



CITY OF KNOXVILLE
INDYA KINCANNON, MAYOR

Budget Retreat: Financial Update

February 14, 2020

All Information is “as of” 6/30/19

Agenda

- Understanding the Budget
 - Structure of the Budget (Funds)
 - General Fund
 - Fund Balance
 - Where the Money Comes From
 - Where the Money Goes
- Forecast
- Budgetary Factors/Considerations
- Budget Timeline



Budget Structure

- Governmental
 - General Fund
 - Special Revenue
 - Debt Service
 - Capital Projects
- Proprietary
 - Enterprise
 - Internal Service
- Trust/Fiduciary Funds



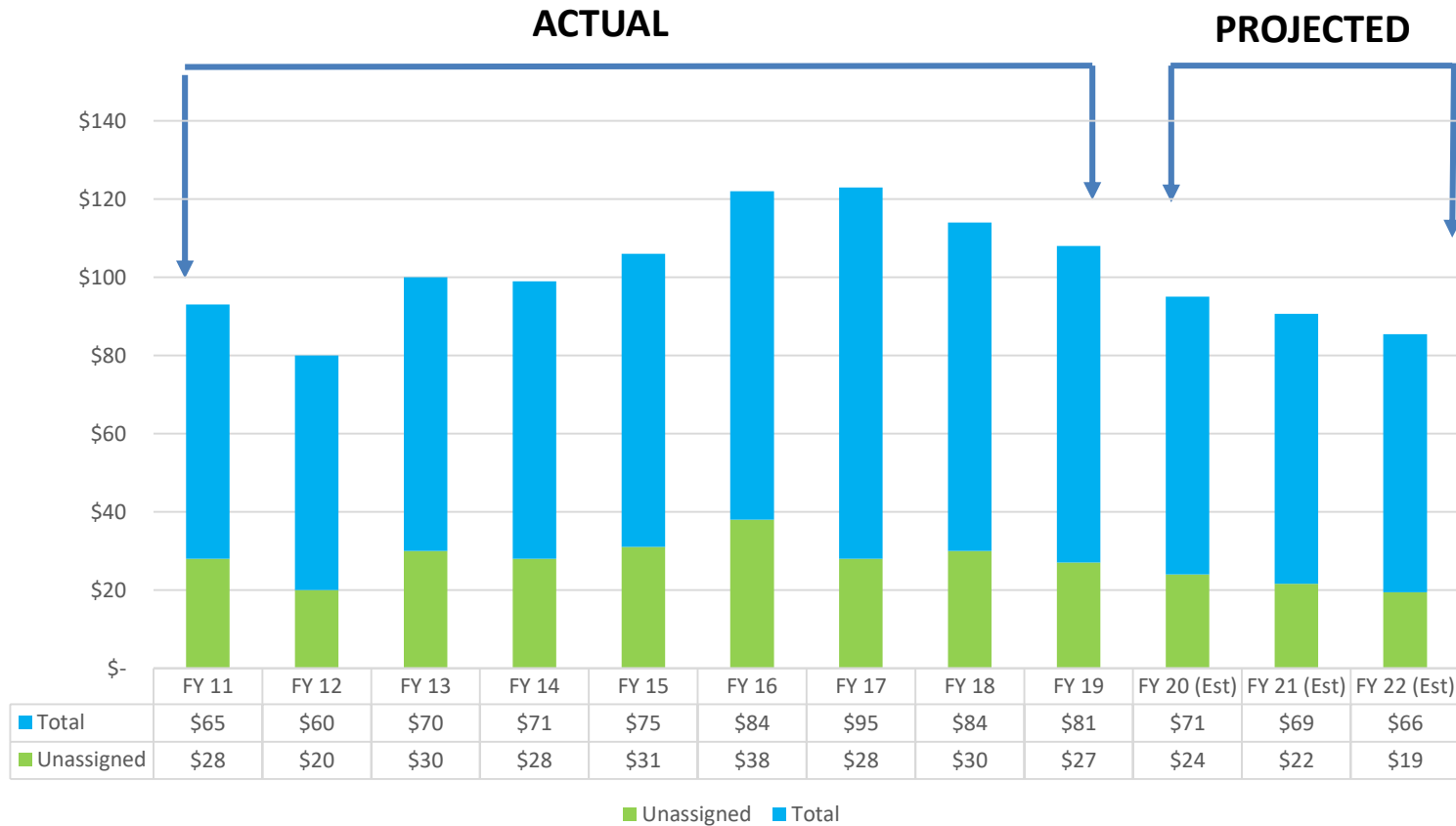
FY 19/20 Adopted Budget

Fund No	Fund Name	Adopted FY 19/20 Budget
100	General Fund	\$ 231,095,180
	Special Revenue Funds	
201	State Street Aid (Gas Tax Dollars)	\$ 6,653,170
202	Community Improvement	\$ 90,000
209	Abandoned Vehicle Fund	\$ 853,020
211	Animal Control	\$ 45,000
213	City Court	\$ 2,387,380
216	Inspections	\$ 2,806,910
220	Stormwater	\$ 3,417,220
230	Solid Waste	\$ 10,028,210
240	Miscellaneous Special Revenue	\$ 6,715,530
264	Home Grant	\$ 2,358,980
290	Community Development Block Grant	\$ 2,139,590
	Subtotal - Special Revenue funds	\$ 37,495,010
	Debt Service Funds	
305	Debt services	\$ 25,681,310
306	Tax Increment	\$ 2,461,660
	Subtotal - Debt Service Funds	\$ 28,142,970
401	Capital Projects Funds	\$ 36,123,690
	Enterprise Funds	
503	Public Assembly Facilities	\$ 7,106,590
504	Metro Parking	\$ 5,497,000
506	Convention Center	\$ 20,963,400
507	Mass Transportation	\$ 26,607,650
508	Municipal Golf Courses	\$ 1,448,530
	Subtotal - Enterprise Funds	\$ 61,623,170
	Internal Service Funds	
702	Fleet Services	\$ 15,041,730
704	Risk Management	\$ 6,858,940
705	Health Care	\$ 21,607,650
706	Equipment Replacement	\$ 2,874,190
707	City Buildings	\$ 2,525,240
	Subtotal - Internal Service Funds	\$ 48,907,750
	Grand Total	\$ 443,757,630



