains 650 persons on their payroll, and contracts with MK-Ferguson, who employs another 1,000 persons, for outside construction.
- ❖ *Technology Corridor* - The State of Tennessee has designated an area of the Knoxville community to take the leadership role in the recruitment of high technology businesses to locate in Tennessee. This project ties in the

facilities and resources of Oak Ridge National Laboratory, the University of Tennessee, TVA, and Pellissippi State Technical Community College.

❖ *U.S Government* - An \$11.2 million regional post office center now serves this growing area. A new federal courthouse is being located at the former Whittle Communications headquarters building in downtown Knoxville.

❖ *Waterfront Development* - Volunteer Landing, a City of Knoxville public/private joint venture project incorporating mixed-use waterfront development, is underway. Public investment of \$8 million includes a public plaza, boardwalk, parking and pedestrian bridges. Anticipated private development of \$32 million includes residential units and new retail and restaurant facilities.

### ***Other Developments***

❖ *The University of Tennessee* - The University continues renovating its training center downtown, which currently has approximately 300 employees. Construction also continues on Neyland Stadium and expansion of the parking facilities.

### **City of Knoxville's EEO/AA Statement**

The City of Knoxville does not discriminate on the basis of race, color, national origin, sex, age veteran status or disability in provision of employment opportunities, services and benefits.

The City of Knoxville does not discriminate on the basis or race, color or national origin in programs, benefits, and services pursuant to the requirements of Title VI of the Civil Rights Act 1964.

## CITY COUNCIL BIOGRAPHICAL INFORMATION

### **Larry Cox - Fifth District**



Larry Cox is President of Homestead, Inc., a wholesale food distributorship. He is a graduate of Cumberland College, Lebanon, Tennessee and holds a Bachelor of Science degree in Political Science from Middle Tennessee State University. He is married and the father of two children. Mr. Cox is serving his fifth term on City Council which will expire December, 2003.

### **Ivan Harmon - Third District**



Mr. Harmon is in management with Food City, a food retailer. He is married and the father of three children. Mr. Harmon previously served on the Knoxville City School Board and is currently serving his third term on City Council which will expire December, 2001.

### **Carlene Malone - Fourth District**



Ms. Malone has been a Knoxville resident since 1971. She is a graduate of State University of New York at Albany and has worked in planning and evaluation for the State Mental Health Departments of New York and North Carolina. Ms. Malone is married and has two children. In 1991, she was elected to fill an unexpired term on City Council and was elected to a full four-year term in 1993. Ms. Malone is currently serving her second full four-year term on City Council which will expire in December, 2001.

### **Nick Pavlis - At- Large**



Nick Pavlis is employed as a Commercial Sales Representative with Comcast, Inc. and is past President of A&B Distributors, a gourmet food wholesaler. He is a graduate of the University of Tennessee, Chattanooga with a Bachelor of Science degree in Political Science. He has one daughter. He is currently Chairman of the Knoxville Beer Board and is serving his second term on City Council which will expire December, 2003.

### **Jack C. Sharp - At - Large**



Jack Sharp is a retired businessman. He serves on the Board of Directors for the Knoxville Zoo and the City of Knoxville Pension Board. He is former President of Sharp's Drug Store. He was first elected to serve on City Council in 1976. He has served as the City's Vice-Mayor since 1990. Mr. Sharp is currently serving his seventh term on City Council which will expire December, 2003.

### **Ed Shouse - At - Large**



Ed Shouse is Vice-President of Gulf and Ohio Railways. Mr. Shouse is a graduate of the University of Tennessee and was formerly an investment banker with Culver Securities, Inc., and Vice-President and Corporate Trust Officer of First Tennessee Bank. Mr. Shouse is married and has one child. Mr. Shouse is serving his fifth term on City Council which will expire December, 2003.

### **Jean Teague - Second District**



Ms. Teague is a retired orthopedic nurse at Fort Sanders Medical Center. Ms. Teague has served as a member of the Human Resources Committee of the National League of Cities. She is a former member of both the Metropolitan Planning Commission and the Knox County Historical Committee. Ms. Teague has been a member of City Council since 1973. Her seventh City Council term expires in December, 2001.

### **Gary Underwood - First District**



Gary Underwood operates his own company, Gary Underwood Insurance Agency, representing Farmers Insurance Group of Companies. He was first elected to City Council in 1989 and is currently serving his third term on City Council which will expire December, 2001.

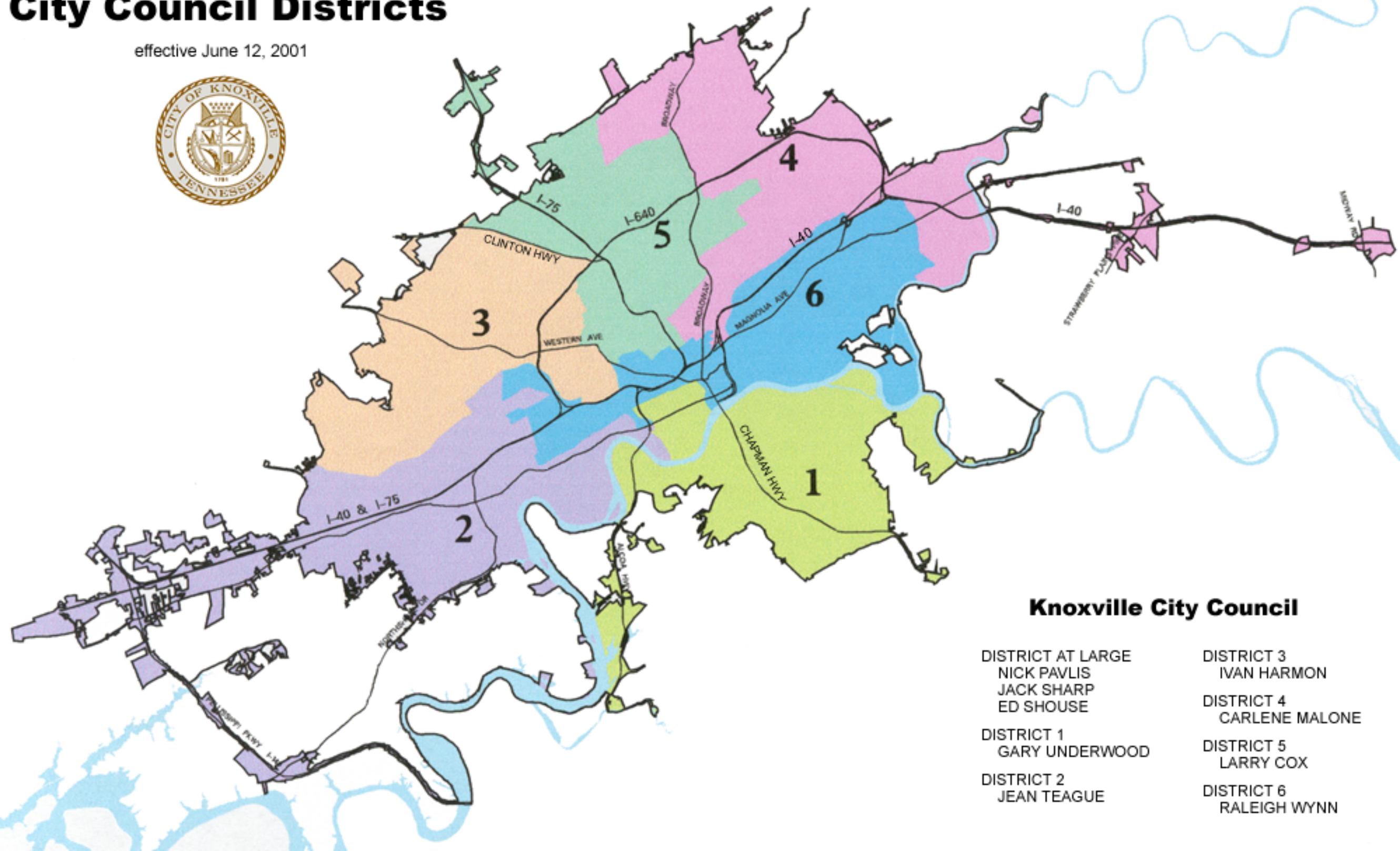
### **Raleigh Wynn, Sr. - Sixth District**



Raleigh Wynn is Vice President and Athletic Director of Intercollegiate Sports at Knoxville College. Mr. Wynn is a World War II veteran and graduate of both Tennessee State University and the University of Tennessee. Mr. Wynn has served his entire career as either a coach, teacher or principal in the educational field. He is heavily involved in the community and is currently a Deacon at Mt. Zion Baptist Church. Born and raised in Knoxville, Mr. Wynn is the father of three children, and has seven grandchildren and three great-grandchildren. Mr. Wynn was elected by City Council in April, 2001 to complete the term of the late Danny Mayfield. His term will expire December, 2001.

# City Council Districts

effective June 12, 2001



## Knoxville City Council

- |                                                             |                              |
|-------------------------------------------------------------|------------------------------|
| DISTRICT AT LARGE<br>NICK PAVLIS<br>JACK SHARP<br>ED SHOUSE | DISTRICT 3<br>IVAN HARMON    |
| DISTRICT 1<br>GARY UNDERWOOD                                | DISTRICT 4<br>CARLENE MALONE |
| DISTRICT 2<br>JEAN TEAGUE                                   | DISTRICT 5<br>LARRY COX      |
|                                                             | DISTRICT 6<br>RALEIGH WYNN   |

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## Executive Summary

The FY 01/02 budget, like all budgets, serves a blueprint for the future. 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 focus of the FY 01/02 budget is upon improving the climate for economic development in the City. This is to be accomplished by both funding various projects that directly encourage development and also by continuing to improve on the quality of life in the area. Studies show that one of the major factors in attracting new businesses and retaining existing business is a high quality of life. Knoxville already offers an excellent quality of life but that it can be improved by enhancing the quality of government services being provided and that this budget does that. To this end the budget concentrates on the administrative goals initiated and enhanced over the last eight years, including:

- Safer, cleaner, greener neighborhoods
- Aggressive road paving program
- Parks and greenway opportunities
- Thriving economic climate
- Sound management of finances and resources

### GENERAL OVERVIEW

#### Revenues and Expenses

The property tax rate for FY 01/02 is \$3.04 per hundred dollars of assessed value. Of this amount \$0.91 goes to the Debt Service fund to pay for bonded debt costs. The tax rate is unchanged when compared to FY 00/01. The average residential property in the City of Knoxville is appraised at \$56,737. For the average residential homeowner the taxes paid will equal \$431.25. When adjusted for the impact of inflation and countywide reappraisals, the proposed tax rate is actually down by 19.2% when compared to the tax rate at the beginning of FY 88/89.

The total operating budget for the City of Knoxville in Fiscal Year 2001/02 is \$259,461,060. The net budget, i.e., excluding interfund transfers and charges, which are effectively double counted within the budget, is \$205,024,500. The budget for the General Fund, which is the main operating fund of the city, equals \$130,472,910. When compared to the adopted FY 00/01 budget the General Fund is down by \$3,139,780 or approximately 2.35%.

The proposed budget recommends the issuance of approximately \$57.4 million in new debt. Of this amount \$55,000,000 represents the final round of financing for the new convention center. This is in addition to \$45,000,000 in variable rate debt for the convention center that was issued in July 1999 and the \$60 million bond anticipation note issued in July 2000. The remaining \$2.4 million in new debt will be used for improvements to the Knoxville Zoo.

### BUDGET HIGHLIGHTS

#### Safer, Cleaner, Greener Neighborhoods

Clean, safe neighborhoods are an important component of the quality of life in a city. The budget seeks to further address drainage problems throughout the city. Funding of \$250,000 is again allocated to resolve smaller neighborhood drainage issues. Included in the capital budget is \$400,000, as part of the First Creek drainage improvement program, for flood improvements in the Tecoma Drive – Orlando Drive area. This budget continues to fund additional tree planting throughout the city which is appropriate for a designated Tree City, USA.

The City has been very successful in expanding its police force. This year, as part of a federal grant, we are proposing to add another two positions to deal with truancy issues. With these new staff the City has added 186 positions to the police department during the course of this administration.

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## Executive Summary

### Aggressive Road Paving

Sound management calls for the preservation of assets. The city's assets are the infrastructure such as roads, bridges, streetlights, etc. Various programs are in place to protect and maintain these assets. For example, the budget provides \$2,350,000 to be used for road paving. The current paving plan calls for every street in the City to be re-paved at least once every twenty years. Major arterial and collector streets are to be paved even more frequently. The proposed funding allows this schedule to remain in effect.

