



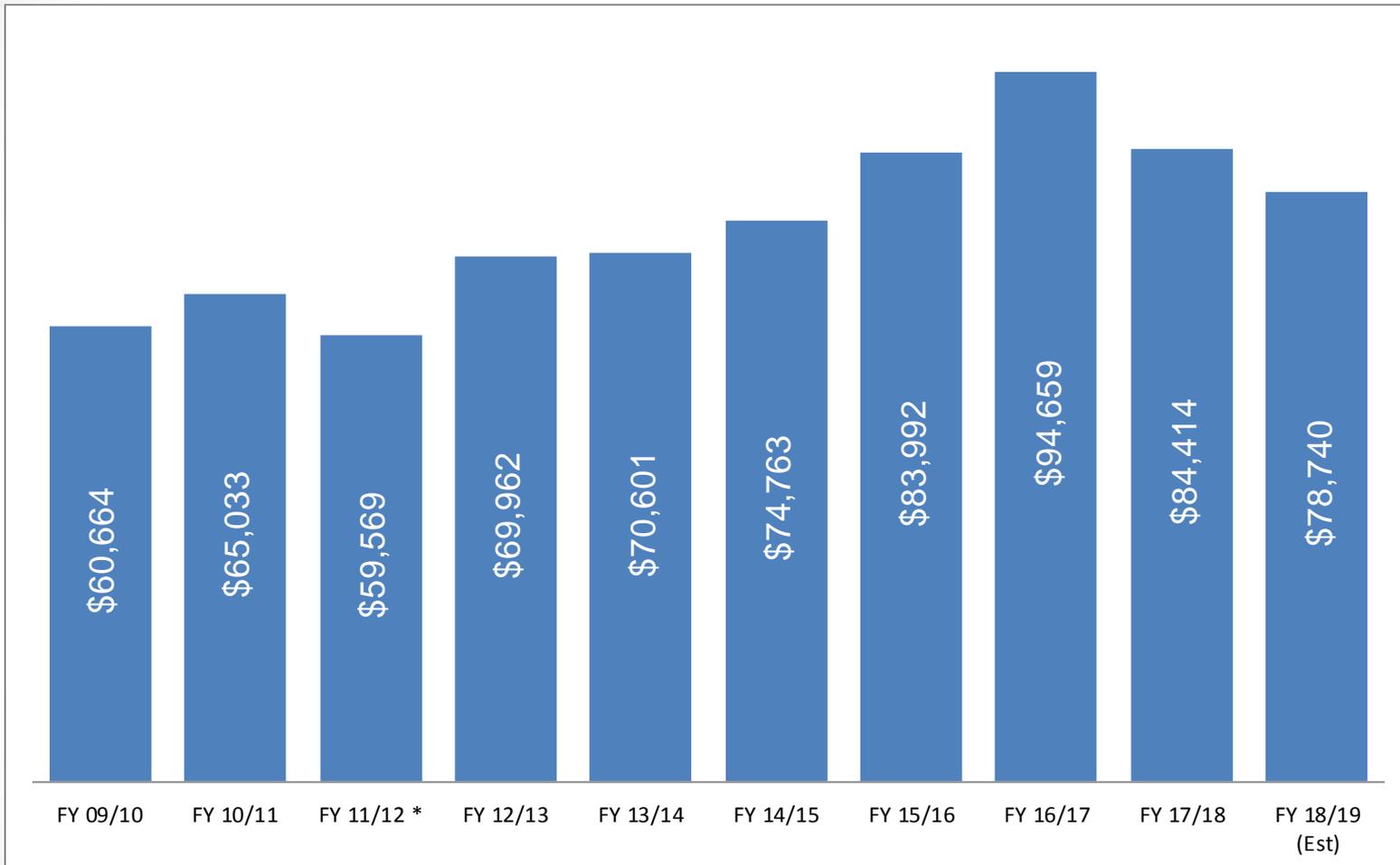
CITY OF KNOXVILLE  
MADELINE ROGERO, MAYOR

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# Budget Retreat: Financial Update

February 8, 2019

# General Fund Ending Fund Balance



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

# General Fund Ending Fund Balance

	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
<b>Non-spendable</b>					
Prepaid	-	9,258	-	47,816	20,950
Inventory	323,900	432,138	354,116	297,185	276,635
Subtotal - Non-spendable	323,900	441,396	354,116	345,001	297,585
<b>Restricted</b>					
Encumbrances	-	-	-	-	-
Subtotal - Restricted	-	-	-	-	-
<b>Committed</b>					
Encumbrances	131,498	279,196	382,277	-	45,699
Policy	40,100,512	41,275,270	42,506,918	47,353,984	45,436,786
Subtotal - Committed	40,232,010	41,554,466	42,889,195	47,353,984	45,482,485
<b>Assigned</b>					
Encumbrances	82,718	472,838	142,766	937,779	492,320
Appropriated Fund Balance	2,004,600	2,065,000	2,135,000	20,475,000	8,183,280
Other	-	-	-	-	-
Subtotal - Assigned	2,087,318	2,537,838	2,277,766	21,412,779	8,675,600
<b>Unassigned</b>					
	27,957,986	30,228,819	38,470,483	25,547,309	30,358,776
<b>Total Fund Balance</b>	<b>70,601,214</b>	<b>74,762,519</b>	<b>83,991,561</b>	<b>94,659,073</b>	<b>84,814,445</b>

## Definitions:

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

# Bond Ratings

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

# Mid-Year Status

Ending 12/31/2018

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Revenues and Sources	\$100,871,355
Expenditures and Uses	<u>111,760,107</u>
Revenues Minus Expenditures	<u>(10,888,752)</u>
Beginning Fund Balance	84,814,445
Ending Fund Balance	<u><u>\$73,925,694</u></u>

# Mid-Year Status

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- Lower than forecast growth in real property
- Lower than expected revenue from cable franchise tax
- Higher than expected local option sales tax
- Higher than expected state shared sales tax
- Business Taxes in line with budget
- Higher interest earnings
- Lower fuel costs

# General Fund Forecast

Ending 6/30/2019

	Amended Budget	Current Forecast
Revenues & Sources	\$ 219,000,650	\$ 221,087,810
Expenditures	(224,883,930)	(227,162,000)
Budgeted Reserve	<u>(2,300,000)</u>	<u>-</u>
Revenues Less Expenditures	<u>(8,183,280)</u>	<u>(6,074,190)</u>
Beginning Fund Balance	84,814,445	84,814,445
Ending Fund Balance	<u><u>\$76,631,165</u></u>	<u><u>\$78,740,255</u></u>

