



CITY OF KNOXVILLE
BILL HASLAM, MAYOR



FY 2005/2006
PROPOSED OPERATING BUDGET

**FISCAL YEAR 2005-2006
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 |

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Christopher P. Kinney

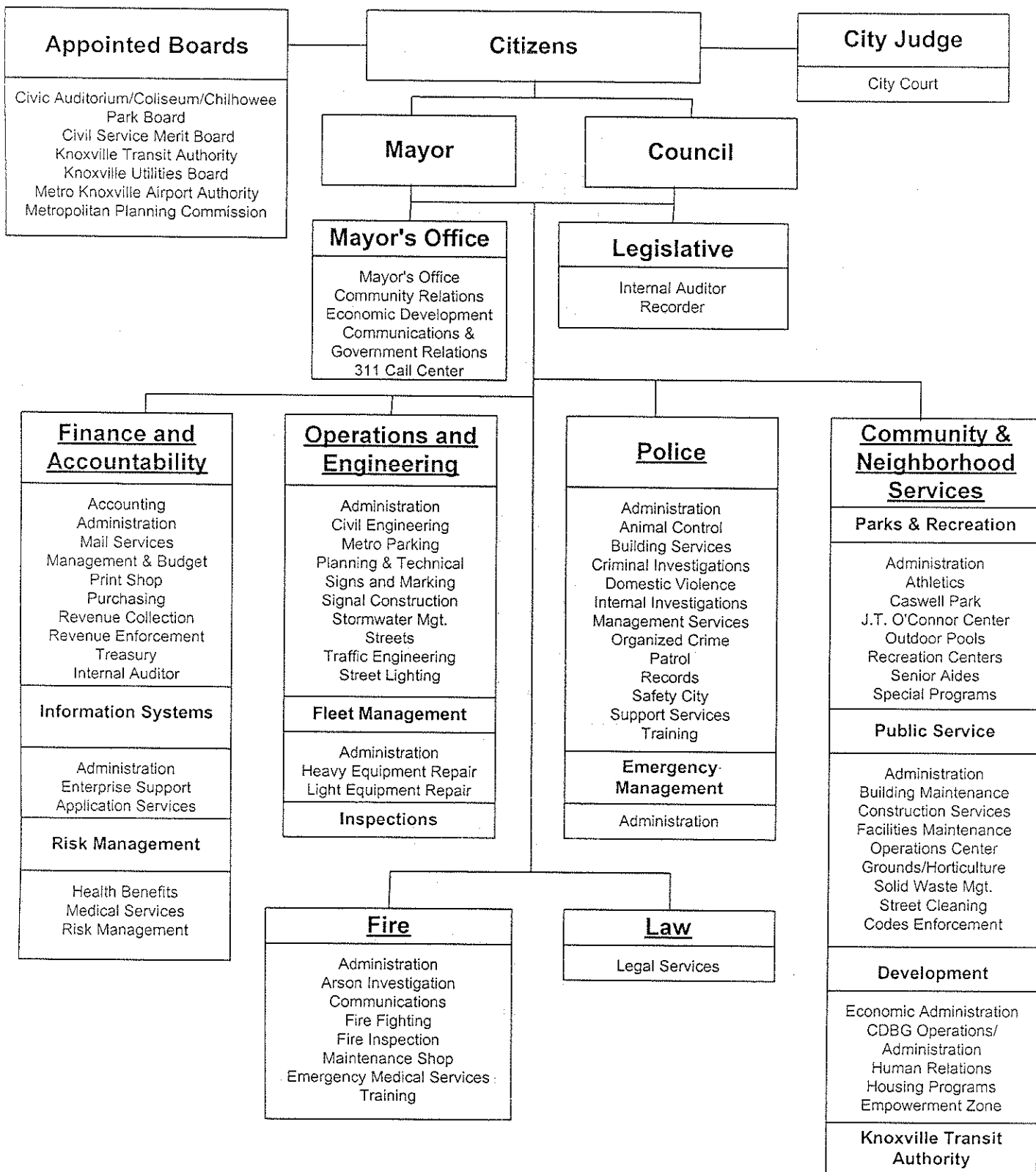
DEPUTY FINANCE DIRECTOR
James York

OFFICE OF MANAGEMENT AND BUDGET
Katherine Latvala, Accounting and Budget Manager
Cheryl A. Davis, Financial Analyst, Sr.
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



City of Knoxville
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Executive Summary

The FY 05/06 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.

The FY 05/06 budget is guided by the goals of this administration. The emphasis of the FY 05/06 budget is improving efficiency in government, fostering a climate for economic development in the City, and providing quality services to all the neighborhoods of the City.

