



**CITY OF KNOXVILLE**  
BILL HASLAM, MAYOR



# **FY 2006/2007 PROPOSED OPERATING BUDGET**

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**FISCAL YEAR 2006-2007  
PROPOSED ANNUAL OPERATING BUDGET  
CITY OF KNOXVILLE, TENNESSEE**

**MAYOR**  
Bill Haslam

**MEMBERS OF CITY COUNCIL**

District One:	Joe Hultquist
District Two:	Barbara Pelot
District Three:	Steve Hall
District Four:	Rob Frost
District Five:	Bob Becker
District Six:	Mark Brown, Vice Mayor
At-Large:	Joe Bailey
At-Large:	Marilyn Roddy
At-Large:	Chris Woodhull

**SENIOR DIRECTOR - FINANCE AND ACCOUNTABILITY**  
Christopher P. Kinney

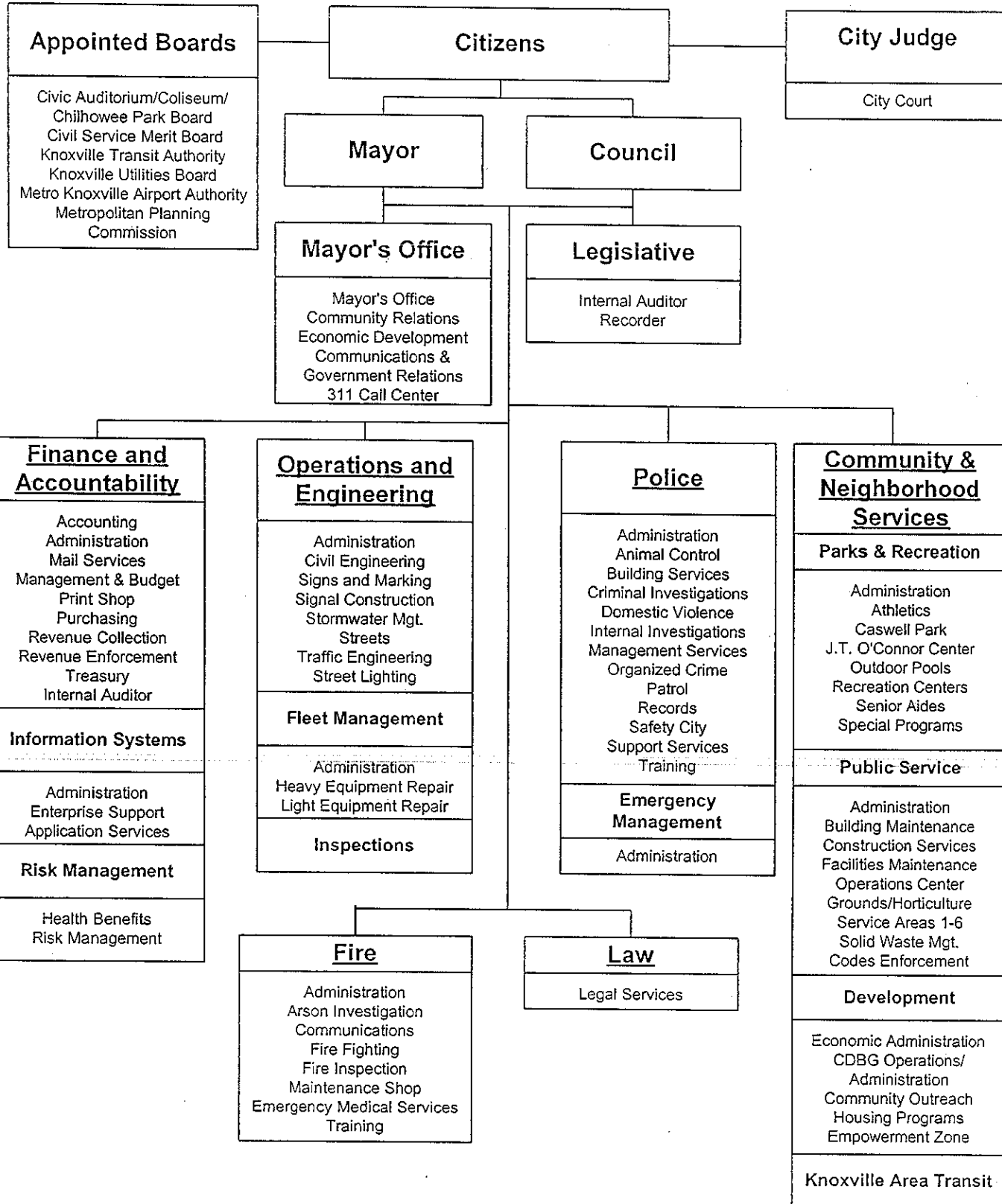
**DEPUTY FINANCE DIRECTOR**  
James York

**OFFICE OF MANAGEMENT AND BUDGET**  
John Harold, Financial Analyst  
Blake Young, Financial Analyst

A special thank you to all the departments that contributed to this document.  
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# City of Knoxville

## Organizational Structure



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## Executive Summary

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The FY 06/07 budget, like all budgets, serves as a vision for the future. It is a means by which one establishes priorities and provides a mechanism for delivering on those priorities. The decisions that shape this budget have a lasting impact. Good decisions result in increased investment and future positive returns while poor decisions limit future flexibility and may result in unanticipated consequences and problems.

### General Overview

The proposed property tax rate for FY 06/07 is \$2.81 per hundred dollars of assessed value. Of this amount \$0.75 goes to the Debt Service fund to pay for bonded debt costs. The proposed tax rate is unchanged from FY 05/06. The average residential property in the City of Knoxville is appraised at \$82,324. For the average residential homeowner the total taxes paid will equal \$578.33. When adjusted for the impact of inflation and countywide reappraisals, the proposed tax rate is actually lower than it was ten years ago.

The total operating budget in fiscal year 2006/07 is \$313,849,490. The net budget, i.e., excluding interfund transfers and charges, which are effectively double counted within the budget, is \$232,423,890. The budget for the General Fund, which is the main operating fund of the city, equals \$155,253,980.

Budgeted personnel for FY 06/07 total 1,607 full-time positions and 62 part-time positions. This represents a gain of five full-time positions and a loss of one part-time position.

### Administrative Goals

The FY 06/07 budget is guided by the goals of this administration, as outlined in the strategic plan, "KNOXVILLE WORKS". These goals are:

Stronger, safer neighborhoods

City services you can count on at a competitive price

An energized downtown; everybody's neighborhood

More and better jobs

### Stronger, Safer Neighborhoods

As in the past, the largest portion of the budget is devoted to the operations of the Police and Fire Departments. As part of this budget, funding is provided to add two training specialists and four cadets to the Police Department staff. By doing this, we will be able to reassign officers who have been performing certain training functions and other duties, back into patrol. The cadets will also be able to assume some duties such as parking enforcement and other activities, which also free up officer's time to perform other safety functions.

Funding is also provided for improvements to Fire Station 14 and Fire Station 11. Additional funding is provided for such things as maintenance, utilities, fuel, and other expenses.

Stronger safer neighborhoods are, however, more than quality police and fire protection. It is important that these neighborhoods have quality infrastructure, and are free from blight. This budget provides \$200,000 in startup funding to address chronic problem properties, and another \$100,000 is appropriated for a commercial façade improvement program. The budget grants \$20,000 to Knox Heritage to help them promote historic restoration throughout the City.

The City has an on-going program to pave and maintain streets on a regular basis. Our schedule seeks to pave arterial streets at least once per every ten years, collector streets per every fifteen years, and residential streets at least once per every twenty years. To maintain this schedule the budget includes \$4.2 million for the City's paving program, an increase of \$1 million when compared to the prior year budget.

The budget continues annual funding of \$650,000 for the bridge replacement program. Funding is specifically designated for contin-

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## Executive Summary

ued improvements to traffic signals. Also included is match money for various TEA-21 projects, with the main portion being used for improvements on Pleasant Ridge Road. Funding of \$300,000 is also included for road improvements at the Valley View - Washington Pike intersection. Funding of approximately \$1.5 million is also proposed for South Knoxville transportation improvements.

This budget includes \$100,000 to continue the traffic-calming program. Funding of \$200,000 is provided for ballpark and tennis court improvements in parks throughout the City.

A total of \$125,000 is recommended for expansion of the greenway system. Funding is also included to build restroom facilities in various parks. A total of \$200,000 is also recommended for golf course improvements.

A total of \$200,000 is provided for sidewalk repair and maintenance. Additionally, \$400,000 is funded for new sidewalk construction, one of the most requested improvements cited in the citywide survey. Another \$250,000 is provided for ADA sidewalk enhancements.

The budget provides an array of funding to address drainage improvements in the neighborhoods. A total of \$1 million is provided to continue work in the First Creek drainage area, \$1.1 million is appropriated for Third Creek restoration, and \$800,000 is recommended to resolve drainage concerns in the Cross Park Drive area. In addition, \$250,000 is budgeted to continue the neighborhood drainage program, while \$112,750 is to complete the Emily Avenue drainage project.

### **City Services at a Competitive Price**

As mentioned earlier, one of the primary objectives of this budget is to increase efficiency. In the short term this requires some operating and capital investment, which will generate savings and improved operations later.

The City initiated a 311 Call Center in FY 05/06. This center has redressed issues in

response times, and has freed up resources in other areas. As a result of the effectiveness of this program, it is possible to eliminate positions in the Public Service Division, Police Department, Finance Department, Parks and Recreation Department, and the Civil Service Department.

The budget continues to replace old and outdated computer systems. In FY 05/06 funding was provided to replace the City's outdated financial reporting system. In FY 06/07 we will begin the replacement of the City's fleet management system, pay for the City's portion of upgrades relating to the Knoxville Geographic Information System, and begin work to improve the permit tracking system.

The City is continuing to refine its performance measurement system. The costs of doing this are incorporated into existing budgets but it is expected to result in improvements in future years. As part of this performance system the budget funds \$600,000 to be used for performance pay.

### **An Energized Downtown**

The Mayor has called the downtown area "everybody's neighborhood", and the budget continues to address the development of the area. Specifically the budget provides \$2 million, a large portion of which is federal grants, for improvements in the State Street area. Also included is proposed funding of \$480,000 for replacement of the Jackson Avenue ramps, and \$500,000 for South Gay Street sidewalk improvements. To continue on the momentum of the proposed new cinema, the budget proposes \$500,000 in improvements to 500 block of Gay Street. Funding for this is to come from the sale of buildings in this area. Funding is also proposed for a Downtown improvements program, and a downtown streetscapes program..

A portion of this budget is also dedicated to historic preservation efforts in our downtown. It is vitally important that we continue to recognize our past as well as plan for our future, and we hope to do this with a \$75,000

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## Executive Summary

contribution, the second year of a two year commitment, to be used in the renovation of the Bijou Theatre. Funding is also provided for the historic Tennessee Theatre.

The downtown renovation is also moving southward. In the FY 05/06 budget funding was provided to begin the south Knoxville waterfront master plan. In this budget an additional \$1 million is recommended to continue these efforts.

### More and Better Jobs

A solid economy is essential for any city. Recent efforts have shown promise in this area. The expansion of the Sysco Corporation to the Knoxville area promises to add over 300 high paying jobs. In addition over 400 jobs have been created through various business expansions. This budget seeks to capitalize on this base and further enhance it.

The Knoxville Zoo is one of the most visited attractions in the East Tennessee area and the budget contains \$750,000 to be used for renovation of existing facilities and add facilities to the Kid's Cove area. This is the second phase of a multi-year contribution for this project.

The budget also continues the financial commitment to the Tourism and Sports Development Corporation to help promote tourism efforts and to attract visitors to the new Convention Center. Enhancing cultural opportunities also effects economic development. Operating contributions are made to the Knoxville Symphony, the Art Museum, and several other arts and cultural groups.

Job creation is a key objective of the Haslam administration. The proposed budget includes \$400,000 for the Jobs Now campaign, as well as other funding to aid the Chamber Partnership in their economic development efforts.

### Funding Issues

A number of challenges presented themselves during the preparation of this budget. In the

recent past the City had significantly drawn upon its General Fund fund balance (reserves) to cover costs. This trend was stopped in FY 05/06. This budget also does not propose to utilize any General Fund balance. This is done to avoid jeopardizing the City's bond ratings and creating potential cash flow problems.

The City maintains a pension fund for its employees. Contributions are based on a five year smoothing formula. The prior performance of the stock market has affected the portfolio of this plan and has made it necessary to again increase the City's contribution rate this year to maintain full funding of the plan. The additional cost of doing this is approximately \$1.6 million over last year..

The high cost of fuel and continuing utility rate increases have made it more difficult to contain costs. The budget assumes that fuel price hikes will not abate and adds approximately \$1 million to cover the costs of this commodity. Utility costs are also forecast to increase by approximately \$1.4 million.

The budget includes a 2.5% salary increase for all non-probationary employees effective for the full fiscal year. The budget also provides funding to implement the recommendations of the City's salary survey. These funds will primarily benefit entry level and lower paid workers. Total cost of the salary adjustments is approximately \$1.5 million.

### Accounting Changes

There are some accounting changes which affect comparisons between the FY 05/06 and FY 06/07 budgets. These changes primarily deal with some shifts in personnel. For example, some Police Department personnel have shifted from the General Fund to various special revenue funds. Conversely the Solid Waste Administration section, previously budgeted in the Solid Waste Fund, has been moved to the Public Service Administration and Codes Enforcement Sections within the General Fund. The change in financial systems has also resulted in several new accounts being created. As a result items previ-

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## Executive Summary

ously budgeted in one account may now be found among several other accounts. This affects only the account detail and should not generally affect comparisons at the Division or Department levels.

### CONCLUSION

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



## BUDGET COMPARISON - ALL FUNDS

Fiscal Year 2006/07

Fund No.	Fund Name	Adopted FY 05/06 Budget	Proposed FY 06/07 Budget	Dollar Change FY 05/06 - 06/07	Percentage Change FY 05/06 - 06/07
100	<b>General Fund</b>	146,308,600	155,253,980	8,945,380	6.11%
	<b>Special Revenue Funds</b>				
201	State Street Aid	4,915,000	4,915,000	0	0.00%
202	Community Improvement	90,000	90,000	0	0.00%
209	Abandoned Vehicles	593,880	587,850	(6,030)	(1.02%)
213	City Court	3,678,500	3,950,480	271,980	7.39%
216	City Inspections	2,004,740	2,078,630	73,890	3.69%
220	Stormwater	1,910,930	1,969,660	58,730	3.07%
230	Solid Waste	10,309,250	9,994,290	(314,960)	(3.06%)
240	Miscellaneous Special Revenue	3,415,500	1,839,350	(1,576,150)	(46.15%)
250	Senior Aides	456,630	477,350	20,720	4.54%
264	Home Grants	1,731,340	1,673,210	(58,130)	(3.36%)
269	Emergency Shelter Grants	82,730	82,230	(500)	(0.60%)
270	Empowerment Zone	666,000	0	(666,000)	(100.00%)
290	Community Development Block Grant	4,067,940	2,269,750	(1,798,190)	(44.20%)
	Subtotal - Special Revenue Funds	33,922,440	29,927,800	(3,994,640)	(11.78%)
	<b>Debt Service Funds</b>				
305	Debt Services	20,671,840	24,735,780	4,063,940	19.66%
	Subtotal - Debt Service Funds	20,671,840	24,735,780	4,063,940	19.66%
	<b>Capital Projects Funds</b>				
401	Capital Projects	30,772,000	26,708,300	(4,063,700)	(13.21%)
451	Chilhowee Park	55,400	0	(55,400)	(100.00%)
	Subtotal - Capital Projects Funds	30,827,400	26,708,300	(4,119,100)	(13.36%)
	<b>Enterprise Funds</b>				
503	Public Assembly Facilities	3,638,070	3,820,370	182,300	5.01%
504	Metro Parking	1,059,820	1,025,840	(33,980)	(3.21%)
506	Convention Center	20,299,240	21,374,630	1,075,390	5.30%
507	Mass Transportation	14,467,100	16,310,950	1,843,850	12.75%
	Subtotal - Enterprise Funds	39,464,230	42,531,790	3,067,560	7.77%
	<b>Internal Service Funds</b>				
701	Office Services	454,500	210,380	(244,120)	(53.71%)
702	Fleet Services	9,640,670	10,694,800	1,054,130	10.93%
704	Risk Management	7,625,160	8,243,840	618,680	8.11%
705	Health Care	15,103,880	12,168,330	(2,935,550)	(19.44%)
706	Equipment Replacement	1,588,160	1,828,300	240,140	15.12%
707	City Building	1,403,860	1,546,190	142,330	10.14%
	Subtotal - Internal Service Funds	35,816,230	34,691,840	(1,124,390)	(3.14%)
	<b>Grand Total</b>	<b>307,010,740</b>	<b>313,849,490</b>	<b>6,838,750</b>	<b>2.23%</b>

