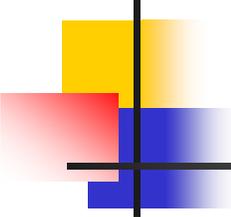




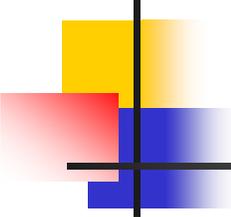
City of Knoxville

FY 09/10Budget Retreat
February 2, 2010



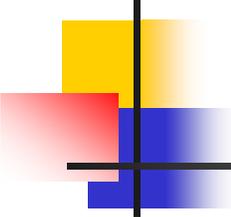
Today's Discussion

- Understanding the Budget
 - Structure of the Budget (Funds)
 - Fund Types
 - Interfund Transfers/Charges
 - The General Fund
 - Where the Money Comes From
 - Where The Money Goes
 - Fund Balance
 - Cash Flow



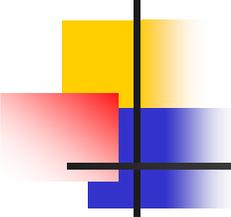
Today's Discussion

- Debt Service
- The Budget Process
 - Budget Timetable
- Six Month Report (Where We Stand Now)
- 2010/11 Budgetary Issues



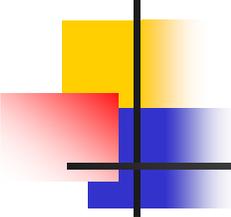
Structure of the Budget

- Fund Types
 - Governmental
 - General Fund
 - Special Revenue
 - Debt Service
 - Capital Projects
 - Proprietary
 - Enterprise
 - Internal Service



Fund Types

- General Fund - The general fund is the chief operating fund of the City. Used “to account for all financial resources except those required to be accounted for in another fund.”
- Special revenue funds - account for revenue sources that are set-aside for a specific purpose. (i.e., grant proceeds).
- Debt service funds - account for resources set aside in order to meet current and future debt service requirements on long-term debt.



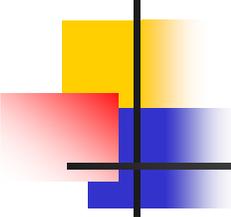
Fund Types

- Capital projects funds - account for the resources used for the acquisition or construction of major capital facilities.
- Enterprise funds provide services and operate like a business
- Internal Service Funds- allocate the cost of certain services (i.e., fleet services) among other departments within the government.

The FY 09/10 Budget

Adopted Budget and Net Budget

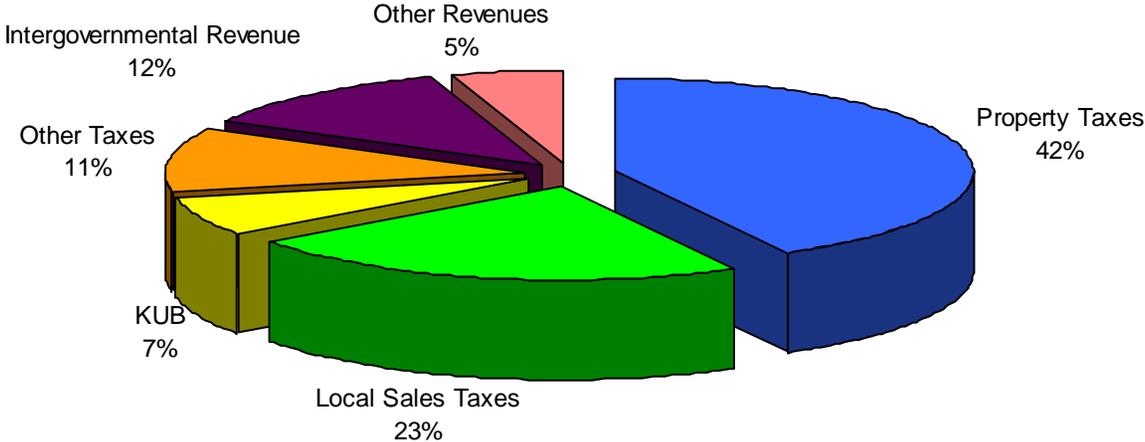
| Fund No. | Fund Name | Adopted FY 09/10 Budget | Less Interfund Transfers Out | Less Interfund Charges In | Net Budget |
|----------|-----------------------------------|-------------------------------|------------------------------------|---------------------------------|----------------------|
| 100 | General Fund | <u>\$165,342,960</u> | <u>(\$34,350,940)</u> | <u>\$0</u> | <u>\$130,992,020</u> |
| | Special Revenue Funds | | | | |
| 201 | State Street Aid | 4,445,000 | (560,000) | 0 | 3,885,000 |
| 202 | Community Improvement | 80,000 | 0 | 0 | 80,000 |
| 209 | Abandoned Vehicles | 828,990 | (14,000) | 0 | 814,990 |
| 211 | Animal Control | 55,000 | 0 | 0 | 55,000 |
| 213 | City Court | 5,420,800 | (4,643,180) | 0 | 777,620 |
| 216 | City Inspections | 2,326,230 | 0 | 0 | 2,326,230 |
| 220 | Stormwater | 2,563,900 | 0 | 0 | 2,563,900 |
| 230 | Solid Waste | 10,357,620 | 0 | 0 | 10,357,620 |
| 240 | Miscellaneous Special Revenue | 4,580,600 | (1,928,160) | 0 | 2,652,440 |
| 250 | Senior Aides | 510,230 | 0 | 0 | 510,230 |
| 264 | Home Grants | 2,249,720 | 0 | 0 | 2,249,720 |
| 269 | Emergency Shelter Grants | 82,740 | 0 | 0 | 82,740 |
| 270 | Empowerment Zone | 6,209,300 | 0 | 0 | 6,209,300 |
| 290 | Community Development Block Grant | 1,979,840 | 0 | 0 | 1,979,840 |
| | Subtotal - Special Revenue Funds | <u>41,689,970</u> | <u>(7,145,340)</u> | <u>0</u> | <u>34,544,630</u> |
| | Debt Service Funds | | | | |
| 305 | Debt Services | 27,648,740 | (18,060,900) | 0 | 9,587,840 |
| 306 | Tax Increment | 806,000 | 0 | 0 | 806,000 |
| | Subtotal - Debt Service Funds | <u>28,454,740</u> | <u>(18,060,900)</u> | <u>0</u> | <u>10,393,840</u> |
| | Capital Project Funds | | | | |
| 401 | Capital Projects | <u>27,159,610</u> | <u>0</u> | <u>0</u> | <u>27,159,610</u> |
| | Subtotal - Capital Project Funds | <u>27,159,610</u> | <u>0</u> | <u>0</u> | <u>27,159,610</u> |
| | Enterprise Funds | | | | |
| 503 | Public Assembly Facilities | 5,642,530 | 0 | 0 | 5,642,530 |
| 504 | Metro Parking | 3,345,350 | (1,000,000) | 0 | 2,345,350 |
| 506 | Convention Center | 20,165,400 | 0 | 0 | 20,165,400 |
| 507 | Mass Transportation | 20,431,500 | 0 | 0 | 20,431,500 |
| 508 | Municipal Golf Course | 1,557,660 | 0 | 0 | 1,557,660 |
| | Subtotal - Enterprise Funds | <u>51,142,440</u> | <u>(1,000,000)</u> | <u>0</u> | <u>50,142,440</u> |
| | Internal Service Funds | | | | |
| 702 | Fleet Services | 10,820,420 | 0 | (12,310,600) | (1,490,180) |
| 704 | Risk Management | 7,261,280 | 0 | (6,422,700) | 838,580 |
| 705 | Health Care | 16,287,390 | 0 | (9,842,170) | 6,445,220 |
| 706 | Equipment Replacement | 2,534,080 | 0 | (2,309,080) | 225,000 |
| 707 | City Building | 1,560,730 | 0 | (1,504,220) | 56,510 |
| | Subtotal - Internal Service Funds | <u>38,463,900</u> | <u>0</u> | <u>(32,388,770)</u> | <u>6,075,130</u> |
| | Grand Total | <u>\$352,253,620</u> | <u>(\$60,557,180)</u> | <u>(\$32,388,770)</u> | <u>\$259,307,670</u> |