GENERAL OVERVIEW

Revenues and Expenses

The proposed property tax rate for FY 05/06 is \$3.05 per hundred dollars of assessed value. Of this amount \$0.81 goes to the Debt Service fund to pay for bonded debt costs. The proposed tax rate is unchanged from FY 04/05. The average residential property in the City of Knoxville is appraised at \$70,521. For the average residential homeowner the total taxes paid will equal \$537.72. 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 2005/06 is \$307,783,760. The net budget, i.e., excluding interfund transfers and charges, which are effectively double counted within the budget, is \$233,360,120. The budget for the General Fund, which is the main operating fund of the city, equals \$146,306,780.

Budgeted personnel for FY 05/06 total 1,606 full-time positions and 63 part-time positions. This represents a gain of two full-time positions and six part-time positions.

Improved Efficiency

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 FY 04/05 budget included funding to begin development of a 311 Call Center. The initial set-up work is nearing completion and the FY 05/06 budget funds the operating costs of this new operation. This center will allow citizens to easily report problems and track progress in resolving those problems. Funding is provided for five new positions. It is expected that this operation will allow us to reduce more than this number of positions in other departments by the end of FY 05/06 fiscal year.

The budget continues to replace old and outdated computer systems. In FY 04/05 funding was provided to replace the City's outdated financial reporting system. In FY 05/06 we will begin the replacement of the City's fleet management system, and to pay for the City's portion of upgrades relating to the Knoxville Geographic Information System.

The City is also undertaking a more extensive performance measurement system. The costs of doing this are incorporated into existing budgets but it is expected to result in improvements in future years. A position of Internal Auditor is added to explore ways to improve operating procedures and processes throughout city operations.

The proposed operating budget includes seed money to develop a "One Stop Shop" facility designed to co-locate City, County, and MPC inspection and permitting operations to better serve citizens.

Economic Development

A solid economy is essential for any city. The first phases of downtown redevelopment have been very positive, and this budget provides funding to continue the momentum of these

Executive Summary

efforts. Specifically the budget provides \$1 million to complete the funding of phase 3 of the Market Square development project. The budget also continues to build up money to be used for the construction of a new downtown transit center. Also included is proposed funding (\$525,000) for the Jackson Avenue redevelopment area.

The City will continue its efforts to renovate and promote the World's Fair Park area. Included in the budget is \$1.827 million for this purpose.

Funding is not limited to the downtown area. Included in the budget is \$400,000 to begin the south Knoxville waterfront master plan. 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 first phase of a multi-year contribution for this project.

Preservation of our history is also important and a portion of this budget is 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 contribution, year one of a two year commitment, to be used in the renovation of the Bijou Theatre. Funding is included to have MPC conduct an updated inventory of historic properties within the City, and to develop new design guidelines for downtown.

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, the Tennessee Theatre 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.

Neighborhood Improvements

Improving the quality of life in our neighborhoods is vital. Toward this end, the budget includes \$3.2 million the City's paving program. This funding enables us to maintain an orderly paving schedule under which all streets will be repaved on a regular basis.

This budget includes \$200,000 to continue the traffic-calming program. Funding of \$200,000 is provided for ballpark improvements in parks throughout the City, while \$450,000 is to be used for the development of a skate park facility. Funding is also provided for park improvements at Lonsdale Park (\$400,000), the development of additional football fields in the Safety City park area (\$400,000), a greenway in the Loves Creek area (\$100,000), and park improvements in the Lower Second Creek area (\$2.68 million). Also included is \$200,000 for public improvements in the Lonsdale area, and \$150,000 for improvements in the Burlington area.

The budget increases funding for sidewalk improvements, one of the most requested improvements noted in the citywide survey. A total of \$200,000 is allocated for repairs and improvements to existing sidewalks. Total funding of \$400,000 is designated for new sidewalks, primarily in the parental responsibility zones near schools. In addition, \$62,000 is allocated for sidewalk improvements in the 100 block of Gay Street and \$250,000 is appropriated to continue the City's curb cut program. Some CDBG project funding is also designated for sidewalk improvements.

The budget also focuses on drainage improvements in the neighborhoods. A total of \$150,000 is provided for phase one of a drainage master plan. In addition, \$250,000 is budgeted to continue the neighborhood drainage program, while \$450,000 is to be used for drainage issues in the Emily Avenue area. A total of \$1 million is designated for land acquisition and design work of the First Creek

Executive Summary

drainage area. Additional funding is expected to be included for this project in the FY 06/07 budget.