## TOTAL EXPENDITURES BY DEPARTMENT

Fiscal Year 2006/07

Department	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	2,153,940	0	0	2,650,000	0	0	4,803,940
Finance and Accountability							
Finance	3,316,640	0	50,000	0	0	22,450,850	25,817,490
Information Systems	3,366,160	0	0	0	0	0	3,366,160
Subtotal - Finance & Accountability	6,682,800	0	50,000	0	0	22,450,850	29,183,650
Operations & Engineering							
Engineering	5,292,740	5,312,370	0	15,798,250	0	0	26,403,360
Fleet Services	0	587,850	0	95,000	0	10,694,800	11,377,650
Inspections	0	2,078,630	0	0	0	0	2,078,630
Subtotal - Operations & Engineering	5,292,740	7,978,850	0	15,893,250	0	10,694,800	39,859,640
Community and Neighborhood Services							
Public Services	18,510,720	10,283,080	0	700,000	0	0	29,493,800
Development Services	733,500	0	0	500,000	0	0	1,233,500
Community Development	0	3,825,190	0	0	0	0	3,825,190
Recreation	5,832,910	557,350	0	700,000	0	0	7,090,260
Knoxville Area Transit (KAT)	830,000	0	0	4,373,650	16,310,950	0	21,514,600
Subtotal - Community & Neighborhood Serv.	25,907,130	14,665,620	0	6,273,650	16,310,950	0	63,157,350
Law	1,572,040	0	0	0	0	0	1,572,040
Police							
Police	40,701,280	1,562,850	0	46,200	0	0	42,310,330
Emergency Management	284,390	0	0	0	0	0	284,390
Subtotal - Police	40,985,670	1,562,850	0	46,200	0	0	42,594,720
Fire	27,905,530	0	0	325,000	0	0	28,230,530
Board Administered/Other Departments							
Legislative	858,820	115,000	0	0	0	0	973,820
City Court	0	691,150	0	0	0	0	691,150
Civil Service	935,430	0	0	0	0	0	935,430
Convention Center	0	0	0	156,200	13,834,790	0	13,990,990
Public Assembly Facilities	0	0	0	411,000	3,820,370	0	4,231,370
Subtotal - Other Departments	1,794,250	806,150	0	567,200	17,655,160	0	20,822,760
Nondepartmental							
City Elections	40,000	0	0	0	0	0	40,000
City Buildings	0	0	0	0	993,240	1,546,190	2,539,430
Knoxville Partnership	540,000	0	0	0	0	0	540,000
Metropolitan Planning Commission (MPC)	713,430	0	0	0	0	0	713,430
Knoxville Zoological Park	863,420	0	0	750,000	0	0	1,613,420
Agency Grants	1,820,400	0	0	0	0	0	1,820,400
Waterfront	372,920	0	0	0	0	0	372,920
Community Action Committee (CAC)	444,550	0	0	203,000	0	0	647,550
Debt Service	0	0	13,462,320	0	7,572,440	0	21,034,760
Reserve	2,250,000	0	0	0	0	0	2,250,000
Transfers	35,915,160	4,914,330	11,223,460	0	0	0	52,052,950
Subtotal - Nondepartmental	42,959,880	4,914,330	24,685,780	953,000	8,565,680	1,546,190	83,624,860
GRAND TOTAL	155,253,980	29,927,800	24,735,780	26,708,300	42,531,790	34,691,840	313,849,490

City of Knoxville

NET BUDGET

Fiscal Year 2006/07

Fund No.	Fund Name	Adopted FY 06/07 Budget	Less Interfund Transfers Out	Less Interfund Charges In	Net Budget
100	General Fund	155,253,980	(35,915,160)	0	119,338,820
201	State Street Aid	4,915,000	(1,455,000)	0	3,460,000
202	Community Improvement	90,000	0	0	90,000
209	Abandoned Vehicles	587,850	0	0	587,850
213	City Court	3,950,480	(3,259,330)	0	691,150
216	City Inspections	2,078,630	0	0	2,078,630
220	Stormwater	1,969,660	0	0	1,969,660
230	Solid Waste	9,994,290	0	0	9,994,290
240	Miscellaneous Special Revenue	1,839,350	0	0	1,839,350
250	Senior Aides	477,350	0	0	477,350
264	Home Grants	1,673,210	0	0	1,673,210
269	Emergency Shelter Grants	82,230	0	0	82,230
290	Community Development Block Grant	2,269,750	(200,000)	0	2,069,750
305	Debt Services	24,735,780	(11,223,460)	0	13,512,320
401	Capital Projects	26,708,300	0	0	26,708,300
503	Public Assembly Facilities	3,820,370	0	0	3,820,370
504	Metro Parking	1,025,840	0	0	1,025,840
506	Convention Center	21,374,630	0	0	21,374,630
507	Mass Transportation	16,310,950	0	0	16,310,950
701	Office Services	210,380	0	(210,380)	0
702	Fleet Services	10,694,800	0	(10,349,030)	345,770
704	Risk Management	8,243,840	0	(7,520,880)	722,960
705	Health Care	12,168,330	0	(7,958,800)	4,209,530
706	Equipment Replacement	1,828,300	0	(1,834,100)	(5,800)
707	City Building	1,546,190	0	(1,499,460)	46,730
	Grand Total	313,849,490	(52,052,950)	(29,372,650)	232,423,890

## NET REVENUES BY TYPE - ALL FUNDS

Fiscal Year 2006/07

Fund No.	Fund Name	Taxes	Licenses & Permits	Intergovt. Revenue	Charges For Serv.	Fines & Forfeits	Miscellaneous Revenue
100	General Fund	130,655,180	297,870	18,936,560	960,850	316,800	827,390
201	State Street Aid	0	0	4,900,000	0	0	15,000
202	Community Improvement	0	0	0	0	0	0
209	Abandoned Vehicles	0	0	0	316,810	0	315,000
213	City Court	0	0	0	0	3,892,480	58,000
216	City Inspections	0	2,058,630	0	0	0	20,000
220	Stormwater	0	147,990	0	0	0	10,000
230	Solid Waste	0	0	0	597,120	0	175,930
240	Miscellaneous Special Revenue	0	0	0	115,000	1,495,000	57,850
250	Senior Aides	0	0	424,850	0	0	0
263	House Grants	0	0	0	0	0	0
264	Home Grants	0	0	1,313,210	0	0	360,000
269	Emergency Shelter Grants	0	0	82,230	0	0	0
270	Empowerment Zone	0	0	0	0	0	0
290	Community Development Block Grant	0	0	1,929,750	0	0	340,000
305	Debt Services	23,754,660	0	0	0	0	981,120
401	Capital Projects	0	0	9,716,680	0	0	0
451	Chilhowee Park Capital Projects	0	0	0	0	0	0
503	Civic Auditorium/Coliseum/KCEC	0	0	0	1,602,900	0	58,000
504	Metro Parking	0	0	0	1,561,260	0	30,000
506	Convention Center	4,034,000	0	2,440,000	5,097,760	0	107,110
507	Mass Transportation	0	0	1,822,750	5,706,660	0	0
701	Office Services	0	0	0	0	0	0
702	Fleet Services	0	0	0	0	0	345,770
704	Risk Management	0	0	0	48,000	0	0
705	Health Care	0	0	0	3,227,170	0	60,000
706	Equipment Replacement	0	0	0	0	0	110,000
707	City Building	0	0	0	0	0	46,730
	Grand Total	<u>158,443,840</u>	<u>2,504,490</u>	<u>41,566,030</u>	<u>19,233,530</u>	<u>5,704,280</u>	<u>3,917,900</u>
Percent of Net Revs.		68.17%	1.08%	17.88%	8.28%	2.45%	1.69%

Fund No.	Fund Name	Use Of/ (Addition To) Fund Balance	Net Revenues	Interfund Charges In	Interfund Transfers In	Total Revenues
100	General Fund	0	151,994,650	0	3,259,330	155,253,980
201	State Street Aid	0	4,915,000	0	0	4,915,000
202	Community Improvement	0	0	0	90,000	90,000
209	Abandoned Vehicles	(43,960)	587,850	0	0	587,850
213	City Court	0	3,950,480	0	0	3,950,480
216	City Inspections	0	2,078,630	0	0	2,078,630
220	Stormwater	0	157,990	0	1,811,670	1,969,660
230	Solid Waste	0	773,050	0	9,221,240	9,994,290
240	Miscellaneous Special Revenue	0	1,667,850	0	171,500	1,839,350
250	Senior Aides	0	424,850	0	52,500	477,350
263	House Grants	0	0	0	0	0
264	Home Grants	0	1,673,210	0	0	1,673,210
269	Emergency Shelter Grants	0	82,230	0	0	82,230
270	Empowerment Zone	0	0	0	0	0
290	Community Development Block Grant	0	2,269,750	0	0	2,269,750
305	Debt Services	0	24,735,780	0	0	24,735,780
401	Capital Projects	(2,194,000)	7,522,680	0	19,185,620	26,708,300
451	Chilhowee Park Capital Projects	0	0	0	0	0
503	Civic Auditorium/Coliseum/KCEC	334,000	1,994,900	0	1,825,470	3,820,370
504	Metro Parking	(565,420)	1,025,840	0	0	1,025,840
506	Convention Center	1,365,500	13,044,370	0	8,330,260	21,374,630
507	Mass Transportation	2,273,500	9,802,910	0	6,508,040	16,310,950
701	Office Services	0	0	210,380	0	210,380
702	Fleet Services	0	345,770	10,349,030	0	10,694,800
704	Risk Management	0	48,000	7,520,880	674,960	8,243,840
705	Health Care	0	3,287,170	7,958,800	922,360	12,168,330
706	Equipment Replacement	(115,800)	(5,800)	1,834,100	0	1,828,300
707	City Building	0	46,730	1,499,460	0	1,546,190
	Grand Total	<u>1,053,820</u>	<u>232,423,890</u>	<u>29,372,650</u>	<u>52,052,950</u>	<u>313,849,490</u>
Percent of Net Revs.		0.45%				

## NET EXPENDITURES BY TYPE - ALL FUNDS

Fiscal Year 2006/07

Fund No.	Fund Name	Personal Services	Supplies	Other Expenses	Debt Service	Capital
100	General Fund	67,666,290	3,349,160	21,883,340	0	0
201	State Street Aid	0	0	3,460,000	0	0
202	Community Improvement	0	0	90,000	0	0
209	Abandoned Vehicles	245,860	4,030	307,350	0	0
213	City Court	534,930	14,090	70,750	0	0
216	City Inspections	1,500,840	15,710	86,370	0	0
220	Stormwater	1,508,200	48,480	67,350	0	0
230	Solid Waste	436,110	20,130	9,031,530	0	0
240	Miscellaneous Special Revenue	106,410	140,000	1,582,430	0	0
250	Senior Aides	449,660	480	600	0	0
263	House Grants	0	0	0	0	0
264	Home Grants	0	0	1,673,210	0	0
269	Emergency Shelter Grants	0	0	82,230	0	0
270	Empowerment Zone	0	0	0	0	0
299	Community Development Block Grant	822,300	18,250	779,860	0	218,370
305	Debt Services	0	0	50,000	13,462,320	0
401	Capital Projects	0	438,700	26,269,600	0	0
451	Chilhowee Park Capital Projects	0	0	0	0	0
503	Public Assembly Facilities	1,783,530	197,960	1,506,370	0	0
504	Metro Parking	0	0	983,170	32,600	0
506	Convention Center	0	0	13,751,770	7,539,840	0
507	Mass Transportation	0	1,648,750	14,641,320	0	0
701	Office Services	87,930	29,870	44,220	0	0
702	Fleet Services	1,886,260	3,358,570	4,810,570	0	0
704	Risk Management	321,130	16,990	7,863,770	0	0
705	Health Care	125,920	7,980	11,981,600	0	0
706	Equipment Replacement	0	0	1,828,300	0	0
707	City Building	0	0	1,540,530	0	0
Grand Total		77,475,370	9,309,150	124,386,240	21,034,760	218,370

Percent of Net Exps. 33.33% 4.01% 53.52% 9.05% 0.09%

Fund No.	Fund Name	Net Expenditures	Interfund Charges Out	Interfund Transfers Out	Total Expenditures
100	General Fund	92,898,790	26,440,030	35,915,160	155,253,980
201	State Street Aid	3,460,000	0	1,455,000	4,915,000
202	Community Improvement	90,000	0	0	90,000
209	Abandoned Vehicles	557,240	30,610	0	587,850
213	City Court	619,770	71,380	3,259,330	3,950,480
216	City Inspections	1,602,920	475,710	0	2,078,630
220	Stormwater	1,624,030	345,630	0	1,969,660
230	Solid Waste	9,487,770	506,520	0	9,994,290
240	Miscellaneous Special Revenue	1,828,840	10,510	0	1,839,350
250	Senior Aides	450,740	26,610	0	477,350
263	House Grants	0	0	0	0
264	Home Grants	1,673,210	0	0	1,673,210
269	Emergency Shelter Grants	82,230	0	0	82,230
270	Empowerment Zone	0	0	0	0
299	Community Development Block Grant	1,838,780	230,970	200,000	2,269,750
305	Debt Services	13,512,320	0	11,223,460	24,735,780
401	Capital Projects	26,708,300	0	0	26,708,300
451	Chilhowee Park Capital Projects	0	0	0	0
503	Public Assembly Facilities	3,487,860	332,510	0	3,820,370
504	Metro Parking	1,015,770	10,070	0	1,025,840
506	Convention Center	21,291,610	83,020	0	21,374,630
507	Mass Transportation	16,290,070	20,880	0	16,310,950
701	Office Services	162,020	48,360	0	210,380
702	Fleet Services	10,055,400	639,400	0	10,694,800
704	Risk Management	8,201,890	41,950	0	8,243,840
705	Health Care	12,115,500	52,830	0	12,168,330
706	Equipment Replacement	1,828,300	0	0	1,828,300
707	City Building	1,540,530	5,660	0	1,546,190
Grand Total		232,423,890	29,372,650	52,052,950	313,849,490

Percent of Net Exps. 100.00%

## SUMMARY OF INTERFUND CHARGES

Fiscal Year 2006/07

From (Fund Name)	Fund No.	To Office Services Fund (Fund 701)	To Fleet Services Fund (Fund 702)	To Risk Management Fund (Fund 704)	To Health Care Fund (Fund 705)	To Equipment Replacement Fund (Fund 706)	To City Building Fund (Fund 707)	Grand Total
General Fund	100	163,250	9,633,850	6,738,070	6,936,160	1,770,080	1,198,620	26,440,030
Abandoned Vehicle	209	50	0	7,160	23,400	0	0	30,610
City Court	213	1,210	0	830	58,890	10,450	0	71,380
City Inspections	216	6,870	130,570	78,190	161,310	9,540	89,230	475,710
Stormwater	220	3,170	45,420	46,190	178,810	18,710	53,330	345,630
Solid Waste	230	1,840	329,390	102,370	72,760	160	0	506,520
Miscellaneous Special Revenue	240	120	0	0	10,390	0	0	10,510
Miscellaneous Grant	250	760	0	12,550	12,340	960	0	26,610
Community Development Block Grant	290	10,850	33,780	40,040	74,180	4,480	67,640	230,970
Coliseum/KCEC	503	2,350	84,700	76,310	163,510	5,640	0	332,510
Metro Parking	504	0	0	10,070	0	0	0	10,070
Convention Center	506	0	0	83,020	0	0	0	83,020
Mass Transportation	507	13,040	0	0	0	7,840	0	20,880
Office Services	701	0	0	4,130	8,390	720	35,120	48,360
Fleet Services	702	990	91,320	309,230	220,630	960	16,270	639,400
Risk Management	704	2,030	0	2,960	20,870	3,950	12,140	41,950
Health Care	705	3,850	0	4,100	17,160	610	27,110	52,830
City Building	707	0	0	5,660	0	0	0	5,660
Grand Total		<u>210,380</u>	<u>10,349,030</u>	<u>7,520,880</u>	<u>7,958,800</u>	<u>1,834,100</u>	<u>1,499,460</u>	<u>29,372,650</u>

## SUMMARY OF INTERFUND TRANSFERS

Fiscal Year 2006/07

To (Fund Name)	Fund No.	From General Fund (Fund 100)	From State Street Aid Fund (Fund 201)	From City Court Fund (Fund 213)	From CDBG Fund (Fund 290)	From Debt Service Fund (Fund 305)	Grand Total
General Fund	100	0	0	3,259,330	0	0	3,259,330
Community Improvement	202	90,000	0	0	0	0	90,000
Stormwater	220	1,811,670	0	0	0	0	1,811,670
Solid Waste	230	9,221,240	0	0	0	0	9,221,240
Miscellaneous Grant Funds	250	52,500	0	0	0	0	52,500
Capital Projects	401	10,893,000	1,275,000	0	200,000	6,817,620	19,185,620
Coliseum/KCEC	503	1,825,470	0	0	0	0	1,825,470
Convention Center	506	3,924,420	0	0	0	4,405,840	8,330,260
Mass Transportation	507	6,328,040	180,000	0	0	0	6,508,040
Risk Management	704	674,960	0	0	0	0	674,960
Health Care	705	922,360	0	0	0	0	922,360
Grand Total		<u>35,915,160</u>	<u>1,455,000</u>	<u>3,259,330</u>	<u>200,000</u>	<u>11,223,460</u>	<u>52,052,950</u>

## Authorized Full Time Positions by Department

Fiscal Year 2006/07

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	24	0	0	0	24
Finance and Accountability					
Finance	44	0	0	11	55
Information Systems	30	0	0	0	30
Subtotal - Finance & Accountability	74	0	0	11	85
Operations & Engineering					
Engineering	62	27	0	0	89
Fleet Services	0	8	0	49	57
Inspections	0	31	0	0	31
Subtotal - Operations & Engineering	62	66	0	49	177
Community and Neighborhood Services					
Public Services	286	21	0	0	307
Development Services	4	0	0	0	4
Community Development	0	19	0	0	19
Recreation	50	1	0	0	51
Subtotal - Community & Neighborhood Serv.	340	41	0	0	381
Law	13	0	0	0	13
Police					
Police	517	3	0	0	520
Emergency Management	3	0	0	0	3
Subtotal - Police	520	3	0	0	523
Fire	339	0	0	0	339
Board Administered/Other Departments					
Legislative	3	0	0	0	3
City Court	0	13	0	0	13
Civil Service	14	0	0	0	14
Public Assembly Facilities	0	0	35	0	35
Subtotal - Other Departments	17	13	35	0	65
Total - Full Time	1,389	123	35	60	1,607