The city annually funds ongoing bridge repair and sidewalk programs. This continues with the FY 01/02 budget. Included in the capital budget for FY 01/02 is \$650,000 for the bridge repair program, which will be used for improvements to the Gay Street Bridge, and \$100,000 for the construction of sidewalks and \$250,000 to install curb cuts. A traffic related problem is signalization and the proposed budget includes \$175,000 for the purchase of new controllers and other signal improvements. Funding of \$1.15 million is allocated to complete intersection improvements at Parkdale, Cedar Lane, and Inskip, and \$471,000 is included to match TEA 21 funding for road improvements to Weisgarber Road, and Pleasant Ridge Road.

### Parks and Greenway Opportunities

The FY 01/02 budget again endorses one of the administration's priorities: parks and recreational programs. In addition to funding the operational needs of the department, several other improvements are budgeted. These include \$270,000 to continue the expansion of the greenway system, \$50,000 for new playground equipment, \$80,000 for Gary Underwood Park and \$150,000 for park expansion. Also included is \$3 million for development of Caswell Park, \$597,000 for trail development and other improvements for the new northwest park in Knoxville, and \$500,000 for Lakeshore Park.

### Thriving Economic Climate

A solid economy is essential for any city. Included in the proposed budget is \$2.1 million to be used for economic development activities. The Knoxville Zoo is one of most visited sites in east Tennessee, serving to enhance the local economy as well as enhance the quality of life of the city. The budget continues the funding begun in FY 99/00 and recommends an additional \$2.4 million for renovations to and expansion of the zoo.

The budget also continues the financial commitment to the Greater Knoxville Sports Corporation to help bring the American Bowling Congress tournament to the City. A total of \$100,000 is allocated for this purpose. Enhancing cultural opportunities also effects economic development. The budget continues funding of \$200,000 for improvements to the East Tennessee Historical museum, part of a multi-year \$1 million commitment. Operating contributions are made to the Knoxville Symphony, City Ballet, the Art Museum, the Tennessee Theatre and several other arts and cultural groups.

A cornerstone of our economic development efforts is the construction of a new downtown convention center. The actual construction process began in the summer of 1999 and was initially funded with a \$45 million variable rate loan. This money was used for relocating an electrical substation, site work and land acquisition for new parking garages. A second round (\$60 million) of funding for the project was completed in July 2000. To complete work on the new facility we are planning to issue another \$55 million in new debt as part of this budget. The budget also includes approximately \$2 million for pre-opening planning and marketing of the facility.

### Sound Management of Finances and Resources

Our past sound financial management enables us to present the proposed budget with no tax

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## Executive Summary

increase. In the past the City has increased its fund balances, while at the same time, reducing its outstanding debt. This has led to recent bond upgrades, which recognize the financial accomplishments of the City. This also enables us to undertake such projects as the new convention center. The successful investment of our pension funds has eliminated our unfunded pension liabilities. Recent charter changes have also enabled us to consolidate the formerly pay as you go Plan F pension system into the regular pension system resulting in an annual savings of over \$2 million.

The City also continues to seek improvements in its management in a variety of ways. We are currently evaluating proposals to help make us more efficient, and we have held the line on most growth in anticipation of future improvements in productivity. A reorganization of the Information Systems department has led to a reduction of two staff. As a result of an ongoing productivity study this budget recommends the reorganization of the Codes Enforcement section and places it under the Public Service department. Also recommended is the outsourcing of management of the World's Fair Park. Additional cost saving and revenue enhancing plans are currently under consideration.

The City continues to fund a variety of capital programs on a "pay as you go" approach, which is a sound management practice. These programs address ongoing maintenance and upkeep issues and prevent deterioration of facilities. For example, the budget includes \$500,000 for continued roof repair and replacement on the nearly one hundred (100) public buildings owned by the City. This is the fourth year of this accelerated replacement plan, and should complete the more expensive repairs of major buildings.

### Employee Salary/Benefit Increases

The overall success of City government is based upon the hard work and dedication of city employees. The budget recognizes those

employees with both salary and benefit enhancements.

The City annually conducts a salary survey to assess its pay rates with comparable employers. Several changes, stemming from this survey, are recommended to remain competitive with the marketplace. These recommendations include raising the entry salary for several classes of employees, primarily those in the lower pay ranges.

The budget also recommends an across the board raise of 3.4% for all non-probationary general government employees. Continued funding is provided for deferred compensation match program of up to \$260 per year for all employees in the program.

It is expected that the costs of the City's health care plan may rise as much as twelve percent (12%) in the upcoming year. Currently the City pays the total individual premium for all employees while the employee contributes toward family coverage. This budget proposes, for the third year in a row, freezing the portion that employees and retirees contribute for family health insurance at current levels. The City, in turn, will assume the cost of all increases for family health coverage. This brings the city's portion of individual plus family coverage to sixty-six percent (66%) of the total premium cost.

### Personnel Staffing Levels

The budget contains 1,743 full-time positions and 73 part-time positions. This represents a decrease of seven (7) full-time positions and a reduction of five (5) part-time positions when compared to the FY 00/01 budget.

### 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.

## Changes to the Proposed Budget

The Executive Summary describes the budget as adopted. The adopted budget is, however, different from the Mayor's proposed budget in several areas. The following paragraphs and the accompanying table discuss the changes made to the proposed budget. The total budget as adopted equals \$259,461,060 while the adopted General Fund budget is \$130,472,910. These amounts compare, respectively, to the proposed amounts of \$258,788,560 and \$129,835,410.

Changes to the General Fund budget which add to the budget include: an increase of \$22,500 in the grant to the Beck Cultural Center. This brings the total operating grant to the Center to \$30,000.

As part of the agreement on the Urban Growth Plan the City of Knoxville committed to funding of \$100,000 to the Development Corporation. This was inadvertently omitted from the proposed budget. Thus our second change is a \$100,000 increase in the Development Services budget to cover this commitment.

The third change is an increase of \$480,000 in the Finance Department budget. This increase is to cover the costs from the outsourcing of delinquent tax collections. This method will show both the gross costs of collections along with the anticipated increase in revenues, rather than net expenditures against revenues. The contract for property tax collection appears under the resolution section of your agenda.

The final change is an increase of \$35,000 to complete the City's commitment to the UT Boathouse. This increase is shown in the Transfers section of the General Fund budget.

The overall changes to the General Fund budget total \$637,500. The funding for this amount comes from the anticipated increases in revenue generated from the outsourcing of delinquent property tax collections.

The only other fund that changes is the Capital Projects Fund (Fund 401). This fund increases by \$35,000 to reflect the UT Boathouse project mentioned earlier.

**PROPOSED - ADOPTED BUDGET COMPARISON**

Fiscal Year 2001/02

Number	Fund Name	Mayor's Proposed Budget	Changes To The Proposed Budget	Adopted Budget
5100	Taxes	103,747,990	637,500	104,385,490
5200	Licenses & Permits	296,740	0	296,740
5300	Intergovernmental Revenue	19,952,870	0	19,952,870
5400	Charges for Services	714,170	0	714,170
5500	Fines & Forfeitures	2,096,760	0	2,096,760
5600	Other Revenue	3,026,880	0	3,026,880
	Total General Fund	<u>129,835,410</u>	<u>637,500</u>	<u>130,472,910</u>
1100	Administration	1,829,910	0	1,829,910
1200	Finance	3,056,200	480,000	3,536,200
1300	Law	1,336,050	0	1,336,050
1400	Information Systems	2,762,850	0	2,762,850
1500	Legislative	685,440	0	685,440
1700	Civil Service	920,080	0	920,080
1900	Elections	180,000	0	180,000
2100	City Hall At the Mall	139,210	0	139,210
2300	Police	35,224,660	0	35,224,660
2500	Fire	23,657,200	0	23,657,200
2600	Plan F Pensions	0	0	0
2700	Emergency Management	321,870	0	321,870
3100	Public Services	14,743,040	0	14,743,040
3300	Engineering	5,083,420	0	5,083,420
3700	Development Services	363,010	100,000	463,010
3800	Empowerment Zone	120,720	0	120,720
4300	Recreation	5,861,800	0	5,861,800
5100	Metropolitan Planning Commission	729,100	0	729,100
5200	Knoxville Zoo	900,000	0	900,000
5300	Community Agency Grants	1,680,200	22,500	1,702,700
5600	Community Development	430,400	0	430,400
5900	Community Action Committee	461,000	0	461,000
6100	Mass Transit Grant Match	683,350	0	683,350
8100	Reserve	1,300,000	0	1,300,000
9100	Transfers	27,365,900	35,000	27,400,900
	Total General Fund	<u>129,835,410</u>	<u>637,500</u>	<u>130,472,910</u>
201	State Street Aid	6,165,000	0	6,165,000
202	Community Improvement	360,000	0	360,000
209	Abandoned Vehicles	439,780	0	439,780
213	City Court	2,427,700	0	2,427,700
216	City Inspections	1,629,080	0	1,629,080
240	Miscellaneous Special Revenue	620,670	0	620,670
263	House Grants	0	0	0
264	Home Grants	1,564,700	0	1,564,700
265	Hope Grants	0	0	0

**PROPOSED - ADOPTED BUDGET COMPARISON**

Fiscal Year 2001/02

<b>Number</b>	<b>Fund Name</b>	<b>Mayor's Proposed Budget</b>	<b>Changes To The Proposed Budget</b>	<b>Adopted Budget</b>
269	Emergency Shelter Grants	88,000	0	88,000
270	Empowerment Zone	12,306,200	0	12,306,200
290	Community Development Block Grant	3,672,000	0	3,672,000
305	Debt Services	24,989,490	0	24,989,490
306	Tax Increment	489,150	0	489,150
401	Capital Projects	15,016,000	35,000	15,051,000
451	PWPF - 1999	455,000	0	455,000
501	Stormwater	987,950	0	987,950
503	Civic Auditorium/Coliseum/KCEC	3,325,580	0	3,325,580
504	Metro Parking	733,180	0	733,180
505	Solid Waste	8,469,460	0	8,469,460
506	Convention Center	4,790,560	0	4,790,560
507	Mass Transportation	18,370,970	0	18,370,970
701	Office Services	529,590	0	529,590
702	Fleet Services	8,528,510	0	8,528,510
704	Risk Management	4,031,420	0	4,031,420
705	Health Care	7,691,830	0	7,691,830
706	Equipment Replacement	1,271,330	0	1,271,330
	<b>Grand Total</b>	<u>258,788,560</u>	<u>672,500</u>	<u>259,461,060</u>

**BUDGET POLICIES**

- 1) The budget shall be balanced by fund.
- 2) The budget will include all revenues that will reasonably be anticipated from all sources and the entire amount of fund balance estimated to be carried forward at the beginning of the fiscal year.
- 3) Appropriations will be made at the major account code level, i.e., personal services, operating expense, capital outlay, debt service, grants and aids, and non-operating expenses.
- 4) The Mayor or his/her designee shall approve transfers between major accounts within a budget center (department or division). Transfers between departments and funds shall be approved by the City Council.
- 5) The operating budget will be adjusted to reflect actual fund balances at such time as the beginning fund balances are known.
- 6) Current operating revenue should be sufficient to support current operating expenditures.
- 7) The City will establish a reserve for contingencies of between 3 percent and 10 percent for each operating fund in order to fund unforeseen items/events that occur during the course of a fiscal year.
- 8) Costs of support functions should be allocated to the appropriate services where they are performed wherever possible.
- 9) The City will develop a program to integrate performance measures and objectives into the budget and a system to monitor performance in meeting objectives.
- 10) The budget should portray both direct and indirect costs of programs wherever practical.
- 11) Internal Service Funds shall be self-supporting.
- 12) The City will annually submit documentation to qualify for the Governmental Finance Officers Association "Award for Distinguished Budget Presentation".

**DEBT MANAGEMENT POLICIES**

- 1) When the City finances projects through the issuance of bonds it will pay back the bonds within a period not to exceed 90% of the useful life of the project.
- 2) Where possible the City will use self-supporting revenue, special assessment, or other self-supporting bonds, instead of general obligation bonds to fund capital projects. Self-supporting revenue bonds are bonds used to construct/purchase facilities, which will, in turn, generate fees/charges to repay the bonds.

- 3) The City will not use long term debt to finance current operations.
- 4) The City will seek to maintain and, if possible, improve its current bond rating.
- 5) The City will maintain good communications with bond rating agencies to inform them about the City's financial conditions. The City will follow policy of full disclosure. Significant financial reports affecting or commenting on the City will be periodically forwarded to the rating agencies.