The budget continues annual funding of \$650,000 for the bridge replacement program, and appropriates additional bridge money to be used specifically for the replacement of the Church Street Viaduct (\$540,000), and to complete payments (\$750,000) on the replacement of the Gay Street Bridge.

Funding is specifically designated for continued 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 \$400,000 is also included for road improvements in the northeast corridor.

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 balance (reserves) to cover costs. This trend was stopped in FY 04/05. 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.

Over the past few years the City has been hit with cost increases in certain fixed expenditures. The cost of health care coverage has grown at a dramatic level. The City is now expecting its fourth consecutive year of double-digit health care cost increases. Based upon current trends we have factored in a fifteen-percent increase at mid-year. The estimated impact of these increases upon the City is \$1.0 million with employees assuming another \$0.3 million. This City is currently evaluating various ways to lowering these cost increases, and has established a goal of falling below the overall average change for health care costs. The FY 04/05 budget included \$1.3 million to establish a reserve in the Health Care fund. Such a reserve will allow the City more flexibility in health care prevention and cost contain-

ment in the future. We now believe that a sufficient reserve has been funded, and the FY 05/06 budget includes no additional amount for this purpose.

The City maintains a pension fund for its employees. Contributions are based 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 \$0.7 million. Barring a major upturn in the markets it is probable that additional increases will be required in future years.

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 \$750,000 to cover the costs of this commodity. Utility costs are also forecast to increase by approximately \$750,000.

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 lowered paid workers. Total cost of the salary adjustments is approximately \$1.3 million.

Accounting Changes

There are some accounting changes which affect comparisons between the FY 04/05 and FY 05/06 budgets. These changes primarily deal with some shifts in personnel. For example, Facilities Maintenance operations are shifted from the Operations and Engineering Department to the Public Services Division of the Community and Neighborhood Services Department. The cost of the Senior Aides program is budgeted in a separate fund rather than in the Parks and Recreation portion of the General Fund.

Executive Summary

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 2005/06

| Fund No. | Fund Name | Adopted FY 04/05 Budget | Proposed FY 05/06 Budget | Dollar Change FY 04/05 - 05/06 | Percentage Change FY 04/05 - 05/06 |
|----------|-----------------------------------|-------------------------------|--------------------------------|--------------------------------------|--|
| 100 | General Fund | <u>144,239,540</u> | <u>146,306,780</u> | <u>2,067,240</u> | <u>1.43%</u> |
| | Special Revenue Funds | | | | |
| 201 | State Street Aid | 4,906,000 | 4,915,000 | 9,000 | 0.18% |
| 202 | Community Improvement | 90,000 | 90,000 | 0 | 0.00% |
| 209 | Abandoned Vehicles | 508,950 | 594,840 | 85,890 | 16.88% |
| 213 | City Court | 3,600,000 | 3,678,500 | 78,500 | 2.18% |
| 216 | City Inspections | 1,902,890 | 2,009,940 | 107,050 | 5.63% |
| 220 | Stormwater | 1,867,070 | 1,916,510 | 49,440 | 2.65% |
| 230 | Solid Waste | 10,019,700 | 10,312,720 | 293,020 | 2.92% |
| 240 | Miscellaneous Special Revenue | 2,261,180 | 3,415,500 | 1,154,320 | 51.05% |
| 250 | Senior Aides | 0 | 456,750 | 456,750 | |
| 264 | Home Grants | 1,801,990 | 1,731,340 | (70,650) | (3.92%) |
| 269 | Emergency Shelter Grants | 85,490 | 82,730 | (2,760) | (3.23%) |
| 270 | Empowerment Zone | 994,100 | 666,000 | (328,100) | (33.00%) |
| 290 | Community Development Block Grant | 3,345,220 | 4,067,940 | 722,720 | 21.60% |
| | Subtotal - Special Revenue Funds | <u>31,382,590</u> | <u>33,937,770</u> | <u>2,555,180</u> | <u>8.14%</u> |
| | Debt Service Funds | | | | |
| 305 | Debt Services | 20,073,110 | 20,671,840 | 598,730 | 2.98% |
| | Subtotal - Debt Service Funds | <u>20,073,110</u> | <u>20,671,840</u> | <u>598,730</u> | <u>2.98%</u> |
| | Capital Projects Funds | | | | |
| 401 | Capital Projects | 20,844,900 | 31,172,000 | 10,327,100 | 49.54% |
| 451 | Chilhowee Park | 0 | 55,400 | 55,400 | |
| | Subtotal - Capital Projects Funds | <u>20,844,900</u> | <u>31,227,400</u> | <u>10,382,500</u> | <u>49.81%</u> |
| | Enterprise Funds | | | | |
| 503 | Public Assembly Facilities | 3,535,730 | 3,643,420 | 107,690 | 3.05% |
| 504 | Metro Parking | 725,890 | 1,059,820 | 333,930 | 46.00% |
| 506 | Convention Center | 19,515,230 | 20,299,240 | 784,010 | 4.02% |
| 507 | Mass Transportation | 13,184,090 | 14,467,100 | 1,283,010 | 9.73% |
| | Subtotal - Enterprise Funds | <u>36,960,940</u> | <u>39,469,580</u> | <u>2,508,640</u> | <u>6.79%</u> |
| | Internal Service Funds | | | | |
| 701 | Office Services | 451,620 | 454,860 | 3,240 | 0.72% |
| 702 | Fleet Services | 8,234,060 | 9,648,980 | 1,414,920 | 17.18% |
| 704 | Risk Management | 6,827,630 | 7,626,580 | 798,950 | 11.70% |
| 705 | Health Care | 14,139,810 | 15,447,950 | 1,308,140 | 9.25% |
| 706 | Equipment Replacement | 1,797,270 | 1,588,160 | (209,110) | (11.63%) |
| 707 | City Building | 1,442,850 | 1,403,860 | (38,990) | (2.70%) |
| | Subtotal - Internal Service Funds | <u>32,893,240</u> | <u>36,170,390</u> | <u>3,277,150</u> | <u>9.96%</u> |
| | Grand Total | <u><u>286,394,320</u></u> | <u><u>307,783,760</u></u> | <u><u>21,389,440</u></u> | <u><u>7.47%</u></u> |