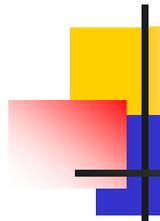


General Fund Budget

| Department | Adopted Budget FY 08/09 | Adopted Budget FY 09/10 |
|--|-------------------------------|-------------------------------|
| Administration | \$2,378,100 | \$2,454,900 |
| Finance | 3,591,100 | 3,499,930 |
| Information Systems | 4,028,340 | 3,974,450 |
| Community Development | 1,050,680 | 1,079,150 |
| South Knoxville Waterfront | 292,280 | 298,990 |
| Public Services | 20,005,860 | 20,077,210 |
| Engineering | 5,706,950 | 5,594,940 |
| Recreation | 6,744,380 | 6,796,420 |
| Knoxville Area Transit (KAT) | 850,000 | 969,200 |
| Law | 1,667,220 | 1,822,840 |
| Police | 44,730,920 | 45,145,760 |
| Emergency Management | 292,970 | 298,440 |
| Fire | 31,068,220 | 30,698,080 |
| Legislative | 906,490 | 916,480 |
| Civil Service | 978,390 | 994,060 |
| Nondepartmental | | |
| City Elections | 30,000 | 280,000 |
| Knoxville Partnership | 673,390 | 651,300 |
| Metropolitan Planning Commission (MPC) | 763,430 | 800,000 |
| Knoxville Zoological Park | 907,100 | 906,250 |
| Agency Grants | 1,130,200 | 996,700 |
| Waterfront | 511,590 | 519,390 |
| Community Action Committee (CAC) | 517,370 | 542,530 |
| Reserve | 2,450,000 | 1,675,000 |
| Transfers | 37,219,800 | 34,350,940 |
| Subtotal - Nondepartmental | 44,202,880 | 40,722,110 |
| GRAND TOTAL | \$168,494,780 | \$165,342,960 |

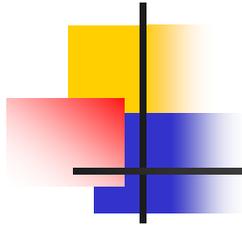
Where the Money Comes From (General Fund)





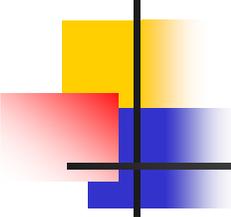
Property Values

| 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 | 1,618,398,555 | 177,681,038 | 112,540,638 | 1,908,620,231 |
| 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 | 2,476,436,718 | 293,852,253 | 150,264,579 | 2,920,553,550 |
| 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 | 2,920,636,035 | 329,685,195 | 145,503,340 | 3,395,824,570 |
| 2007 | 3,039,973,875 | 307,480,409 | 148,366,486 | 3,495,820,770 |
| 2008 | 3,156,234,335 | 305,025,792 | 146,017,169 | 3,607,277,296 |
| 2009 | 3,678,211,900 * | 334,781,946 | 167,422,239 | 4,180,416,085 |

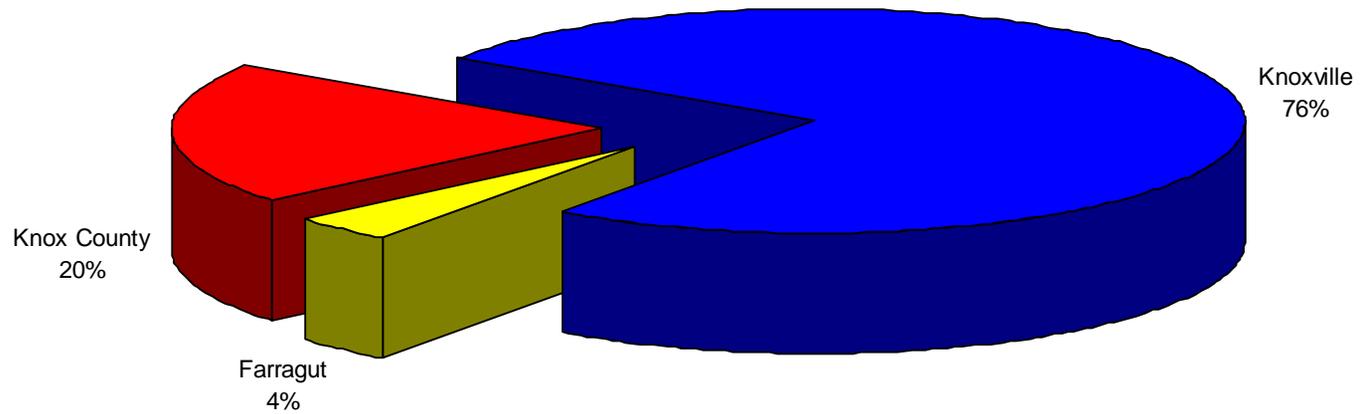


Local Option Sales Tax

| | Knox Co. | Knoxville | Farragut |
|---------------------|---------------------|---------------------|---------------------|
| Local Government | 0.625 | 0.625 | 1.125 |
| Knox County Schools | <u>1.625</u> | <u>1.625</u> | <u>1.125</u> |
| Total | <u><u>2.250</u></u> | <u><u>2.250</u></u> | <u><u>2.250</u></u> |