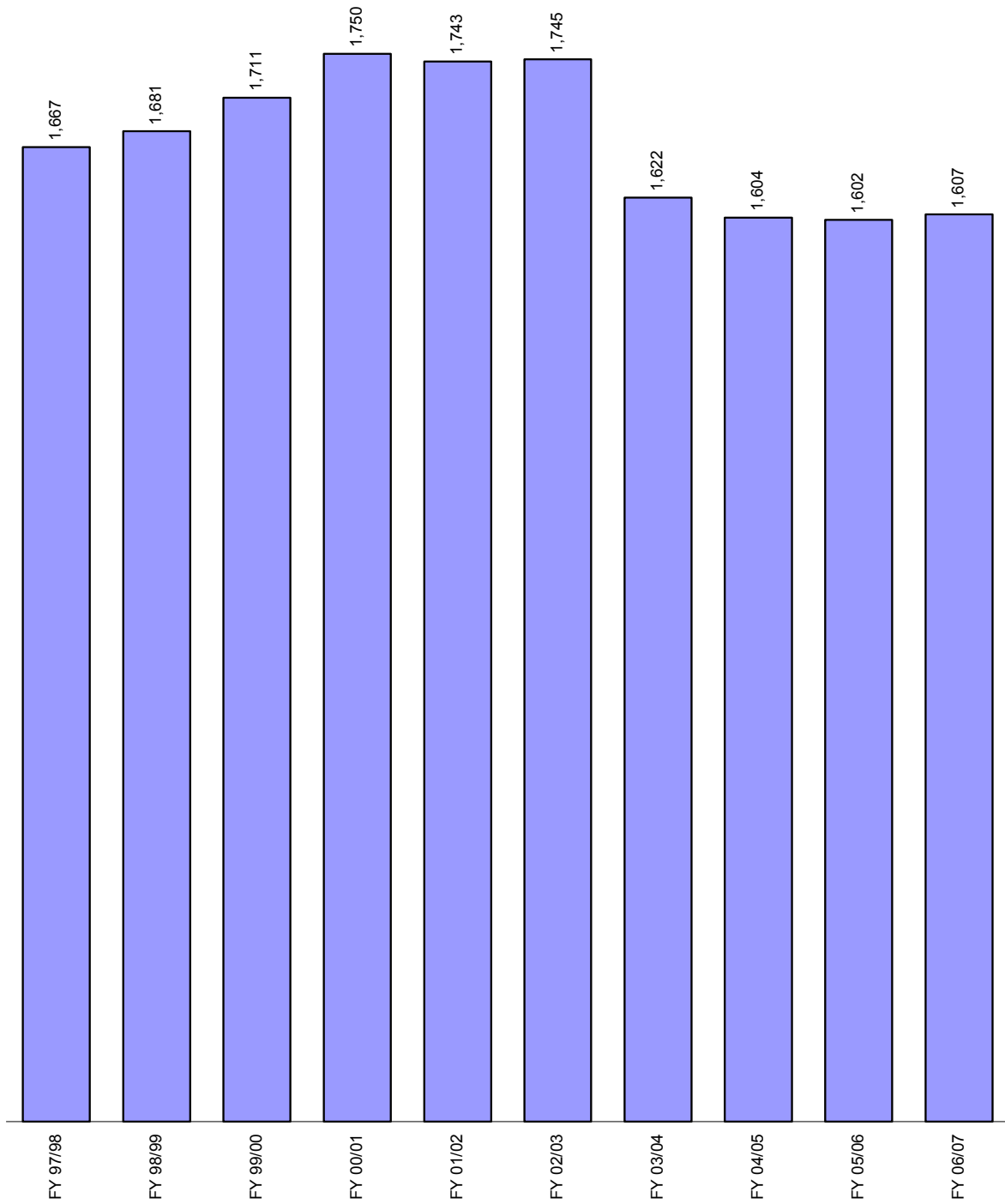
## Full Time Positions by Department

Fiscal Years 2002/03 - 2006/07

Department	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	Difference 05/06 - 06/07
Administration	23	21	19	24	24	0
Finance and Accountability						
Finance	53	47	54	55	55	0
Information Systems	30	28	29	29	30	1
Subtotal - Finance & Accountability	83	75	83	84	85	1
Operations & Engineering						
Engineering	88	85	112	87	89	2
Fleet Services	67	58	58	57	57	0
Inspections	31	30	30	31	31	0
Subtotal - Operations & Engineering	186	173	200	175	177	2
Community and Neighborhood Services						
Public Services	338	315	283	309	307	(2)
Development Services	5	5	3	3	4	1
Community Development	20	21	20	18	19	1
Recreation	55	52	55	53	51	(2)
Subtotal - Community & Neighborhood Serv.	418	393	361	383	381	(2)
Law	25	25	13	13	13	0
Police						
Police	568	526	519	515	520	5
Emergency Management	4	4	3	3	3	0
Subtotal - Police	572	530	522	518	523	5
Fire	370	339	339	339	339	0
Board Administered/Other Departments						
Legislative	3	3	3	3	3	0
City Court	13	13	13	13	13	0
Civil Service	15	14	14	13	14	1
Public Assembly Facilities	37	36	36	36	35	(1)
Subtotal - Other Departments	68	66	66	65	65	0
Nondepartmental						
Knoxville Partnership	0	0	1	1	0	(1)
Subtotal - Nondepartmental	0	0	1	1	0	(1)
GRAND TOTAL	1,745	1,622	1,604	1,602	1,607	5

Authorized Full Time Personnel

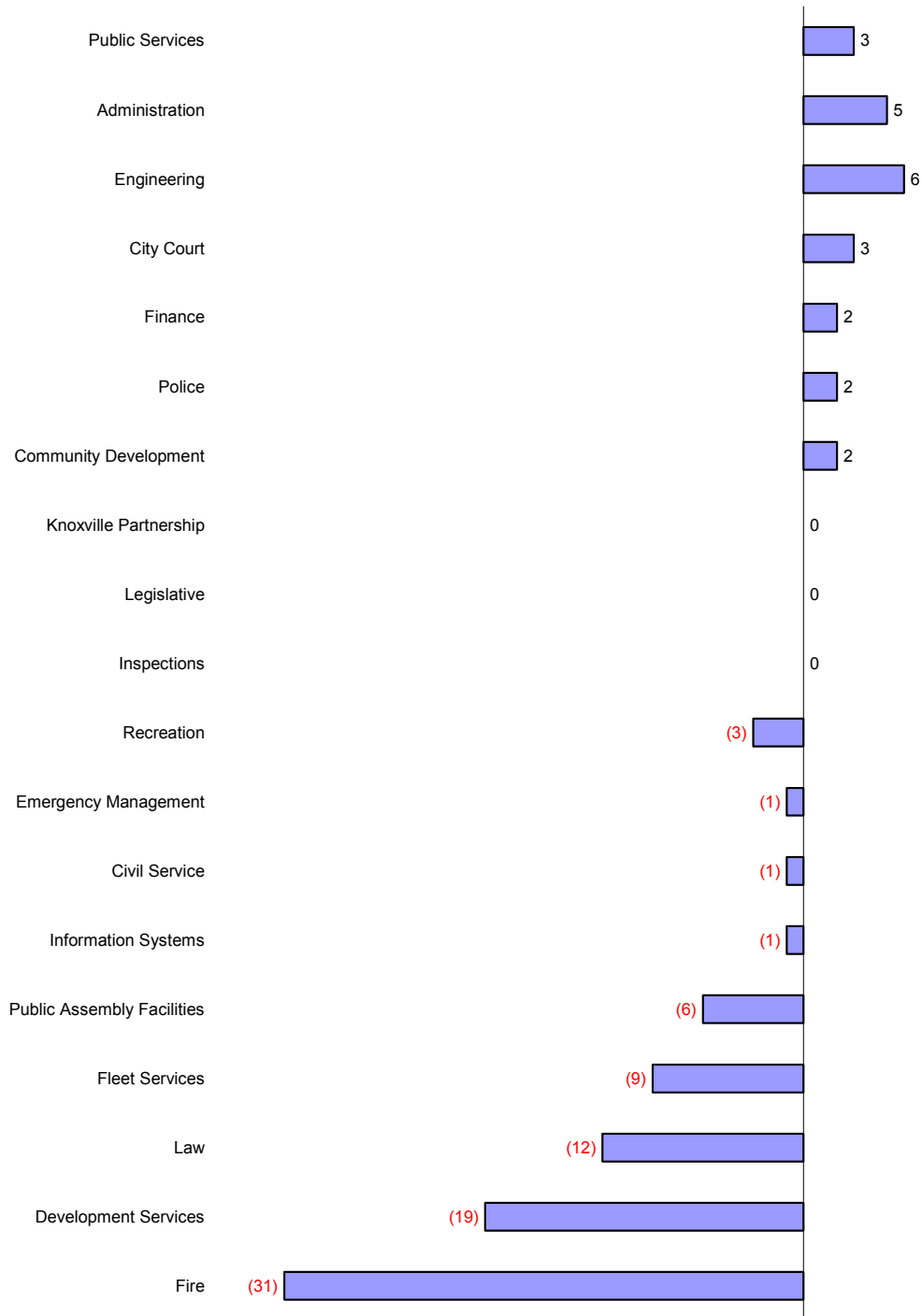
Fiscal Years 1997/98 – 2006/07



## City of Knoxville

### Changes in Full Time Budgeted Personnel

Fiscal Years 1997/98 – 2006/07



## Authorized Part Time Positions by Department

Fiscal Year 2006/07

Department	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grand Total
Administration	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Finance and Accountability					
Finance	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Subtotal - Finance & Accountability	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Operations & Engineering					
Engineering	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Subtotal - Operations & Engineering	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Community and Neighborhood Services					
Community Development	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Recreation	<u>15</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>16</u>
Subtotal - Community & Neighborhood Serv.	<u>15</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>17</u>
Police					
Police	<u>29</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29</u>
Subtotal - Police	<u>29</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29</u>
Board Administered/Other Departments					
Legislative	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
City Court	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Civil Service	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Public Assembly Facilities	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Subtotal - Other Departments	<u>10</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>12</u>
Total - Part Time	<u><u>58</u></u>	<u><u>3</u></u>	<u><u>1</u></u>	<u><u>0</u></u>	<u><u>62</u></u>

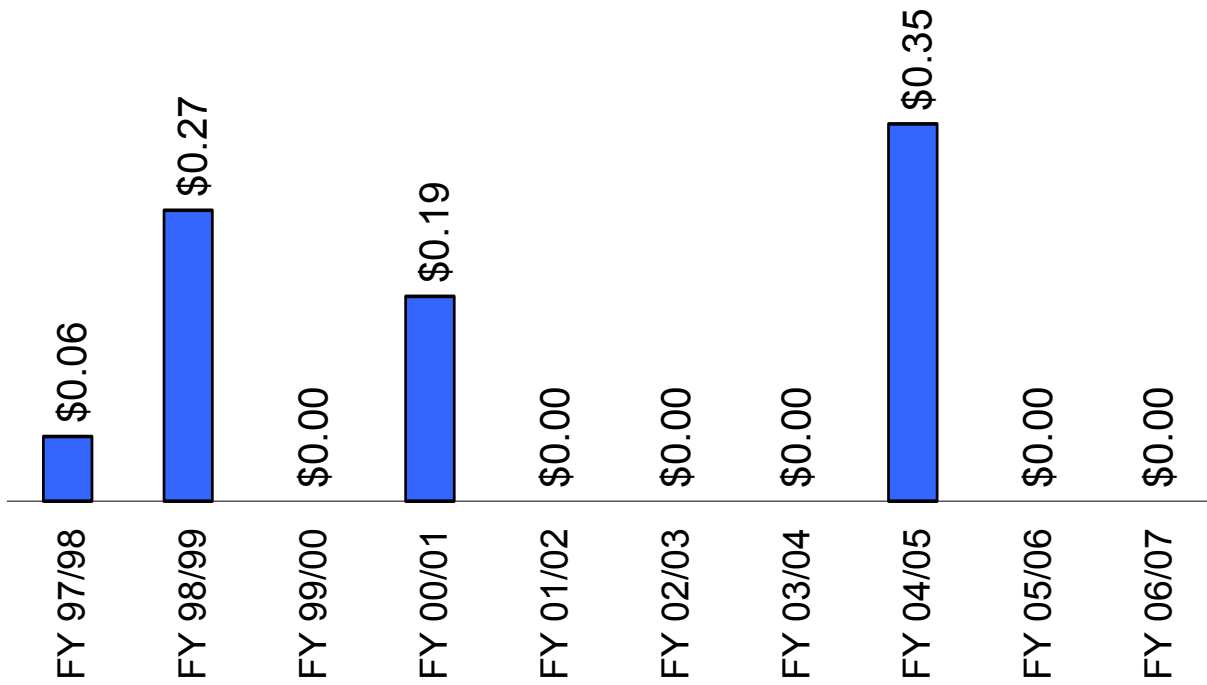
## Part Time Positions by Department

Fiscal Years 2002/03 - 2006/07

Department	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	Difference 05/06 - 06/07
Administration	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Finance and Accountability						
Finance	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Subtotal - Finance & Accountability	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Operations & Engineering						
Engineering	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Subtotal - Operations & Engineering	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Community and Neighborhood Services						
Community Development	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Recreation	<u>15</u>	<u>13</u>	<u>11</u>	<u>15</u>	<u>16</u>	<u>1</u>
Subtotal - Community & Neighborhood Serv.	<u>15</u>	<u>14</u>	<u>12</u>	<u>16</u>	<u>17</u>	<u>1</u>
Law	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Police						
Police	<u>42</u>	<u>32</u>	<u>31</u>	<u>31</u>	<u>29</u>	<u>(2)</u>
Subtotal - Police	<u>42</u>	<u>32</u>	<u>31</u>	<u>31</u>	<u>29</u>	<u>(2)</u>
Board Administered/Other Departments						
Legislative	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>0</u>
City Court	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Civil Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>1</u>	<u>(1)</u>
Public Assembly Facilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Subtotal - Other Departments	<u>10</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>12</u>	<u>0</u>
Nondepartmental						
GRAND TOTAL	<u>73</u>	<u>62</u>	<u>57</u>	<u>63</u>	<u>62</u>	<u>(1)</u>

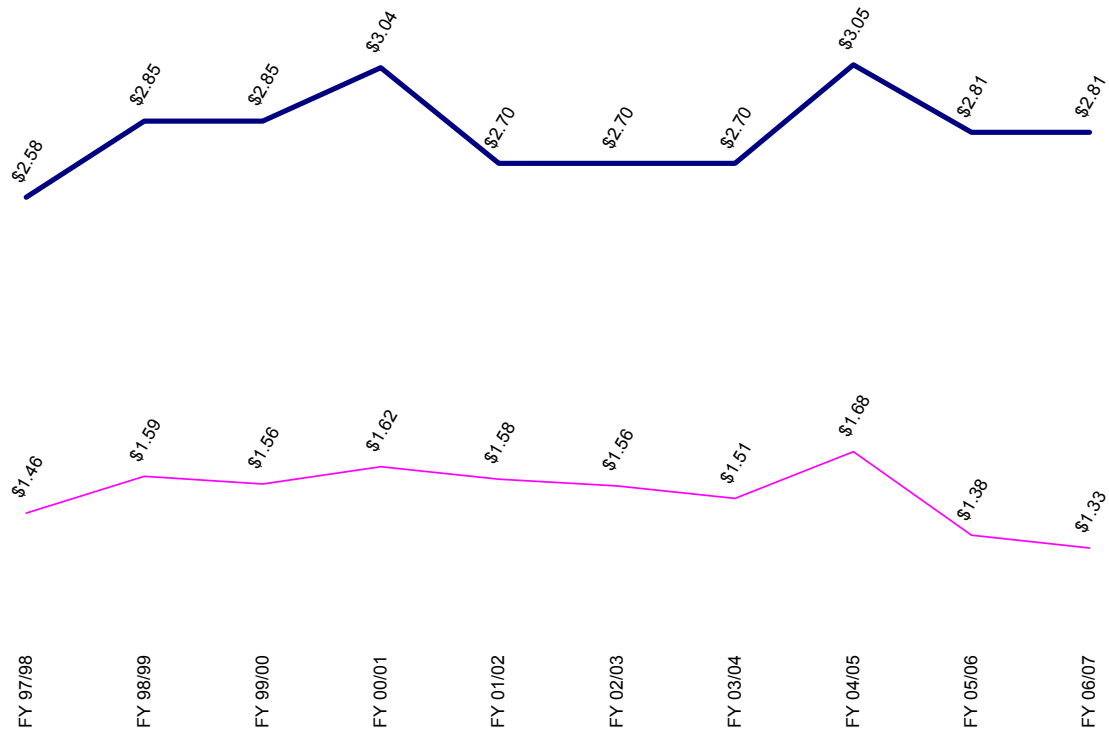
**CHANGES IN TAX RATE**

Fiscal Years 1997/98 – 2006/07



**ADJUSTED/EQUALIZED TAX RATE**

Fiscal Years 1997/98 – 2006/07



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

be seen by the lower line, the effective tax rate has declined from \$1.46 in Fiscal Year 1997/98 to \$1.33 in Fiscal Year 2006/07. This means that the change in the tax rate has been slightly less than the rate of inflation and equalization

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**EFFECT OF TAX RATE ON HOMEOWNERS**

In FY 2006/07 the proposed tax rate is \$2.81 per hundred dollars of assessed value. This is the same rate as FY 2005/06. The following chart summarizes 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 \$421.50 (calculated by dividing \$15,000 by 100 and then multiplying by the city tax rate of \$2.81.) The average appraised value for residential property is \$82,324. For the average residential homeowner the total city property tax bill is \$578.33.