# General Fund Budgeted Revenues

By Source

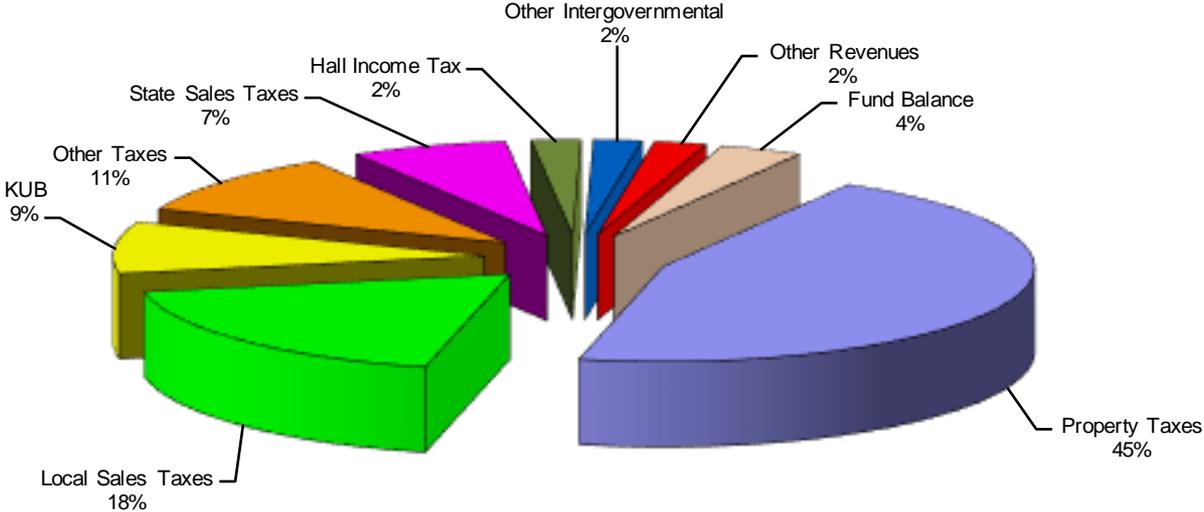
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Property Taxes	\$	102,923,910
Local Sales Taxes		41,757,130
KUB		19,921,520
Other Taxes		24,079,550
State Sales Taxes		15,504,490
Hall Income Tax		4,900,000
Other Intergovernmental		4,754,370
Other Revenues		5,159,680
Fund Balance		8,183,280
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		\$227,183,930
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# General Fund Total Revenues