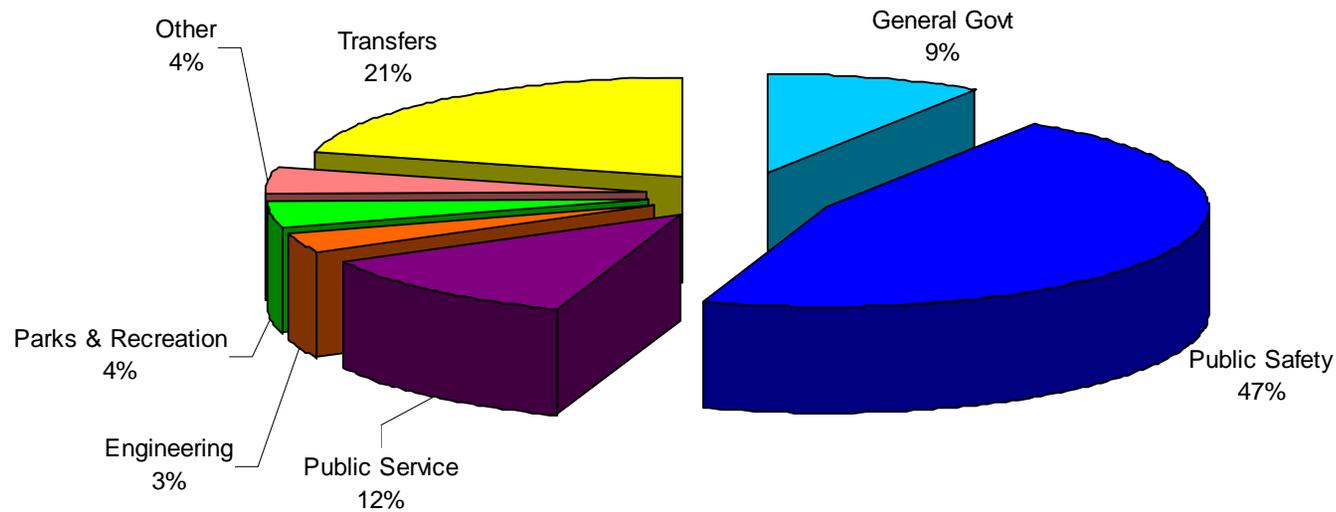


Local Option Sales Tax Distribution



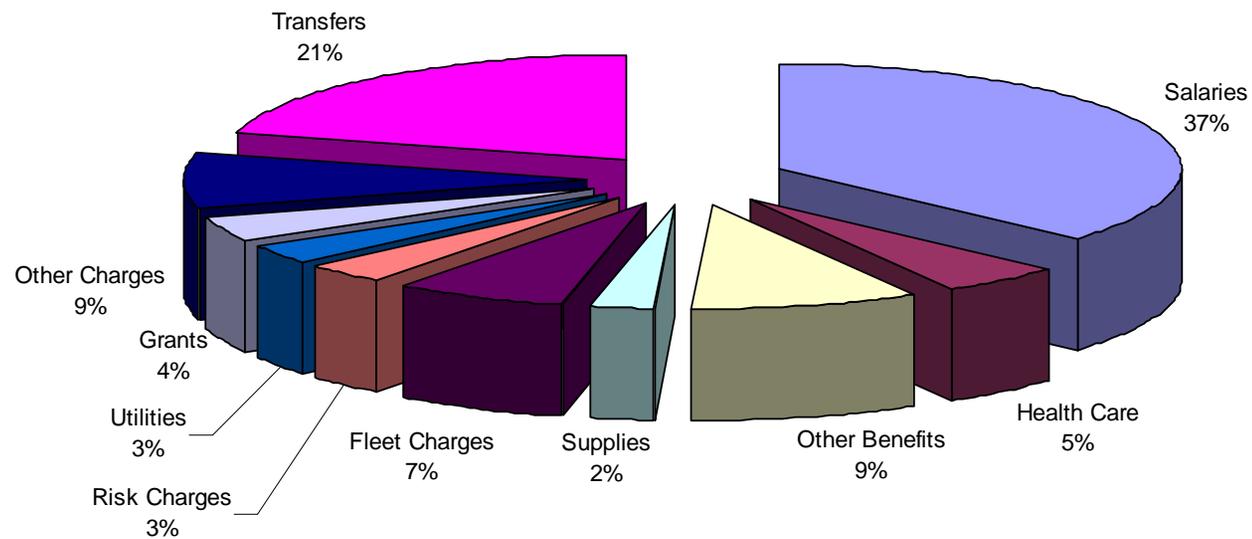
Where The Money Goes

General Fund Expenditures Including Transfers



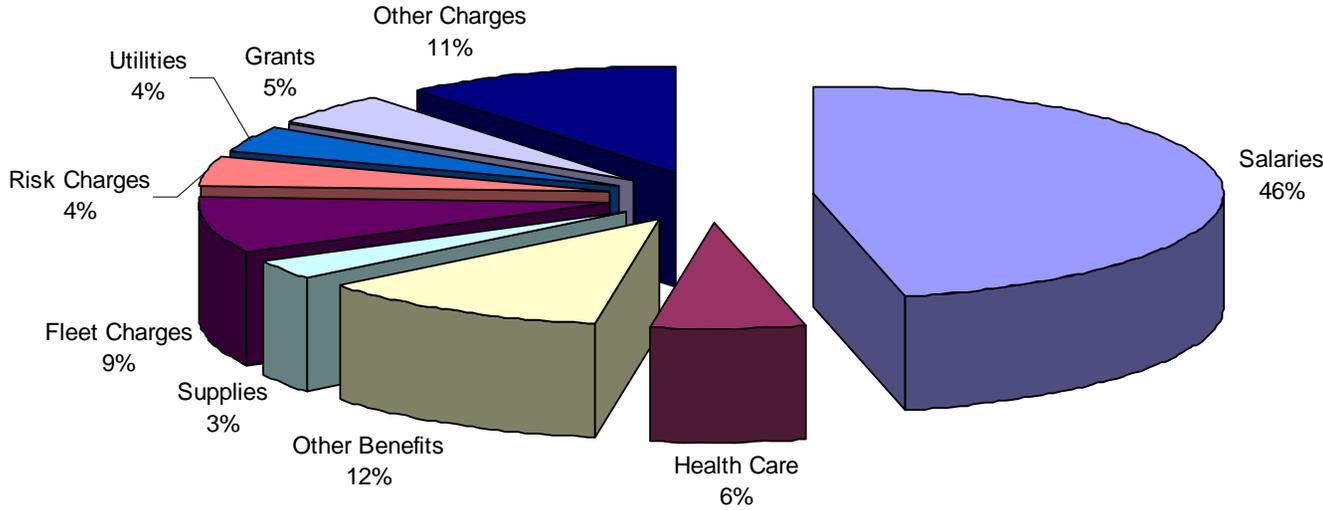
Where The Money Goes

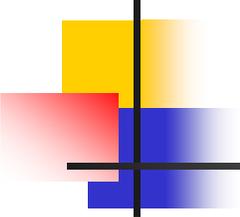
General Fund Expenditures Including Transfers



Where The Money Goes

General Fund Less Transfers

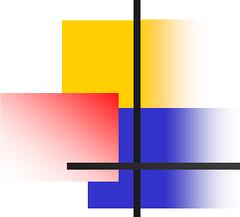




Where The Money Goes

General Fund - Agency Grants

- 49 Outside Agencies receive operating funds
- 5 agencies receive capital grants
- \$1.12 Million to Outside Agencies
- Grants to 3 Governmental Agencies
- \$2.25 Million to Governmental Agencies



