

GENERAL FUND EXPENDITURES

General Fund Overview

Budgeted General Fund expenditures for FY 05/06, including the reservation for contingencies, equal \$146,306,780. This is roughly 1.43% more than the FY 04/05 General Fund budget of \$144,239,540. The pages that follow explain the specific departmental changes which make up the change in general fund expenditures for the FY 05/06 budget. The purpose of this section is to give you a general overview of all expenditure categories.

TABLE 1

	FY04/05	FY05/06	Change
Personal Services	\$70,189,980	\$73,009,770	\$2,819,790
Supplies	2,973,310	2,996,140	22,830
Other Charges	35,038,770	37,833,550	2,794,780
Transfers Out	<u>36,037,480</u>	<u>32,467,320</u>	<u>(3,570,160)</u>
TOTAL	<u>\$144,239,540</u>	<u>\$146,306,780</u>	<u>\$2,067,240</u>

Personal Services

Personal Services, which include salaries and benefits, increase by \$2,819,790 or 4.02% when compared to the FY 04/05 budget. This increase is largely due to the required two and one-half percent (2.5%) salary increase for all non-probationary employees in July 2005. Another driving factor is increased health care costs. The City's share for individual health care coverage is up by approximately \$637,000 and the contribution for family coverage is up by approximately \$227,000. The number of full-time employees in the General Fund increases from 1,380 to 1,384 which represents an increase of 4 positions. Staffing changes also include the addition of six part-time positions within the General Fund. The

specific way each departmental budget is affected by these changes is discussed in more detail below, and in the executive summary.

Supplies

The category of "Supplies" is used to pay for such things as office supplies, operating supplies, and repair and maintenance items (chemicals, road salt, etc.) and operating equipment not paid for in the equipment replacement fund or capital budget. The budget for supplies category increases by \$22,830 or 0.77%. The functioning of the equipment replacement fund continues to result in reductions in operating equipment account.

Other Charges

The category entitled "Other Charges" includes such expenditures as postage, professional services, equipment leases, internal service charges, and other miscellaneous expenditures. For the FY 05/06 budget, this category increases by \$2,794,780 when compared to the previous fiscal year. Higher energy prices have had a major impact on the budget. Higher fuel prices led to a \$774,240 in Fleet Service charges. Utilities have also increased by \$243,620. Risk management charges, which are primarily affected by worker's compensation costs, increase by over \$700,000 continuing a recent trend.

Transfers

This grouping of expenditures represents fund transfers from the General Fund to various other funds of the City. Technically, transfers are listed as other charges. They are broken out here because they constitute such a large portion of the General Fund. The majority of the transfers are for subsidies to cover various Enterprise Funds. Total transfers decrease by \$3,570,160 from the previous fiscal year to a total of \$32,467,320. The largest change in transfers is a \$2,619,420 decrease in the transfer to Capital Projects. The amount going to the Inspections Fund decreases by \$22,430 due to continued increases in permit revenue gen-

erated by this operation. Transfers increase for Chilhowee Park by \$50,950 and the subsidy for the Civic Auditorium/Coliseum increases by \$56,740. The transfer for the Convention Center decreases by \$943,950. Transfers to Mass Transit increase by \$1,070,870 to a total of \$4,727,790. The amount the City contributes to offset retiree health care costs jumps by \$26,170. Other increases include \$13,540 for Stormwater and \$355,900 for Solid Waste.

Mayor's Office/Administration

The proposed FY 05/06 Administration budget increases by 21.9% or \$371,780.00 when compared to FY 04/05. The additional costs in this department are mostly due to the full year funding of the 311 call center. Personal services costs increased by \$238,030. Supply costs increased by \$8,170 and other expense costs increased by \$125,580.