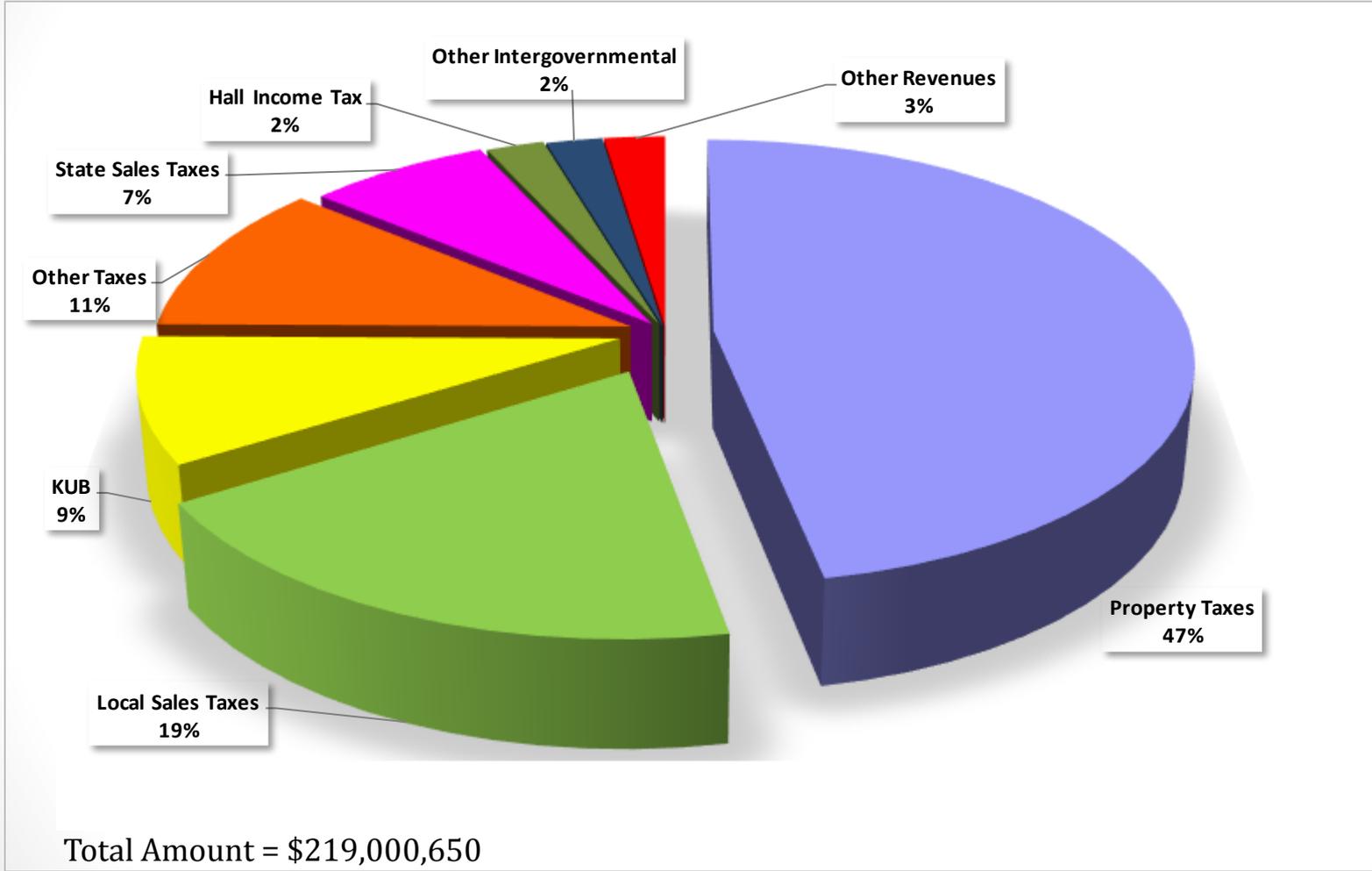
## By Source



Total Amount = \$227,183,930

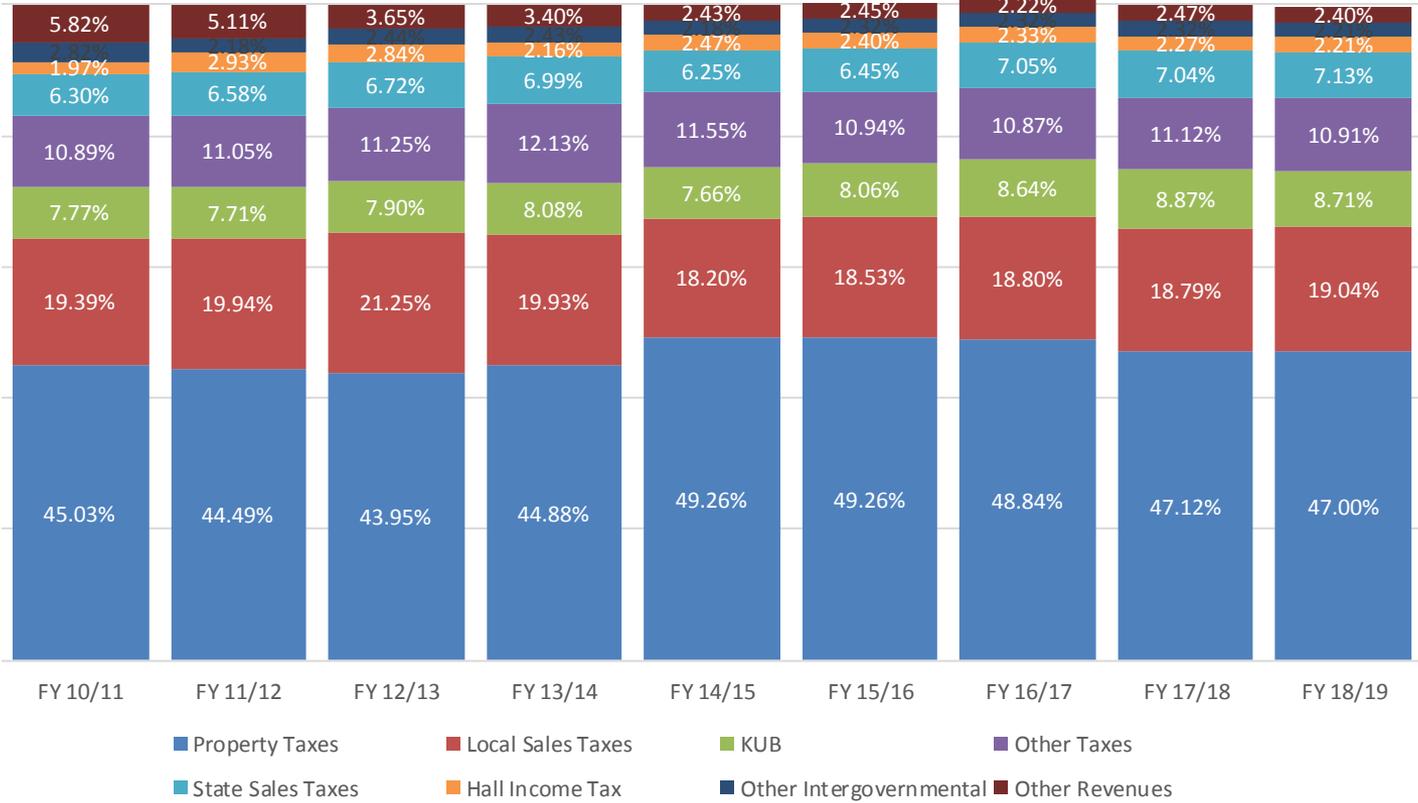
# General Fund Recurring Revenues

By Source



# General Fund Revenues

## By Source