General Fund – Fund Balance

(Actual & Projected) All #s in Millions



General Fund Ending Fund Balance

(FY 18/19)

Non-spendable	
Prepays	\$4,476
Inventory	\$290,100
Subtotal - Non-spendable	\$294,576
Committed	
Encumbrances	\$85,379
Policy	\$46,219,036
Subtotal - Committed	\$46,304,415
Assigned	
Encumbrances	\$117,254
Appropriated Fund Balance	\$6,565,000
Subtotal - Assigned	\$6,682,254
Unassigned	\$27,381,752
Total Fund Balance	\$80,944,360

20%
Reserve

Definitions:

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



Current Bond Ratings

- **Fitch:** **AAA**
- **Moody's** **Aa1**
- **Standard & Poor's** **AA+**

Current Credit/Bond Ratings			
Moody's	Standard & Poor's	Fitch Ratings	Description
Aaa	AAA	AAA	Prime Investment
Aa1, Aa2, Aa3	AA+, AA, AA-	AA+, AA, AA-	High Grade Investment
A1, A2, A3	A+, A, A-	A+, A, A-	Upper medium
Baa1, Baa2, Baa3	BBB+, BBB, BBB-	BB+, BBB, BBB-	Lower Medium



WHERE THE MONEY COMES FROM



FY 19/20 General Fund Budgeted Revenues & Sources

By Source (Dollars Rounded to Nearest Million)

<u>REVENUE</u>	<u>AMOUNT</u>	<u>%</u>
Property Taxes	\$105M	45.54%
Local Option Sales Taxes	\$43M	18.67%
KUB PILOT	\$20M	8.76%
Other Taxes	\$24M	10.57%
State Sales Taxes	\$16M	6.89%
Hall Income Tax	\$5M	1.99%
Other Intergovernmental	\$5M	2.30%
Other Revenues	\$6M	2.44%
Fund Balance	\$7M	2.84%
TOTAL	\$231M	