Finance & Accountability

Finance Division

The FY 05/06 budget for the Finance and Accountability Department increase by \$245,020 or 8.3% when compared to FY 04/05. Overall, personal services expenditures increase by \$148,220. This is the result of the addition of an Internal Auditor position, whose main responsibilities involve performance auditing and process improvement, and the proposed salary increase and increased health care expenses. In addition, \$40,000 is budgeted to cover the expenses resulting from Finance Division employees enrolling in the DROP program. Supply costs remain the same, while other charges increase by \$97,190. This is primarily attributable to an increase in the amount budgeted in Professional Services. The latter increases to cover the legal costs associated with tax sale work conducted by the Revenue Section, and work required by new Internal Auditor.

Information Systems Division

The FY 05/06 budget for the Information Systems Department increases by \$283,280, or 9.6%, compared to FY 04/05. Personal services increases by \$45,690 due to the proposed salary increase and increased health premiums. Supplies decrease by \$4,400 while other charges increase by \$241,990. The majority of the increase for other charges is due to an increase of \$132,890 for leases of computer equipment and increased

maintenance costs relating to the new financial system and 311 call system.

Operations & Engineering

Engineering Division

The Department of Engineering budget for FY 05/06 decreases by \$1,039,490 or 20% when compared to the previous fiscal year. This decrease is entirely due to the shift of the Facilities Maintenance division (25 employees) from the Engineering Division to the Service Department. Personal services decrease \$718,800. Supply costs decrease by \$177,580, and other charges decrease by \$143,110.

Community & Neighborhood Services

Public Service Division

The FY 05/06 proposed budget for the Public Service Division totals \$16,999,100. This is an increase of \$2,665,260. Personal services costs increase by \$1,401,550 due primarily to the Facilities Maintenance section (25 employees) being transferred to the Public Service Division from the Engineering Division. Supply costs increase \$172,690 and other cost increase \$1,091,020. The major causes for the increase in the 'other costs' category are higher Fleet Services (\$462,730) and Risk Management (\$275,580) costs.

Development Division

The proposed budget for the Division of Development (Economic Administration) for FY 05/06 is \$566,690, a decrease of \$27,240 when compared to the budget for FY 04/05. Personal service costs drop slightly as a result of shifting personnel from the General Fund to the Community Development Block Grant Fund (Fund 290). Other Charges drop slightly from reductions in building rental costs, and other miscellaneous changes.

The General Fund budget for the Community Development division is eliminated in FY 05/06, a reduction of \$43,750. This is attributable to the one individual in this division being moved to fund 290.

Parks and Recreation Division

The Parks and Recreation budget for FY 05/06 decreases by \$300,630. Personal services drops by \$327,270 when compared to FY 04/05. This is entirely by the shift of the Senior Aide's budget from the General Fund to a new fund (250500).

Were it not for this change personal service costs would show an increase of \$79,150. The latter is attributable to the overall salary and health care increases. Supply costs show a small increase of \$3,340. The 'Other Cost' category increases by \$23,300 due to higher amounts for fleet service charges and utility costs.

Mass Transit Division (Grant Match)

The Mass Transit Grant Match totals \$882,950, an increase of \$25,710. This funding is sufficient to meet the City's current grant match requirements.

Law

The FY 05/06 budget for the Law Department increases by \$68,150 when compared to the FY 04/05 budget. Personal Services increase by \$23,380 due to salary increases (\$21,444) and the projected increase in health costs. Supply costs remain the same as FY 04/05. Other charges increase by \$41,770 due to increases for Legal Notices (\$40,000) and Professional Services (\$20,000).

Police

Police Division

The FY05/06 budget for the Police Department is \$39,064,840 an increase of \$1,466,340 or 3.9%, over FY 04/05. Personal Services increase by \$1,368,170. This increase is due to increases in Regular Salaries (\$598,347), other compensation expenses relating to anticipated DROP enrollees (\$125,000), pension cost increases (\$333,175) and health costs (\$278,220).

Supply costs remain the same at \$930,020. Other costs increased \$98,170 mainly due to an increase in Fleet Services. The authorized strength for uniformed positions remains 414.