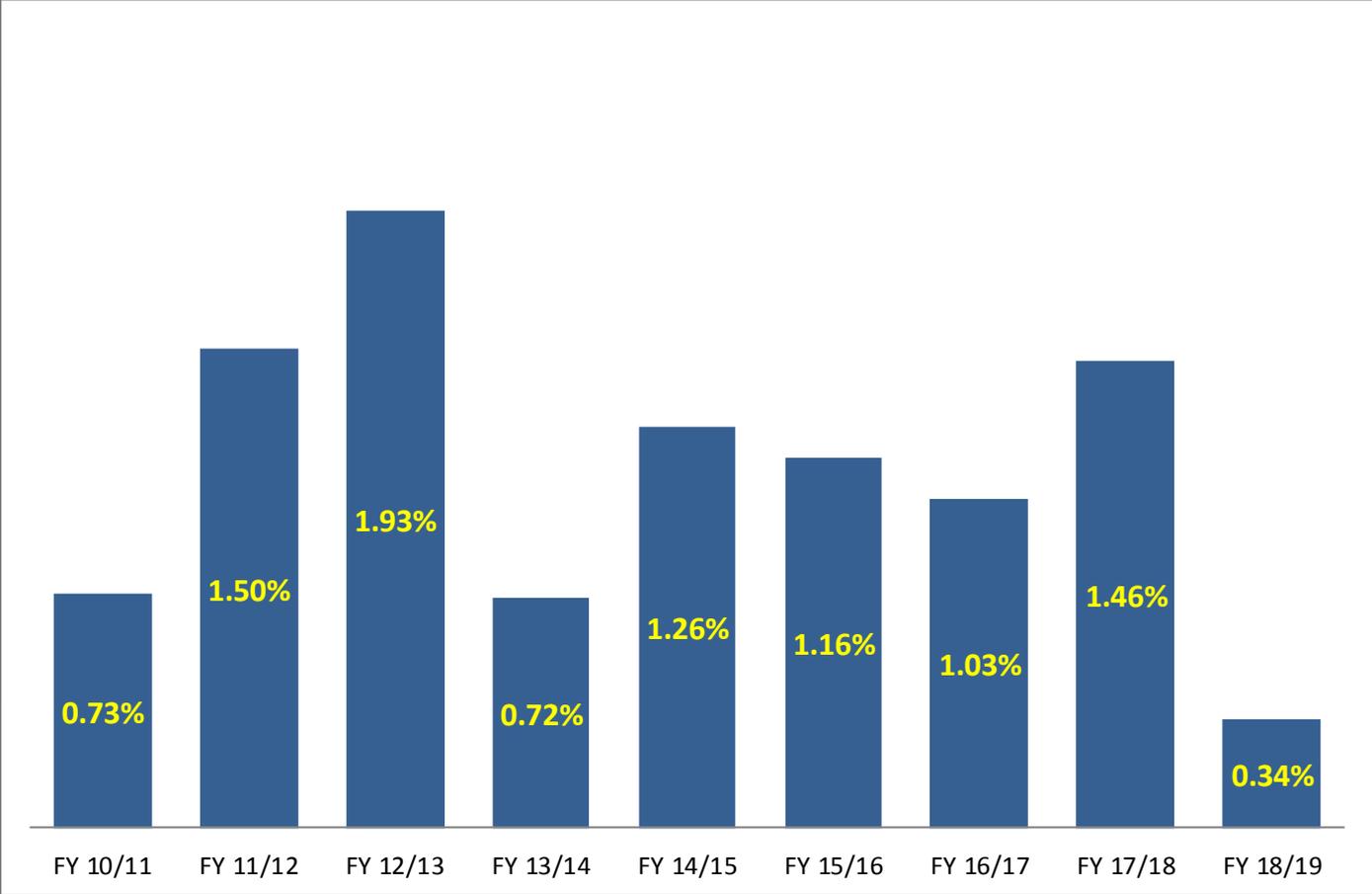
# Real Property Values



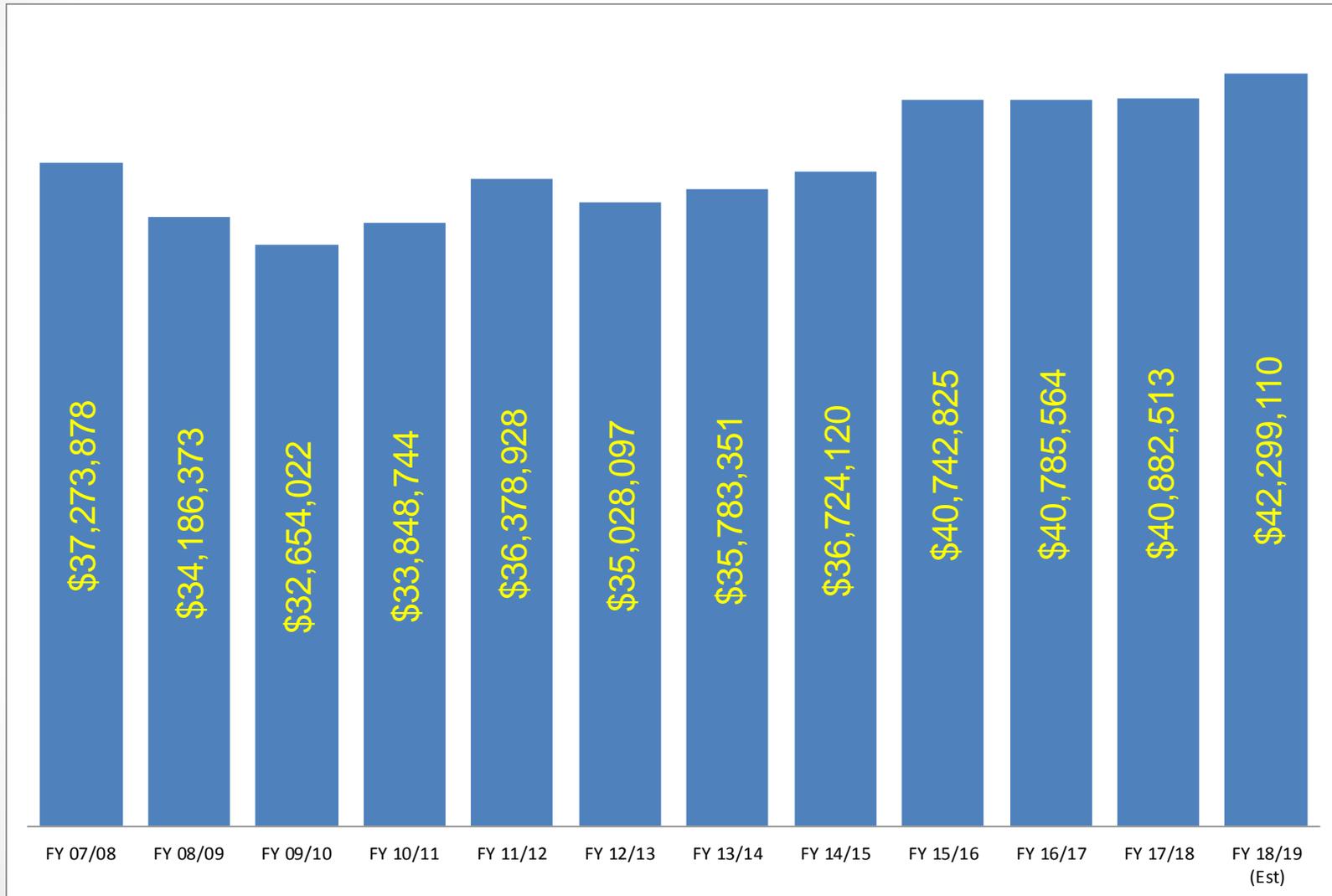
- FY 13/14 and FY 17/18 were both reappraisal years which account for the larger growth.
- All number in \$1,000's