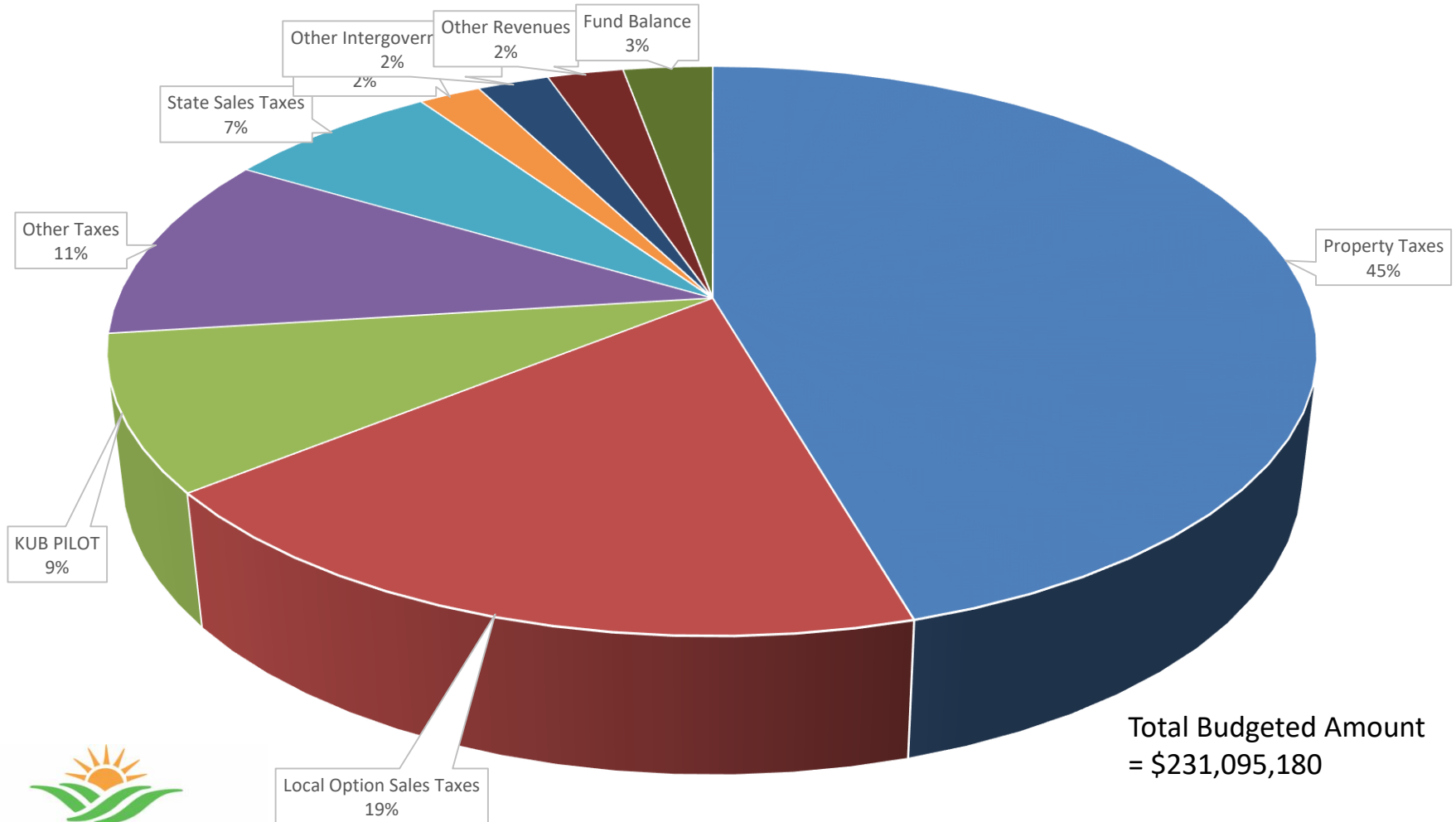
Gone in FY 22

Not Revenue

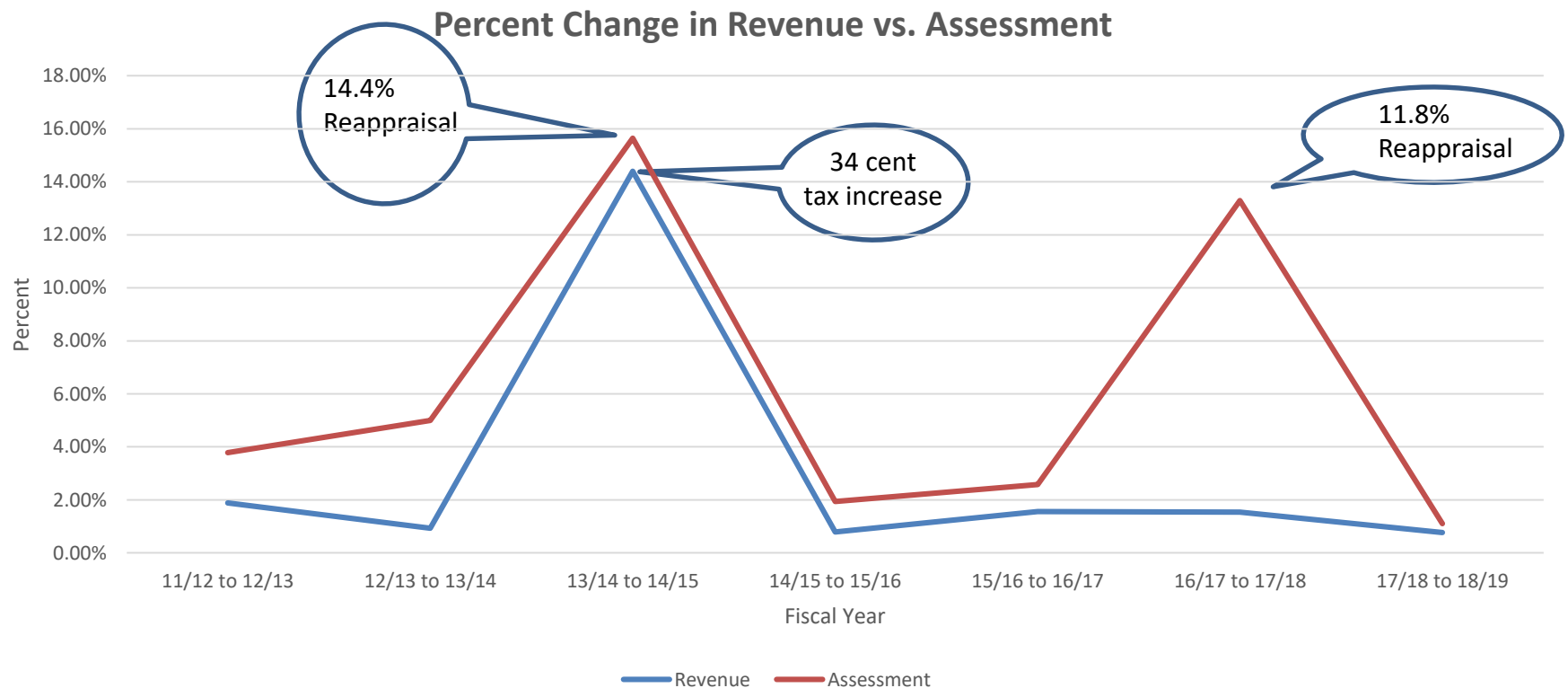


General Fund Total Revenues

By Source



Percent Change in Revenue vs. Assessment