TOTAL EXPENDITURES BY DEPARTMENT

Fiscal Year 2005/06

| Department | General Fund | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Enterprise Funds | Internal Service Funds | Grand Total |
|---|--------------|-----------------------|--------------------|------------------------|------------------|------------------------|-------------|
| Administration | 2,065,500 | 0 | 0 | 1,475,000 | 0 | 0 | 3,540,500 |
| Finance and Accountability | | | | | | | |
| Finance | 3,186,200 | 0 | 50,000 | 1,000,000 | 0 | 25,117,550 | 29,353,750 |
| Information Systems | 3,205,840 | 0 | 0 | 0 | 0 | 0 | 3,205,840 |
| Subtotal - Finance & Accountability | 6,392,040 | 0 | 50,000 | 1,000,000 | 0 | 25,117,550 | 32,559,590 |
| Operations & Engineering | | | | | | | |
| Engineering | 5,181,350 | 4,627,810 | 0 | 11,882,500 | 961,430 | 0 | 22,653,090 |
| Fleet Services | 0 | 594,840 | 0 | 400,000 | 0 | 9,648,980 | 10,643,820 |
| Inspections | 0 | 2,009,940 | 0 | 0 | 0 | 0 | 2,009,940 |
| Subtotal - Operations & Engineering | 5,181,350 | 7,232,590 | 0 | 12,282,500 | 961,430 | 9,648,980 | 35,306,850 |
| Community and Neighborhood Services | | | | | | | |
| Public Services | 16,999,100 | 10,611,420 | 0 | 250,000 | 0 | 0 | 27,860,520 |
| Development Services | 566,690 | 0 | 0 | 0 | 0 | 0 | 566,690 |
| Community Development | 0 | 5,908,930 | 0 | 650,000 | 0 | 0 | 6,558,930 |
| Recreation | 5,652,350 | 536,750 | 0 | 3,855,000 | 0 | 0 | 10,044,100 |
| Knoxville Area Transit (KAT) | 882,950 | 0 | 0 | 7,232,500 | 14,467,100 | 0 | 22,582,550 |
| Subtotal - Community & Neighborhood Serv. | 24,101,090 | 17,057,100 | 0 | 11,987,500 | 14,467,100 | 0 | 67,612,790 |
| Law | 1,505,320 | 0 | 0 | 0 | 0 | 0 | 1,505,320 |
| Police | | | | | | | |
| Police | 39,064,840 | 3,110,500 | 0 | 1,124,500 | 0 | 0 | 43,299,840 |
| Emergency Management | 277,980 | 0 | 0 | 0 | 0 | 0 | 277,980 |
| Subtotal - Police | 39,342,820 | 3,110,500 | 0 | 1,124,500 | 0 | 0 | 43,577,820 |
| Fire | 27,413,660 | 0 | 0 | 300,000 | 0 | 0 | 27,713,660 |
| Board Administered/Other Departments | | | | | | | |
| Legislative | 823,470 | 115,000 | 0 | 0 | 0 | 0 | 938,470 |
| City Court | 0 | 685,370 | 0 | 10,000 | 0 | 0 | 695,370 |
| Civil Service | 948,550 | 0 | 0 | 0 | 0 | 0 | 948,550 |
| Convention Center | 0 | 0 | 0 | 142,000 | 12,304,300 | 0 | 12,446,300 |
| Public Assembly Facilities | 0 | 0 | 0 | 2,100,500 | 3,643,420 | 0 | 5,743,920 |
| Subtotal - Other Departments | 1,772,020 | 800,370 | 0 | 2,252,500 | 15,947,720 | 0 | 20,772,610 |
| Nondepartmental | | | | | | | |
| City Elections | 265,000 | 0 | 0 | 0 | 0 | 0 | 265,000 |
| City Buildings | 0 | 0 | 0 | 0 | 0 | 1,403,860 | 1,403,860 |
| Knoxville Partnership | 696,840 | 0 | 0 | 0 | 0 | 0 | 696,840 |
| Metropolitan Planning Commission (MPC) | 737,550 | 0 | 0 | 0 | 0 | 0 | 737,550 |
| Knoxville Zoological Park | 864,210 | 0 | 0 | 750,000 | 0 | 0 | 1,614,210 |
| Agency Grants | 1,197,700 | 0 | 0 | 0 | 930,000 | 0 | 2,127,700 |
| Waterfront | 359,380 | 0 | 0 | 0 | 0 | 0 | 359,380 |
| Community Action Committee (CAC) | 444,980 | 0 | 0 | 0 | 0 | 0 | 444,980 |
| Debt Service | 0 | 0 | 14,721,200 | 0 | 7,113,330 | 0 | 21,834,530 |
| Reserve | 1,500,000 | 0 | 0 | 0 | 0 | 0 | 1,500,000 |
| Transfers | 32,467,320 | 5,737,210 | 5,900,640 | 55,400 | 50,000 | 0 | 44,210,570 |
| Subtotal - Nondepartmental | 38,532,980 | 5,737,210 | 20,621,840 | 805,400 | 8,093,330 | 1,403,860 | 75,194,620 |
| GRAND TOTAL | 146,306,780 | 33,937,770 | 20,671,840 | 31,227,400 | 39,469,580 | 36,170,390 | 307,783,760 |