# Growth in Property Values

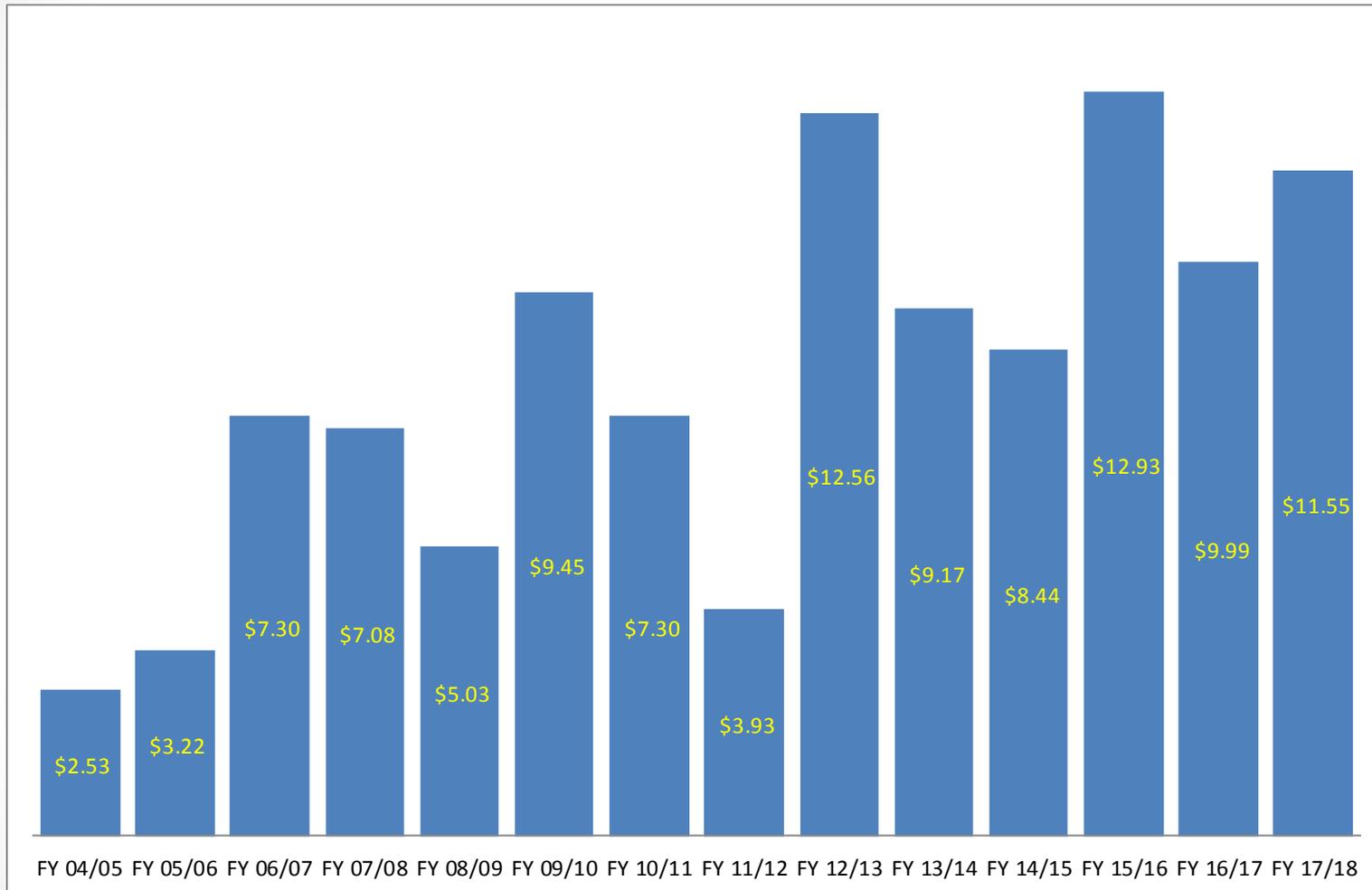
## Real Property



# Local Option Sales Tax

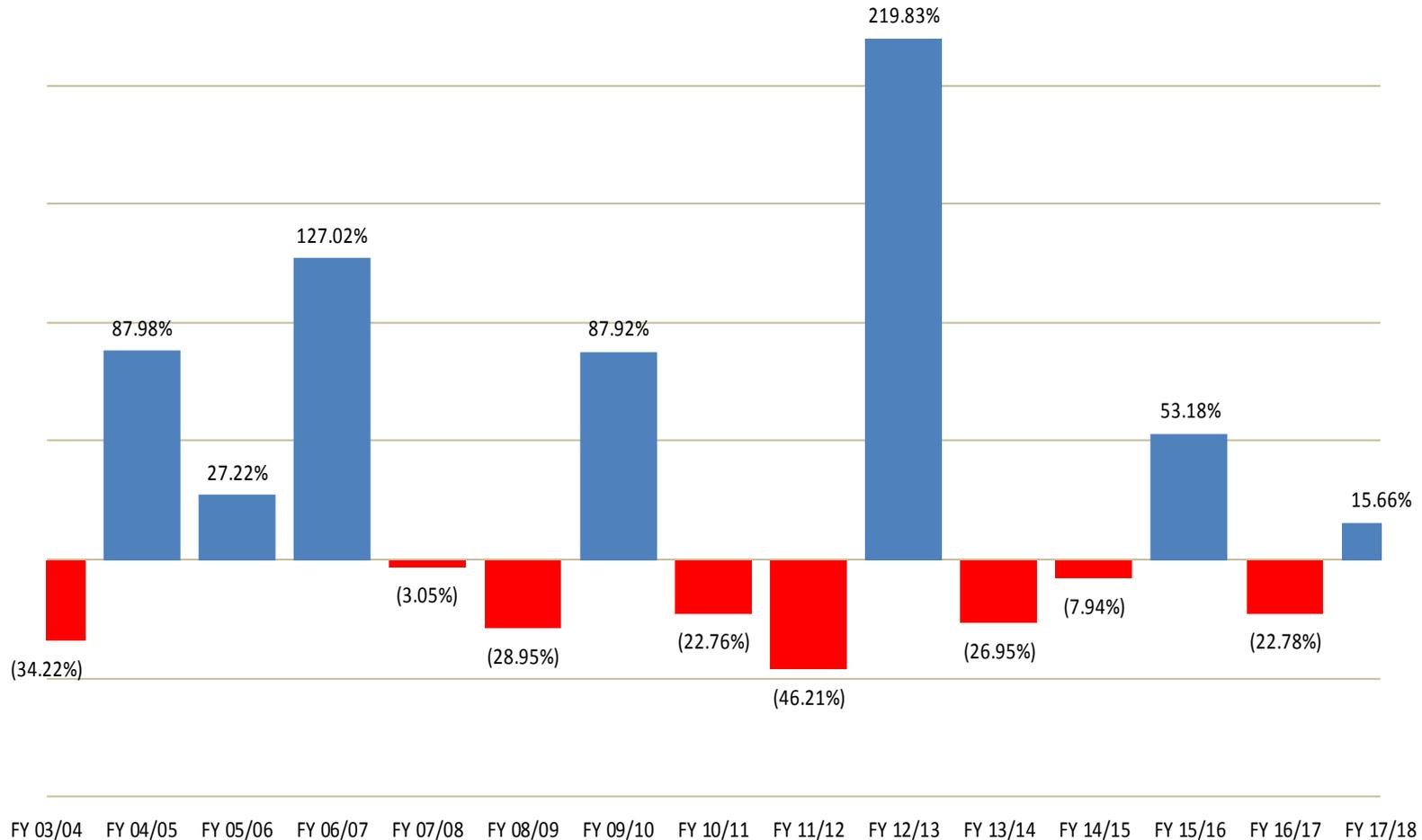


# Hall Income Tax