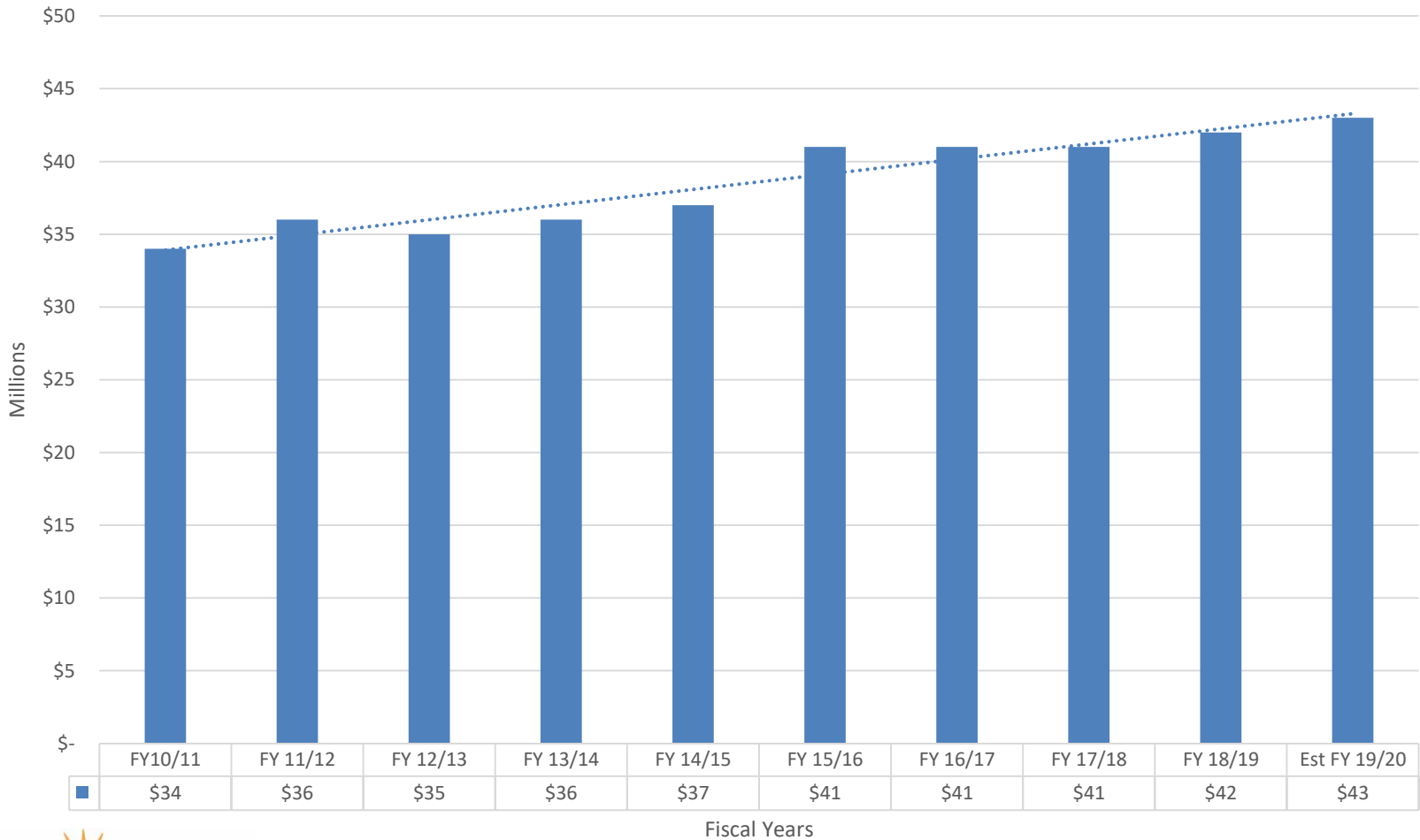
Adjusted/Equalized Tax Rate



Blue: Actual Tax Rate
Orange: Equalized Tax Rate adjusted for effects of reappraisal and inflation