#### GRANT POLICIES

- 1) Grant applications to fund services/programs with state or federal funds should be reviewed by City staff and the City Council with significant consideration given to:
  - (a) the cost of administering the grant relative to the size of the grant;
  - (b) the availability of matching funds if required;
  - (c) the extent to which locally generated funds will be required to support those programs when the original funding is no longer available; and
  - (d) the desirability of the program, i.e., whether or not the City would be funding the program were it not for the grant.
- 2) All grant applications must be approved by the City Council prior to submission. The City Council must also approve the acceptance of all grants.

#### FUND BALANCE POLICIES

- 1) The City will attempt, where possible, to have each operating fund maintain a balance sufficient to cover the cash needs of the fund for a ninety (90) day period.
- 2) The City should use fund balance for capital or other one-time projects and not to support on-going operations.

#### CAPITAL IMPROVEMENT POLICIES

- 1) The City will develop a five-year plan for capital improvements and update it annually.
- 2) The City will make all capital improvement expenditures in accordance with a capital improvement program.
- 3) The City will coordinate development of the capital improvement budget with the development of the operating budget. The City will annually adopt a capital budget based upon the multi year capital plan.
- 4) The City will identify the estimated costs and potential funding sources for each capital project prior to inclusion in the CIP.

REVENUE POLICIES

- 1) Fee schedules shall be adopted and amended by resolution.
- 2) All fee schedules and user charges should be reviewed at least every two years and then be adjusted, if necessary.
- 3) When imposing new fees and/or charges the proposed fee/charge should be examined using the following criteria:
  - Sufficiency Fees and/or charges should recover the full cost of issuance, administration, and enforcement, recognizing that adjustments may be necessary for the benefit of the public;
  - Efficiency Fees/charges should be designed for easy, inexpensive administration by the City and easy, inexpensive compliance by the individual/business paying the fee/charge. A minimum of the revenue raised through the collection of a fee/charge should be consumed in the process of raising it;
  - Simplicity Fees/charges should be easily understood by the payee and City officials, leaving as small a margin as possible for subjective interpretations.
- 4) The Mayor or his/her designee should prepare, at least semi-annually, a report comparing actual and budgeted revenues and expenditures for all operating funds.
- 5) The City will work to diversify its revenue base in order to reduce the dependence upon property taxes.

# City of Knoxville The Budget Document

Budget documents can be difficult to understand for someone who works with them daily. To someone who may only see such a document occasionally, the confusion can be worse. The purpose of this section is to assist all readers by explaining the way the document is structured, the schedule under which it is developed, and some of the basic policies which shape it. For those individuals who may have difficulty with some of the budgetary and financial language that is used, an extensive glossary is located in the appendix of this document. GAAP (Generally Accepted Accounting Principles) basis for budgeting is used for all funds.

### Fiscal Year

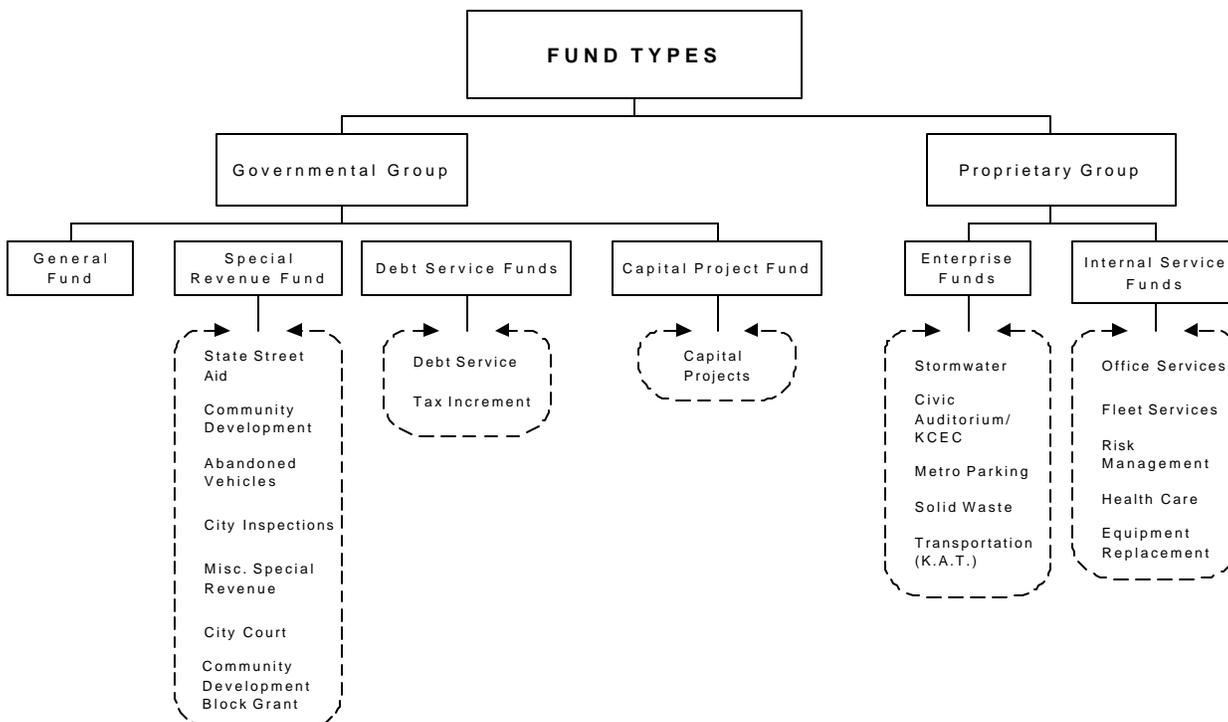
The budget covers the activities and expenditures for a given time period or fiscal year. The City of Knoxville's fiscal year runs from July 1 to June 30 of the following year. This budget covers the period July 1, 2001 through June 30, 2002.

### Organization by Fund

This document is organized by funds. A fund is an independent fiscal and accounting entity, with a self-balancing set of accounts. Funds maintain independent records of cash and/or other resources, together with all related liabilities, obligations, reserves and equities. The purpose of a fund is to carry out specific activities or attain certain objectives in accordance with special financial regulations, restrictions or limitations.

As noted above the budget is organized, consistent with proper accounting techniques, by fund. As shown in Figure 1 below, there are two groups of funds, the governmental funds group and the proprietary funds group.

Figure 1



A governmental fund operates on general governmental income, such as taxes, grants or general obligation debt. According to Generally Accepted Accounting Principles (GAAP) these funds use a modified accrual basis of accounting. A proprietary fund is designed to operate like a private enterprise, where income is earned based on services provided, often through user fees like ticket sales or concessions. Proprietary funds use the full accrual method of accounting and are authorized to depreciate their assets.

another organization unit within the same governmental jurisdiction.

Within these two basic groups are seven types of funds as described below:

**GOVERNMENTAL FUNDS**

**General Fund** Accounts for all financial transactions not properly accounted for in another fund

**Special Revenue Funds** Account for the proceeds of specific revenue sources (other than special assessments) or to finance specified activities as required by law or administrative guidelines

**Debt Service Funds** Account for the payment of interest and principal on long term debt other than special assessment and revenue bonds.

**Capital Project Funds** Account for the receipt and disbursement of monies used for the acquisition of capital facilities other than those financed by special assessment and enterprise funds.

**PROPRIETARY FUNDS**

**Enterprise Funds** Account for the financing of services to the general public where all or most of the costs involved are recovered by user charges or fees.

**Internal Service Funds** Account for the financing of activities or services performed by an organizational unit within a governmental jurisdiction for

**Trust and Agency Funds** Account for assets held by a governmental unit as trustee or agent for individuals, private organizations or other governmental

It should be noted that there is one type of fund, the Trust and Agency Fund, which the City of Knoxville maintains but does not budget. The City has three separate trust funds, and a complete description of each trust fund is provided in the City's Comprehensive Annual Financial Report (CAFR).

Each fund is made up of one or more administrative entities called departments. A department has managerial authority to carry out governmental functions like police patrol, fire prevention and bill paying through the City's charter, related ordinances and mayoral directives.

A department can be budgeted in one fund or many. Some, such as Civil Service or Emergency Management, operate only within the General Fund (100). Others are shown within several funds. For example, the Law Department operates in the General Fund, the Risk Management Fund (704) and Health Benefits Fund (705). A table showing total expenditures by department is included in the summary section.

The City of Knoxville appropriates (budgets) dollars at the departmental level within each fund. Each department is authorized to spend monies to accomplish their mandated responsibilities and related programs. However, the budget is developed on a division and line-item basis. This document's base level of information is the division.

A division is a funded operating unit of a department responsible for implementing a program or group of programs assigned to the department. For example, the Waterfront (Division 5615 in the General Fund of the Community Development department) is the program for the development of the Waterfront area called Volunteer Landing. Police Training division (2361) is responsible for the

professional growth of the City's police force.

### **Budget Adoption**

The City Charter requires the Mayor to submit a proposed budget to the City Council no later than May 1st of each year. After the budget is presented, the City Council will hold two readings of the budget ordinance. At least one public hearing must be held between the first and second readings of the budget ordinance. Council workshops are also held between first and second reading to gain a better understanding of the proposed budget.

For the budget to become effective, one of two things must happen. First, the budget ordinance can be passed by the City Council on two readings. The second way occurs by default. That is, if the City Council is unable to pass a budget by June 15, then the Mayor's proposed budget and tax rate automatically become law.

### **Budget Amendments**

From time to time it becomes necessary to modify the adopted budget. The procedure for amending the budget depends upon the type of change that is needed. One type of change does not affect the "bottom line" total for the department. These changes, mainly transfers from one line-item to another within a department's operating budget or changes between divisions within a department, may be changed by the Management and Budget division upon request with proper documentation.

The second type of budget amendment brings about a change in the total appropriation for a department or fund. Examples of these changes include, but are not limited to:

- The acceptance of additional grant money which might become available.
- The appropriation of additional funding if expenditures are projected to exceed budgeted amounts.
- The adjustment to reflect increased tax receipts or:

- The reappropriation of monies from one fund to another when deemed necessary.

These four types of changes require Council approval in the form of an ordinance.

### **Operating Budget Policies and Procedures**

The development of the City's Budget is based on the following guidelines and policies in accordance with the City's Charter and the City Code:

- The primary budgetary objective is to provide the highest possible level of service to residents without impairing the City's sound financial condition. Continual efforts will be made to improve productivity, lower costs and enhanced service.
- The budget must be balanced for each fund; total projected revenues must equal total anticipated expenditures.
- The City will avoid budgetary procedures that balance the current budget at the expense of meeting future year's obligations.
- Estimated revenues must not exceed one hundred ten percent (110%) of the total amount collected during the last completed fiscal year or the current fiscal year.
- The City will maintain a budgetary control system to ensure adherence to the budget and will prepare regular reports comparing actual revenues and expenditures to budgeted amounts.
- All operating funds are subject to the annual budget process with the exception of payroll, which has a net effect of zero, grant awards, which are subject to grant contract limitations, and trust and agency funds.
- Law and policies on limitations to revenue sources must be explicitly addressed in the budget process.

- One to five percent (1% to 5%) of the General Fund revenues must be deducted from all monies collected during a given year and placed in the General Fund Reserve. These

funds may be used for repairs to buildings or purchases of equipment, but only in departments whose operating funds come from the General Fund.

The City's Charter (the "Charter") requires the Mayor to prepare and submit to the City Council a balanced budget. Therefore, the entire budget appropriation may never exceed the estimated available resources. The estimate of available resources is based on the amount of available surplus, if any carried forward from the preceding year, the probable revenues of the City derived from ad valorem taxes and from such other contingent revenues of the City as may probably accrue. The budget process specified by the Charter is in conformity with generally accepted accounting principles.

The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting every year since 1986. The Certificate of Achievement recognizes that the City's financial statements meet strict standards of GASB. For more information concerning the City's financial reporting, contact the City's Accounting Office.

### **Basis of Budgeting**

The Charter further requires that, in preparing the budget, the City Council shall first provide for the payment of debt service on the outstanding City bonded indebtedness, and then allocate the remaining revenues among the City departments.

The City's budget is prepared in accordance with Generally Accepted Accounting Principles (GAAP). This is the same as the basis of accounting. The budgets of the governmental funds group type (General Fund, State Street Aid, etc.) are prepared on a modified accrual basis. Briefly, this means that obligations of the City (i.e. purchase orders or contracts) are budgeted as expenditures when the commitment is made, but revenues are recognized only when they are measurable and available.

The Charter also provides that no obligation of City funds may be made unless the Finance Director of the City certifies that funds are available for the payment of such obligations or that such funds will be available before maturity of the obligation. The Charter prohibits the execution of any contract or orders for the payment unless signed by the Mayor and countersigned by the Director of Finance.