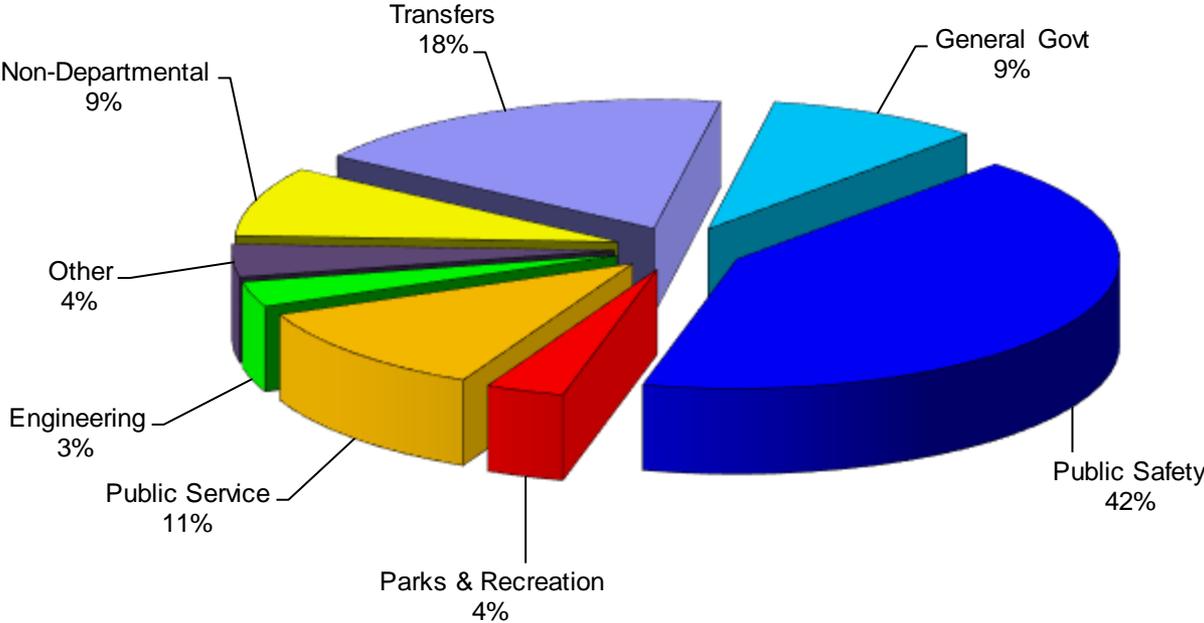
All amounts in million \$'s

# Hall Income Tax (Annual % Change)



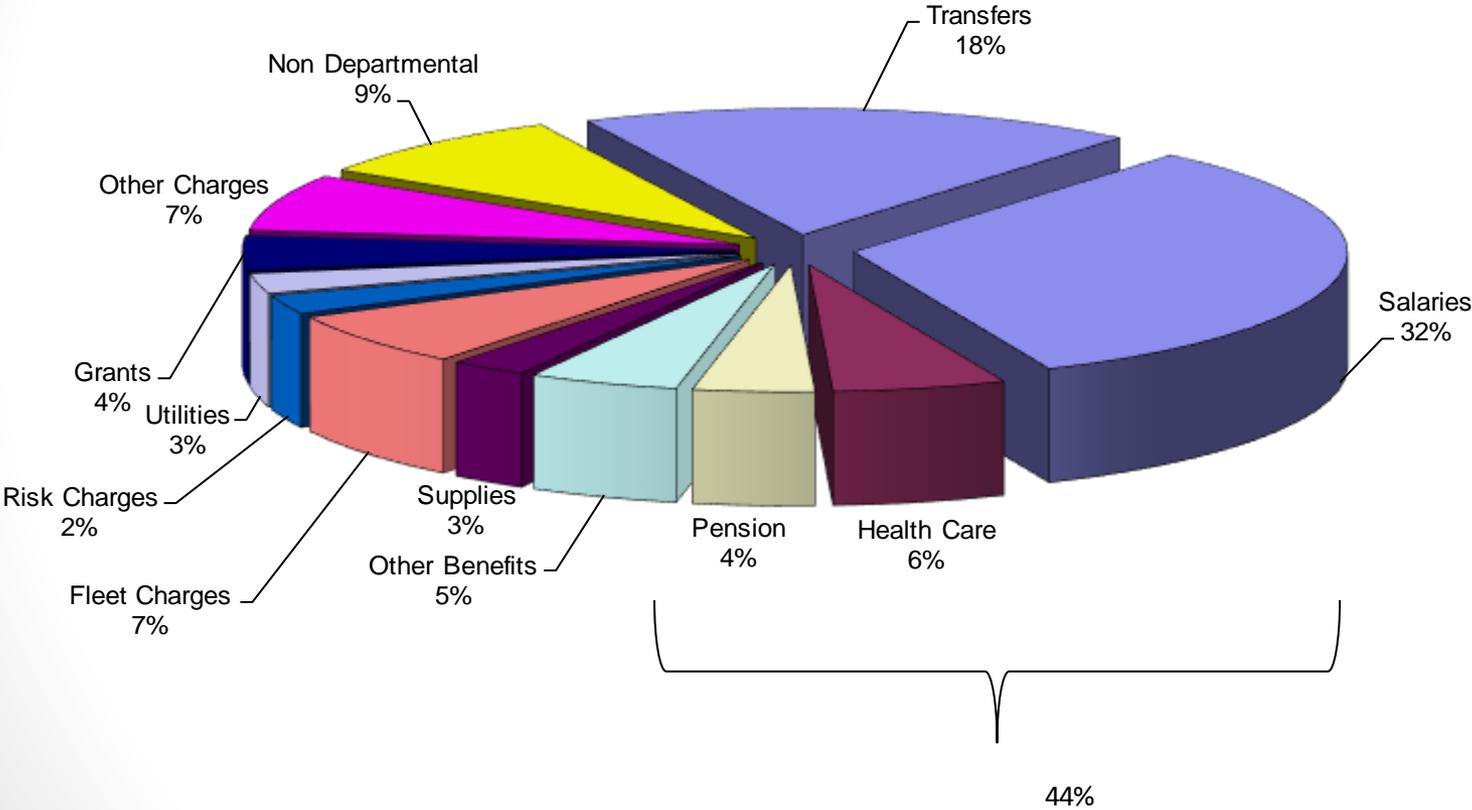
# General Fund Expenditures

## By Function