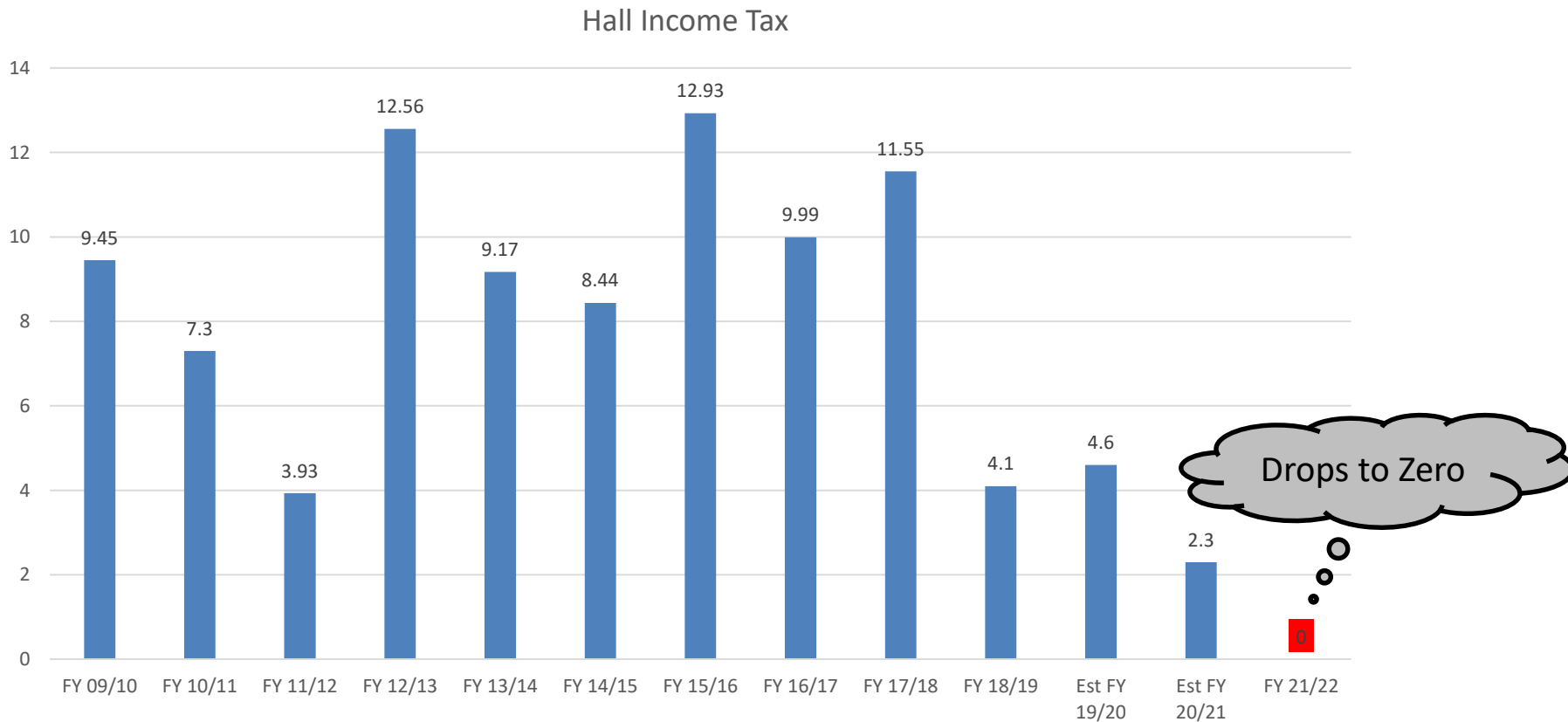
Local Option Sales Tax Revenue

(in millions)



Hall Income Tax

(All amounts in million \$'s)



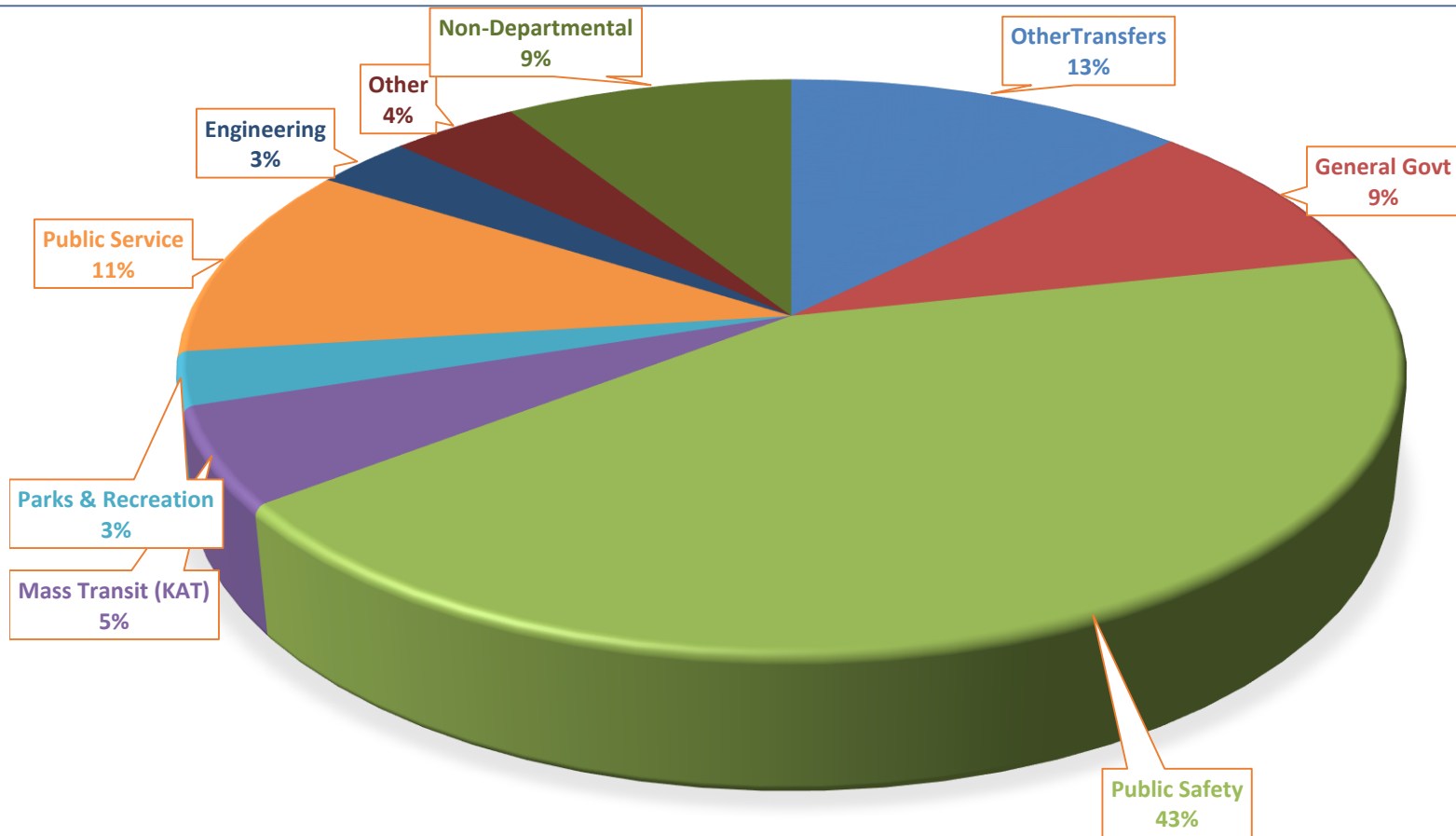
Major Source for Mid FY Capital Projects Gone in FY 21/22