The proprietary funds group also recognizes expenditures as encumbrances when a commitment is made (i.e. through a contract or purchase order). Revenues are recognized when funds are received, or if the service has been completed, the revenue will be accrued for year-end purposes.

### **Financial Reporting**

### **Basis of Accounting**

As required by generally accepted accounting principles, all city funds and account groups are organized according to standards established by the Governmental Accounting Standards Board (GASB). The City's financial reporting system is designed to provide timely, accurate feedback on the City's overall financial condition. All City financial statements are audited annually by independent certified public accountants.

The City Charter requires financial reports to be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

The accounts of the City are maintained on the modified accrual basis. The modified accrual basis uses the following guidelines:

- Revenues are recorded when they become measurable and available as net current assets. Revenues, which are accrued, include property taxes, shared revenues, licenses, interest revenue, and charges for services.
- Other revenues are recorded when cash is

received. Grant revenues are accrued when funds are expended.

- Expenditures, except as specified below, are recorded at the time liabilities are incurred.
- Amounts recorded in the long-term debt account group which relate to accumulated vacation liability and litigation liability which had not been paid within 60 days of the fiscal year end are recorded as general long-term debt when it is incurred.
- Interest and principal on general long-term debt is not accrued, but is recorded as an expenditure on its due date.
- Disbursements for purchase of capital assets are considered expenditures.

### **Investment/Cash Management Practices**

The City of Knoxville operates on a cash management program under a master banking service agreement with a major Tennessee banking institution that coordinates the City's financial needs. The City has a lock box arrangement, which authorizes the bank to pick up property tax receipts, directly from a Post Office box, and thus credit the City's account immediately.

The City's investment policy first emphasizes the safety of city funds, then the liquidity of the investment, and lastly, the rate of return.

Investment of idle City operating funds is controlled by State Statute and City ordinances which generally limit investment instruments to direct U.S. government obligations or those issued by its agencies. However, beginning January 1, 1991, the City's investment possibilities were expanded to include Bankers Acceptances and Commercial Paper, subject to specific quality restrictions.

As required by statute and ordinance, all deposits and certificates of deposit are secured by similar grade collateral pledged at 110% of market value for all amounts in excess of that guaranteed through federally sponsored insurance programs.

The City Charter mandates that portfolio management and control of the City's Pension Fund be vested in the City Pension Board. Along with several professional investment counselors, the Pension Board directs all investments of the Fund.

A major Tennessee banking institution serves as trustee for the fund.

### **How to Read This Document**

A budget is a plan, a peek into the future. While at first glance, a budget may simply appear to be a list of numbers on paper used to limit spending, the budget is actually a dynamic operations guide, which identifies programs, services and activities which the City feels are important to provide in the ensuing year. Furthermore, it identifies the financial guidelines by which these activities are to abide.

This budget document is separate into sections according to fund. Each fund is organized by departments, which as explained earlier, are unique units with specific responsibilities, generally defined in the City's Charter. A summary page is provided for each department which explains significant changes. The Department Summary page also presents historical comparisons of expenditures and authorized positions.

Following most of the Departmental Summary pages are Division Summary pages. These give information regarding the individual programs assigned to the department, the accomplishments of the division, objectives of the division and more detail regarding the planned spending by the division.

In addition to the Departmental Summaries, most funds have a separate section regarding the funds revenues. These sections, the first set of pages in the funds budget, outline specific data concerning revenue sources, methods used for projections and revenue trends of note, if any.

For those readers who wish to only see the basic overview of the budget, please refer to the Summary Section of the document.

# THE BUDGET PROCESS 2001-2002

**September**

Capital Program  
Process Begins

Departments  
Submit Capital Program/  
Budget Request

**November**

Priority Setting  
Survey Mailed

**December**

Capital Committee  
Recommends Capital  
Program

**January**

Finance Prepares  
Preliminary Revenue  
Estimates

Proposed Capital  
Program  
Presented By Mayor To  
City Council

**February**

General Budget  
Orientation For All  
Departments

Departments Submit  
Operating Budget  
Request

**April**

Proposed Operating And  
Capital Budgets Are  
Finalized By Mayor And  
Finance

Mayor Presents  
Proposed Budget To  
City Council

Council Considers  
Budget On First Reading

Council Holds Budget  
Workshop With  
Departments

Public Hearing  
Conducted

**May**

Council Considers  
Budget On Second  
Reading

**July**

Fiscal Year Begins on  
July 1st

Adopted Budget Made  
Available To Public

**BUDGET CALENDAR FOR FISCAL YEAR 2001-2002**

**NOVEMBER**

10th Survey mailed to 1900 randomly selected registered voters.

**FEBRUARY**

9th General budget orientation materials mailed to all departments which included the timetable of events, budget request forms, and budget preparation instructions.

**MARCH**

1st In accordance with Section 2-1123 of the City Code, the Mayor is authorized to meet and confer with employees' representatives for the purpose of reaching an understanding relative to wages, salaries, fringe benefits, and other conditions of employment.

2nd Last day for departments to complete line-item and program budget requests.

5th-9th The Finance Department reviews all departmental budget submissions and makes recommendations to the Mayor, including requests for additional personnel and programs.

16th The Mayor and Finance Director hold administrative budget hearings with individual departments.

19th-30th Administrative review of all budget material is completed and final adjustments are made to the Budget document. All funds are brought into balance.

**APRIL**

12th Mayor's Proposed Budget is submitted to City Council in accordance with Charter deadline, along with an updated 5-year Capital Improvements Program and Budget, as required by the Charter.

**APRIL**

14th- Public Notice is given of a hearing 15th on the proposed budget. The City Charter requires that a public hearing be held between the first and second readings of the Mayor's budget. Public notice must be made ten days prior to the hearing to remain in compliance with Federal regulations.

17th Last day that salary recommendations based upon survey results as well as any recommendations of the Mayor may be submitted to City Council, if necessary. First reading of the Proposed Budget.

24th City Council Budget Workshop and Public Hearing on the Proposed Budget. Each department will have a scheduled time to present its budget and answer questions.

**MAY**

1st Second reading/adoption of the Proposed Budget.

**JUNE**

12th First reading on the supplemental appropriations (housekeeping) ordinance which allows for year-end balancing of accounts and funds.

15th As established by City Charter, last day to approve the Budget and tax rate ordinance.

**JULY**

1st Beginning of Fiscal Year 2001- 2002

## SUMMARY INFORMATION

The tables and graphs included in this section are designed to provide the reader a financial overview of City operations. Most tables provide historical and current year budget information, as well as projected (unaudited) results for the fiscal year concluded on June 30, 2001.

The first few pages summarize the revenues and expenditures of all funds. The entire budget of the City is \$259,461,060. However, as the following pages show, the net budget (which excludes all interfund charges and transfers) is \$54,436,560 less, or \$205,024,500. The budget for the General Fund, which is the main operating fund of the City, is \$130,472,910.

This section also contains information of the total authorizes staffing. The first of these tables

identifies permanent positions only; the second shows both full-time and part-time positions. The second table will equal the sum of each departmental summary page. Also included are multi-year personnel comparisons, to show the changes from the beginning of the current Mayoral administration. Finally, this section presents information on tax rate calculations and the impact of the adopted tax rate on homeowners.

More detailed information regarding the City's financial condition can be obtained using the Comprehensive Annual Financial Report (CAFR). This information is available at the Knox County Public Library, the University of Tennessee Library and the City Recorder's Office. Please contact the Finance Department if you desire more information than is provided in these documents.

## BUDGET COMPARISON - ALL FUNDS

Fiscal Year 2001/02

Fund No.	Fund Name	Adopted FY 00/01 Budget	Adopted FY 01/02 Budget	Dollar Change FY 00/01 - 01/02	Percentage Change FY 00/01 - 01/02
100	<b>General Fund</b>	<u>133,612,690</u>	<u>130,472,910</u>	<u>(3,139,780)</u>	<u>(2.35%)</u>
	<b>Special Revenue Funds</b>				
201	State Street Aid	4,485,000	6,165,000	1,680,000	37.46%
202	Community Improvement	360,000	360,000	0	
209	Abandoned Vehicles	425,000	439,780	14,780	3.48%
213	City Court	2,642,300	2,427,700	(214,600)	(8.12%)
216	City Inspections	1,617,250	1,629,080	11,830	0.73%
240	Miscellaneous Special Revenue	483,920	620,670	136,750	28.26%
263	House Grants	195,000	0	(195,000)	(100.00%)
264	Home Grants	1,365,000	1,564,700	199,700	14.63%
268	Emergency Shelter Grants	88,000	88,000	0	
270	Empowerment Zone	3,666,670	12,306,200	8,639,530	235.62%
290	Community Development Block Grant	<u>3,249,110</u>	<u>3,672,000</u>	<u>422,890</u>	<u>13.02%</u>
	Subtotal - Special Revenue Funds	<u>18,577,250</u>	<u>29,273,130</u>	<u>10,695,880</u>	<u>57.58%</u>
	<b>Debt Service Funds</b>				
305	Debt Services	25,459,720	24,989,490	(470,230)	(1.85%)
306	Tax Increment	<u>1,086,630</u>	<u>489,150</u>	<u>(597,480)</u>	<u>(54.98%)</u>
	Subtotal - Debt Service Funds	<u>26,546,350</u>	<u>25,478,640</u>	<u>(1,067,710)</u>	<u>(4.02%)</u>
	<b>Capital Projects Funds</b>				
401	Capital Projects	14,090,000	15,051,000	961,000	6.82%
451	PWPF - 1999	<u>115,500,000</u>	<u>455,000</u>	<u>(115,045,000)</u>	<u>(99.61%)</u>
	Subtotal - Capital Projects Funds	<u>129,590,000</u>	<u>15,506,000</u>	<u>(114,084,000)</u>	<u>(88.03%)</u>
	<b>Enterprise Funds</b>				
501	Stormwater	928,510	987,950	59,440	6.40%
503	Civic Auditorium/Coliseum/KCEC	5,537,860	3,325,580	(2,212,280)	(39.95%)
504	Metro Parking	927,490	733,180	(194,310)	(20.95%)
505	Solid Waste	8,468,510	8,469,460	950	0.01%
506	Convention Center	0	4,790,560	4,790,560	
507	Mass Transportation	<u>9,786,670</u>	<u>18,370,970</u>	<u>8,584,300</u>	<u>87.71%</u>
	Subtotal - Enterprise Funds	<u>25,649,040</u>	<u>36,677,700</u>	<u>11,028,660</u>	<u>43.00%</u>
	<b>Internal Service Funds</b>				
701	Office Services	477,950	529,590	51,640	10.80%
702	Fleet Services	8,854,520	8,528,510	(326,010)	(3.68%)
704	Risk Management	3,625,720	4,031,420	405,700	11.19%
705	Health Care	6,960,780	7,691,830	731,050	10.50%
706	Equipment Replacement	<u>1,099,390</u>	<u>1,271,330</u>	<u>171,940</u>	<u>15.64%</u>
	Subtotal - Internal Service Funds	<u>21,018,360</u>	<u>22,052,680</u>	<u>1,034,320</u>	<u>4.92%</u>
	Grand Total	<u>354,993,690</u>	<u>259,461,060</u>	<u>(95,532,630)</u>	<u>(26.91%)</u>