Appraised Value	Assessed Value (25%)	Property Tax Due
\$60,000	\$15,000	\$421.50
\$80,000	\$20,000	\$562.00
\$82,324	\$20,581	\$578.33
\$100,000	\$25,000	\$702.50
\$150,000	\$37,500	\$1,053.75



**City of Knoxville**  
**CITY AND COUNTY PROPERTY TAX RATES**  
**FY 87/88 - FY 06/07**

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

\* The Property Assessor is required by law to undertake a complete reappraisal of property at least every four years. This reappraisal was last completed in 2005. Whenever a property reappraisal occurs, cities and counties are required to adopt a "Certified Tax Rate". This is the rate that would generate the same amount of tax revenue as before reappraisal. The "Certified Tax Rate" in FY 05/06 for the City was \$2.81 and for the County \$2.69. This rate in effect discounts the increases in value resulting from reappraisal.

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

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

**Fiscal Years 1983/84 - 2006/07**

Calendar Year	Total Real Property	Personal Property	Public Utilities	Total Assessments
1983	1,082,167,280	67,770,971	105,429,104	1,255,367,355
1984	1,079,627,084	77,145,411	97,515,150	1,254,287,645
1985	1,096,798,493	88,685,584	87,087,426	1,272,571,503
1986	1,102,016,383	98,407,484	111,100,000	1,311,523,867
1987	1,104,867,214	108,752,668	100,627,110	1,314,246,992
1988	1,122,742,024	112,676,654	104,899,443	1,340,318,121
1989	1,140,611,597	132,423,393	95,316,739	1,368,351,729
1990	1,172,891,487	143,085,759	101,472,718	1,417,449,964
1991	1,212,029,673	135,710,493	98,142,916	1,445,883,082
1992	1,238,194,477	132,547,101	96,552,849	1,467,294,427
1993	1,614,026,310 *	163,270,996	111,997,273	1,889,294,579
1994	1,614,271,095	177,150,854	119,230,340	1,910,652,289
1995	1,618,398,558	177,681,038	112,540,638	1,908,620,234
1996	1,623,659,535	184,552,898	115,766,135	1,923,978,568
1997	1,878,801,360 *	218,591,024	126,746,927	2,224,139,311
1998	1,934,290,885	242,537,032	128,589,318	2,305,417,235
1999	1,982,169,765	258,297,182	139,643,315	2,380,110,262
2000	2,028,588,845	260,949,460	136,081,340	2,425,619,645
2001	2,383,807,165 *	296,305,803	180,021,560	2,860,134,528
2002	2,438,014,810	304,602,014	174,625,693	2,917,242,517
2003	2,474,148,997	293,852,253	150,264,579	2,918,265,829
2004	2,525,476,515	302,687,562	157,887,475	2,986,051,552
2005	2,862,056,080 *	315,752,361	161,363,916	3,339,172,357
2006 (Est.)	2,913,622,590	317,981,630	154,976,680	3,386,580,900

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

Note that the assessments for each calendar year are reflected in the budget for the following year. For example the 2006 assessments are used in the FY 06/07 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.

## GENERAL FUND REVENUES

Total General Fund revenues for FY 06/07 equal \$155,253,980. This represents approximately a 6.11% increase when compared to the budgeted FY 05/06 revenues of \$146,308,600. The proposed FY 06/07 budget does not include the use of fund balance to cover expenditures. Revenues are projected to increase by \$2,746,040 when compared to estimated actual revenues in FY 05/06. These increases are primarily attributable to general inflationary increases and modest anticipated growth in new residential and commercial property.

### TAXES

The largest single category of revenue to the General Fund is taxes. This one category equals \$130,655,180 or approximately 84.16% of the total revenue to this fund.

#### Property Taxes

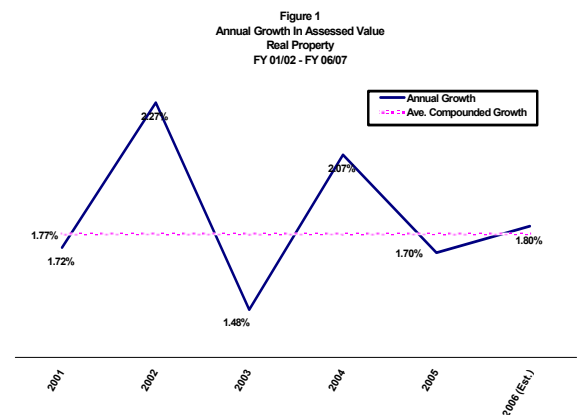
The largest revenue source within this category is property taxes. Property taxes are, in turn, divided into three types: taxes on real property, taxes on personal property, and taxes on public utilities.

There are four factors that determine revenues from property taxes:

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

**Assessed Value and Equalization Rate:** Since 1983, the average growth in real property values has fluctuated widely. Growth was almost non-existent in the years between 1985 and 1988. This changed in the early 1990's with increases in the two to three percent ranges. The mid to late 1990's and early 2000's have been characterized, with the exception of reappraisal years, by this same fairly moderate growth. We expect this to continue into the new fiscal year and estimate the overall growth in real property to be approximately

1.80%. Higher growth is expected for commercial property but this is offset in part by a slightly lower growth rate for residential property and by a projected continual decline in the value of industrial property. For FY 06/07 the projected assessed value of real property is \$2,913,622,590. In pro-



jecting the FY 05/06 numbers we lacked information from the Knox County Property Assessor. The final 2005 tax roll came in slightly higher than expected and this is reflected in the revised estimates for FY 05/06. The projected amounts for FY 06/07 are based upon the latest available data from the Assessor's Office.

The Property Assessor is unable to supply final estimates on the assessed value of personal property until after the adoption of the budget. Personal property tax growth rates have shown much more volatility than real property. In the 1980's the annual growth rate of this revenue source was frequently in the mid-teens. A change in state law in 1990, implemented a new accelerated depreciation schedule, and made other changes in the calculation of this tax. This change essentially halted the growth of this revenue source for several years. As a result of increased audits, an upward trend began in 1998. For the upcoming year we forecast the growth in assessed value to be a very modest 0.71%. As with real property, we did not have final numbers from

the Property Assessor's Office until after passage of the budget. The actual tax roll grew at a much lower rate than we had projected, which explains the decrease in forecasted FY 05/06 revenues from the FY 05/06 budget.

The third set of property tax revenues comes from taxes on public utilities, which are assessed by the Division of State Assessed Properties under the Office of the State Comptroller. These values are supplied in December and have typically varied little from year to year, unless affected by a change in the equalization rate. Recent trends, however, have been negative, the result of many successful appeals of the state appraisals. We now expect this downward trend to recur in the upcoming year and are forecasting a 3.96% drop in assessed value in this category.

**Collection Rate:** In recent years, the City has collected an average of 94.0% of real property taxes, 91.9% of personal property taxes, and 97.2% of the taxes upon public utilities in the year in which they are levied. We utilize these averages in making our forecasts. The most notable change in these rates has been an increase in the collection rate for real property, a decrease in the collection rate for personal property, and a slight decrease in the collection rate for public utility property.

**Tax Rate:**

In FY 06/07 the budget is based upon a total tax rate of \$2.81 per hundred dollars of assessed value, which is the same rate as in FY 05/06. The tax rate is apportioned between the Debt Service Fund and the General Fund. In FY 06/07, \$0.75 of the tax rate goes directly to the Debt Service Fund, unchanged from FY 05/06. The portion of the tax rate used for General Fund purposes is \$2.06. Combining all factors yields the budgeted

revenue from property taxes as illustrated in Table 1.

When compared to the FY 05/06 budget, current projected property tax collections are up by \$1,729,560 in the General Fund, or approximately 2.71%.

**Tax Discounts**

The City offers a one percent discount on property taxes paid before the end of October. For FY 06/07 the anticipated discount in the General Fund is \$346,500, which is \$35,700 more than the FY 05/06 budgeted amount. The greater amount is due to the anticipated growth in real property, as we do not believe the percentage of individuals receiving a discount will deviate much from the current year.

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

**Payments In Lieu Of Taxes**

Other revenues within the tax category include the payment in lieu of taxes from the Knoxville Utilities Board (KUB) and Knoxville's Community Development Corporation (KCDC). The payment from KUB is based upon two components, one being the estimated property value owned by KUB and the second being an average of overall revenues. In FY 06/07 the KUB payment is expected to be \$11,976,400, which is \$31,100 or 0.3% above the budget for FY 05/06. This change is based upon modest growth in property held by KUB, and anticipated growth in average revenues. The payment from KCDC is projected at \$24,930, which is \$9,690 less than budgeted in FY 05/06.

There are several other entities now making payments in lieu of taxes. These payments are part of

TABLE 1				
	Estimated Assessed Valuations	Est-Coll. Rate	Tax Rate per \$100	FY 05/06 Budgeted Revenue
Real Property	\$2,913,622,590	94.0%	\$2.06	\$56,419,390
Personal Property	317,981,630	91.9%	2.06	6,019,840
Public Utilities	<u>154,976,680</u>	97.2%	2.06	<u>3,270,570</u>
TOTAL	<u>\$3,386,580,900</u>			<u>\$65,542,360</u>

the redevelopment strategy of the City. The largest of these payments comes from the Knoxville News-Sentinel and is budgeted at \$76,780. Other payments in lieu of taxes are expected to yield \$27,000.

### **Sales Taxes**

The City imposes, as the result of local referenda, a 2.25% local option sales tax on all sales within the city limits. Approximately 72% of the proceeds from the tax go to the Knox County School District, with the balance flowing to the City's General Fund. The revenues from this source comprise the second largest source of revenue within the tax category. In FY 06/07, local option sales tax revenues are expected to equal \$35,028,000 or 22.56% of total General Fund revenues. During the past year we have seen extraordinary growth in this revenue source. We do not believe that this recent growth rate is sustainable. We are forecasting a growth rate of 2.5% over adjusted FY 05/06 collections.

### **Other Taxes**

Revenues from the beer tax, mixed drink tax, and the alcoholic beverage tax grew at a rapid pace in the early 1990's, but the rate of growth has been tempered somewhat in recent years. In the past two years we have seen reasonable growth in beer taxes, but this has been reversed in FY 05/06. We expect only slight growth in FY 06/07, and revenues from beer taxes are expected to decrease by \$29,610 when compared to the FY 05/06 budget. Total revenues from the beer tax are forecast at \$5,934,500. Alcoholic beverage taxes have also grown at a faster than expected rate and are expected to generate \$2,107,500 in FY 06/07. This is \$169,500 more than the amount budgeted in FY 05/06. Mixed drink taxes have increased at a slightly higher pace than expected in FY 05/06 and estimated actual revenues are higher than budgeted. State law has affected this revenue, and we anticipate a restoration of cuts experienced several years ago. We are now budgeted this revenue at \$1,237,400 in FY 06/07, which is 233,200 more than budgeted in FY 05/06.

The improvement in the economy has also led to higher business tax collections. We currently expect to end FY 05/06 approximately \$210,000 above the budgeted amount. For FY 06/07 we are

now projecting continued (1.5%) growth over expected FY 05/06 collections. Projected revenue from this source in FY 06/07 is \$4,247,400.

Cable television franchise taxes from Comcast are in line with projections for the year and we expect only modest growth in the new fiscal year. Knology has begun paying a cable franchise fee and this is reflected in the revised estimates for FY 05/06, and the anticipated figures for FY 06/07. These revenues are now forecast at \$1,373,300, which is \$169,700 or 14.1% more than the amount budgeted in FY 05/06. The estimated revenue for FY 05/06 is skewed because of a back payment from Knology. We have factored this out in our forecast for FY 06/07.

### **INTERGOVERNMENTAL REVENUE**

The second largest revenue category of the General Fund is intergovernmental revenue, i.e., revenue that comes from another governmental unit, primarily the State of Tennessee. This category of revenue accounts for \$18,936,560 or 12.2% of total revenue. Overall, we expect this category of revenue to be up by \$2,730,910 or 6.81% when compared to the budget for FY 05/06.

Several of the intergovernmental revenue sources were affected by state reductions several years ago. The Legislature reduced the percentages of these revenues flowing to cities. In FY 05/06 a portion of the cuts were rescinded and we believe the balance of the cuts will be restored in FY 06/07. The largest revenue affected by this change and the largest single revenue within this grouping is the state shared sales tax. This revenue source is now expected to exceed the budgeted amount for FY 05/06 by approximately \$1,664,680. The total estimated amount from this source is \$12,310,140.

The other revenue that is greatly affected by the restoration of the prior percentages is the city's portion of the Hall Income Tax. In FY 06/07 we are expecting revenue from this source to generate \$2,885,700, which is \$785,700 more than the FY 05/06 budget.

The City also receives a number of other state-shared revenues. Revenue from alcoholic beverage tax is expected to be down and is budgeted at \$70,500 or \$17,620 less than in FY 05/06. Simi-

larly, revenues from beer taxes are expected to experience a very slight decrease and are budgeted at \$86,300 or \$300 below the level of FY 05/06.

Revenue from the state excise tax, a tax upon the net earnings of state and national banks chartered in Tennessee, is, on the other hand, revised upward from FY 05/06. This revenue is also affected by the change in state law. For FY 06/07 this is expected to generate \$695,200 or \$298,400 more than budgeted in FY 05/06.

Revenue from the special petroleum products tax is expected to decrease slightly. This revenue is budgeted at \$397,080 or \$4,570 less than in FY 05/06. On the other hand, the City's share of TVA gross receipts is forecast to be up when compared to FY 05/06. The expected amount from this source is up from forecast levels and, consequently, we have revised our FY 06/07 projections upward. The result is an anticipated increase of \$32,630 or 2.6% when compared to the FY 05/06 budget.

The City has, in the past, received money from the federal government to help offset the cost of several police department positions. This money is listed as federal contribution.

This estimate shown here represents funding to pay overtime of officers working in the KCDC housing areas. The total amount budgeted for FY 06/07 is \$640,000 which is \$30,000 less than in the FY 05/06 budget.

The State of Tennessee has provided supplemental pay for police officers and firefighters in past years, and is listed under the category of state contribution in the tables following this narrative. The City has served merely as conduit to pay this supplement. The amount budgeted totals \$382,840 and is exactly equal to planned expenditures in the Police and Fire Department budgets.

The City's Emergency Management Department is funded in part by a contribution from the U.S. government under the Federal Emergency Management Act (FEMA). The contracted amount for the upcoming year is projected to be \$85,020. Knox County partially funds the balance of the department's budget. The Knox County share is estimated at \$53,000.

## OTHER REVENUE

There are four other categories of operating revenue to the General Fund, these being licenses and permits, charges for services, fines and forfeits, and miscellaneous revenue. The combined total from these sources is \$2,481,350, or 1.55% of the total General Fund. A breakdown of these revenues for FY 05/06 and FY 06/07 is shown in Table 2.

Overall, the category of licenses and permits is up by \$28,330 when compared to the budget for FY 05/06. Roughly the same number of accounts within this category is expected to be up as down

when compared to the FY 05/06 budget. The largest expected decrease is in street vendor permits, which are forecast to total \$3,360, a decrease of \$2,340. This is partially offset by expected higher amounts from various other charges. For example, liquor by the ounce fees

and beer application fees are expected to increase by \$24,360 and \$1,980 respectively.

The amount expected to come from charges for services is projected at \$960,850, which is \$40,150 more than the budgeted amount for FY 05/06. This increase is primarily due to increases in various rental fees. These are offset, in part, by lower expected revenue from attorney costs..

The category of fines and forfeits represent a portion of fines that are rebated from the county court. The recent decline in revenue coming from Knox County seems to have abated somewhat and we

TABLE 2			
	FY 04/05 Budget	FY 04/05 Est. Actual	FY 05/06 Projected Revenues
Licenses & Permits	\$269,540	\$295,170	\$297,870
Charges	\$920,700	\$960,850	\$960,850
Fines & Forfeits	\$259,660	\$316,800	\$316,800
Misc. Revenue	<u>\$698,730</u>	<u>\$908,5300</u>	<u>\$827,390</u>
TOTAL	<u>\$2,148,630</u>	<u>\$2,481,350</u>	<u>\$2,402,910</u>

expect revenues from this source to increase slightly in the next year. Revenues from this source are expected to be \$3,800 from General Sessions fines, \$112,230 from General Sessions costs, and \$98,630 from Criminal Court fines.

The category entitled miscellaneous revenue is projected at \$827,390, which is \$128,660 or approximately 18.4% more than budgeted in FY 05/06. Most revenues within this category are expected to be lower. The exception to this pattern is revenue from interest earnings. Interest rates have started to increase and the restoration of balances available to be invested lead to anticipated growth in this source. Interest earnings are expected to generate \$440,000 in FY 06/07, this being \$180,000 more than the budget for FY 05/06.

Parking meter revenue has declined in recent years and we are forecasting a continued decline in this source absent an increase in rates. This revenue source is expected to yield \$284,290 in FY 06/07, which is unchanged from expected revenue in FY 05/06, but is down by \$46,680 or 14.1% when compared to the FY 05/06 budget.

In the past, contributions from E-911, KUB, and other agencies have been made to offset the cost of services provided by City departments to these groups. These services are no longer being provided and thus the revenue from this source disappears.