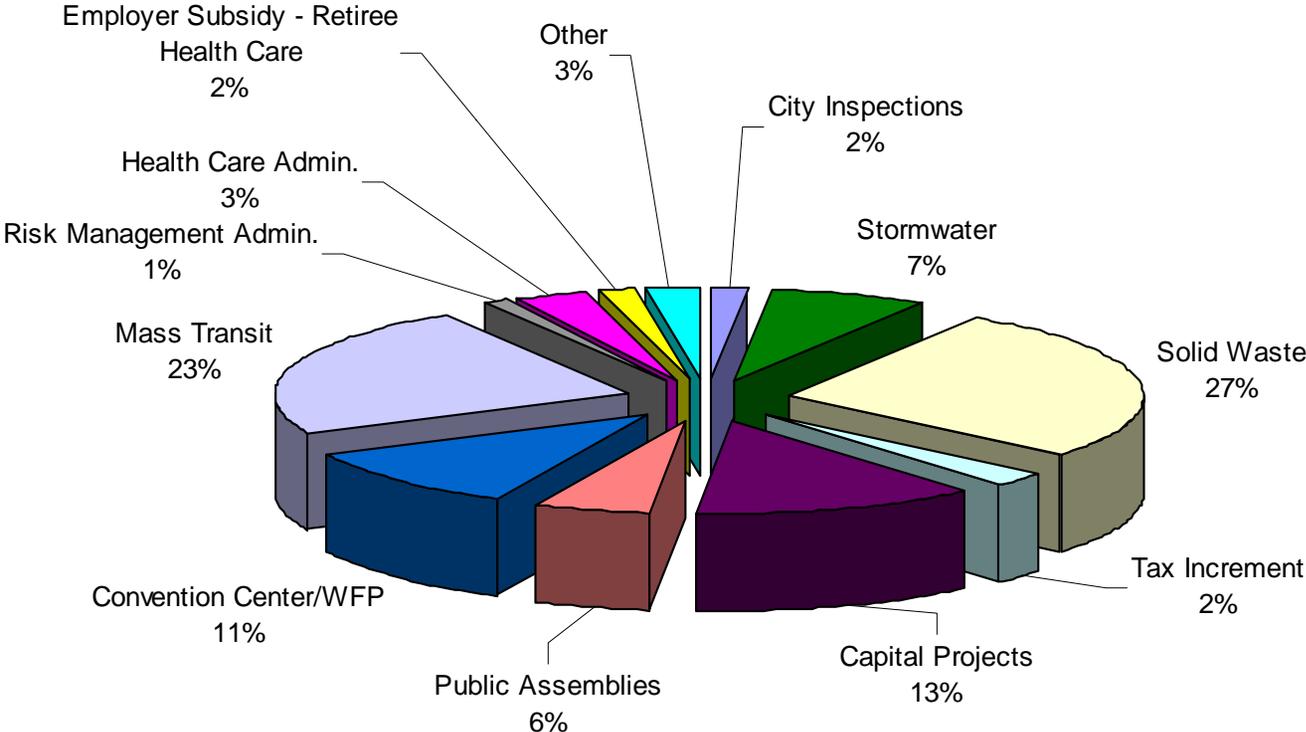
Where The Money Goes

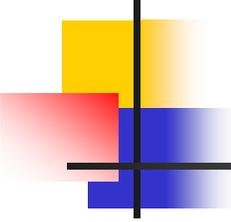
General Fund Transfers

| Description | Budget FY 08/09 | Budget FY 09/10 | Comment |
|--|--------------------|--------------------|---|
| Community Improvement (202) Transfer | 90,000 | 80,000 | Transfer for community improvements (see Fund 202) |
| City Inspections Transfer | 135,380 | 612,250 | Subsidy for City Inspections (see Fund 216) |
| Stormwater Transfer | 2,200,060 | 2,418,700 | Funding for Stormwater operations (see Fund 220) |
| Solid Waste Transfer | 9,385,590 | 9,394,220 | Funding for Solid Waste operations (see Fund 230) |
| Special Revenue Fund Transfer | 1,035,380 | 785,280 | Transfer for Senior Aides, Urban Growth, 10 Year Plan, Others (see Funds 240 & 250) |
| Tax Increment Transfer | 563,200 | 806,000 | Tax Increment Subsidy (\$739,910) (see Fund 306) |
| Capital Projects Transfer | 8,664,650 | 4,470,000 | Capital Purchases (see Fund 401) |
| Chilhowee Park Transfer | 868,700 | 816,980 | Subsidy for Chilhowee Park operations (see Fund 503) |
| Auditorium/Coliseum Transfer | 1,216,940 | 1,088,380 | Subsidy for Coliseum (see Fund 503) |
| Convention Center Transfer | 2,139,770 | 2,119,440 | Support for Convention Center Operations (see Fund 506) |
| World's Fair Park Transfer | 1,507,410 | 1,611,620 | Subsidy for WFP operations (see Fund 506) |
| Mass Transit Transfer | 6,764,770 | 7,471,800 | KAT operating subsidy (see Fund 507) |
| Trolley Transfer | 645,850 | 588,820 | Trolley operating subsidy (see Fund 507) |
| Golf Course Transfer | 128,800 | 23,190 | Subsidy for Municipal Golf Course (see Fund 508) |
| Risk Management Transfer | 863,120 | 393,080 | Support administration of Risk Fund (see Fund 704) |
| Health Care Transfer | 404,450 | 1,105,810 | Support administration of Health Care Fund (see Fund 705) |
| Employer Subsidy - Retiree Health Care | 605,730 | 565,370 | Subsidy to offset a portion of retiree's health care costs |
| | <u>37,219,800</u> | <u>34,350,940</u> | |