**City of Knoxville**  
**ESTIMATED FUND BALANCES - ALL FUNDS**  
Fiscal Year 2000/01 And 2001/02

Fund No.	Fund Name	Beginning Fund Balance 7/1/00	Estimated			Budgeted Revenues FY 01/02	Budgeted Expenditures FY 01/02	Estimated Ending Fund Balance 6/30/02
			Revenues and Sources of Funds FY 00/01	Expenses and Uses of Funds FY 00/01	Ending Fund Balance 6/30/01			
100	<b>GENERAL FUND</b>	\$22,356	\$129,013	\$130,467	\$20,902	\$129,173	\$130,473	\$19,602
	<b>SPECIAL REVENUE FUNDS</b>							
201	State Street Aid	1,859	4,821	4,350	2,330	4,831	6,165	996
202	Community Improvement	1	360	360	1	360	360	1
209	Abandoned Vehicles	803	535	412	926	470	440	956
213	City Court	0	2,442	2,442	0	2,428	2,428	0
216	City Inspections	124	1,534	1,566	92	1,629	1,629	92
240	Misc. Special Revenue	1,013	1,106	424	1,695	621	621	1,695
263	House Grants	321	1,295	1,389	227	0	0	227
264	Home Grants	119	2,051	2,170	0	1,565	1,565	0
265	Hope Grants	61	199	199	61	0	0	61
269	Emergency Shelter Grants	39	20	11	48	88	88	48
270	Empowerment Zone	0	2,250	2,250	0	12,306	12,306	0
290	Community Dev. Block Grant	16	2,253	2,269	0	2,842	3,672	(830)
	Subtotal - Spec. Revenue	4,356	18,866	17,842	5,380	27,140	29,274	3,246
	<b>DEBT SERVICE FUNDS</b>							
305	Debt Services	5,542	34,076	27,136	12,482	26,519	24,989	14,012
306	Tax Increment	1,199	1,514	1,087	1,626	1,368	489	2,505
	Subtotal - Debt Service	6,741	35,590	28,223	14,108	27,887	25,478	16,517
	<b>CAPITAL PROJECT FUNDS</b>							
401	Capital Projects	13,025	18,513	14,475	17,063	15,051	15,051	17,063
451	PWPF - 1999	18,012	5,591	7,105	16,498	455	455	16,498
	Subtotal - Capital Projects	31,037	24,104	21,580	33,561	15,506	15,506	33,561
	<b>ENTERPRISE FUNDS</b>							
501	Stormwater	96	941	820	217	988	988	217
503	Civic Aud./Coliseum	13,715	7,455	5,270	15,900	3,084	3,326	15,658
504	Metro Parking	5,608	1,223	618	6,213	878	733	6,358
505	Solid Waste	3,319	8,657	7,446	4,530	8,458	8,469	4,519
506	Convention Center	0	150	118	32	4,039	4,791	(720)
507	Transportation	13,025	11,203	11,545	12,683	17,421	18,371	11,733
	Subtotal - Enterprise	35,763	29,629	25,817	39,575	34,868	36,678	37,765
	<b>INTERNAL SERVICE FUNDS</b>							
701	Office Services	36	676	676	36	530	530	36
702	Fleet Services	11,301	9,670	10,053	10,918	8,529	8,529	10,918
704	Risk Management	1,774	3,676	4,162	1,288	4,031	4,031	1,288
705	Health Care	1,305	7,056	6,757	1,604	7,692	7,692	1,604
706	Equipment Replacement	8,817	2,628	1,935	9,510	1,874	1,271	10,113
	Subtotal - Internal Service	23,233	23,706	23,583	23,356	22,656	22,053	23,959
	<b>GRAND TOTAL</b>	<b>\$123,486</b>	<b>\$260,908</b>	<b>\$247,512</b>	<b>\$136,882</b>	<b>\$257,230</b>	<b>\$259,462</b>	<b>\$134,650</b>

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

## TOTAL EXPENDITURES BY DEPARTMENT

Fiscal Year 2001/02

Department	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	1,829,910	0	0	2,358,000	0	0	4,187,910
Finance	3,536,200	0	0	0	0	1,800,920	5,337,120
Law	1,336,050	0	0	0	0	11,723,250	13,059,300
Information Systems	2,762,850	0	0	0	0	0	2,762,850
Legislative	685,440	360,000	0	0	0	0	1,045,440
City Court	0	576,140	0	0	0	0	576,140
Civil Service	920,080	0	0	0	0	0	920,080
City Hall At the Mall	139,210	0	0	0	0	0	139,210
Police	35,224,660	575,670	0	0	0	0	35,800,330
Fire	23,657,200	0	0	0	0	0	23,657,200
Emergency Management	321,870	0	0	0	0	0	321,870
Public Services	14,743,040	0	0	500,000	8,756,020	0	23,999,060
Engineering	5,083,420	2,450,000	0	5,511,000	1,434,570	0	14,478,990
Development Services	1,014,130	18,596,220	0	35,000	0	0	19,645,350
Recreation	5,861,800	45,000	0	4,647,000	0	0	10,553,800
Public Assembly Facilities	0	0	0	55,000	8,104,140	0	8,159,140
Fleet Services	0	439,780	0	0	0	8,528,510	8,968,290
Nondepartmental							
City Elections	180,000	0	0	0	0	0	180,000
KAT (Knoxville Area Transit)	683,350	0	0	0	18,370,970	0	19,054,320
Community/Other Agencies	3,792,800	0	0	2,400,000	0	0	6,192,800
Reserve	1,300,000	0	0	0	0	0	1,300,000
Debt Service	0	0	25,478,640	0	0	0	25,478,640
Miscellaneous Expenses	15,470	0	0	0	0	0	15,470
Other Transfers	27,385,430	6,230,320	0	0	12,000	0	33,627,750
GRAND TOTAL	130,472,910	29,273,130	25,478,640	15,506,000	36,677,700	22,052,680	259,461,060

City of Knoxville

NET BUDGET

Fiscal Year 2001/02

Fund No.	Fund Name	Adopted FY 01/02 Budget	Less Interfund Transfers Out	Less Interfund Charges In	Net Budget
100	General Fund	130,472,910	(27,385,430)	0	103,087,480
201	State Street Aid	6,165,000	(3,715,000)	0	2,450,000
202	Community Improvement	360,000	0	0	360,000
209	Abandoned Vehicles	439,780	0	0	439,780
213	City Court	2,427,700	(1,851,560)	0	576,140
216	City Inspections	1,629,080	0	0	1,629,080
240	Miscellaneous Special Revenue	620,670	0	0	620,670
263	House Grants	0	0	0	0
264	Home Grants	1,564,700	(136,620)	0	1,428,080
269	Emergency Shelter Grants	88,000	0	0	88,000
270	Empowerment Zone	12,306,200	0	0	12,306,200
290	Community Development Block Grant	3,672,000	(527,140)	0	3,144,860
305	Debt Services	24,989,490	0	(1,376,970)	23,612,520
306	Tax Increment	489,150	0	0	489,150
401	Capital Projects	15,051,000	0	0	15,051,000
451	PWPF - 1999	455,000	0	0	455,000
501	Stormwater	987,950	0	0	987,950
503	Civic Auditorium/Coliseum/KCEC	3,325,580	(12,000)	0	3,313,580
504	Metro Parking	733,180	0	0	733,180
505	Solid Waste	8,469,460	0	0	8,469,460
506	Convention Center	4,790,560	0	0	4,790,560
507	Mass Transportation	18,370,970	0	0	18,370,970
701	Office Services	529,590	0	(529,590)	0
702	Fleet Services	8,528,510	0	(8,528,510)	0
704	Risk Management	4,031,420	0	(3,384,220)	647,200
705	Health Care	7,691,830	0	(5,265,480)	2,426,350
706	Equipment Replacement	1,271,330	0	(1,724,040)	(452,710)
	<b>Grand Total</b>	<b>259,461,060</b>	<b>(33,627,750)</b>	<b>(20,808,810)</b>	<b>205,024,500</b>

NET REVENUES BY TYPE - ALL FUNDS

Fiscal Year 2001/02

Fund No.	Fund Name	Taxes	Licenses & Permits	Intergovt. Revenue	Charges For Serv.	Fines & Forfeits	Miscellaneous Revenue
100	General Fund	104,385,490	296,740	19,952,870	714,170	245,200	1,726,880
201	State Street Aid	0	0	4,755,500	0	0	75,000
202	Community Improvement	0	0	0	0	0	0
209	Abandoned Vehicles	0	0	0	245,000	0	225,000
213	City Court	0	0	0	0	2,406,700	21,000
216	City Inspections	0	1,397,750	0	0	0	14,000
240	Miscellaneous Special Revenue	0	0	0	81,000	530,670	9,000
264	Home Grants	0	0	1,366,200	0	0	198,500
269	Emergency Shelter Grants	0	0	88,000	0	0	0
270	Empowerment Zone	0	0	12,306,200	0	0	0
290	Community Development Block Grant	0	0	2,576,000	0	0	129,380
305	Debt Services	24,370,820	0	0	0	0	244,490
306	Tax Increment	559,290	0	0	0	0	808,790
401	Capital Projects	0	0	1,307,000	0	0	2,635,000
451	PWPF - 1999	0	0	0	0	0	0
501	Stormwater	0	0	0	0	0	5,000
503	Civic Auditorium/Coliseum/KCEC	0	0	0	1,541,000	0	60,000
504	Metro Parking	0	0	0	0	0	775,000
505	Solid Waste	0	0	0	510,000	0	140,000
506	Convention Center	0	0	0	546,270	0	251,000
507	Mass Transportation	0	0	11,356,200	1,598,400	0	0
701	Office Services	0	0	0	0	0	0
702	Fleet Services	0	0	0	0	0	0
704	Risk Management	0	0	0	60,000	0	245,000
705	Health Care	0	0	0	0	0	1,883,060
706	Equipment Replacement	0	0	0	0	0	150,000
Grand Total		<u>129,315,600</u>	<u>1,694,490</u>	<u>53,707,970</u>	<u>5,295,840</u>	<u>3,182,570</u>	<u>9,596,100</u>
Percent of Net Revs.		63.07%	0.83%	26.20%	2.58%	1.55%	4.68%

Fund No.	Fund Name	Use Of/ (Addition To) Fund Balance	Net Revenues	Interfund Charges In	Interfund Transfers In	Total Revenues
100	General Fund	1,300,000	128,621,350	0	1,851,560	130,472,910
201	State Street Aid	1,334,500	6,165,000	0	0	6,165,000
202	Community Improvement	0	0	0	360,000	360,000
209	Abandoned Vehicles	(30,220)	439,780	0	0	439,780
213	City Court	0	2,427,700	0	0	2,427,700
216	City Inspections	0	1,411,750	0	217,330	1,629,080
240	Miscellaneous Special Revenue	0	620,670	0	0	620,670
263	House Grants	0	0	0	0	0
264	Home Grants	0	1,564,700	0	0	1,564,700
265	Hope Grants	0	0	0	0	0
269	Emergency Shelter Grants	0	88,000	0	0	88,000
270	Empowerment Zone	0	12,306,200	0	0	12,306,200
290	Community Development Block Grant	830,000	3,535,380	0	136,620	3,672,000
305	Debt Services	(1,529,930)	23,085,380	1,376,970	527,140	24,989,490
306	Tax Increment	(878,930)	489,150	0	0	489,150
401	Capital Projects	0	3,942,000	0	11,109,000	15,051,000
451	PWPF - 1999	0	0	0	455,000	455,000
501	Stormwater	0	5,000	0	982,950	987,950
503	Civic Auditorium/Coliseum/KCEC	241,100	1,842,100	0	1,483,480	3,325,580
504	Metro Parking	(144,700)	630,300	0	102,880	733,180
505	Solid Waste	11,030	661,030	0	7,808,430	8,469,460
506	Convention Center	751,990	1,549,260	0	3,241,300	4,790,560
507	Mass Transportation	949,800	13,904,400	0	4,466,570	18,370,970
701	Office Services	0	0	529,590	0	529,590
702	Fleet Services	0	0	8,528,510	0	8,528,510
704	Risk Management	0	305,000	3,384,220	342,200	4,031,420
705	Health Care	0	1,883,060	5,265,480	543,290	7,691,830
706	Equipment Replacement	(602,710)	(452,710)	1,724,040	0	1,271,330
Grand Total		<u>2,231,930</u>	<u>205,024,500</u>	<u>20,808,810</u>	<u>33,627,750</u>	<u>259,461,060</u>

Percent of Net Revs.