Emergency Management Division

The FY 05/06 budget for Emergency Management increases by \$10,480 from last year. The change in the budget is primarily due to salary and health care increases (\$4,462) and an increase in the amount budgeted for Operating Equipment (\$5,140.00).

Fire

The FY 05/06 proposed budget for the Fire Department is \$27,413,660 representing an

increase of \$1,715,640 or 6.68% over FY 04/05. Personal services increase \$615,260 due to the proposed two and one-half percent salary increase and higher health insurance costs.

Supplies increase by \$15,200, while other charges increase by \$1,085,180. The other charges category increases mainly because of an increase in risk management charges of \$612,250.

The authorized strength for the uniformed personnel for FY 04/05 remains at 328. The non-uniformed personnel also remain the same at eleven (11) positions for a total department count of three hundred thirty-nine (339).

Board Administered Departments

Civil Service Department

The Civil Service budget for FY 05/06 increases by \$60,680.00 to a total of \$948,550. Personal services costs grow by \$46,290 due to the addition of a part-time position, increases in health insurance and pension along with salary increases. Supply costs drop by \$2,000. There is a \$16,390 increase in the other costs category due to additional funds being budgeted for print services and postage.

Non-departmental

City Elections Division

Pursuant to state law, all elections are managed by the Knox County Commission. The Commission charges the City for its proportionate share of any primary or general elections. The FY05/06 budget increases to \$265,000 because a general city election is scheduled for this fiscal year.

Waterfront Division

The FY 05/06 Waterfront budget increases by \$83,650, primarily relating to utility costs. The Public Building Authority (PBA) will continue to manage Volunteer Landing on behalf of the City.

Other Funds

State Street Aid (Fund 201)

The State Street Aid budget increases by \$9,000 for FY 05/06. Transfers for FY05/06 for this fund remain at \$1,275,000 for capital. Street lighting expenditures increase by \$410,000. The transfer for Capital projects includes funding of \$200,000

for the Sidewalk Safety Program, \$650,000 for the Bridge Maintenance program, \$175,000 for the Traffic Signal Program and \$250,000 for the Curb Cut program. The balance of available funds are used to help fund the operations of the transit system.

Abandoned Vehicles (Fund 209)

The FY 05/06 budget for the Abandoned Vehicles Fund totals \$594,840, which is an increase of \$85,890 over FY 04/05. This increase is directly related to higher towing expenses.

City Court (Fund 213)

The total budget for City Court is \$3,678,500. City Court is self-funded from fees it collects. Actual budgeted expenditures are \$685,370. Projected excess fees collected, which are transferred to the General Fund, are \$2,993,130, which is a 4.3% increase from FY 04/05.

City Inspections (Fund 216)

General Fund support for FY 04/05 is \$253,820, a decrease of \$22,430 from FY 03/04. Budgeted Inspection Fees increase by \$129,900 from the previous fiscal year, reducing the need for general fund support. The total Inspections budget increases by \$107,690 largely due to higher risk management and fleet charges.

Stormwater (Fund 220)

The proposed budget for FY 05/06 increases by \$49,440 or 2.65% compared to the previous fiscal year. Personal services increase \$46,090 due to the proposed salary increase (two and one-half percent) and increases in pension and health costs. Supplies decrease by \$580 and other charges decrease by \$4,980.

Solid Waste (Fund 230)

The Public Service Division of the Community and Neighborhood Services Department manages the Solid Waste Management Fund. The FY 05/06 budget for Solid Waste is \$10,312,720, an increase of \$293,020 from the prior year. Personnel costs increase by only \$14,630 due increased salary, health, and pension costs, offset in part by the reduction of one position. The General Fund transfer to Solid Waste is budgeted at \$9,525,600, an increase of \$355,900 from last year. Professional services costs increase by \$144,550, resulting from contractually obligated

cost escalators. Fleet services charges increase by \$58,140.