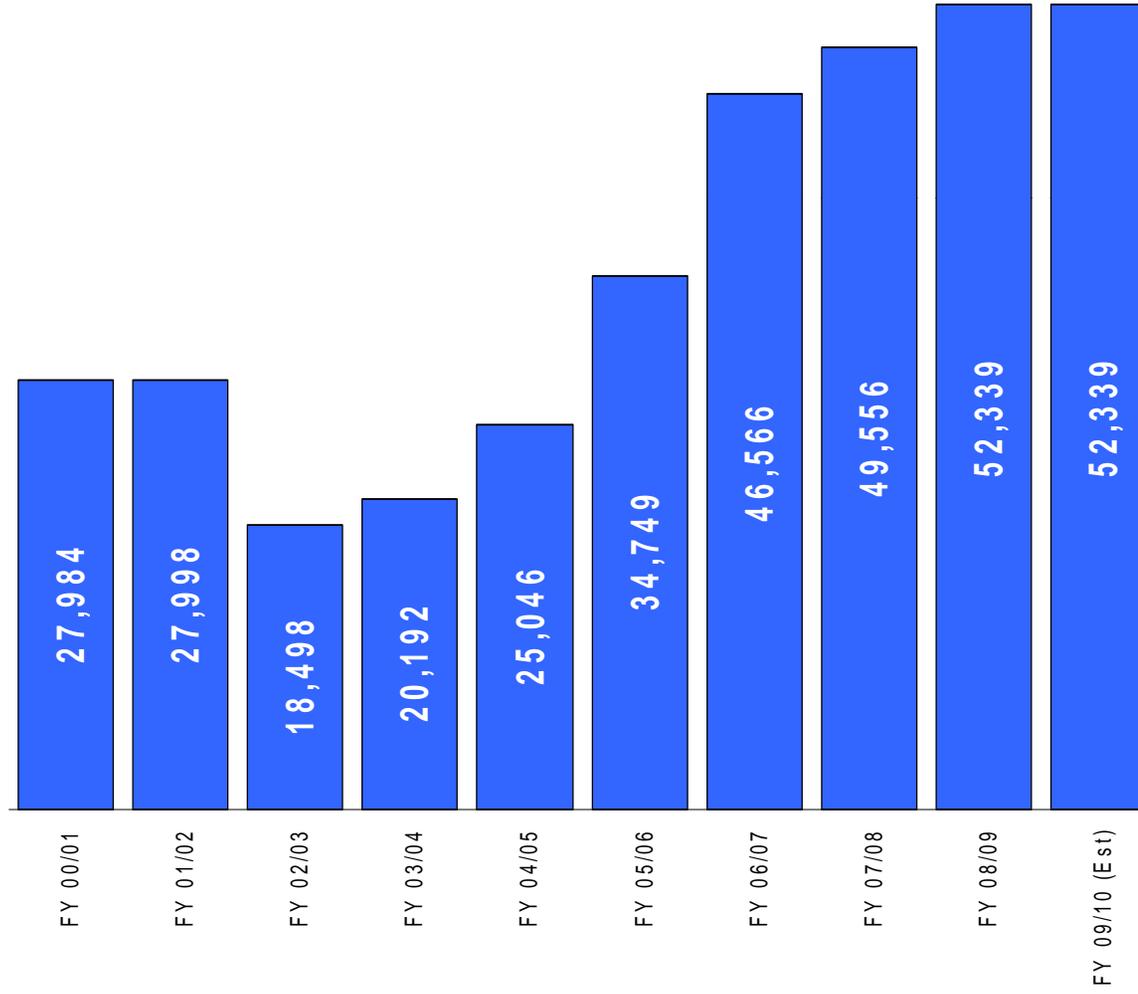
Where The Money Goes

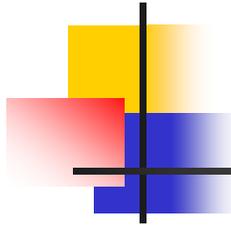
General Fund-Transfers





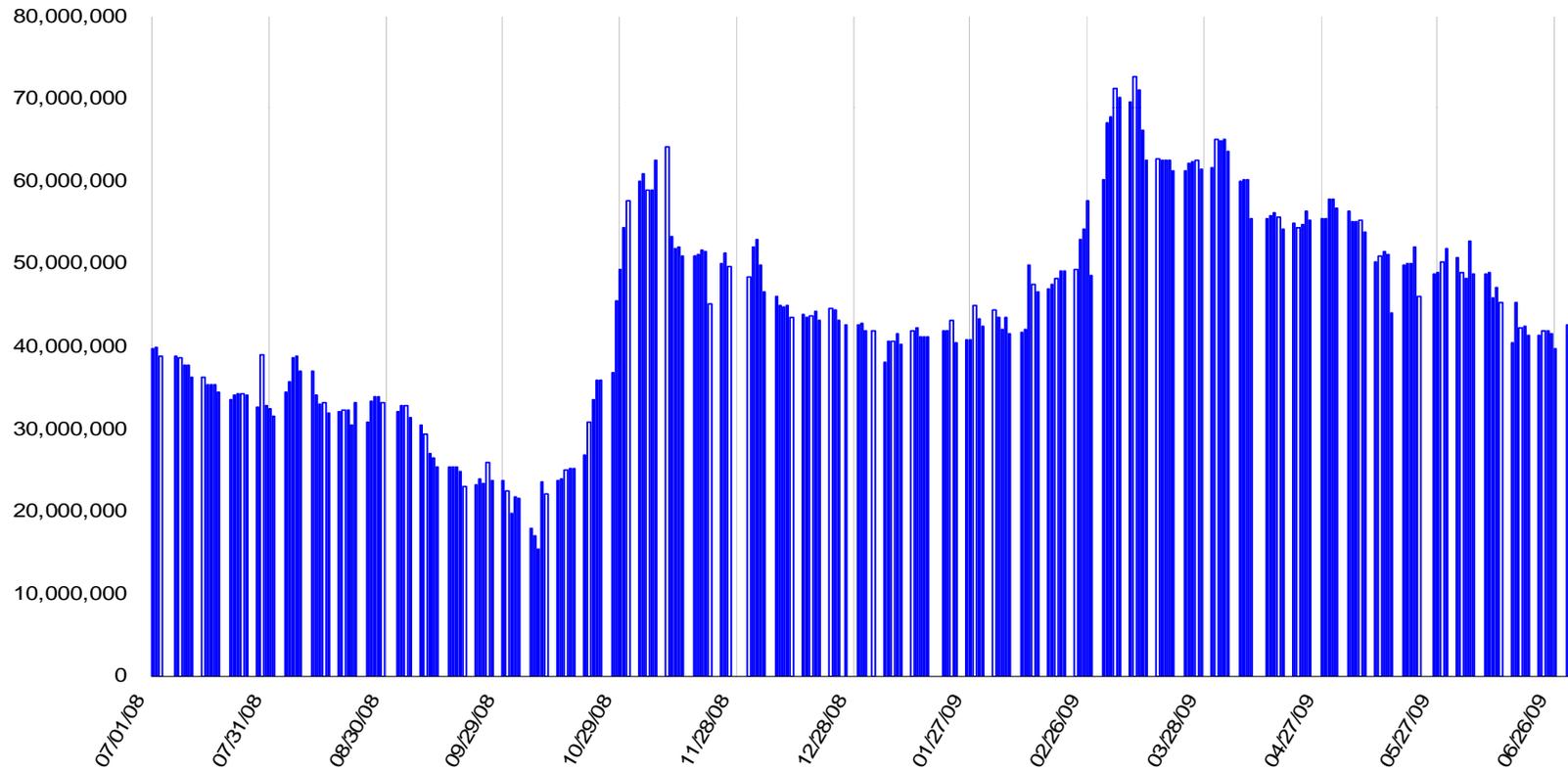
General Fund Fund Balance

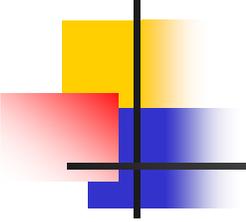




General Fund Cash and Investments

General Fund Cash and Investments
FY 08/09

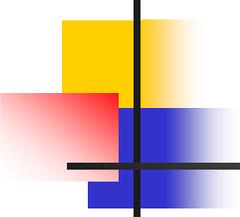




Where The Money Goes

(Salaries & Benefits)

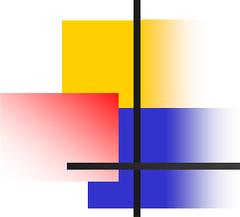
- 1,604 Budgeted Full Time Employees
- 38 Budgeted Part Time Employees
- Numerous Event Workers, Athletic Officials, Crossing Guards, etc.
- Budgeted Payroll of \$67.8 Million



Where The Money Goes

(Employee Benefits)

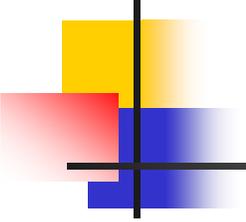
- \$23.1 Million Budgeted for Benefits
 - \$9.5 Million for Health Care
 - \$5.2 Million for Social Security/Medicare
 - \$8.0 Million for Retirement
 - \$113 Thousand for Long Term Disability
 - \$176 Thousand for Group Life
 - \$79 Thousand for Other Benefits



Where The Money Goes

(Buildings)

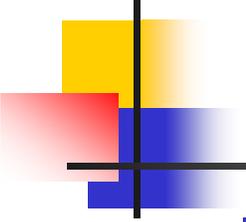
- 210 Buildings
- \$158 Million in Value (Excludes Con. Ctr.)
- Partial Ownership of City/County Bldg.
- \$1.0 Million for City/County Bldg. Maintenance
- \$130 Million Convention Center



Where The Money Goes

(Buildings)

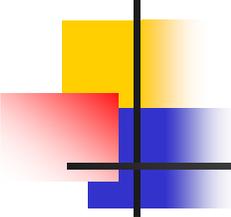
- City/County building
- Car pound
- Chilhowee Park
- Auditorium/Coliseum
- Elm Street (Sign/Signal)
- Loraine Street (city garage and shop)
- Jack Sharp Blvd. shop
- East Police Precinct
- Fire headquarters
- Fire stations (18)
- Safety Building
- Fifth Avenue
- Swimming pools (2)
- Golf courses (2)
- Recreation centers (24)
- Parking Garages (5)



Where The Money Goes

(Fleet)