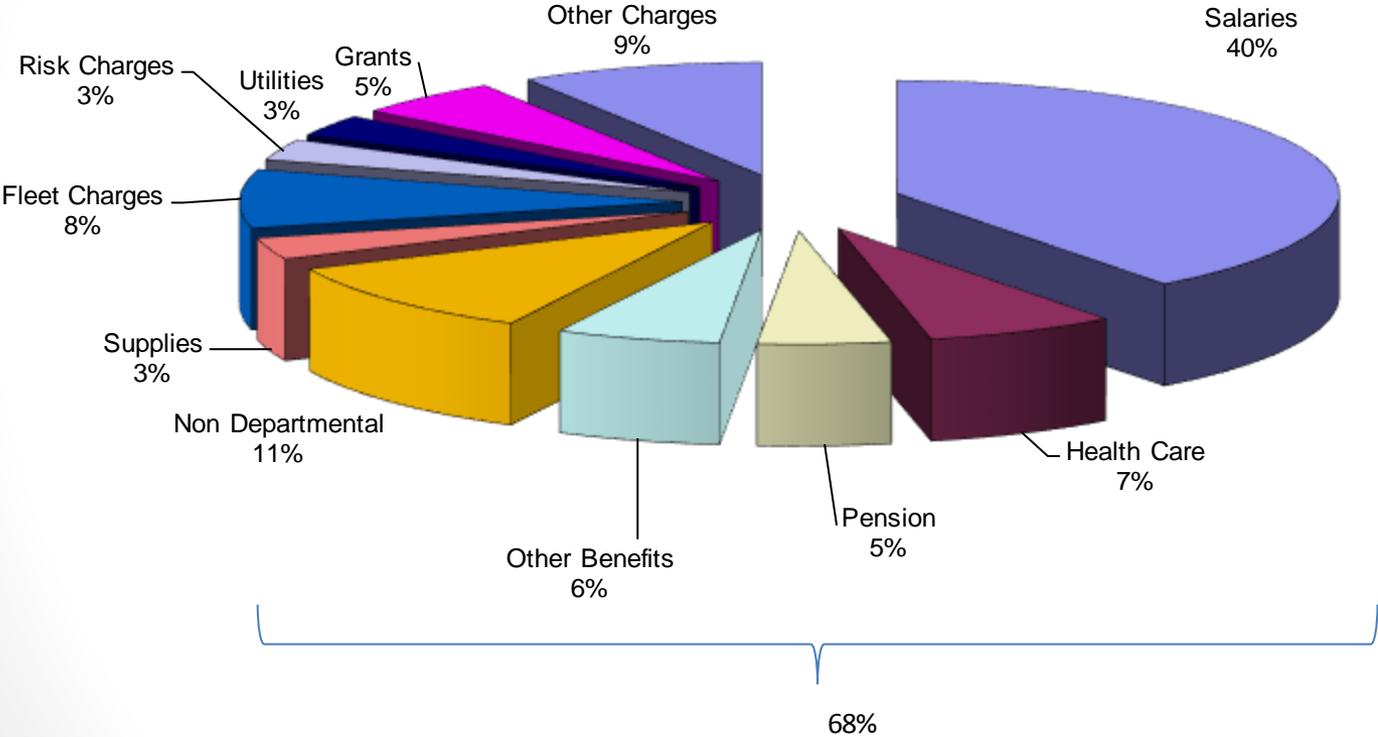
# General Fund Expenditures

## By Expense Type

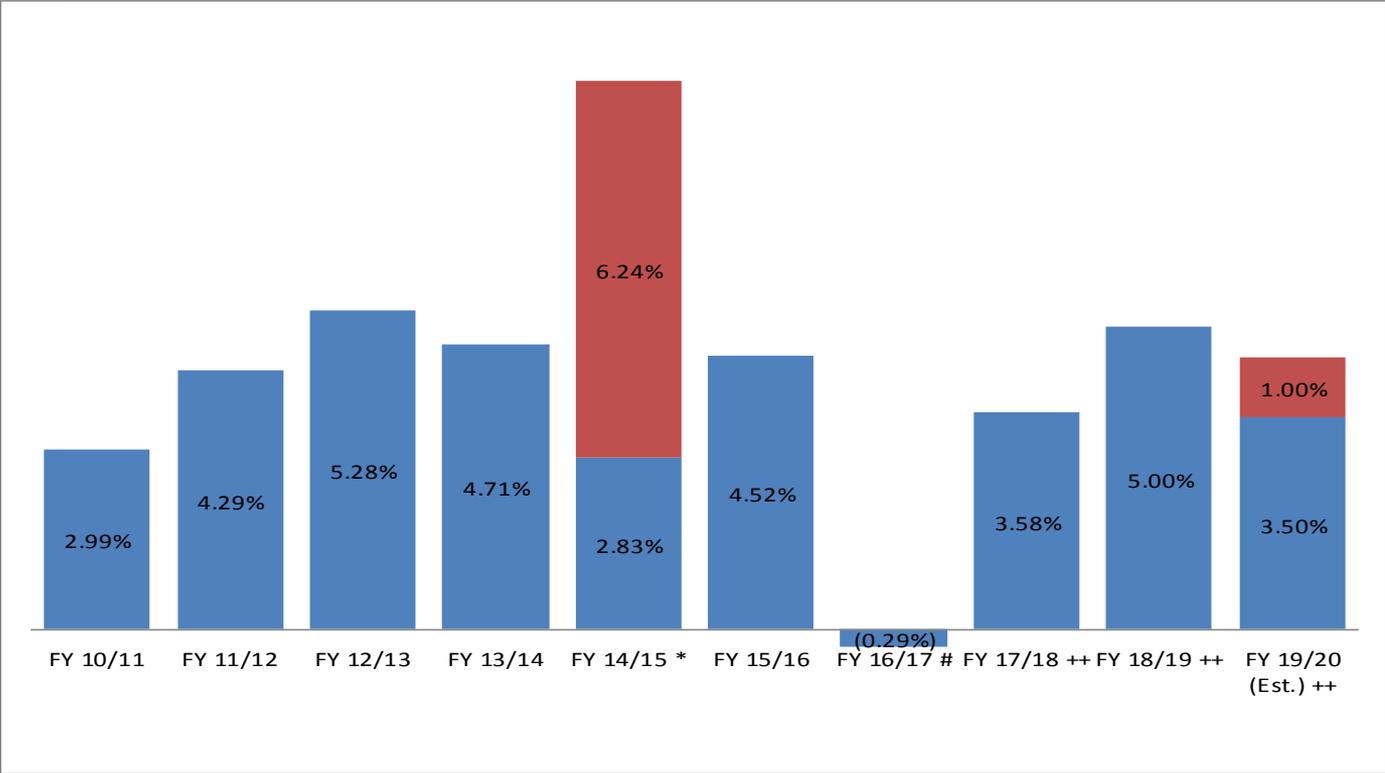


# General Fund Expenditures

(Excludes Transfers)