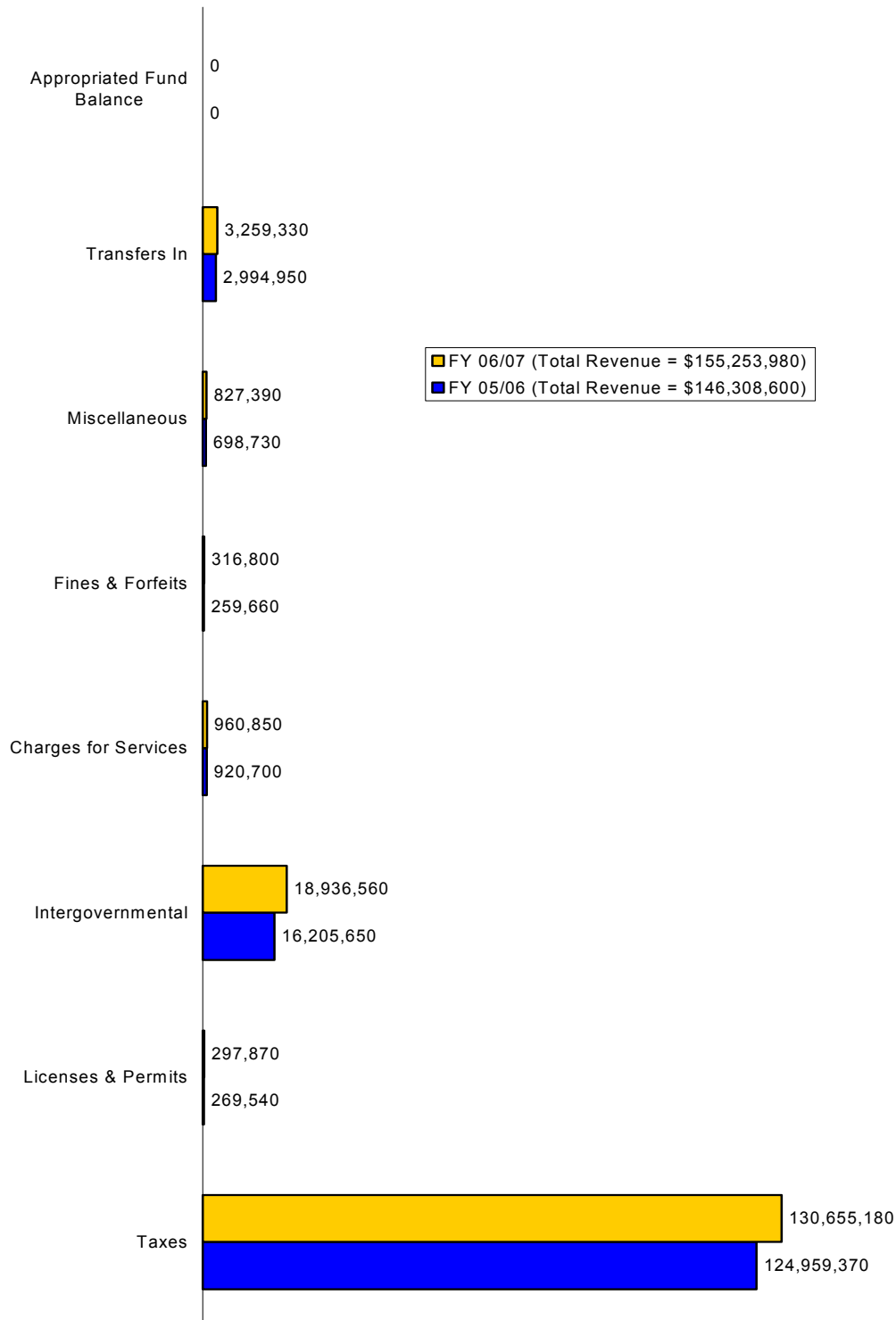
#### **Transfers In**

The revenue budgeted under transfers is the amount of revenue in excess of expenditures that is generated by the Municipal Court. Fines and costs collected by the Municipal Court have increased during the past year. We expect this growth to continue in the upcoming fiscal year.. Excess City Court fees are now forecast at \$3,259,330 or \$264,380 above the amount budgeted in FY 05/06.

#### **APPROPRIATED FUND BALANCE**

The FY 06/07 General Fund budget does not appropriate any Fund Balance. This is the third consecutive year in which the budget does not include the use of any fund balance.

**General Fund Revenue Comparison  
FY 2005/06 – 2006/07**





## GENERAL FUND REVENUE

Fiscal Year 2006/2007

Account Code	Revenue Source	Actual FY 03/04 Revenue	Actual FY 04/05 Revenue	Budgeted FY 05/06 Revenue	Estimated FY 05/06 Revenue	Proposed FY 06/07 Revenue
5111	Property Tax Real - Current	44,818,626	53,376,896	54,051,000	55,367,790	56,419,390
5112	Property Tax Real - Prior	2,100,759	1,940,833	1,900,000	1,962,020	1,900,000
5113	Personal Property Tax - Current	5,160,749	5,739,959	6,526,200	6,134,850	6,019,840
5114	Personal Property Tax - Prior	546,144	134,302	150,000	275,660	150,000
5115	Public Utilities - Current	2,710,284	3,346,017	3,235,600	3,270,570	3,103,130
5116	Public Utilities - Prior	197,159	93,367	6,000	258,330	6,000
5117	Discount	(241,683)	(295,594)	(310,800)	(308,170)	(346,500)
5131	KUB	9,949,799	11,350,977	11,945,300	11,722,420	11,976,400
5132	KCDC	73,736	34,618	34,620	24,930	24,930
5134	PILOT - Downtown	0	7,087	0	7,000	7,000
5135	PILOT - News Sentinel	65,116	76,786	76,780	76,780	76,780
5136	Other Payment In Lieu of Taxes	31,004	14,244	20,000	0	20,000
5141	Local Shared Sales Tax	30,529,023	31,784,513	31,834,200	34,173,650	35,028,000
5151	Beer Tax	5,697,243	5,871,154	5,964,110	5,933,030	5,934,500
5152	Mixed Drink Tax	898,092	990,937	1,004,200	1,181,730	1,237,400
5153	Alcoholic Beverage Tax	1,777,111	1,953,486	1,938,000	2,097,030	2,107,500
5161	Business Tax	48,627	35,975	5,000	36,050	5,000
5165	Tax Sale Publication Fees	88,239	35,650	27,200	54,830	54,800
5166	Business Tax - 2003	3,995,437	4,360,123	3,995,800	4,205,360	4,247,400
5171	Interest & Penalties - Current	124,839	161,048	125,000	212,660	125,000
5172	Interest & Penalties - Prior	1,264,168	1,109,966	1,151,210	1,110,140	1,110,110
5173	Interest & Penalties - Business	9,840	7,338	3,000	1,230	1,200
5174	Interest & Penalties - License	968	261	350	1,050	1,000
5175	Interest & Penalties - CBID	1,567	3,109	1,500	4,730	1,500
5176	Interest - New Business Tax	4,238	6,646	7,100	8,410	7,100
5177	Penalty - New Business Tax	47,488	60,385	64,000	62,120	64,000
5191	General Admissions Tax	0	488	0	0	0
5193	Cable TV Franchise Tax	1,155,917	1,216,437	1,204,000	1,427,780	1,373,700
	Subtotal - Taxes	111,054,490	123,417,008	124,959,370	129,301,980	130,655,180
5201	Blasting Permits	4,700	5,730	4,300	5,880	5,880
5202	Fire Reports	2,400	2,800	2,740	1,630	1,630
5203	Fireworks Permits	1,920	3,040	2,820	1,680	1,680
5204	Tank Abandonment Fee	1,240	1,760	1,100	2,060	2,060
5205	Tank Installation Fee	13,150	13,710	10,470	10,560	10,560
5211	Merchant & General Privilege	175	100	200	510	200
5212	Liquor by the Ounce	135,760	150,220	141,170	163,880	165,530
5215	Alcoholic Beverage License	2,500	3,000	2,600	4,200	4,200
5251	Beer Application Fees	26,750	27,250	26,350	27,370	28,330
5252	Beer Privilege Tax	57,495	58,601	60,730	59,230	59,820
5253	Beer Permit Publications	1,740	1,785	1,730	2,670	2,670
5254	Beer Permit Records Check	4,964	5,151	4,920	6,970	7,320
5255	Duplicate Beer Permits	737	402	0	540	0
5291	Solicitation	5,060	5,075	4,710	4,630	4,630
5293	Street Vendor	6,050	5,500	5,700	3,360	3,360
	Subtotal - Licenses and Permits	264,641	284,124	269,540	295,170	297,870
5312	Senior Aides	394,645	0	0	0	0
5313	Emer. Mgmt. - Federal Share	85,021	94,874	85,020	85,020	85,020
5319	Federal Contribution	635,793	638,384	670,000	545,580	640,000
5321	Sales Tax	10,181,902	10,566,880	10,645,460	11,709,990	12,310,140
5322	Income Tax	1,355,580	2,527,831	2,100,000	2,404,700	2,885,700
5323	Beer Tax	86,293	85,260	86,600	86,320	86,300
5324	Alcoholic Beverage Tax	87,376	70,486	88,120	70,500	70,500
5326	Streets and Transportation Tax	393,540	391,077	401,650	397,080	397,080

## GENERAL FUND REVENUE

Fiscal Year 2006/2007

Account Code	Revenue Source	Actual FY 03/04 Revenue	Actual FY 04/05 Revenue	Budgeted FY 05/06 Revenue	Estimated FY 05/06 Revenue	Proposed FY 06/07 Revenue
5327	Excise Tax	347,029	396,750	396,800	663,850	695,200
5328	TVA Gross Receipts	1,185,887	1,268,995	1,269,070	1,301,700	1,301,700
5329	State Contribution	323,305	161,773	382,840	382,840	382,840
5332	Telecommunications Sales Tax	28,636	29,432	27,090	29,080	29,080
5340	County Revenue	121,374	0	0	0	0
5341	Emer. Mgmt. - County Share	53,000	53,000	53,000	53,000	53,000
	Subtotal - Intgvtl. Revenue	15,279,381	16,284,742	16,205,650	17,729,660	18,936,560
5407	Gateway Village Rental	0	425	0	170	170
5408	Krutch Park Rental	0	0	0	690	690
5409	Volunteer Landing Rental	0	0	0	180	180
5410	Market Square Rental	0	0	0	520	520
5411	Parking Lot Fees	5,908	3,890	3,890	0	0
5412	Attorney Cost - Taxes	312,950	311,043	326,710	262,490	262,490
5413	Recording & Collection	43,706	44,639	43,500	43,980	43,980
5423	Accident Reports	215,383	197,210	192,210	187,790	187,790
5425	Officer Costs	30,751	29,055	14,650	18,950	18,950
5434	Codes Enforcement	89,019	76,776	81,570	100,510	100,510
5435	State Reimbursement - Streets, Signs	252,296	119,066	120,000	100,000	100,000
5442	Inskip Pool Gate & Concessions				30,850	30,850
5443	Ed Cothren Pool Gate & Concessions	35,151	58,104	35,200	16,850	16,850
5444	Indoor Pool Fees and Rentals				37,410	37,410
5445	Team Registration Fees	39,636	36,380	27,030	36,400	36,400
5447	Vending Concessions	20,663	19,026	18,940	7,410	7,410
5449	Summer Program Revenues	7,190	8,080	7,000	8,080	8,080
5450	Tennis Revenue	0	0	0	7,220	7,220
5451	Building and Shelter Revenues	0	0	0	33,580	33,580
5452	Parks and Field Rental Fees	37,851	23,295	50,000	12,220	12,220
5453	Lease of SKCC	0	0	0	21,660	21,660
5459	Parks and Rec. - Misc. Fees	0	0	0	1,130	1,130
5461	Caswell - League Concessions	30,830	13,553	0	14,750	14,750
5462	Caswell - Tournamaent Concessions	36,746	0	0	0	0
5403	Caswell - Tournament Fees	3,505	0	0	0	0
5464	Caswell - Gate Fees	2,950	0	0	18,010	18,010
5465	Caswell - Misc. Fees	852	22,948	0	0	0
	Subtotal - Charges for Services	1,165,387	963,490	920,700	960,850	960,850
5511	General Sessions Fines	105,153	3,862	5,620	3,800	3,800
5512	General Session Costs	90,571	106,435	106,030	112,230	112,230
5528	KPD Automated Information	111,583	95,900	93,510	102,140	102,140
5529	KPD Moving Violations	344	586	0	0	0
5531	Criminal Court Fines	18,170	144,845	54,500	98,630	98,630
	Subtotal - Fines & Forfeits	325,821	351,628	259,660	316,800	316,800
5603	Residential Parking Permits	4,420	4,220	1,660	3,700	3,700
5611	Interest on Investments	146,599	337,383	260,000	413,780	440,000
5620	Lease & Rental Income	32,218	28,970	30,000	24,400	24,400
5627	Parking Meters	370,571	330,618	330,970	284,290	284,290
5642	Equipment Sales	40,050	24,214	15,000	74,530	15,000
5666	Agency Contribution	10,120	105	0	20	0
5689	Change in Fair Value of Investments	(7,181)	0	0	0	0
5699	Miscellaneous Revenue	18,265	(17,853)	61,100	107,810	60,000
	Subtotal - Misc. Revenue	615,062	707,657	698,730	908,530	827,390

City of Knoxville

GENERAL FUND REVENUE

Fiscal Year 2006/2007

Account Code	Revenue Source	Actual FY 03/04 Revenue	Actual FY 04/05 Revenue	Budgeted FY 05/06 Revenue	Estimated FY 05/06 Revenue	Proposed FY 06/07 Revenue
	Grand Total - Operating Revenues	<u>128,704,782</u>	<u>142,008,649</u>	<u>143,313,650</u>	<u>149,512,990</u>	<u>151,994,650</u>
5525	Excess City Court Fees	3,334,810	2,999,840	2,994,950	2,994,950	3,259,330
5660	Operating Transfer In	6,640	0	0	0	0
5670	Misc. Grant Transfer	<u>536,841</u>	<u>108,254</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Subtotal - Transfers In	<u>3,878,291</u>	<u>3,108,094</u>	<u>2,994,950</u>	<u>2,994,950</u>	<u>3,259,330</u>
	Grand Total - General Fund	<u>132,583,073</u>	<u>145,116,743</u>	<u>146,308,600</u>	<u>152,507,940</u>	<u>155,253,980</u>

## GENERAL FUND EXPENDITURES

### General Fund Overview

Budgeted General Fund expenditures for FY 06/07, including the reservation for contingencies, equal \$155,253,980. This is roughly 6.11% more than the FY 05/06 General Fund budget of \$146,308,600. The pages that follow explain the specific departmental changes which make up the change in general fund expenditures for the FY 06/07 budget. The purpose of this section is to give you a general overview of all expenditure categories.

**TABLE 1**

	FY05/06	FY06/07	Change
Personal Services	\$72,798,100	\$74,602,450	\$1,804,350
Supplies	3,056,140	3,349,160	293,020
Other Charges	38,430,040	41,387,210	2,957,170
Transfers Out	<u>32,024,320</u>	<u>35,915,160</u>	<u>3,890,840</u>
<b>TOTAL</b>	<b><u>\$146,308,600</u></b>	<b><u>\$155,253,980</u></b>	<b><u>\$8,954,380</u></b>

### Personal Services

Personal Services, which include salaries and benefits, increase by \$1,804,350 or 2.5% when compared to the FY 05/06 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 2006. The number of full-time employees in the General Fund increases from 1,380 to 1,389 which represents an increase of 9 positions. Several of these positions moved from Special Revenue Funds into 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 \$293,023 or 12.1%. This is largely due to an accounting change related to our Internal Service charges for the City Print Shop.

### 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 06/07 budget, this category increases by \$2,957,170 when compared to the previous fiscal year. Higher energy prices have had a major impact on the budget. Approximately \$1.5 million in fuel and utility increases have been included in the proposed budget.

### Transfers

This grouping of expenditures represents fund transfers from the General Fund to various other funds of the City. 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 increase by \$3,890,840 from the previous fiscal year to a total of \$35,915,160. The largest change in transfers is a \$2,811,250 increase in the transfer to Capital Projects. The amount going to the Inspections Fund decreases by \$248,660 due to continued increases in permit revenue generated by this operation. Transfers increase for Chilhowee Park by \$111,250 and the subsidy for the Civic Auditorium/Coliseum increases by \$6,380. The transfer for the Convention Center increases by \$147,880. Transfers to Mass Transit increase by \$1,151,400 to a total of \$5,879,190. The amount the City contributes to offset retiree

health care costs decreases by \$230,470. Other increases include \$42,740 for Stormwater and \$173,790 for the Special Revenue Fund Transfer, which includes Senior Aides and the new Urban Growth Fund.

### **Mayor's Office/Administration**

The proposed FY 06/07 Administration budget increases by 4.46% or \$92,050 when compared to FY 05/06. Personal services costs increase by \$74,010 due to the proposed salary increase. Supply costs increased by \$18,130 and other expense costs remained almost the same as FY05-06 at \$530,800.

### **Finance & Accountability**

#### **Finance Division**

The FY 06/07 budget for the Finance and Accountability Department increase by \$136,630 or 4.3% when compared to FY 05/06. Overall, personal services expenditures increase by \$119,490 or 5.21%. This is the result of the addition of a Grants Coordinator position, and the proposed salary increase. Supply costs increase \$8,160 due to a change in accounting procedure regarding Office Services (Fund 701). The Other Charges category increases by \$8,980. This is primarily attributable to an increase in the amount for City-County Building rent.

#### **Information Systems Division**

The FY 06/07 budget for the Information Systems Department increases by \$164,750, or 5.15%, compared to FY 05/06. Personal services increases by \$145,170 mostly due to the proposed salary increase. Supplies increase by \$77,240 due to the purchase of 'spyware' software and other computer equipment. Other charges decrease by \$57,660, primarily from the elimination of the maintenance service contract on the mainframe.