Housing Grants (Fund 260)

Beginning with FY 98/99, various housing grants administered by the Community Development division of the Community and Neighborhood are budgeted. The total for FY 05/06 grants is \$1,814,070. Funding is for the Home Grant (\$1,731,340) and an Emergency Shelter grant of \$82,730. The Home Grant is reduced this year by \$70,650.

Empowerment Zone (Fund 270)

The City of Knoxville was one of fifteen cities nationwide to be awarded an Empowerment Zone Grant. This grant is administered by the Department of Development. Funds are being used in the "Heart of Knoxville" to encourage business development through small business loans, housing growth, job training, and community pride. In FY 05/06, \$666,000 is budgeted. This is a decrease of \$328,100.

Community Development (Fund 290)

The Community Development Fund is managed by the Development Division of the Community and Neighborhood Services Department. The overall budget for Community Development is \$4,067,940, an increase of \$722,720. The Community Development Block Grant for FY 05/06 is \$2,144,920. This represents a decrease of \$117,080 from last year.

Public Assembly Facilities (Fund 503)

The Public Assembly Facilities Fund includes operations at the Civic Coliseum/Auditorium and Chilhowee Park. The proposed FY05/06 budget increases by \$107,690 over FY 04/05. Personal services increases by \$68,870 due to additional funds being budgeted for Overtime (\$45,000) and health costs. Supply costs remain the same as FY 04/05. Other charges increase by \$38,820, mostly due to anticipated utility expenses.

Metro Parking (Fund 504)

The Metro Parking Fund is overseen by Engineering personnel and includes operational costs for the State Street and Main Avenue Garages as well as, for the first time, parking at Jackson Avenue. The FY 05/06 budget increases by \$333,930 or 46% compared to last fiscal year,

due largely to the addition of the Jackson Avenue lot. The costs associated with this lot are expected to be more than offset by monthly parking permit charges. There are no personnel service or supply costs in this fund. This budget includes a \$50,000 transfer to the Capital Projects Fund to pay for improvements to the State Street Garage.

Knoxville Convention Center (Fund 506)

This fund includes the Locust Street Garage and the City's Convention Center, as well as debt service and depreciation associated with these facilities. The total budget for this fund is \$22,299,240 which represents a \$784,010 increase from FY04/05. The change relates to anticipated increases in bookings in the facilities. The operating subsidy required, in fact, decreases in the upcoming budget.

Mass Transportation (Fund 507)

The FY 05/06 budget for Mass Transit operations is \$14,467,100. The budget includes all three divisions of KAT; Motor Buses, Trolleys, and Lifts (paratransit). Operating expenses increase by \$1,283,010. This is mainly due to salary increases, health care costs and fuel costs. Mass Transit is a division of the Community and Neighborhood Services Department.

Fleet Services (Fund 702)

The Fleet Services Operating Fund increases by \$1,414,920. The total budget for FY 05/06 is

\$9,648,980. Personal services expenditures increase by \$150,473 due mainly to the proposed two and one-half percent (2.5%) salary increase and an increase in health insurance expenses. Supplies increase \$695,310 largely due to higher fuel prices. The Fleet Service Equipment Replacement Fund is budgeted at \$4,096,480.

Risk Management (Fund 704)

The Risk Management Fund is a division of the Finance and Accountability Department. The budget for FY 05/06 increases by \$798,950 (or 11.7%) to \$7,626,580 from the previous fiscal year. This is attributable mainly to increases in Worker's Compensation costs.

Health Care (Fund 705)

The FY 05/06 budget for Health Care increases by \$1,308,140 or 9.2% from FY 04/05 to \$15,447,950. Premiums for Health Care are projected to increase. The percentage that the employee and retiree must contribute remains the same for FY05/06. Individuals will continue to contribute ten percent (10%) of their coverage, individuals with family coverage will continue to contribute thirty percent (30%) of family coverage and retirees percentage remains the same with sixty percent (60%) contribution of their coverage.