WHERE THE MONEY GOES



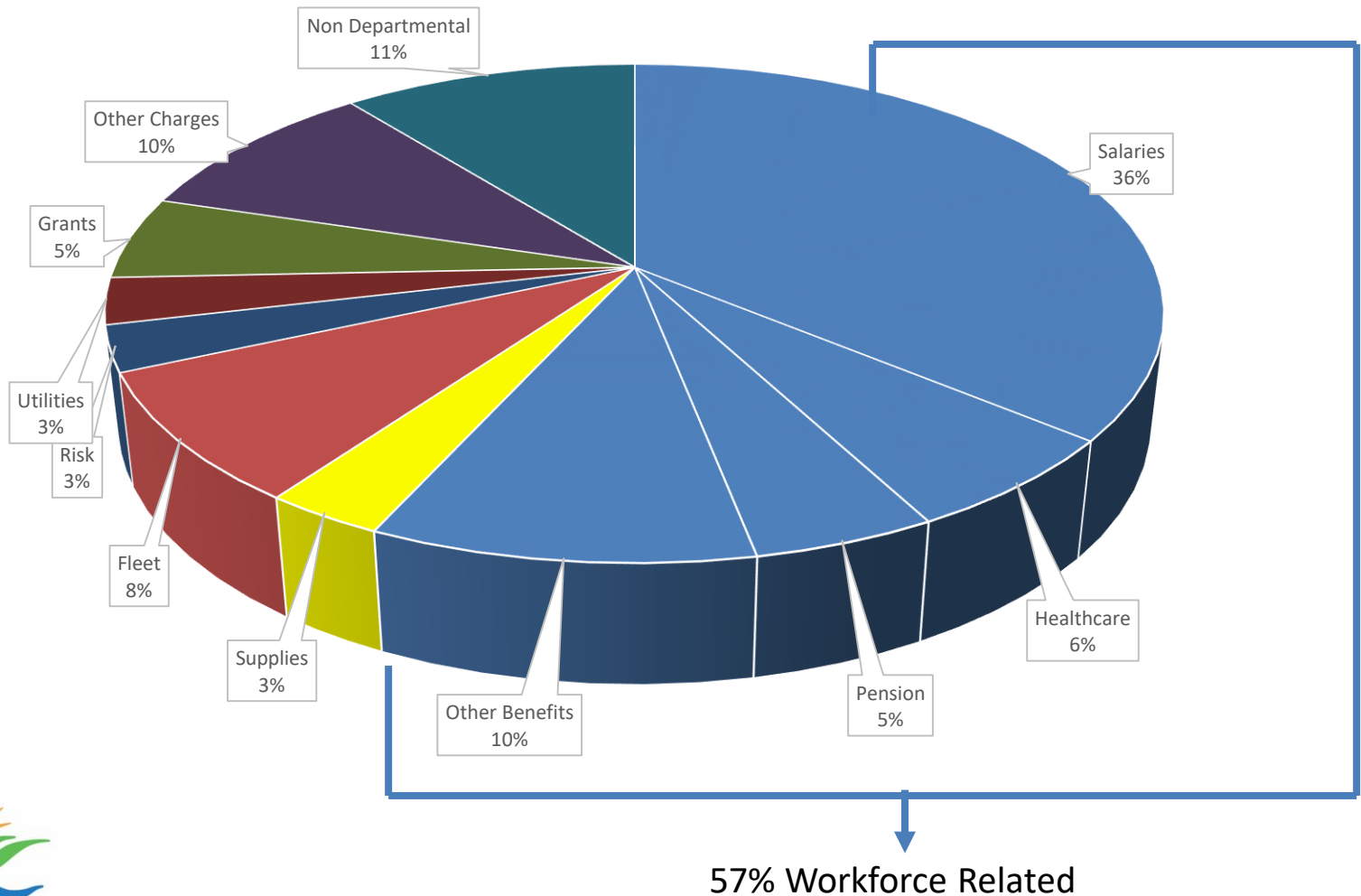
General Fund Expenditures

By Function