# Growth Rate of Salaries and Benefits

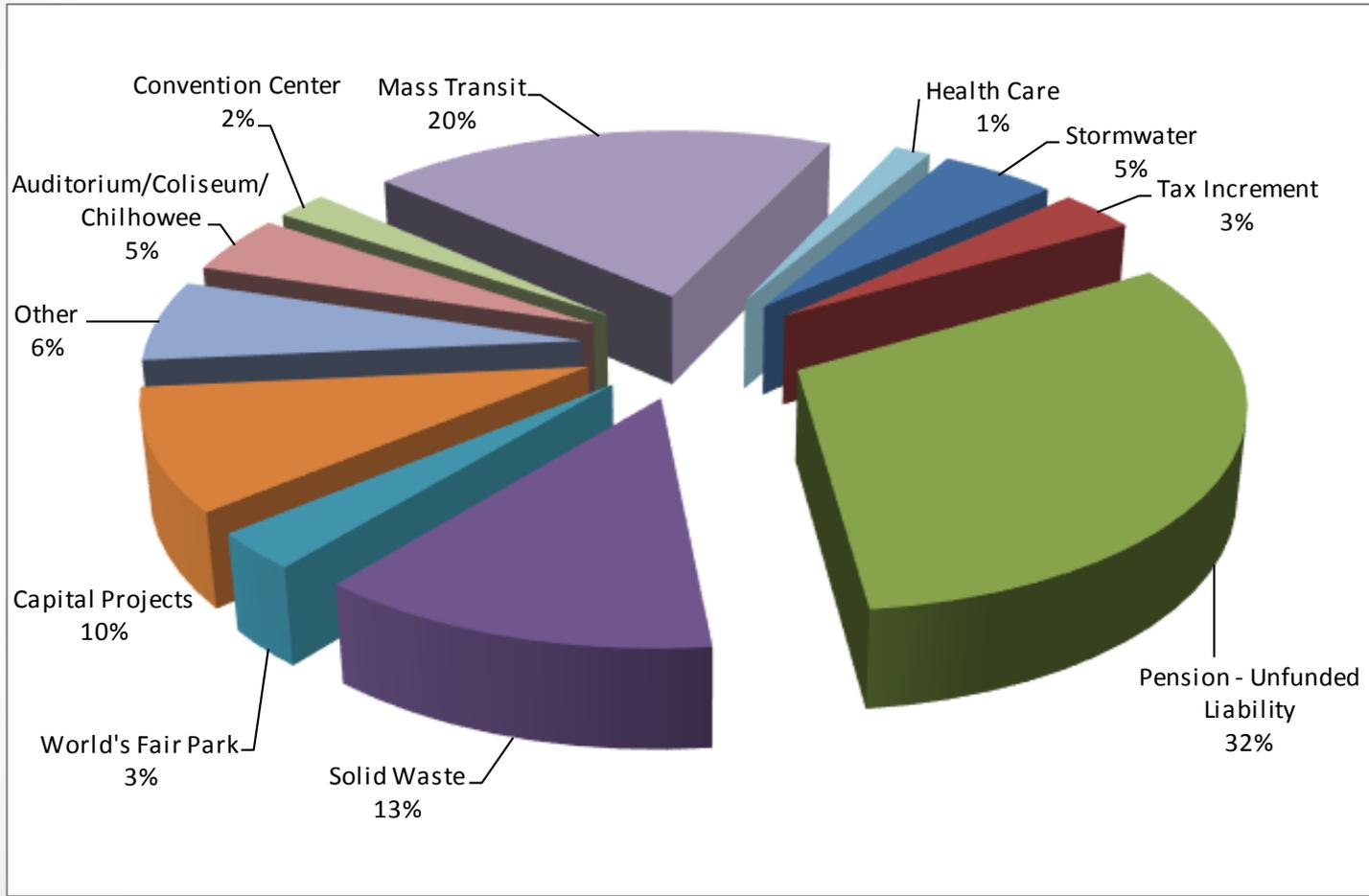


- FY 14/15 reflects a reduction in the pension discount rate from 8% to 7.375%. This action was taken to reduce risk and lower volatility of the investments. The result of this action is a one time increase in the base for pension costs.

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

++ Includes the amortization of unfunded pension liability

# Transfers/Non-Departmental



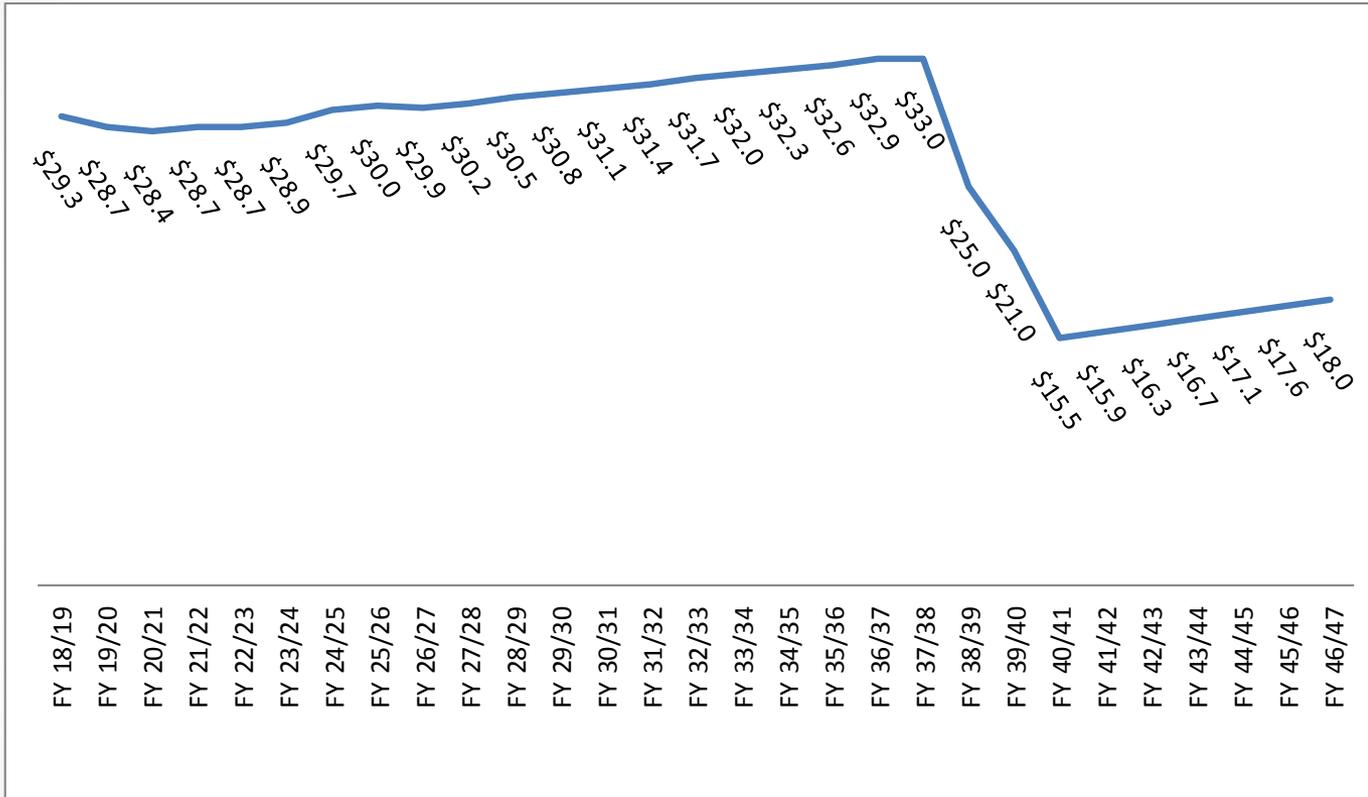
# Transfers/Non-Departmental

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	Adopted FY 18/19
Stormwater	3,053,350
Tax Increment	2,032,040
Pension - Unfunded Liability	19,414,000
Solid Waste	7,776,770
World's Fair Park	1,806,100
Capital Projects	5,883,280
Other	3,906,480
Auditorium/Coliseum/Chilhowee	2,806,400
Convention Center	1,348,340
Mass Transit	12,368,700
Health Care	955,470
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	<u>61,350,930</u>

# Estimated Future Pension Contributions



All amounts in million \$'s

# 2019/20 Budgetary Factors

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- Higher pension costs
- Salary cost of living adjustments
- Election costs
- Limited new growth in real property
- Potential federal cuts
- Possible recession/lower growth in local option sales taxes
- Cost of new debt

# The Budget Calendar

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February 8, 2019	Budget Retreat
February 15, 2019	Budget Retreat (Backup Date)
Feb. – April, 2019	Departments Submit Budget Requests Base Numbers Calculated and Capital Budget Prepared
March 25 - March 28, 2019	Mayor's Budget Hearings
April 26, 2019	Mayor's State of the City Presentation
May 7, 2019	First Reading of Budget and Tax Ordinances
May 9, 2019	MPC Hearing on Capital Improvement Program
May 16, 2019	Council Budget Hearings
May 16, 2019	Public Hearing
May 17, 2019 (Tentative)	Council Budget Hearings
May 21, 2019	Second Reading of Budget and Tax Ordinances
June 15, 2019	Last possible day to approve Budget/Tax Ordinances
July 1, 2019	New Fiscal Year Begins