NET EXPENDITURES BY TYPE - ALL FUNDS

Fiscal Year 2001/02

Fund No.	Fund Name	Personal Services	Supplies	Other Expenses	Debt Service	Capital
100	General Fund	63,514,125	3,357,220	17,619,850	0	0
201	State Street Aid	0	0	2,450,000	0	0
202	Community Improvement	0	0	360,000	0	0
209	Abandoned Vehicles	248,680	3,600	162,385	0	0
213	City Court	418,840	10,300	60,464	0	0
216	City Inspections	1,227,890	9,000	55,662	0	0
240	Miscellaneous Special Revenue	34,860	52,400	530,824	0	0
263	House Grants	0	0	0	0	0
264	Home Grants	0	0	1,428,080	0	0
269	Emergency Shelter Grants	0	0	88,000	0	0
270	Empowerment Zone	0	0	12,306,200	0	0
299	Community Development Block Grant	698,550	41,830	2,061,489	0	177,600
305	Debt Services	0	0	0	23,612,520	1,376,970
306	Tax Increment	0	0	0	489,150	0
401	Capital Projects	0	50,000	15,001,000	0	0
451	PWPF - 1999	0	0	455,000	0	0
501	Stormwater	733,750	28,710	94,211	0	0
503	Public Assembly Facilities	1,519,640	166,220	1,210,591	111,210	0
504	Metro Parking	0	0	573,870	150,050	0
505	Solid Waste	708,130	71,160	7,255,894	0	0
506	Convention Center	327,360	24,000	4,371,497	0	0
507	Mass Transportation	0	2,902,530	12,213,640	0	3,240,960
701	Office Services	103,060	183,000	151,702	0	0
702	Fleet Services	1,868,260	2,142,000	4,095,138	6,860	0
704	Risk Management	351,780	34,080	3,562,986	0	0
705	Health Care	130,790	7,110	7,510,492	0	0
706	Equipment Replacement	0	0	1,271,330	0	0
	Grand Total	<u>71,885,715</u>	<u>9,083,160</u>	<u>94,890,305</u>	<u>24,369,790</u>	<u>4,795,530</u>

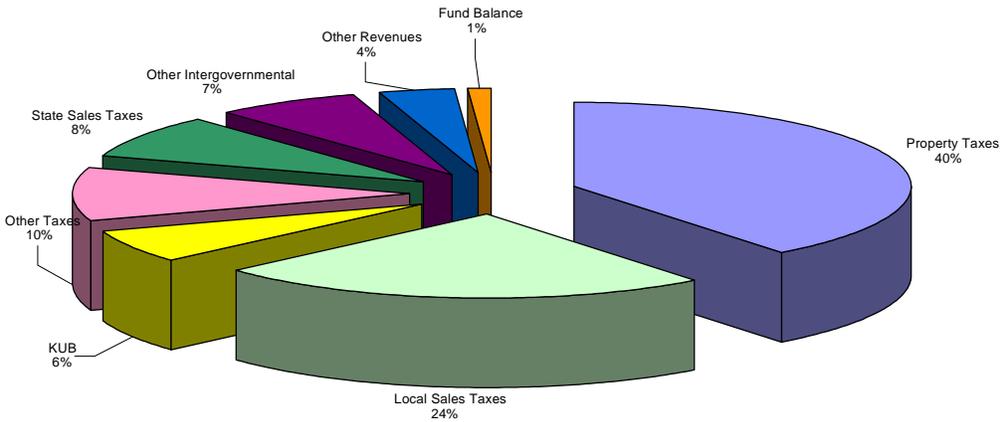
Percent of Net Exps. 35.06% 4.43% 46.28% 11.89% 2.34%

Fund No.	Fund Name	Net Expenditures	Interfund Charges Out	Interfund Transfers Out	Total Expenditures
100	General Fund	84,491,195	18,596,285	27,385,430	130,472,910
201	State Street Aid	2,450,000	0	3,715,000	6,165,000
202	Community Improvement	360,000	0	0	360,000
209	Abandoned Vehicles	414,665	25,115	0	439,780
213	City Court	489,604	86,536	1,851,560	2,427,700
216	City Inspections	1,292,552	336,528	0	1,629,080
240	Miscellaneous Special Revenue	618,084	2,586	0	620,670
263	House Grants	0	0	0	0
264	Home Grants	1,428,080	0	136,620	1,564,700
265	Hope Grants	0	0	0	0
269	Emergency Shelter Grants	88,000	0	0	88,000
270	Empowerment Zone	12,306,200	0	0	12,306,200
299	Community Development Block Grant	2,979,469	165,391	527,140	3,672,000
305	Debt Services	24,989,490	0	0	24,989,490
306	Tax Increment	489,150	0	0	489,150
401	Capital Projects	15,051,000	0	0	15,051,000
451	PWPF - 1999	455,000	0	0	455,000
501	Stormwater	856,671	131,279	0	987,950
503	Public Assembly Facilities	3,007,661	305,919	12,000	3,325,580
504	Metro Parking	723,920	9,260	0	733,180
505	Solid Waste	8,035,184	434,276	0	8,469,460
506	Convention Center	4,722,857	67,703	0	4,790,560
507	Mass Transportation	18,357,130	13,840	0	18,370,970
701	Office Services	437,762	91,828	0	529,590
702	Fleet Services	8,112,258	416,252	0	8,528,510
704	Risk Management	3,948,846	82,574	0	4,031,420
705	Health Care	7,648,392	43,438	0	7,691,830
706	Equipment Replacement	1,271,330	0	0	1,271,330
	Grand Total	<u>205,024,500</u>	<u>20,808,810</u>	<u>33,627,750</u>	<u>259,461,060</u>

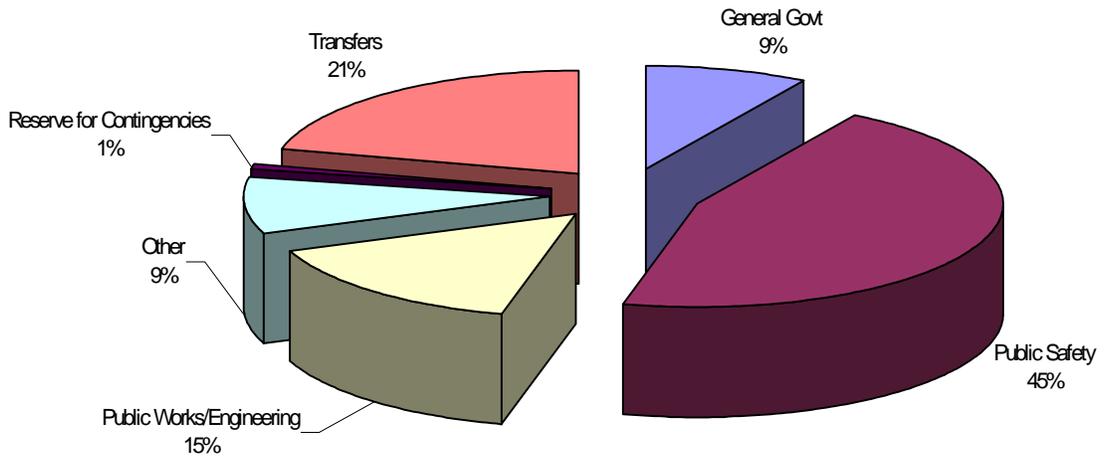
Percent of Net Exps. 100.00%

General Fund Revenue and Expenditures  
FY 2001-02

Where the money comes from



Where the money goes



## SUMMARY OF INTERFUND CHARGES

Fiscal Year 2001/02

From (Fund Name)	Fund No.	To Debt Service Fund (Fund 305)	To Office Services Fund (Fund 701)	To Fleet Services Fund (Fund 702)	To Risk Management Fund (Fund 702)	To Health Care Fund (Fund 705)	To Equipment Replacement Fund (Fund 706)	Grand Total
General Fund	100	1,095,210	406,060	7,865,230	3,015,740	4,584,835	1,629,210	18,596,285
Abandoned Vehicle	209	0	1,050	0	0	24,065	0	25,115
City Court	213	0	6,020	0	8,030	37,756	34,730	86,536
City Inspections	216	98,590	14,070	96,010	23,730	96,058	8,070	336,528
Miscellaneous Special Revenue	240	0	30	0	0	2,556	0	2,586
Community Development Block Grant	290	65,430	14,560	18,860	26,210	34,711	5,620	165,391
Stormwater	501	17,670	2,760	19,410	14,050	68,049	9,340	131,279
Coliseum/KCEC	503	0	4,500	73,970	114,680	106,589	6,180	305,919
Metro Parking	504	0	0	1,490	7,770	0	0	9,260
Solid Waste	505	13,060	3,750	315,460	31,030	68,606	2,370	434,276
Convention Center	506	0	2,600	2,510	36,610	23,643	2,340	67,703
Mass Transportation	507	0	0	0	0	0	13,840	13,840
Office Services	701	20,400	59,320	0	2,990	7,668	1,450	91,828
Fleet Services	702	18,280	4,230	135,570	78,320	173,692	6,160	416,252
Risk Management	704	28,870	6,340	0	14,850	27,884	4,630	82,574
Health Care	705	19,460	4,300	0	10,210	9,368	100	43,438
Grand Total		<u>1,376,970</u>	<u>529,590</u>	<u>8,528,510</u>	<u>3,384,220</u>	<u>5,265,480</u>	<u>1,724,040</u>	<u>20,808,810</u>

## SUMMARY OF INTERFUND TRANSFERS

Fiscal Year 2001/02

To (Fund Name)	Fund No.	From General Fund (Fund 100)	From State Street Aid Fund (Fund 201)	From City Court Fund (Fund 213)	From Home Fund (Fund 264)	From CDBG Fund (Fund 290)	From Colism./KCEC Fund (Fund 503)	Grand Total
General Fund	100	0	0	1,851,560	0	0	0	1,851,560
Community Improvement	202	360,000	0	0	0	0	0	360,000
City Inspections	216	217,330	0	0	0	0	0	217,330
Community Development Block Grant	290	0	0	0	136,620	0	0	136,620
Debt Service	305	0	0	0	0	527,140	0	527,140
Capital Projects	401	8,419,000	2,690,000	0	0	0	0	11,109,000
PWPF - 1999	451	455,000	0	0	0	0	0	455,000
Stormwater	501	982,950	0	0	0	0	0	982,950
Coliseum/KCEC	503	1,483,480	0	0	0	0	0	1,483,480
Metro Parking	504	102,880	0	0	0	0	0	102,880
Solid Waste	505	7,808,430	0	0	0	0	0	7,808,430
Convention Center	506	3,241,300	0	0	0	0	0	3,241,300
Mass Transportation	507	3,429,570	1,025,000	0	0	0	12,000	4,466,570
Fleet Services	702	0	0	0	0	0	0	0
Risk Management	704	342,200	0	0	0	0	0	342,200
Health Care	705	543,290	0	0	0	0	0	543,290
Equipment Replacement	706	0	0	0	0	0	0	0
Grand Total		<u>27,385,430</u>	<u>3,715,000</u>	<u>1,851,560</u>	<u>136,620</u>	<u>527,140</u>	<u>12,000</u>	<u>33,627,750</u>

**City of Knoxville**  
**SOURCES & USES OF FUNDS**  
Fiscal Year 2001/02

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Total All Funds
<b>Operating Revenue</b>							
Taxes	104,385,490	0	24,930,110	0	0	0	129,315,600
Licenses & Permits	296,740	1,397,750	0	0	0	0	1,694,490
Intergovt. Revenue	19,952,870	21,091,900	0	1,307,000	11,356,200	0	53,707,970
Charges For Serv.	714,170	326,000	1,376,970	0	4,195,670	19,491,840	26,104,650
Fines & Forfeits	245,200	2,937,370	0	0	0	0	3,182,570
Other Revenue	1,726,880	671,880	1,053,280	2,635,000	1,231,000	2,278,060	9,596,100
Total Oper. Revenues	<u>127,321,350</u>	<u>26,424,900</u>	<u>27,360,360</u>	<u>3,942,000</u>	<u>16,782,870</u>	<u>21,769,900</u>	<u>223,601,380</u>
<b>Operating Expenses</b>							
Personal Services	67,286,780	2,806,690	0	0	3,541,840	2,638,540	76,273,850
Supplies	3,357,220	117,130	0	50,000	3,192,620	2,366,190	9,083,160
Other Expenses	32,443,480	19,941,390	0	15,456,000	26,429,020	17,041,090	111,310,980
Debt Service	0	0	24,101,670	0	261,260	6,860	24,369,790
Capital	0	177,600	1,376,970	0	3,240,960	0	4,795,530
Total Oper. Expenses	<u>103,087,480</u>	<u>23,042,810</u>	<u>25,478,640</u>	<u>15,506,000</u>	<u>36,665,700</u>	<u>22,052,680</u>	<u>225,833,310</u>
Excess/Deficiency Revenues Over (Under) Expenses	<u>24,233,870</u>	<u>3,382,090</u>	<u>1,881,720</u>	<u>(11,564,000)</u>	<u>(19,882,830)</u>	<u>(282,780)</u>	<u>(2,231,930)</u>
<b>Other Fin. Sources/(Uses)</b>							
Transfers In	1,851,560	713,950	527,140	11,564,000	18,085,610	885,490	33,627,750
Transfers Out	<u>(27,385,430)</u>	<u>(6,230,320)</u>	0	0	<u>(12,000)</u>	0	<u>(33,627,750)</u>
Total Other Sources/Uses	<u>(25,533,870)</u>	<u>(5,516,370)</u>	<u>527,140</u>	<u>11,564,000</u>	<u>18,073,610</u>	<u>885,490</u>	<u>0</u>
Revenues & Sources Over (Under) Expenses & Uses	<u>(1,300,000)</u>	<u>(2,134,280)</u>	<u>2,408,860</u>	<u>0</u>	<u>(1,809,220)</u>	<u>602,710</u>	<u>(2,231,930)</u>
Est. Beginning Fund Balance	20,902,000	5,380,000	14,108,000	33,561,000	39,575,000	23,356,000	136,882,000
Est. Ending Fund Balance	<u>19,602,000</u>	<u>3,245,720</u>	<u>16,516,860</u>	<u>33,561,000</u>	<u>37,765,780</u>	<u>23,958,710</u>	<u>134,650,070</u>

Note that interfund charges are shown both as a revenue and an expenditure in this table. Thus the numbers contained here do not tie to the Net Budget figures.