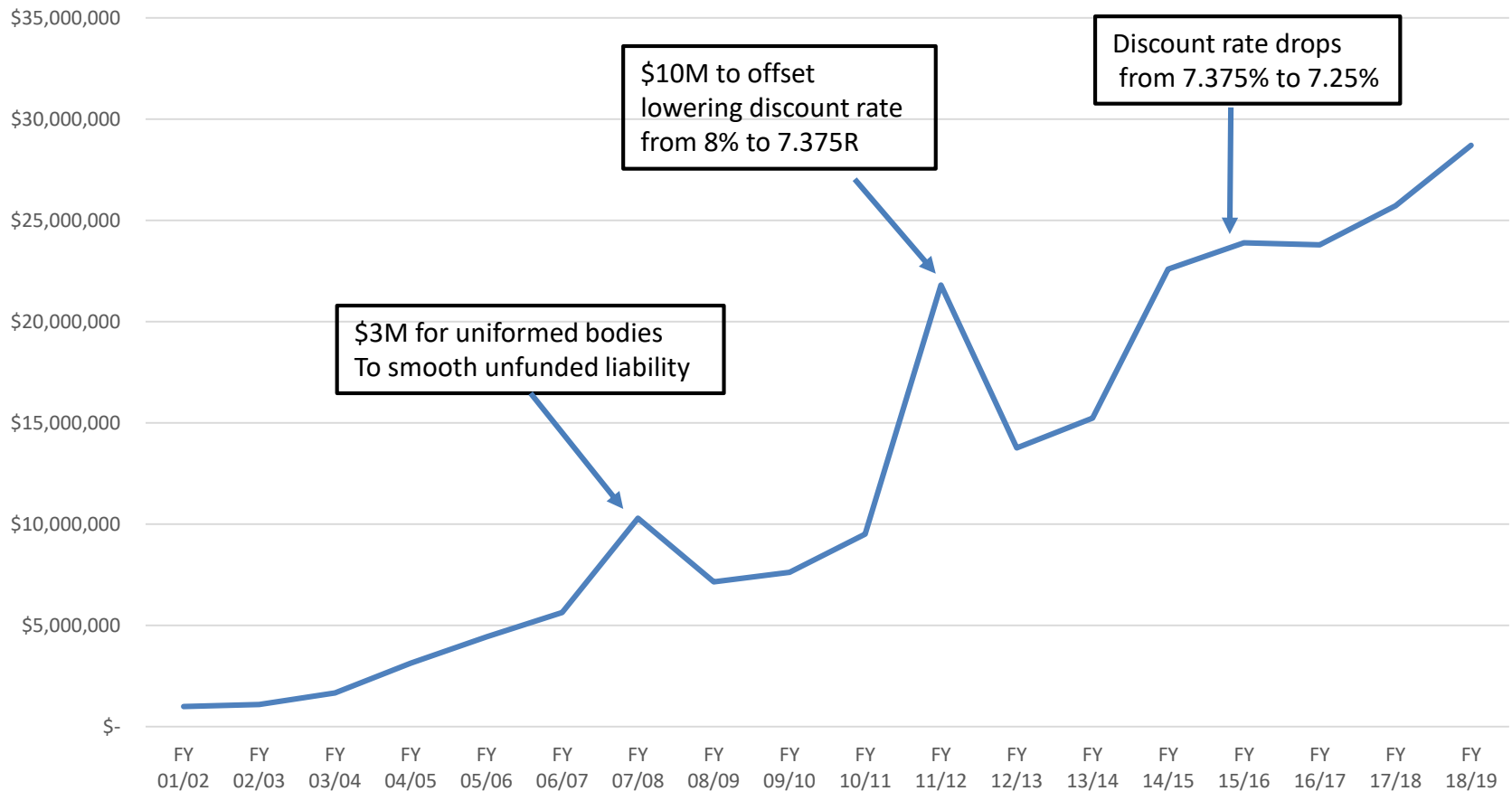


General Fund Expenditures

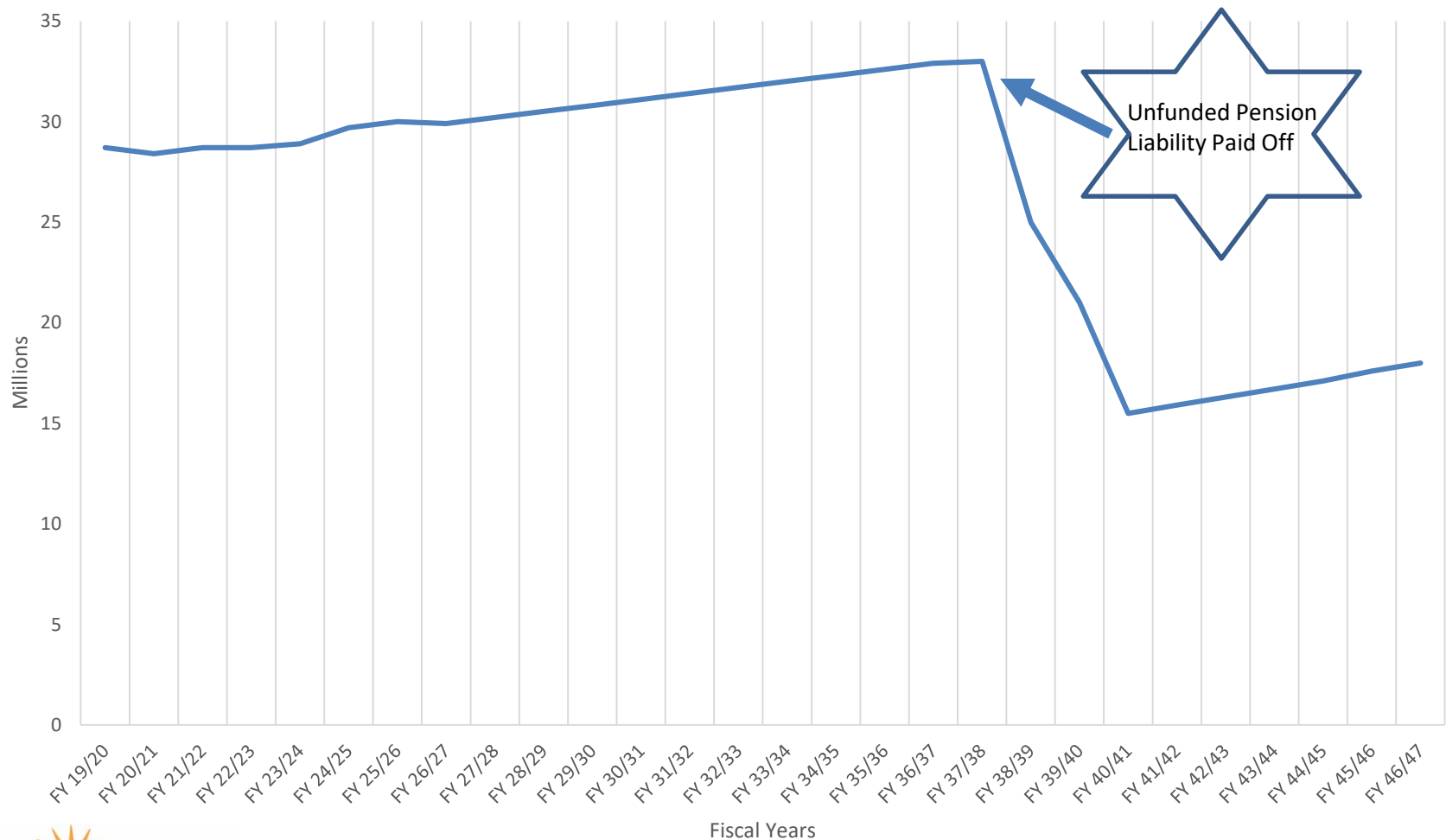
(Excludes Transfers)