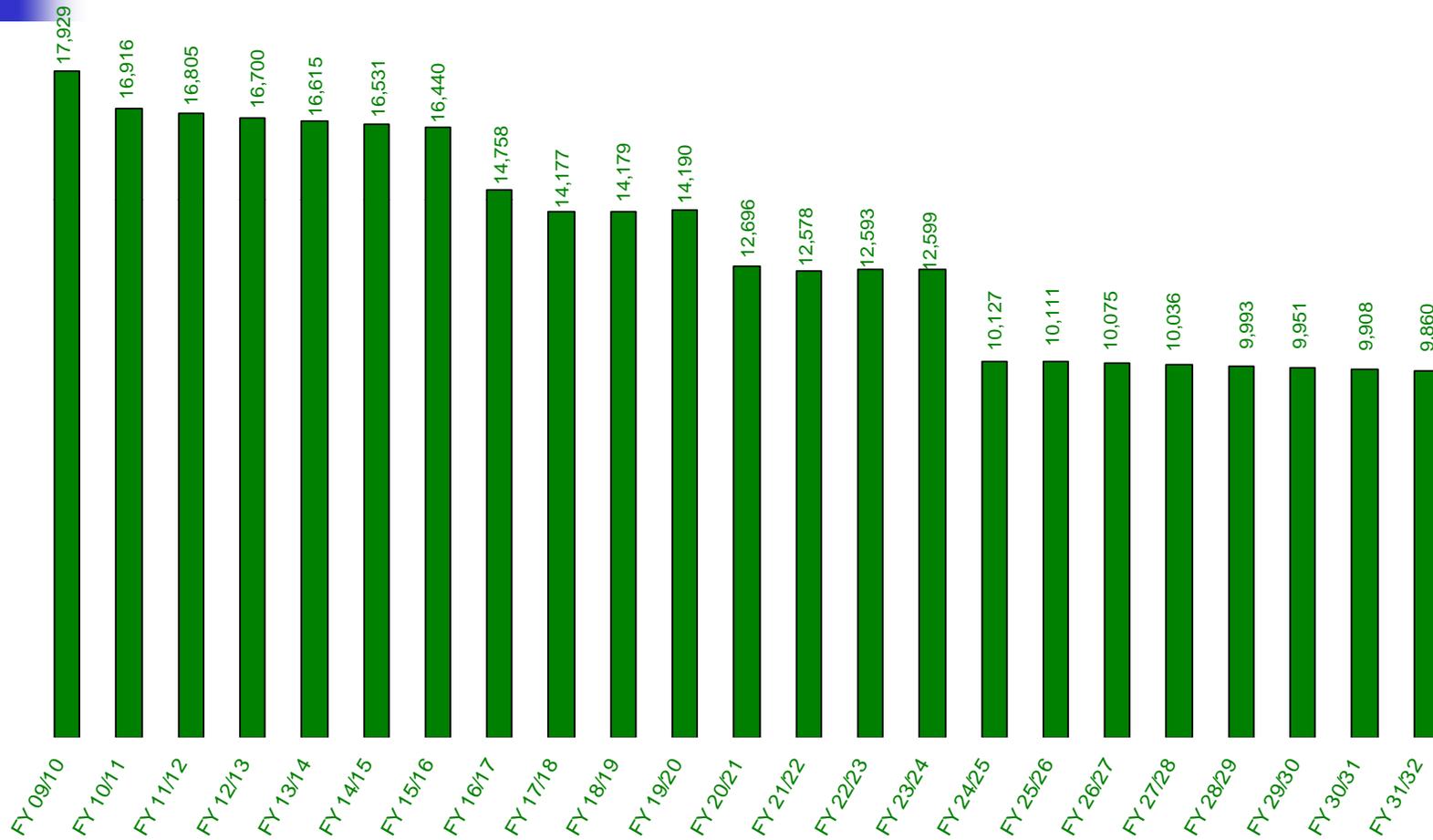
- The city has over 1,500 vehicles in the fleet with a book value of about \$45 million
- The fleet vehicles range from golf carts to fire aerial ladder trucks



Debt Service

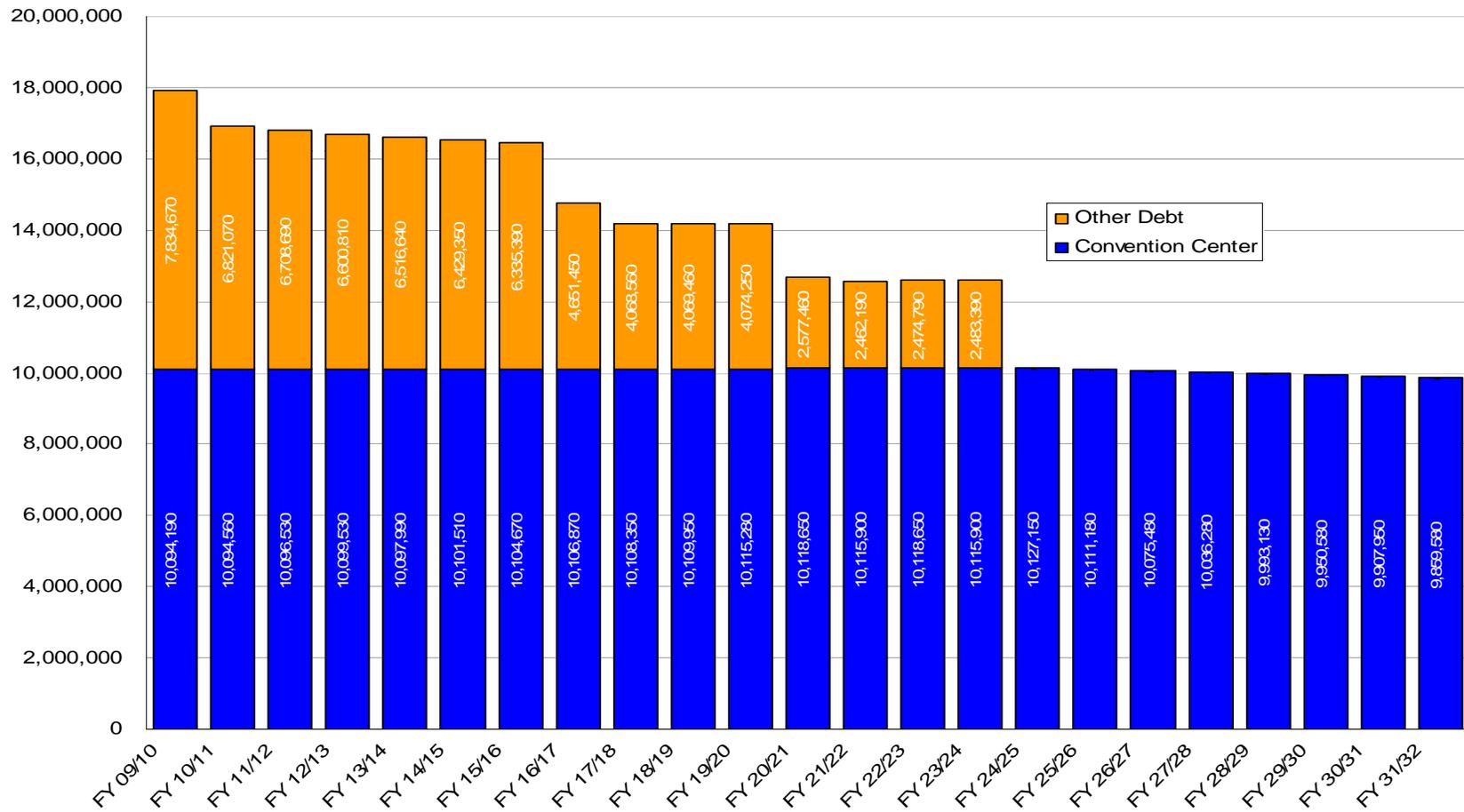
- Principal Outstanding (6/30/09) = \$198 Million
- Approximately \$17 Million Per Year for Debt Payments