### **Operations & Engineering**

#### **Engineering Division**

The Department of Engineering budget increases by \$122,240 or 2.36% when compared to the previous fiscal year. Personal services increase \$15,570. Supply costs increase by \$4,340, and other charges increase by \$102,330.

### **Community & Neighborhood Services**

#### **Public Service Division**

The FY 06/07 proposed budget for the Public Service Division totals \$18,510,720, an increase of \$1,554,060 (9.16%) from FY05/06. Personal services costs increase by \$383,220 due primarily to the salary increase and the shift of seven personnel from the Solid Waste (Fund 230) to the General Fund (Fund 100). Supply costs increase slightly by \$12,420. Other cost increase \$1,158,420, primarily due to higher Fleet Services, Risk Management and Utility costs.

#### **Development Division**

The proposed budget for the Division of Development (Economic Administration) for FY 06/07 is \$733,500, an increase of \$ 167,310, when compared to the budget for FY 05/06. This is mostly due to the addition of a position to address chronic homelessness. Other Charges increase slightly due to additional projected cost in building rental costs and other miscellaneous changes.

#### **Parks and Recreation Division**

The Parks and Recreation budget for FY 06/07 increases by \$139,920. Personal service decreases \$78,480. Supply costs show a small increase of \$7,470. The 'Other Cost' category increases by \$210,930, which is due to higher amounts for utility costs.

#### **Mass Transit Division (Grant Match)**

The Mass Transit Grant Match totals \$830,000, a decrease of \$52,950. This funding is sufficient to meet the City's current grant match requirements.

### **Law**

The FY 06/07 budget for the Law Department increases by \$68,950 when compared to the FY 05/06 budget. Personal Services increase by \$53,270 due to salary increases. Supply costs increase by 5,800. Other charges increase by \$9,880.

### **Police**

#### **Police Division**

The FY06/07 budget for the Police Department is \$40,701,280 an increase of \$1,726,550 or 4.43%,

over FY 05/06. Personal Services increase by \$777,250. This increase is due to salary survey increases for Police Officers in addition to the 2.5% across the board increases.

Supply costs increase to \$1,049,320 due to the purchase of some new equipment as well changes in print shop charges. Other costs increased \$830,000 due higher costs for utilities, communication costs and risk management charges. The authorized strength for uniformed positions remains 414. There were several changes made in the civilian workforce including the addition of 4 Cadet positions and 2 Training Specialists to work at Safety City.

#### **Emergency Management Division**

The FY 06/07 budget for Emergency Management increases by \$6,910 from last year. The change in the budget is primarily due to salary and benefit increases of \$6,480.

#### **Fire**

The FY 06/07 proposed budget for the Fire Department is \$27,905,530 representing an increase of \$387,690 or 1.41% over FY 05/06. Personal services increase \$383,980 due to the proposed salary increase.

Supplies increase by \$3,970, while other charges increase by \$260. A decrease in risk management charges was offset by increase in other areas.

The authorized strength for the uniformed personnel for FY 06/07 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 06/07 decreases by \$10,880 to a total of \$935,430. Personal services costs shrink by \$19,230 due to the mid-year removal of a position and a decrease in health care costs. Supply costs increase by \$14,500 due to the purchase of additional storage. There is a \$6,150 decrease in the other costs category, due to a decrease in the budgeted amounts for Postage and Shipping and Publicity.

#### **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 FY06/07 budget decreases to \$40,000 because no general city election is scheduled for this fiscal year.

##### **Waterfront Division**

The FY 06/07 Waterfront budget increases by \$13,540, due primarily to higher utility costs

#### **Other Funds**

##### **State Street Aid (Fund 201)**

The State Street Aid budget remains the same for FY 06/07. Transfers for FY06/07 for this fund remain at \$1,275,000 for capital. Street lighting expenditures increase by \$450,000. Because of the increase in Street Lighting the transfer to KAT decreases to \$180,000.

##### **Abandoned Vehicles (Fund 209)**

The FY 06/07 budget for the Abandoned Vehicles Fund totals \$587,850, which is a decrease of \$6,030 from FY 05/06.

##### **City Court (Fund 213)**

The total budget for City Court is \$3,950,480. Actual budgeted expenditures are \$691,150. Projected excess fees collected, which are transferred to the General Fund, are \$3,259,330, which is an 8.83% increase from FY 05/06.

##### **City Inspections (Fund 216)**

Due to higher revenues, General Fund support for Inspections is not required for FY06/07. The total Inspections budget increases by \$73,890 largely due to the 2.5% salary increase.

##### **Stormwater (Fund 220)**

The proposed budget for FY 06/07 increases by \$58,730 or 3.07% compared to the previous fiscal year. Personal services increase \$58,730 due to the addition of 2 new Stormwater Technician

positions. Supplies decrease by \$11,110 and other charges increase by \$10,960.

#### **Solid Waste (Fund 230)**

The Public Service Division of the Community and Neighborhood Services Department manages the Solid Waste Management Fund. The FY 06/07 budget for Solid Waste is \$9,994,290 a decrease of \$314,960 from the prior year. Personnel costs decrease by \$332,670 due to seven positions shifting to the General Fund. The General Fund transfer to Solid Waste is budgeted at \$9,221,240, a decrease of \$330,890 from last year.

#### **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 06/07 grants is \$1,755,440. Funding is for the Home Grant (\$1,673,210) and an Emergency Shelter grant of \$82,230. The Home Grant is reduced this year by \$58,130.

#### **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 \$2,269,750, a decrease of \$1,798,190. The Community Development Block Grant for FY 06/07 is \$1,929,750. This represents a decrease of \$215,170 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 FY06/07 budget increases by \$182,300 from FY 05/06. Personal services increases by \$79,990 due to additional costs for event staffing and the proposed salary increase. Supply costs increase \$12,140 to \$197,960. Other charges by increase by \$94,670, mostly due to higher utility expenses.

#### **Metro Parking (Fund 504)**

The Metro Parking Fund covers the following City parking facilities: Jackson Avenue Lot, Main

Avenue Garage, Market Square Garage, Promeade Garage and the State Street Garage. These facilities are now managed by PBA for the city. The FY 06/07 budget decreases by \$33,980 or 3.21% compared to last fiscal year. There are no personnel service or supply costs in this fund.

#### **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 \$21,374,630 which represents a \$1,145,390 increase from FY05/06.

#### **Mass Transportation (Fund 507)**

The FY 06/07 budget for Mass Transit operations is \$16,310,950. The budget includes all three divisions of KAT; Motor Buses, Trolleys, and Lift (paratransit). Operating expenses increase by \$1,843,850. This is mainly due to salary increases, as well as utility and fuel costs.

#### **Fleet Services (Fund 702)**

The Fleet Services Operating Fund increases by \$1,054,130. The total budget for FY 06/07 is \$10,694,800. In addition to higher fuel charges, increased part prices led to the large increase in the Fleet budget. 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 06/07 increases by \$618,680 (or 7.5%) to \$8,243,820 from the previous fiscal year. This is attributable mainly to an increase in Self Insurance Charge costs.

#### **Health Care (Fund 705)**

The FY 06/07 budget for Health Care decreases by \$2,935,550, or 24.12% from FY 05/06 to \$12,168,330. During FY05-06, a major review of available insurance plans was undertaken. This led to a change in health insurance providers for City of Knoxville employees and millions of dollars in savings.

## GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2006/07

Department	Actual FY 03/04	Actual FY 04/05	Adopted Budget FY 05/06	Proposed Budget FY 06/07	\$ Change 05/06 - 06/07	% Change 05/06 - 06/07
Administration	1,846,842	1,807,104	2,061,890	2,153,940	92,050	4.46%
Finance and Accountability						
Finance	3,537,378	2,902,938	3,180,010	3,316,640	136,630	4.30%
Information Systems	2,852,663	2,844,889	3,201,410	3,366,160	164,750	5.15%
Subtotal - Finance & Accountability	6,390,041	5,747,827	6,381,420	6,682,800	301,380	4.72%
Operations & Engineering						
Engineering	5,046,867	4,660,658	5,170,500	5,292,740	122,240	2.36%
Subtotal - Operations & Engineering	5,046,867	4,660,658	5,170,500	5,292,740	122,240	2.36%
Community and Neighborhood Services						
Public Services	14,665,720	15,804,039	16,956,660	18,510,720	1,554,060	9.16%
Development Services	659,706	607,136	566,190	733,500	167,310	29.55%
Community Development	62,489	27,231	0	0	0	
Recreation	6,246,430	5,703,445	5,692,990	5,832,910	139,920	2.46%
Knoxville Area Transit (KAT)	807,770	795,851	882,950	830,000	(52,950)	(6.00%)
Subtotal - Community & Neighborhood Serv.	22,442,115	22,937,702	24,098,790	25,907,130	1,808,340	7.50%
Law	1,475,625	1,440,915	1,503,090	1,572,040	68,950	4.59%
Police						
Police	35,769,481	36,866,258	38,974,730	40,701,280	1,726,550	4.43%
Emergency Management	275,276	250,147	277,480	284,390	6,910	2.49%
Subtotal - Police	36,044,757	37,116,405	39,252,210	40,985,670	1,733,460	4.42%
Fire	24,531,737	25,698,341	27,517,840	27,905,530	387,690	1.41%
Board Administered/Other Departments						
Legislative	950,069	744,168	821,830	858,820	36,990	4.50%
Civil Service	845,259	921,951	946,310	935,430	(10,880)	(1.15%)
Subtotal - Other Departments	1,795,328	1,666,119	1,768,140	1,794,250	26,110	1.48%
Nondepartmental						
City Elections	103,295	0	265,000	40,000	(225,000)	(84.91%)
Knoxville Partnership	0	652,119	696,580	540,000	(156,580)	(22.48%)
Metropolitan Planning Commission (MPC)	692,650	692,650	737,550	713,430	(24,120)	(3.27%)
Knoxville Zoological Park	855,000	864,210	864,210	863,420	(790)	(0.09%)
Agency Grants	1,967,915	1,328,533	1,197,700	1,820,400	622,700	51.99%
Waterfront	560,043	348,111	359,380	372,920	13,540	3.77%
Community Action Committee (CAC)	437,950	448,820	444,980	444,550	(430)	(0.10%)
Reserve	0	0	1,965,000	2,250,000	285,000	14.50%
Miscellaneous Expenses	26,580	0	0	0	0	
Transfers	28,130,390	35,898,190	32,024,320	35,915,160	3,890,840	12.15%
Subtotal - Nondepartmental	32,773,823	40,232,633	38,554,720	42,959,880	4,405,160	11.43%
GRAND TOTAL	132,347,135	141,307,704	146,308,600	155,253,980	8,945,380	6.11%



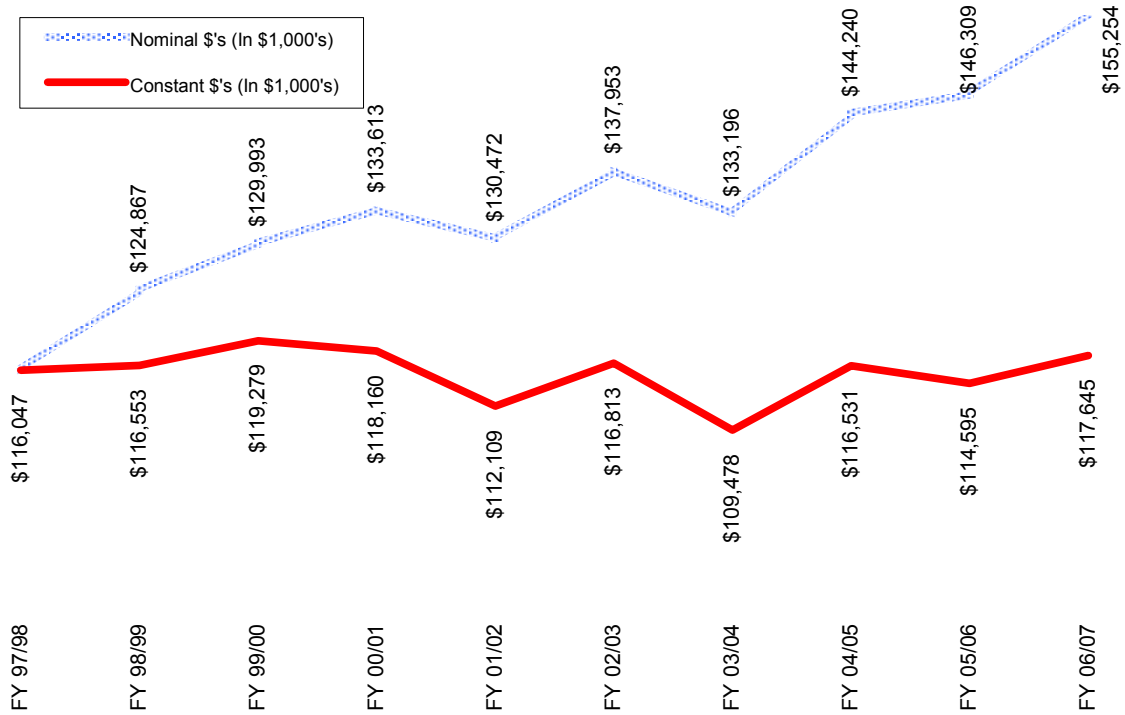
## GENERAL FUND BUDGET BY DEPARTMENT

Fiscal Years 2002/03 - 2006/07

Department	Budget FY 02/03	Budget FY 03/04	Budget FY 04/05	Budget FY 05/06	Proposed Budget FY 05/06
Administration	1,808,200	1,816,320	1,693,720	2,061,890	2,153,940
Finance and Accountability					
Finance	4,150,040	3,067,050	2,941,180	3,180,010	3,316,640
Information Systems	2,863,230	2,814,130	2,922,560	3,201,410	3,366,160
Subtotal - Finance & Accountability	7,013,270	5,881,180	5,863,740	6,381,420	6,682,800
Operations & Engineering					
Engineering	4,621,380	4,527,310	6,220,840	5,170,500	5,292,740
Subtotal - Operations & Engineering	4,621,380	4,527,310	6,220,840	5,170,500	5,292,740
Community and Neighborhood Services					
Public Services	15,821,480	15,486,290	14,333,840	16,956,660	18,510,720
Development Services	580,820	784,170	593,930	566,190	733,500
Community Development	125,720	60,860	43,750	0	0
Recreation	6,093,850	5,900,440	5,952,980	5,692,990	5,832,910
Knoxville Area Transit (KAT)	789,750	750,260	857,240	882,950	830,000
Subtotal - Community & Neighborhood Serv.	23,411,620	22,982,020	21,781,740	24,098,790	25,907,130
Law	1,394,250	1,383,030	1,437,170	1,503,090	1,572,040
Police					
Police	36,308,270	36,622,330	37,598,500	38,974,730	40,701,280
Emergency Management	328,250	313,120	267,500	277,480	284,390
Subtotal - Police	36,636,520	36,935,450	37,866,000	39,252,210	40,985,670
Fire	23,861,790	24,598,140	25,698,020	27,517,840	27,905,530
Board Administered/Other Departments					
Legislative	748,900	774,290	811,400	821,830	858,820
Civil Service	901,620	915,650	887,870	946,310	935,430
Subtotal - Other Departments	1,650,520	1,689,940	1,699,270	1,768,140	1,794,250
Nondepartmental					
City Elections	20,000	200,000	35,000	265,000	40,000
Knoxville Partnership	0	0	689,820	696,580	540,000
Metropolitan Planning Commission (MPC)	729,100	692,650	692,650	737,550	713,430
Knoxville Zoological Park	900,000	855,000	864,210	864,210	863,420
Agency Grants	1,917,650	1,512,950	1,489,170	1,197,700	1,820,400
Waterfront	472,580	448,960	275,730	359,380	372,920
Community Action Committee (CAC)	461,000	437,950	444,980	444,980	444,550
Reserve	2,350,000	1,350,000	1,450,000	1,965,000	2,250,000
Miscellaneous Expenses	21,340	27,080	0	0	0
Transfers	29,410,680	27,858,200	36,037,480	32,024,320	35,915,160
Subtotal - Nondepartmental	36,282,350	33,382,790	41,979,040	38,554,720	42,959,880
GRAND TOTAL	136,679,900	133,196,180	144,239,540	146,308,600	155,253,980

**City of Knoxville**  
**Equalized General Fund Budget**

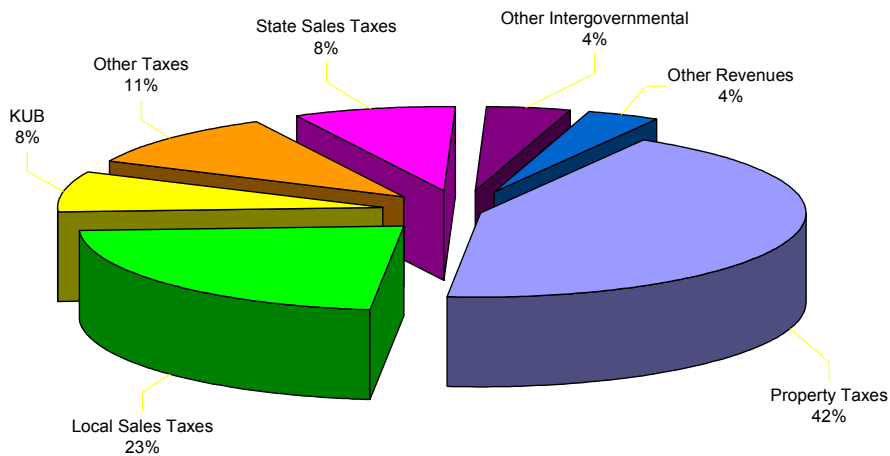
Fiscal Years 1997/98 – 2006/07



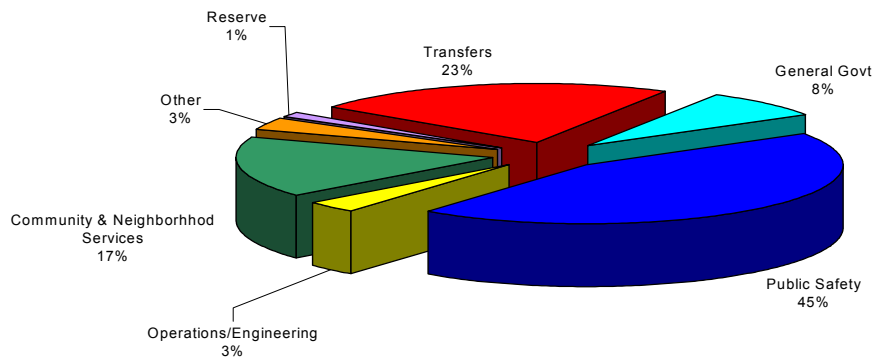
The chart above shows the actual adopted General Fund budget compared to the budget adjusted for the impacts of inflation. As can be seen the adjusted budget has fluctuated over the years. The proposed FY 06/07 budget, as adjusted, is up by \$1.60 million compared to 10 years ago, and up by \$3.05 million compared to a year ago.