Past Pension Contributions



Estimated Future Pension Contributions



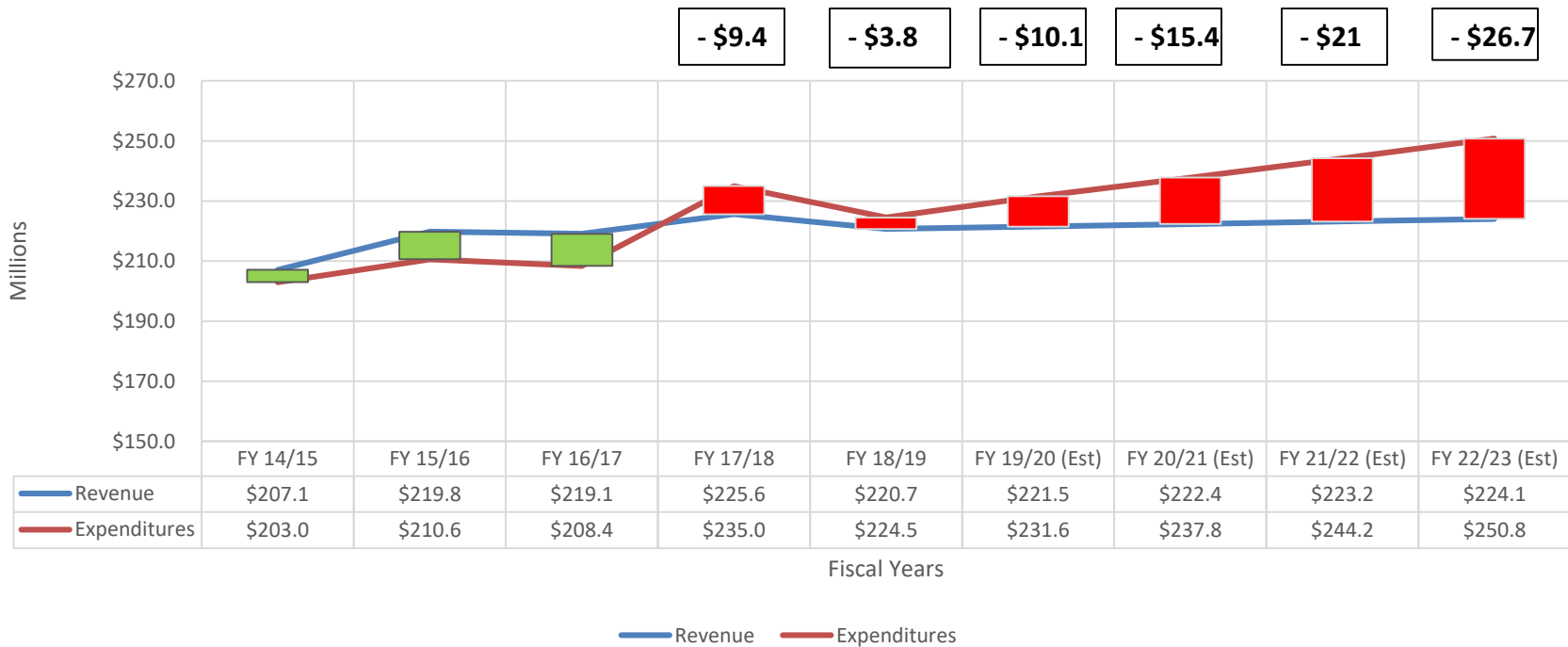
General Fund Forecast (Ending 6/30/20)		
	Amended Budget	Revised FY 20 Forecast
Revenues & Sources	\$ 224,570,000	\$ 221,532,000
Expenditures	\$ (234,492,000)	\$ (231,593,000)
Revenues Less Expenditures	\$ (9,922,000)	\$ (10,061,000)
Beginning Fund Balance	\$ 80,830,107	\$ 80,830,107
Ending Fund Balance	\$ 70,908,107	\$ 70,769,107

FY 20 Unassigned Fund Balance to Date	
Beginning Unassigned FB	\$ 27,488,000
Budget Amendment to Date	\$ (3,496,000)
Current Unassigned FB	\$ 23,992,000



Revenue vs. Expenditures

(Actual & Projected in millions)



Budgetary Factors

- Expenditure growth outpacing revenue growth
- Hall Income Tax goes away in FY 21/22
- Fund Balance: Dropped 2 years in a row & on track to drop again this FY
- Issuing \$70M in new debt in early fall so debt payments will increase by approx \$5M/year once new debt issued. Result is less money for capital



Budget Timeline

February 14, 2020	Budget Retreat
February 20, 2020	Alternate Budget Retreat date
March, 2020	Mayor available to meet individual council members re budget
March 24 – 26, 2020	Mayor's Budget Hearings (Open to Public)
April 24, 2020	Mayor's State of the City Address
May 5, 2020	First reading of proposed budget & tax ordinances
May 7, 2020	Knoxville-Knox Planning Commission Hearing on CIP (Tentative)
May 14 – 15, 2020	Legislative budget hearings
May 15, 2020	Public Hearing
May 19, 2020	Second reading of proposed budget & tax ordinances
June 15, 2020	Last possible day to approve Budget/Tax Ordinances
July 1, 2020	New Fiscal Year Begins



Questions?