**Authorized Positions by Department**

**Fiscal Year 2001/02**

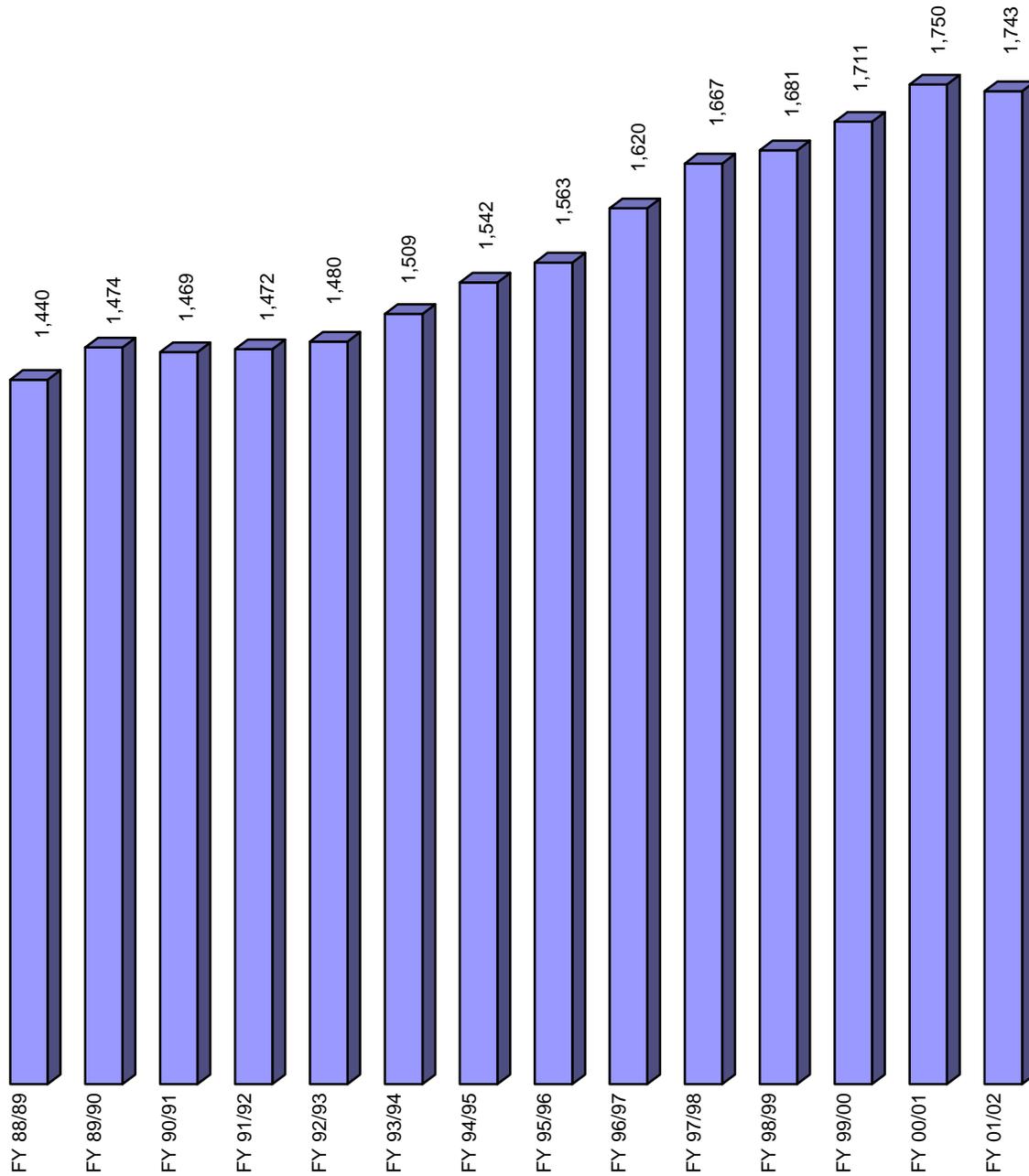
	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
<b>Full Time Positions</b>					
Administration	23	0	0	0	23
Finance	50	0	0	3	53
Law	14	0	0	12	26
Information Systems	30	0	0	0	30
Legislative	3	0	0	0	3
City Court	0	13	0	0	13
Civil Service	15	0	0	0	15
Police	557	1	0	0	558
Fire	370	0	0	0	370
Emergency Management	4	0	0	0	4
Public Service	303	0	32	0	335
Engineering	75	0	12	0	87
Development Services	7	49	0	0	56
Recreation	56	0	0	0	56
Public Assembly Facilities	0	0	47	0	47
Fleet Services	0	9	0	58	67
<b>Total Full Time</b>	<u>1,507</u>	<u>72</u>	<u>91</u>	<u>73</u>	<u>1,743</u>
<b>Part Time Positions</b>					
Finance	2	0	0	0	2
Law	1	0	0	0	1
Legislative	9	0	0	0	9
City Court	0	1	0	0	1
Police	42	0	0	0	42
Engineering	3	0	0	0	3
Recreation	15	0	0	0	15
<b>Total Part Time</b>	<u>72</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>73</u>
<b>Grand Total</b>	<u><u>1,579</u></u>	<u><u>73</u></u>	<u><u>91</u></u>	<u><u>73</u></u>	<u><u>1,816</u></u>

**Authorized Positions by Department**

**Fiscal Year 2001/02**

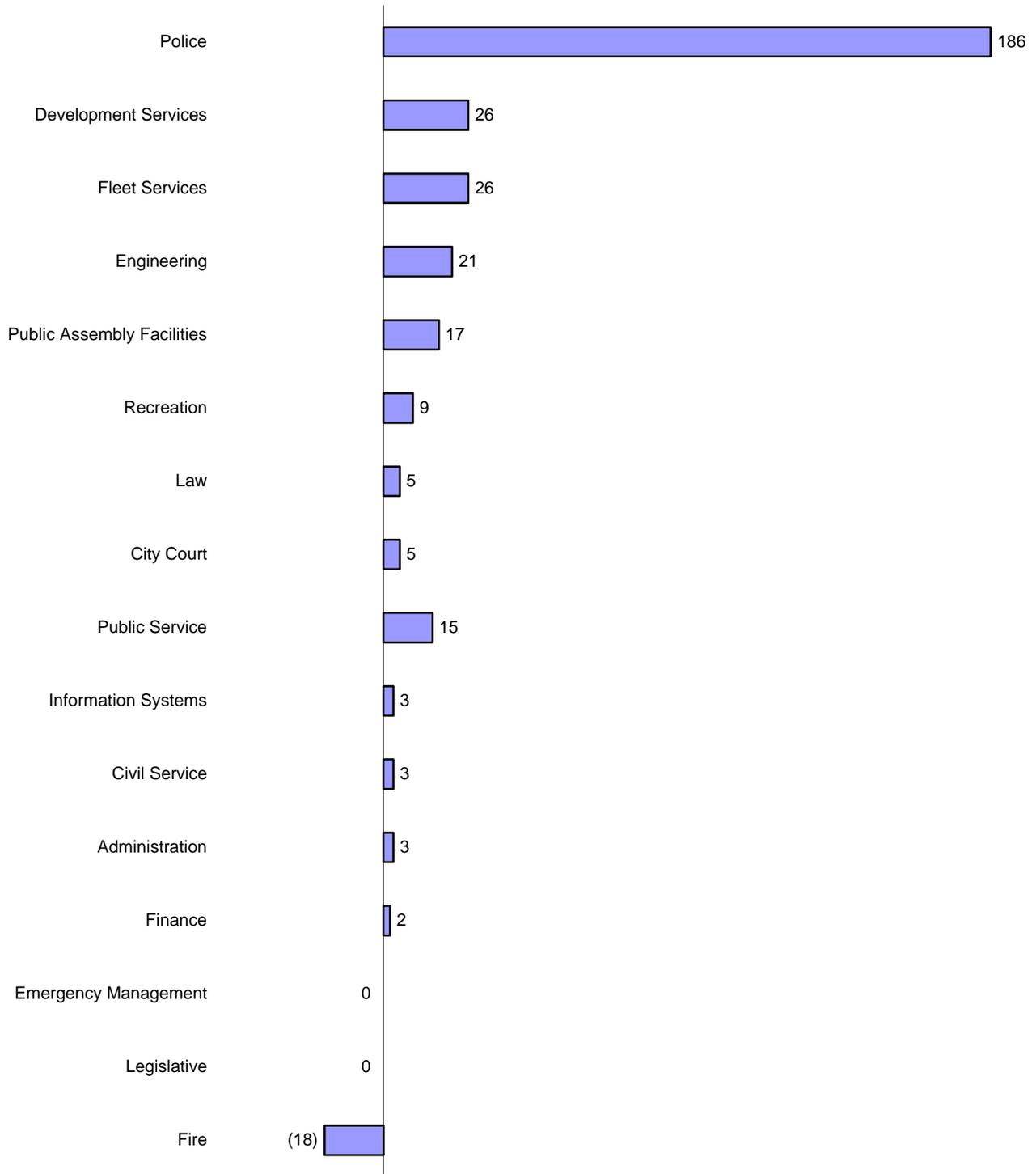
	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
<b>Full Time Positions</b>					
Administration	23	0	0	0	23
Finance	50	0	0	3	53
Law	14	0	0	12	26
Information Systems	30	0	0	0	30
Legislative	3	0	0	0	3
City Court	0	13	0	0	13
Civil Service	15	0	0	0	15
Police	557	1	0	0	558
Fire	370	0	0	0	370
Emergency Management	4	0	0	0	4
Public Service	303	0	32	0	335
Engineering	75	0	12	0	87
Development Services	7	49	0	0	56
Recreation	56	0	0	0	56
Public Assembly Facilities	0	0	47	0	47
Fleet Services	0	9	0	58	67
Total Full Time	<u>1,507</u>	<u>72</u>	<u>91</u>	<u>73</u>	<u>1,743</u>
<b>Part Time Positions</b>					
Finance	2	0	0	0	2
Law	1	0	0	0	1
Legislative	9	0	0	0	9
City Court	0	1	0	0	1
Police	42	0	0	0	42
Engineering	3	0	0	0	3
Recreation	15	0	0	0	15
Total Part Time	<u>72</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>73</u>
Grand Total	<u><u>1,579</u></u>	<u><u>73</u></u>	<u><u>91</u></u>	<u><u>73</u></u>	<u><u>1,816</u></u>

**City of Knoxville**  
**Authorized Full Time Personnel**  
Fiscal Years 1988/89 - 2001/02



**Changes in Full Time Budgeted Personnel**

Fiscal Years 1988/89 - 2001/02



**PART TIME PERSONNEL BY DEPARTMENT**

Fiscal Years 1988/89 - 2001/02

Department	FY 88/89	FY 89/90	FY 90/91	FY 91/92	FY 92/93	FY 93/94	FY 94/95	FY 95/96
Administration	0	1	0	1	1	1	0	0
Finance	0	0	0	0	2	2	2	1
Law	1	0	2	2	1	1	1	1
Legislative	10	10	10	10	10	10	10	9
City Court	1	1	1	1	1	1	1	1
Civil Service	6	5	5	5	0	0	0	0
Police	40	43	39	39	39	41	41	41
Engineering	3	3	3	3	4	4	4	4
Development Services	0	2	4	7	7	0	0	2
Recreation	19	27	16	15	17	17	15	16
Public Assembly Facilities	0	0	1	0	0	0	0	0
World's Fair Park	18	0	0	0	0	0	0	0
Fleet Services	0	0	0	0	0	1	1	0
<b>GRAND TOTAL</b>	<b>98</b>	<b>92</b>	<b>81</b>	<b>83</b>	<b>82</b>	<b>78</b>	<b>75</b>	<b>75</b>

Department	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02	Difference 00/01 - 01/02	Difference 88/89 - 01/02
Administration	0	0	1	1	0	0	0	0
Finance	1	2	2	2	2	2	0	2
Law	1	1	1	1	1	1	0	0
Legislative	9	9	9	9	9	9	0	(1)
City Court	1	1	1	1	1	1	0	0
Civil Service	0	0	0	0	0	0	0	(6)
Police	41	41	41	42	42	42	0	2
Engineering	6	6	6	6	4	3	(1)	0
Development Services	2	2	2	1	1	0	(1)	0
Recreation	15	15	15	15	15	15	0	(4)
Public Assembly Facilities	0	0	3	3	3	0	(3)	0
World's Fair Park	0	0	0	0	0	0	0	(18)
Fleet Services	0	0	0	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>76</b>	<b>77</b>	<b>81</b>	<b>81</b>	<b>78</b>	<b>73</b>	<b>(5)</b>	<b>(25)</b>

The above table shows the part-time staffing trends during the current administration. Note that the drop in staffing for World's Fair Park is attributable primarily to a change in classification. At the beginning of this administration all staff of the World's Fair Park were classified as part time. This changed in FY 89/90. The decline in Civil Service relates to a decision by the Civil Service Board to forego their salary. This results in the Board Members no longer being shown as part-time personnel.