## General Fund Revenue and Expenditures FY 2006-07

### Where the money comes from

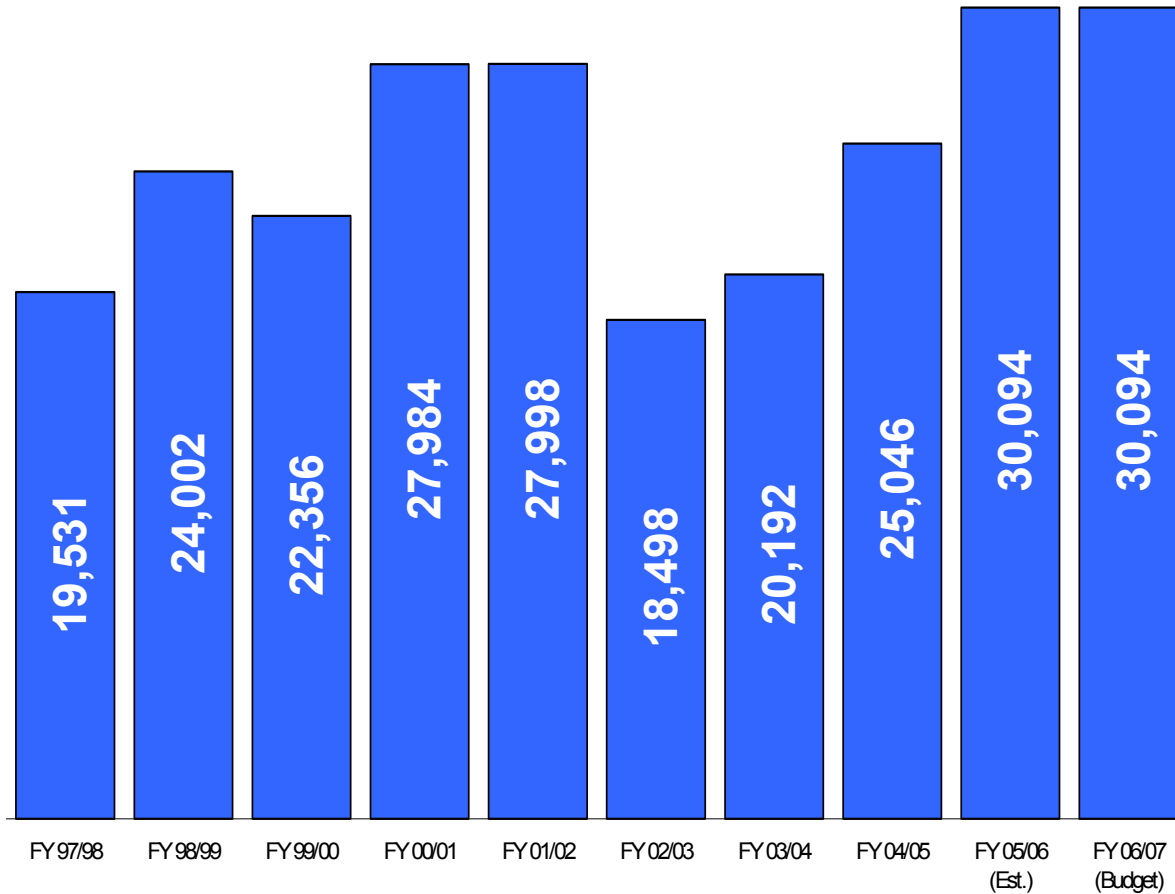


### Where the money goes



**City of Knoxville**  
**General Fund Fund Balance**

Fiscal Years 1997/98 – 2006/07



All numbers in \$1,000's.

The chart above shows the General Fund fund balance from FY 97/98 to FY 06/07. The FY 05/06 total is an estimate. As can be seen in the chart the fund balance declined by a large amount in FY 02/03, increased in FY 03/04, FY 04/05 and is expected to increase again in FY 05/06. There is no proposed use of fund balance in FY 06/07.

## Authorized Positions by Department

## Full and Part-Time General Fund

Department	FY 04-05		FY 05-06		FY 06-07		Total Change 05/06 - 06/07
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	
Administration	19	1	24	1	24	1	0
Finance and Accountability							
Finance	42	1	43	1	44	1	1
Information Systems	29	0	29	0	30	0	1
Subtotal - Finance & Accountability	71	1	72	1	74	1	2
Operations & Engineering							
Engineering	87	2	62	2	62	2	0
Subtotal - Operations & Engineering	87	2	62	2	62	2	0
Community and Neighborhood Services							
Public Services	253	0	280	0	286	0	6
Development Services	3	0	3	0	4	0	1
Community Development	1	0	0	0	0	0	0
Recreation	55	11	52	15	50	15	(2)
Subtotal - Community & Neighborhood Serv.	312	11	335	15	340	15	5
Law	13	0	13	0	13	0	0
Police							
Police	518	31	515	31	517	29	0
Emergency Management	3	0	3	0	3	0	0
Subtotal - Police	521	31	518	31	520	29	0
Fire	339	0	339	0	339	0	0
Board Administered/Other Departments							
Legislative	3	9	3	9	3	9	0
Civil Service	14	0	13	2	14	1	0
Subtotal - Other Departments	17	9	16	11	17	10	0
Nondepartmental							
Knoxville Partnership	1	0	1	0	0	0	(1)
Subtotal - Nondepartmental	1	0	1	0	0	0	(1)
Total - Full Time	1,380	55	1,380	61	1,389	58	6

## City of Knoxville

## Permanent Full Time Personnel

## General Fund FY 02/03 - 06/07

Department	FY 02-03 Full Time	FY 03-04 Full Time	FY 04-05 Full Time	FY 05-06 Full Time	FY 06-07 Full Time	Change 02/03 - 06/07	Change 05-06 -06/07
Administration	23	21	19	24	24	1	0
Finance and Accountability							
Finance	50	44	42	43	44	(6)	1
Information Systems	30	28	29	29	30	0	1
Subtotal - Finance & Accountability	80	72	71	72	74	(6)	2
Operations & Engineering							
Engineering	63	62	87	62	62	(1)	0
Subtotal - Operations & Engineering	63	62	87	62	62	(1)	0
Community and Neighborhood Services							
Public Services	303	286	253	280	286	(17)	6
Development Services	5	6	3	3	4	(1)	1
Community Development	2	1	1	0	0	(2)	0
Recreation	55	52	55	52	50	(5)	(2)
Subtotal - Community & Neighborhood Serv.	365	345	312	335	340	(25)	5
Law	13	13	13	13	13	0	0
Police							
Police	567	525	518	515	517	(50)	2
Emergency Management	4	4	3	3	3	(1)	0
Subtotal - Police	571	529	521	518	520	(51)	2
Fire	370	339	339	339	339	(31)	0
Board Administered/Other Departments							
Legislative	3	3	3	3	3	0	0
Civil Service	15	14	14	13	14	(1)	1
Subtotal - Other Departments	18	17	17	16	17	(1)	1
Nondepartmental							
Knoxville Partnership	0	0	1	1	0	0	(1)
Subtotal - Nondepartmental	0	0	1	1	0	0	(1)
Total - Full Time	1,503	1,398	1,380	1,380	1,389	(114)	9

City of Knoxville

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2006/07

Description	Actual FY 03/04	Actual FY 04/05	Adopted FY 05/06	Adopted FY 06/07	Dollar Change	Percentage Change
<i>Operating Grants</i>						
Affordable Housing Demonstration Proj.	332,500	322,530	322,600	323,000	400	0.12%
Arts Council	125,170	110,131	24,500	25,000	500	2.04%
Beck Cultural Center	28,500	27,650	27,700	28,000	300	1.08%
Bijou Theatre	2,850	0	0	0	0	
Blount Mansion Association	7,600	7,380	7,400	7,500	100	1.35%
Boys/Girls Club	25,000	0	0	0	0	
Center School	3,560	3,460	3,000	0	(3,000)	(100.00%)
Cerebral Palsy Center	6,650	6,460	6,500	6,500	0	0.00%
Cerebral Palsy Housing Corp.	14,750	4,610	4,700	0	(4,700)	(100.00%)
Child and Family Services	19,950	19,360	42,400	42,000	(400)	(0.94%)
City Ballet	11,400	0	0	0	0	
Community Coalition on Family Violence	20,000	0	0	0	0	
Disability Resource Center	9,500	9,220	0	0	0	
Discovery Center	30,400	29,490	0	20,000	20,000	
East Tennessee Economic Development Agency	9,500	0	0	0	0	
East Tennessee Historical Society	7,600	7,380	7,400	7,500	100	1.35%
Epilepsy Foundation	1,900	1,850	1,500	0	(1,500)	(100.00%)
Family Crisis Center	6,550	6,360	0	0	0	
Florence Crittenton Home	4,510	4,380	4,400	4,500	100	2.27%
Greater Smokey Mountain Boy Scouts	0	8,950	0	0	0	
Helen Ross McNabb Center	5,700	5,530	5,600	5,500	(100)	(1.79%)
Ijams Nature Center	19,000	0	0	0	0	
Interfaith Health Clinic	60,920	10,600	20,000	20,000	0	0.00%
James White Fort	4,270	4,150	7,000	5,000	(2,000)	(28.57%)
Katie Miller Group Home	7,600	7,380	0	0	0	
Keep Knoxville Beautiful	3,800	3,690	5,000	5,000	0	0.00%
Knox Assn. Retarded Citizens	7,600	7,380	0	0	0	
Knox Heritage	0	0	0	20,000	20,000	
Knoxville Area Urban League	47,500	46,080	46,100	46,000	(100)	(0.22%)
Knoxville Commuter Pool	23,750	23,040	0	0	0	
Knoxville Museum of Art	148,250	124,410	125,000	125,000	0	0.00%
Knoxville Opera Company	4,270	4,150	5,000	10,000	5,000	100.00%
Knoxville Rescue Squad	42,750	41,470	41,500	41,500	0	0.00%
Knoxville Safe Haven	25,200	14,750	12,500	12,500	0	0.00%
Knoxville Symphony	55,370	39,160	45,000	45,000	0	0.00%
Literacy Imperative	7,500	0	0	0	0	
McClung Museum	0	0	0	3,000	3,000	
Metropolitan Drug Commission	47,500	46,080	46,100	46,000	(100)	(0.22%)
Millertown Pike Group Home	8,070	7,830	0	0	0	
MLK Commemorative Commission	20,000	0	0	0	0	
MPC/Smart Trips	0	0	2,500	0	(2,500)	(100.00%)
Nativity Pageant	0	0	1,500	0	(1,500)	(100.00%)
Old Gray Cemetery	0	6,910	0	0	0	
Partnership for Neighborhood Improvement	7,120	0	0	0	0	
Protective Services	1,420	1,380	0	0	0	
Senior Citizens Home Assistance	23,750	23,040	23,100	23,000	(100)	(0.43%)
Sertoma Center	23,270	22,580	22,600	22,500	(100)	(0.44%)
Sr. Citizens Info. Referral	6,650	0	0	0	0	
Teen Center	1,660	1,620	0	0	0	
Tennessee Children's Dance Ensemble	1,420	1,380	1,400	1,400	0	0.00%
Tennessee Theatre Foundation	47,500	46,080	46,100	46,000	(100)	(0.22%)
UT Speech and Hearing Center	4,750	4,610	4,500	4,000	(500)	(11.11%)
WDBX	0	0	0	5,000	5,000	
YWCA	5,220	5,070	5,100	5,000	(100)	(1.96%)
Subtotal - Operating Grants	1,329,700	1,067,581	917,700	955,400	37,700	4.11%
<i>Capital Grants</i>						
Austin East High Capital	7,500	0	0	0	0	
Beck Cultural Center Capital	25,000	0	0	0	0	
Bijou Theatre Capital	15,000	0	75,000	75,000	0	0.00%
Blount Mansion Capital	10,000	0	0	0	0	
CASA Capital	5,000	0	0	0	0	
Child and Family Services Capital	20,000	0	0	0	0	
East Tennessee Historical Museum Capital	190,000	0	0	0	0	
Fulton High School Capital	20,000	0	0	0	0	
Helen Ross McNabb Capital	57,000	63,000	0	60,000	60,000	
Ijams Nature Center Capital	15,000	0	0	0	0	
James White Fort Capital	10,000	0	0	0	0	
Knoxville Botanical Gardens and Arboretum	0	0	0	30,000	30,000	
Knoxville College Capital	10,000	0	0	0	0	
Knox Union Rescue Capital	23,750	0	0	0	0	
Love Kitchen Capital	10,000	0	0	0	0	
Mabry Hazen House Capital	0	0	5,000	0	(5,000)	(100.00%)
Tennessee Theatre Capital	0	0	0	500,000	500,000	
Volunteer Ministries Capital	20,000	0	0	0	0	
YMCA Capital	200,000	200,000	200,000	200,000	0	0.00%
Subtotal - Capital Grants	638,250	263,000	280,000	865,000	585,000	208.93%
Grand Total	1,967,950	1,330,581	1,197,700	1,820,400	622,700	51.99%

**City of Knoxville**  
**GENERAL FUND TRANSFERS**  
Fiscal Year 2006/07

Description	Budget FY 05/06	Proposed FY 06/07	Change 05/06 - 06/07	Comment
Community Improvement (202) Transfer	90,000	90,000	0	Transfer for community improvements (see Fund 202)
City Inspections Transfer	248,660	0	(248,660)	Subsidy for City Inspections (see Fund 216)
Stormwater Transfer	1,768,930	1,811,670	42,740	Funding for Stormwater operations (see Fund 220)
Solid Waste Transfer	9,522,130	9,221,240	(300,890)	Funding for Solid Waste operations (see Fund 230)
Special Revenue Fund Transfer	50,210	224,000	173,790	Transfer for Senior Aides and Urban Growth (see Funds 240 & 250)
Capital Projects Transfer	8,081,750	10,893,000	2,811,250	Capital Purchases (see Fund 401)
Chilhowee Park Transfer	706,230	817,750	111,520	Subsidy for Chilhowee Park operations (see Fund 503)
Auditorium/Coliseum Transfer	1,001,340	1,007,720	6,380	Subsidy for Coliseum (see Fund 503)
Convention Center Transfer	2,449,870	2,597,750	147,880	Support for Convention Center Operations (see Fund 506)
World's Fair Park Transfer	1,288,380	1,326,670	38,290	Subsidy for WFP operations (see Fund 506)
Mass Transit Transfer	4,727,790	5,879,190	1,151,400	KAT operating subsidy (see Fund 507)
Trolley Transfer	370,390	448,850	78,460	Trolley operating subsidy (see Fund 507)
Risk Management Transfer	603,560	674,960	71,400	Support administration of Risk Fund (see Fund 704)
Health Care Transfer	347,250	385,000	37,750	Support administration of Health Care Fund (see Fund 705)
Employer Subsidy - Retiree Health Care	767,830	537,360	(230,470)	Subsidy to offset a portion of retiree's health care costs
	<u>32,024,320</u>	<u>35,915,160</u>	<u>3,890,840</u>	



## DEBT SERVICE

The City of Knoxville, like other cities, occasionally needs to borrow money in order to complete various capital projects. In the past the city has issued debt for such items as road paving and construction, fire station construction, waterfront development, storm sewer improvements, land acquisition and improvements at the World's Fair site, auditorium improvements, fleet purchases, the new Convention Center, and various other projects. As of June 30, 2006, the long-term debt of the City, excluding revenue supported debt of the Knoxville Utilities Board (KUB) and the Metropolitan Knoxville Airport Authority (MKAA), equals \$235,014,930. As KUB and MKAA are

category of debt, Enterprise Fund debt, debt attributable to the Main Avenue Garage and the Convention Center, is, consistent with proper accounting procedures, budgeted within each respective enterprise fund. There is, however, a large transfer of funds from this fund to the Convention Center Fund to help pay principal and interest on that facility's debt.

The Other Debt category consists of a debt obligation to Knox County. The City and County have jointly funded construction of an animal welfare center. The costs were funded from bonds issued by Knox County. The amount listed under other debt is the City's share of the debt repayment for the animal welfare center.