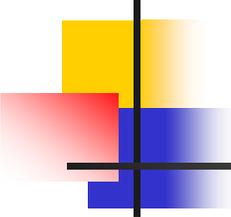
Debt Payments



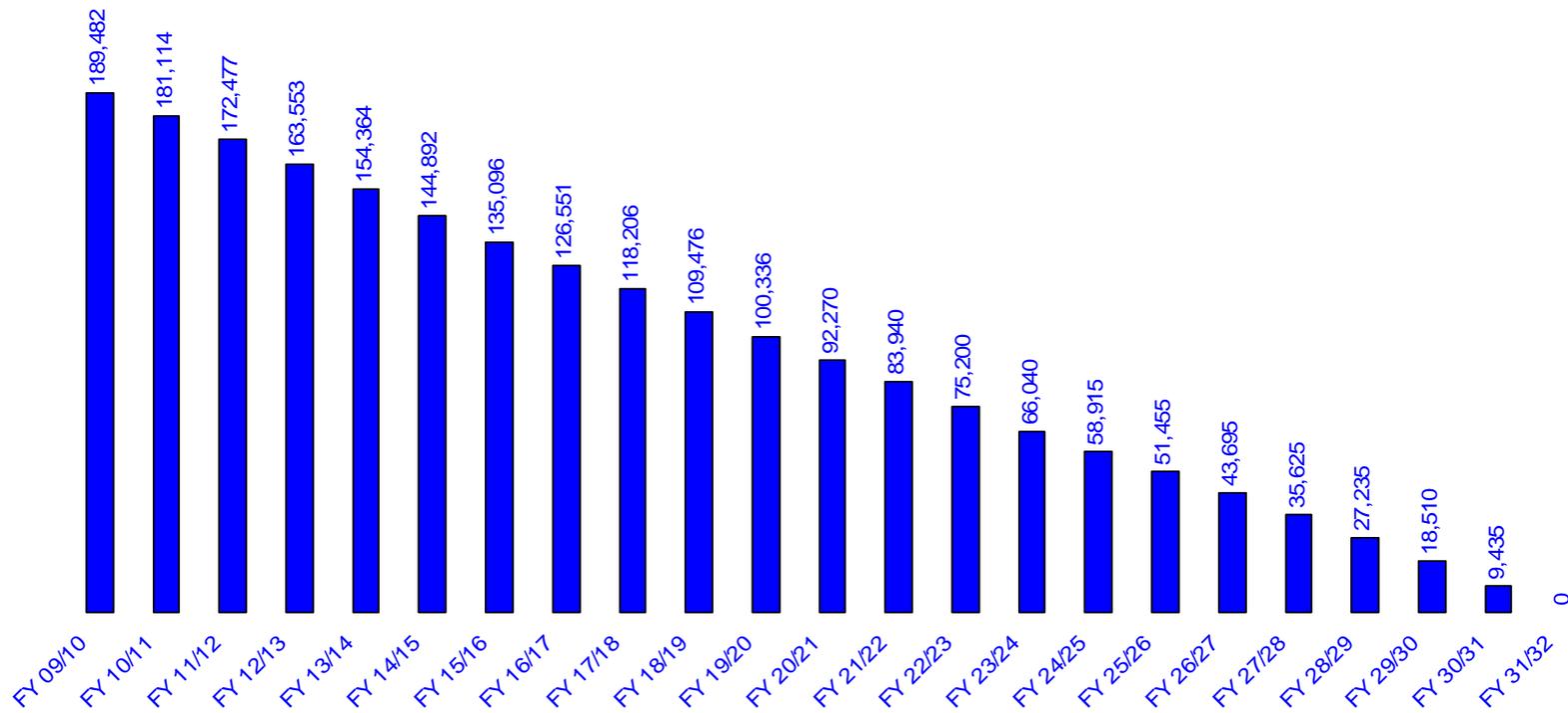
All numbers in \$1,000's.

Debt Payments

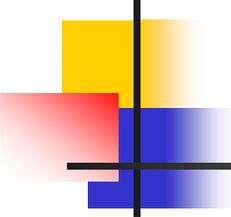




Remaining Debt Balances

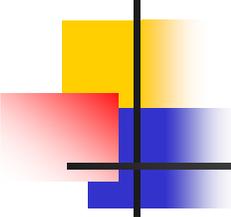


All numbers in \$1,000's



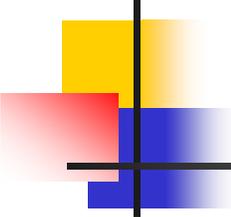
Bond Ratings

- Moody's Aa2
- Standard & Poors AA+
- Fitch AA+



The Budget Timetable

- February 2, 2010 – Budget Retreat
- Feb. – March – Departments submit budget requests, base numbers calculated, and capital budget prepared
- March 23 – March 24 – Mayor’s budget hearings
- April 9 – MPC Hearing on Capital Improvement Program
- April 30, 2010 – Mayor’s budget submitted
- May 4, 2010 – First reading of budget and tax ordinances
- May 6- 30 – Council Workshops, Public Hearing (to be determined)
- June 1, 2010 – Second reading of budget and tax ordinances



2010/11 Budgetary Issues

- Static to declining revenues
- Possible state shared revenue cuts
- Pay & Compensation Plan
- Pension Costs
- Health Care
- KAT
- Previous Commitments