**EFFECT OF TAX RATE ON HOMEOWNERS**

In FY 2001/2002 the proposed tax rate is \$3.04 per hundred dollars of assessed value, or the same rate as in FY 2000/01. The following charts summarize the effect of the city's property tax on homeowners. As shown, a residential home appraised at \$60,000 would be assessed at 25% of that value, or \$15,000. Taxes due are per \$100 of value, so the city property tax due for a \$60,000 home is \$456.00 (calculated by dividing \$15,000 by 100 and then multiplying by the city tax rate of \$3.04.) The average

appraised value for residential property is \$56,737 and the median appraised value for residential property is \$47,500 (half of the residential property is below this amount and half above it).

For the average residential homeowner the total city property tax bill is \$431.20. The median tax bill is \$361.00.

Figure 1

Appraised Value	Assessed Value (25%)	Property Tax Due
\$40,000	\$10,000	\$304.00
\$60,000	\$15,000	\$456.00
\$80,000	\$20,000	\$608.00
\$100,000	\$25,000	\$760.00

**City of Knoxville**  
**ASSESSED VALUES - ALL PROPERTY**

**Fiscal Years 1983/84 - 2001/02**

Calendar Year	Total Real Property	Personal Property	Public Utilities	Total Assessments
1983	1,082,167,280	67,770,971	105,429,104	1,255,367,355
1984	1,079,627,084	77,145,411	97,515,150	1,254,287,645
1985	1,096,798,493	88,685,584	87,087,426	1,272,571,503
1986	1,102,016,383	98,407,484	111,100,000	1,311,523,867
1987	1,104,867,214	108,752,668	100,627,110	1,314,246,992
1988	1,122,742,024	112,676,654	104,899,443	1,340,318,121
1989	1,140,611,597	132,423,393	95,316,739	1,368,351,729
1990	1,172,891,487	143,085,759	101,472,718	1,417,449,964
1991	1,212,029,673	135,710,493	98,142,916	1,445,883,082
1992	1,238,194,477	132,547,101	96,552,849	1,467,294,427
1993	1,614,026,310 *	163,270,996	111,997,273	1,889,294,579
1994	1,614,271,095	177,150,854	119,230,340	1,910,652,289
1995	1,618,398,558	177,681,038	112,540,638	1,908,620,234
1996	1,623,659,535	184,552,898	115,766,135	1,923,978,568
1997	1,878,801,360 *	218,591,024	126,746,927	2,224,139,311
1998	1,934,290,885	242,537,032	128,589,318	2,305,417,235
1999	1,982,169,765	258,297,182	139,643,315	2,380,110,262
2000	2,028,588,845	260,949,460	136,081,340	2,425,619,645
2001 (Est.)	2,069,156,460	263,558,950	136,054,120	2,468,769,530

\* The Property Assessor is required by law to undertake a complete reappraisal of property at least every ten years. These reappraisals were completed in 1993 and 1997. The tax year 2001 is also a reappraisal year. The reappraisal process is not complete as of publication. The numbers shown for 2001 do not include the impact of reappraisal.

Note that the assessments for each calendar year are reflected in the budget for the following year. For example the 1998 assessments are used in the FY 98/99 budget. Residential property is assessed at 25% of the appraised value. Commercial/Industrial property is assessed at 40% of the appraised value and public utility property is assessed at 55% of the appraised value. The majority of public utility property is appraised by the Tennessee Public Service Commission. Personal property is assessed at 30% of the appraised value.

**City of Knoxville**  
**CITY AND COUNTY PROPERTY TAX RATES**  
**FY 87/88 - FY 01/02**

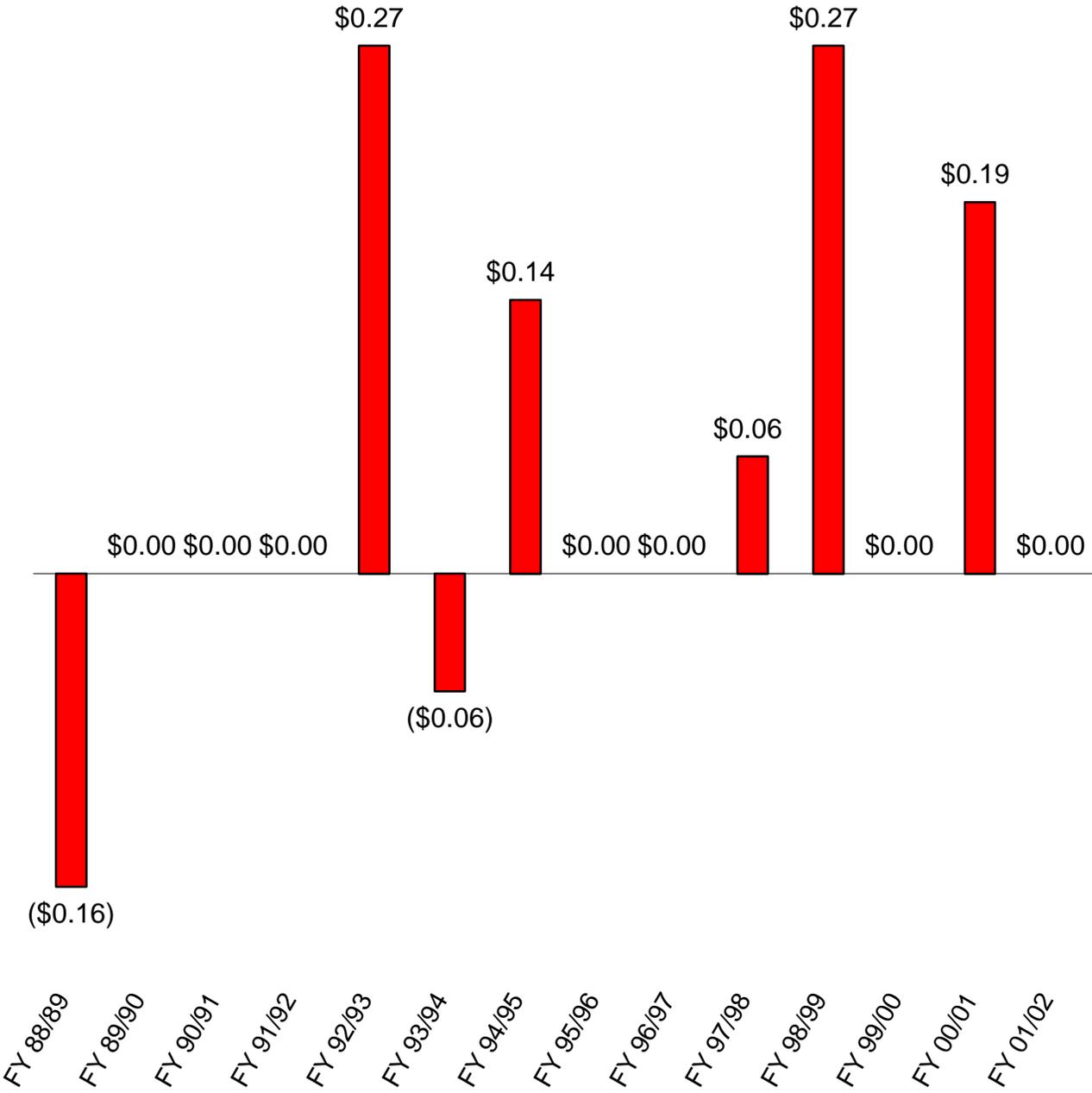
Fiscal Year	City Rate	County Rate	City Combined Rate
FY 87/88	\$3.40	2.76	\$6.16
FY 88/89	\$3.24	2.91	\$6.15
FY 89/90	\$3.24	2.85	\$6.09
FY 90/91	\$3.24	2.85	\$6.09
FY 91/92	\$3.24	3.07	\$6.31
FY 92/93	\$3.51	3.25	\$6.76
FY 93/94	\$2.73 *	2.91 *	\$5.64
FY 94/95	\$2.87	2.91	\$5.78
FY 95/96	\$2.87	3.16	\$6.03
FY 96/97	\$2.87	3.16	\$6.03
FY 97/98	\$2.58 *	2.77 *	\$5.35
FY 98/99	\$2.85	2.77	\$5.62
FY 99/00	\$2.85	3.32	\$6.17
FY 00/01	\$3.04	3.32	\$6.36
FY 01/02	\$3.04	3.32	\$6.36

\* The Property Assessor is required by law to undertake a complete reappraisal of property at least every ten years. This reappraisal was completed in 1993. 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 for the City was \$2.78 and for the County \$2.57. This rate in effect discounts the increases in value resulting from reappraisal. For example, had no reappraisal taken place the tax rate equivalent to \$2.87 for the City would be \$4.13 and the \$2.77 rate for the County would be equivalent to \$3.77.

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

# Changes in Property Tax Rate

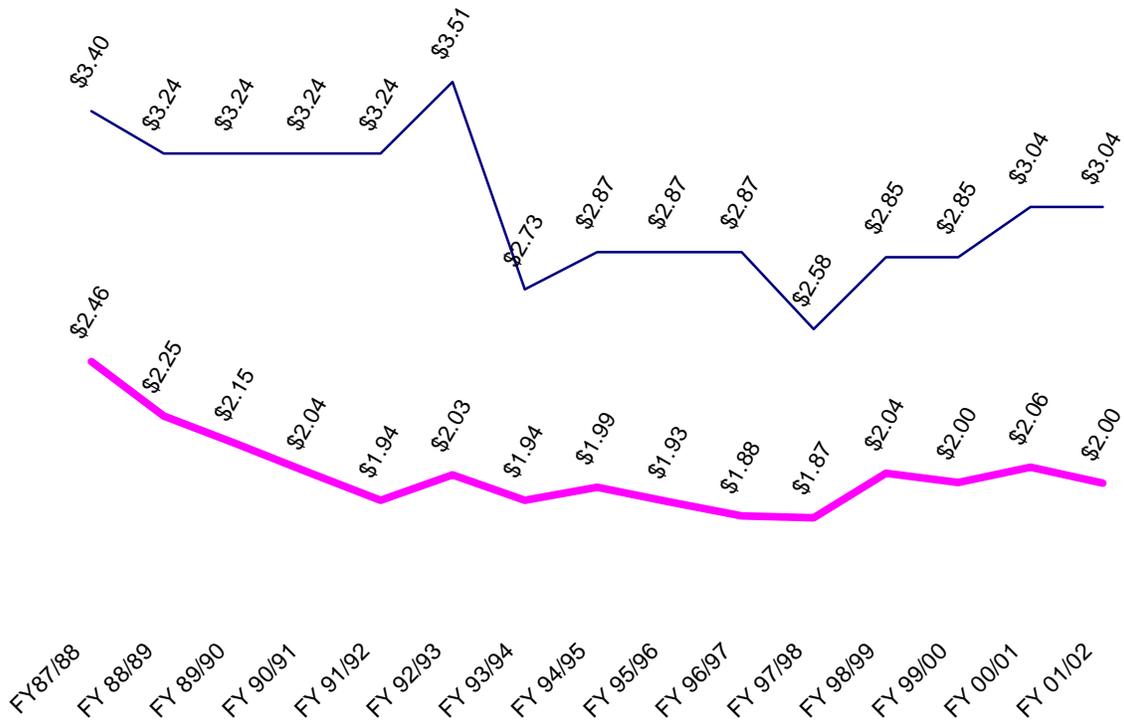
Fiscal Years 1988/89 - 2001/02



City of Knoxville

Adjusted/Equalized Tax Rate

Fiscal Years 1987/88 – 2001/02



The above chart compares 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 \$2.46 in Fiscal Year 1987/88 to \$2.00 in Fiscal Year 2001/02, a drop of forty-six cents (46¢) or 18.7%.