**TABLE 1**

Type of Debt	Principal Outstanding 6/30/06	Principal Paid In FY 06/07	Principal Outstanding 6/30/07
G.O. Bonds & Notes	\$82,255,000	\$9,620,000	\$72,635,000
Other Debt	1,284,930	63,310	1,221,620
Enterprise Fund Debt	<u>151,475,000</u>	<u>3,565,000</u>	<u>147,910,000</u>
Total	<u>\$235,014,930</u>	<u>\$13,248,310</u>	<u>\$221,766,620</u>

The primary revenue to this fund comes from a property tax levy of 81¢. This levy is unchanged when compared to the FY 05/06. For FY 06/07, property tax is projected to yield approximately \$23.75 million. Also included are interest earnings of \$250,000, and \$500,000 from property sales. The Knoxville Community Development Corporation (KCDC) received a portion of the City's Series 2000-A bonds, and is committed to repay the debt service on that portion. In FY 06/07 that amount is \$231,120.

not a part of the City's operating budget the following analysis focuses only on the debt of the general government.

The debt of the City can be separated into three basic categories: general obligation bonds; other debt, i.e., debt that is not a general obligation of the City; and enterprise fund debt. A breakdown of general government debt by category is shown in Table 1.

The debt service on the general obligation bonds as well as the other category of debt is shown in Fund 305, the Debt Services Fund. The final

### Debt Limitations

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

The following pages show a complete debt service schedule of principal and interest payments for FY 06/07, as well as a complete amortization schedule by year.

## DEBT SERVICE SCHEDULE

Fiscal Year 2006/07

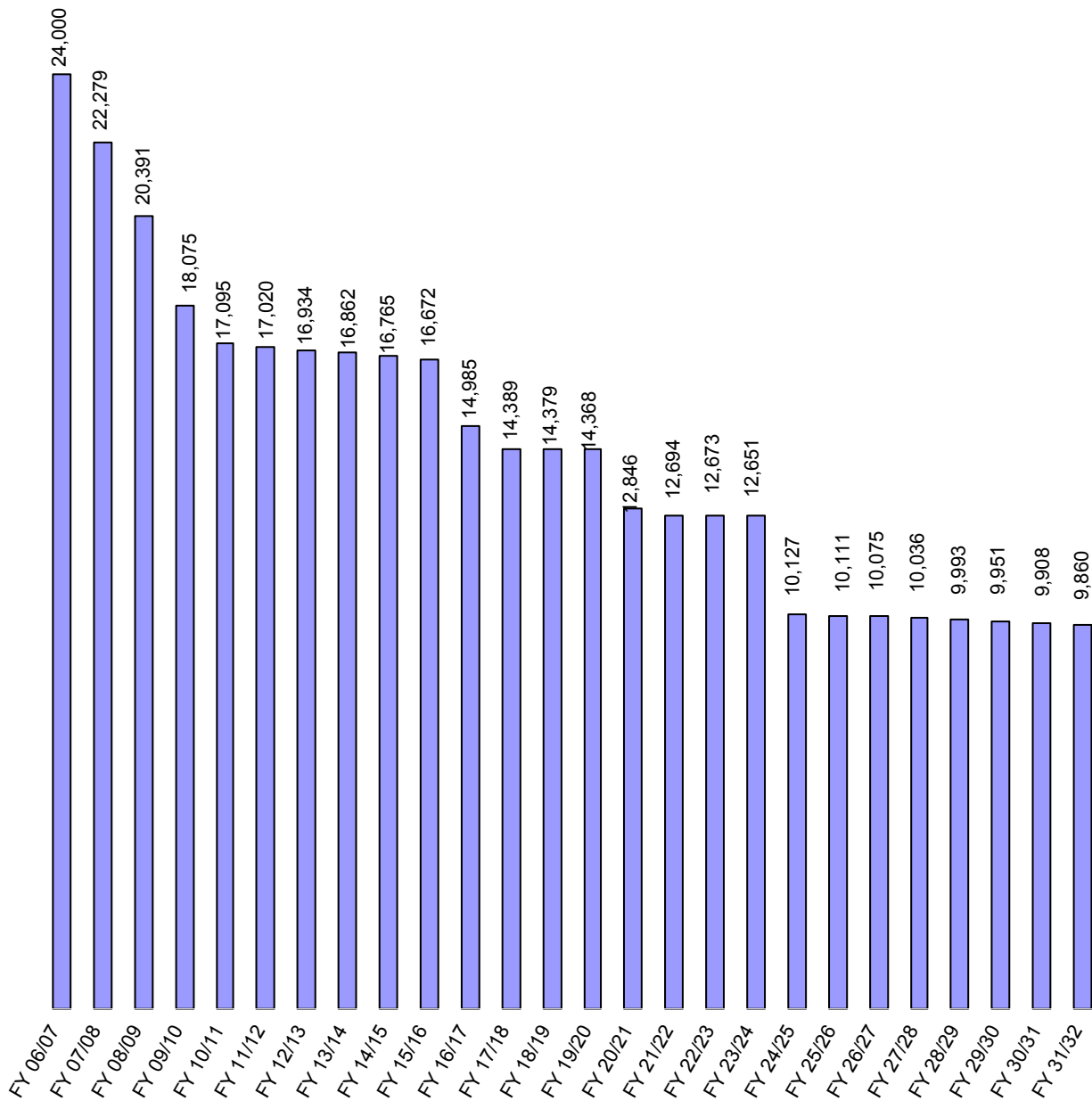
Bond Issue	Final Maturity	Principal Balance 06/30/2006	Principal Payable FY 06/07	Interest Payable FY 06/07	Total Payable FY 06/07	Principal Balance 06/30/2007
General Obligation Bonds						
G.O. Series 2000 A	05/20	1,550,000	755,000	77,500	832,500	795,000
G.O. Series 2004 A	05/24	31,670,000	1,240,000	1,392,590	2,632,590	30,430,000
G.O. Refunding Series 2004 B	05/17	35,395,000	7,535,000	1,633,250	9,168,250	27,860,000
G.O. Refunding Series 2005 A	05/20	13,640,000	90,000	609,270	699,270	13,550,000
Subtotal - G.O. Bonds		<u>82,255,000</u>	<u>9,620,000</u>	<u>3,712,610</u>	<u>13,332,610</u>	<u>72,635,000</u>
Other Debt						
Knox County - 2002	06/21	1,284,930	63,310	66,400	129,710	1,221,620
Subtotal - Other Debt		<u>1,284,930</u>	<u>63,310</u>	<u>66,400</u>	<u>129,710</u>	<u>1,221,620</u>
Grand Total- Fund 305		<u>83,539,930</u>	<u>9,683,310</u>	<u>3,779,010</u>	<u>13,462,320</u>	<u>73,856,620</u>
Enterprise Fund Debt						
Refunding Series 1999A	05/08	800,000	415,000	32,600	447,600	385,000
TN Loan - 1999	06/20	38,015,000	1,995,000	1,710,680	3,705,680	36,020,000
G.O. Series 2002 A	06/25	52,690,000	1,155,000	2,530,810	3,685,810	51,535,000
TN Loan Variable Rate - 2002	06/32	59,970,000	0	3,298,350	3,298,350	59,970,000
Subtotal - Enterprise Fund		<u>151,475,000</u>	<u>3,565,000</u>	<u>7,572,440</u>	<u>11,137,440</u>	<u>147,910,000</u>
		<u>235,014,930</u>	<u>13,248,310</u>	<u>11,351,450</u>	<u>24,599,760</u>	<u>221,766,620</u>

**City of Knoxville**  
**Debt Amortization Schedule**

**Fiscal Years 2006/07 - 2031/32**

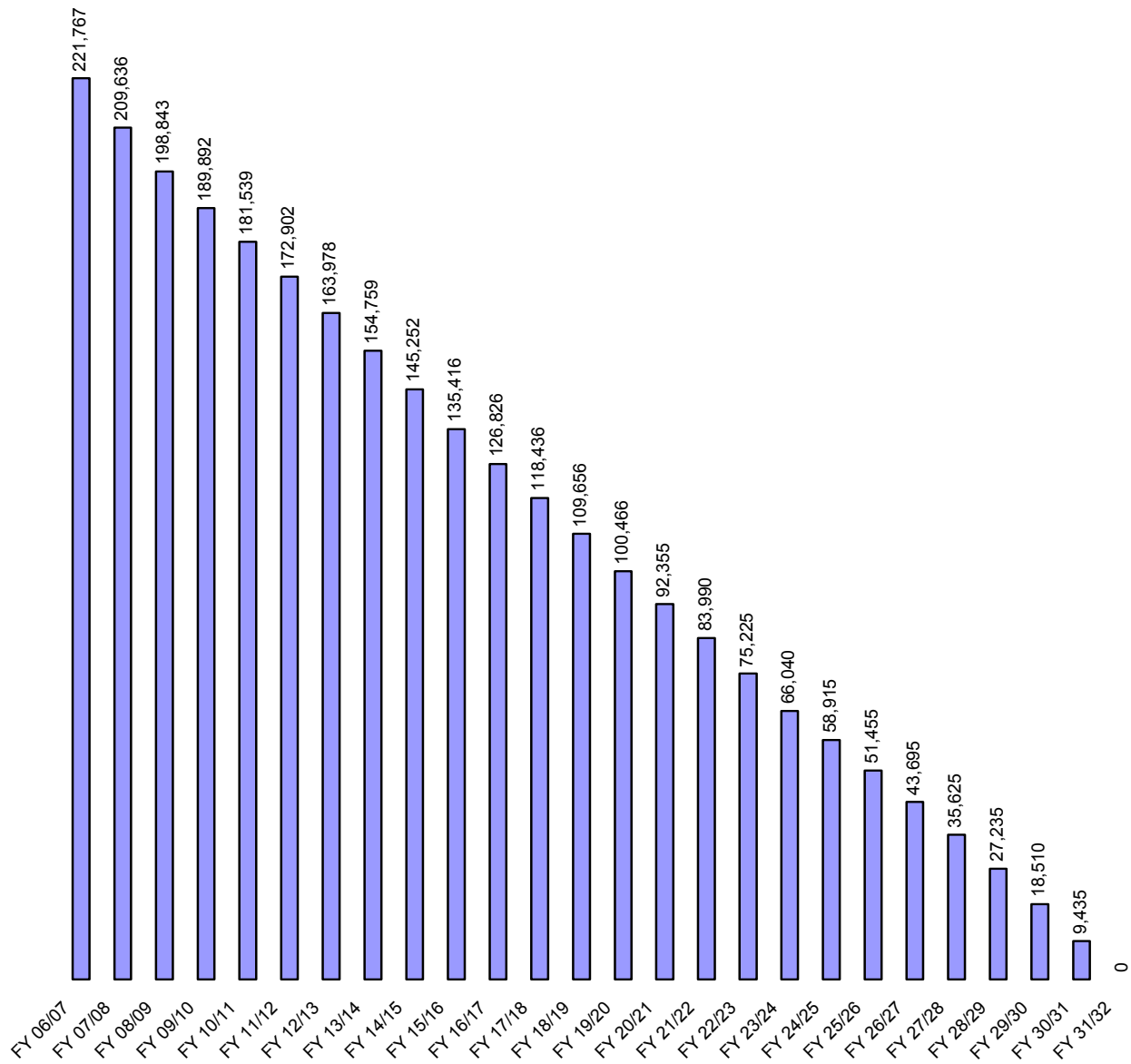
Fiscal Year	G.O. Bonds P & I	Other Debt P & I	Enterprise P & I	Total P & I	Principal Balance EOY
2007	13,332,610	129,710	11,137,440	24,599,760	221,766,620
2008	11,660,680	128,500	11,089,650	22,878,830	209,636,030
2009	10,171,460	127,370	10,692,010	20,990,840	198,842,970
2010	7,853,970	126,360	10,693,890	18,674,220	189,892,340
2011	6,874,820	125,510	10,694,260	17,694,590	181,538,860
2012	6,799,440	124,510	10,696,230	17,620,180	172,902,340
2013	6,710,510	123,620	10,699,230	17,533,360	163,977,500
2014	6,641,540	122,950	10,697,690	17,462,180	154,759,140
2015	6,541,460	122,280	10,701,210	17,364,950	145,252,070
2016	6,445,440	121,920	10,704,370	17,271,730	135,416,010
2017	4,756,080	121,730	10,706,570	15,584,380	126,825,580
2018	4,159,370	121,520	10,708,050	14,988,940	118,435,590
2019	4,147,970	121,370	10,709,650	14,978,990	109,655,750
2020	4,131,360	121,360	10,714,980	14,967,700	100,465,680
2021	2,606,370	121,470	10,718,350	13,446,190	92,355,000
2022	2,577,910	0	10,715,600	13,293,510	83,990,000
2023	2,554,430	0	10,718,350	13,272,780	75,225,000
2024	2,535,320	0	10,715,600	13,250,920	66,040,000
2025	0	0	10,726,850	10,726,850	58,915,000
2026	0	0	10,700,330	10,700,330	51,455,000
2027	0	0	10,590,030	10,590,030	43,695,000
2028	0	0	10,473,230	10,473,230	35,625,000
2029	0	0	10,349,380	10,349,380	27,235,000
2030	0	0	10,222,930	10,222,930	18,510,000
2031	0	0	10,093,050	10,093,050	9,435,000
2032	0	0	9,953,930	9,953,930	0
	<u>140,794,640</u>	<u>2,122,990</u>	<u>297,695,590</u>	<u>440,613,220</u>	

Annual Debt Payments  
FY 2006/07– 2031/32



All numbers in \$1,000's.

Remaining Debt Outstanding (End of Year)  
FY 2006/07 – 2031/32



All numbers in \$1,000's.

**City of Knoxville**  
**CAPITAL IMPROVEMENTS BUDGET FOR FISCAL YEAR 06/07**

		FY 06/07 Budget Capital Fund	Funding Source
<b>Mayor's Office/Administration</b>			
071101	State Street Improvements Grant	2,000,000	\$400,000 General Operating; \$1,600,000 Federal Grant Funds
071102	500 Block Buildings	500,000	Debt Service Fund
071103	Downtown Improvements Fund	50,000	General Operating
071104	Downtown Streetscapes	100,000	General Operating
<b>Operations and Engineering</b>			
021101	ADA Curb Cuts	250,000	State Street Aid
033002	Sidewalk Safety Program	200,000	State Street Aid
033102	SAFETEA-LU (TEA-21) Roadway Imp. Match	1,300,000	General Operating
053303	Citywide Traffic Calming Devices	100,000	General Operating
063305	First Creek Improvements - Phase II Lower End	1,000,000	Knox County
063307	Citywide New Sidewalk Construction	200,000	General Operating
073301	South Knoxville Waterfront Project	1,000,000	General Operating
073302	South Knoxville Transportation Imprmnts.	1,485,500	\$297,100 General Operating; \$1,188,400 Federal Grant Funds
073303	Valley View Realignment Project	300,000	General Operating
073304	Development Permit Tracking System	325,000	General Operating
073305	Replacement of Jackson Avenue Ramps	480,000	General Operating
073306	S. Gay Street Sidewalk Improvements (100 Block)	500,000	General Operating
073307	I-275 Business Park Access Improvements	1,240,000	\$248,000 General Operating; \$992,000 Federal Grant Funds
073308	Lower Second Creek Greenway (Security Camera)	50,000	General Operating
073309	Cross Park Drive Drainage	800,000	General Operating
073310	Emily Avenue Sinkhole Reclamation	112,750	General Operating
073311	Third Creek Restoration Grant	1,100,000	\$100,000 General Operating; \$1,000,000 State Grant Funds
073501	Car Wash Machine	95,000	General Operating
233001	Bridge Maintenance	650,000	State Street Aid
532001	Citywide Resurfacing Program	4,200,000	General Operating
633005	Neighborhood Drainage Improvements	250,000	General Operating
733006	Traffic Signals	255,000	\$175,000 State Street Aid; \$80,000 General Operating
<b>Community and Neighborhood Services</b>			
063101	Roof and HVAC Maintenance	250,000	General Operating
064303	Tennis Court and Ballfield Improvements	200,000	General Operating
073101	Loraine Street Pubic Works Complex Imprvmnts.	100,000	General Operating
073102	Recycling Center Improvements	125,000	General Operating
073103	Fort Sanders - CBID Trashcan Replacement	25,000	General Operating
073701	Chronic Problem Properties	200,000	General Operating
073702	Façade Improvement Program	100,000	General Operating
073703	Facility Access Improvement	200,000	General Operating
063704	Sidewalk Improvements within Parental Responsibility Zones	200,000	Community Development Block Grant
074301	Knox-Blount Greenway	75,000	General Operating
074302	Restrooms for Ballparks	150,000	General Operating
074303	West Hills Tennis Facility Upgrade	25,000	General Operating
074304	Greenway Improvements	50,000	General Operating
074305	Golf Course Improvements	200,000	General Operating
075901	Ross Building HVAC Project	203,000	General Operating
076601	Downtown Transit Center	4,373,650	\$437,370 General Operating; \$3,936,280 Federal Grant Funds
<b>Police</b>			
072301	Computerized Parking Enforcement	46,200	General Operating
<b>Fire</b>			
072501	Fire Station #14 (Central Avenue Pike)	75,000	General Operating
072502	Fire Station #11 (2600 Whittle Springs Road)	250,000	General Operating
<b>Public Assembly Facilities</b>			
075721	Lighting/Sound Upgrade for Auditorium	85,000	General Operating
075722	Valve and Pump Replacement for Coliseum	110,000	General Operating
075723	Portable Staging/Barricade for Coliseum	170,000	General Operating
075741	Water Line Replacement at Chilhowee Park	46,000	General Operating
<b>Convention Center</b>			
075751	Facility Improvements	42,200	General Operating
075752	Convention Center Equipment	27,500	General Operating
075753	KCEC Redecoration	86,500	General Operating
<b>Knoxville Zoo</b>			
075201	Knoxville Zoo	750,000	General Operating
<b>TOTAL</b>		<b>\$26,708,300</b>	

\*\*Please note that shaded areas denote an ongoing capital program.