City of Knoxville

NET BUDGET

Fiscal Year 2005/06

| Fund No. | Fund Name | Proposed FY 05/06 Budget | Less Interfund Transfers Out | Less Interfund Charges In | Net Budget |
|----------|-----------------------------------|--------------------------------|------------------------------------|---------------------------------|--------------------|
| 100 | General Fund | 146,306,780 | (32,467,320) | 0 | 113,839,460 |
| 201 | State Street Aid | 4,915,000 | (1,905,000) | 0 | 3,010,000 |
| 202 | Community Improvement | 90,000 | 0 | 0 | 90,000 |
| 209 | Abandoned Vehicles | 594,840 | 0 | 0 | 594,840 |
| 213 | City Court | 3,678,500 | (2,993,130) | 0 | 685,370 |
| 216 | City Inspections | 2,009,940 | 0 | 0 | 2,009,940 |
| 220 | Stormwater | 1,916,510 | 0 | 0 | 1,916,510 |
| 230 | Solid Waste | 10,312,720 | 0 | 0 | 10,312,720 |
| 240 | Miscellaneous Special Revenue | 3,415,500 | (200,000) | 0 | 3,215,500 |
| 250 | Senior Aides | 456,750 | 0 | 0 | 456,750 |
| 263 | House Grants | 0 | 0 | 0 | 0 |
| 264 | Home Grants | 1,731,340 | (139,080) | 0 | 1,592,260 |
| 265 | Hope Grants | 0 | 0 | 0 | 0 |
| 269 | Emergency Shelter Grants | 82,730 | 0 | 0 | 82,730 |
| 270 | Empowerment Zone | 666,000 | 0 | 0 | 666,000 |
| 290 | Community Development Block Grant | 4,067,940 | (500,000) | 0 | 3,567,940 |
| 305 | Debt Services | 20,671,840 | (5,900,640) | 0 | 14,771,200 |
| 306 | Tax Increment | 0 | 0 | 0 | 0 |
| 401 | Capital Projects | 31,172,000 | (55,400) | 0 | 31,116,600 |
| 451 | Chilhowee Park | 55,400 | 0 | 0 | 55,400 |
| 503 | Public Assembly Facilities | 3,643,420 | 0 | 0 | 3,643,420 |
| 504 | Metro Parking | 1,059,820 | (50,000) | 0 | 1,009,820 |
| 506 | Convention Center | 20,299,240 | 0 | 0 | 20,299,240 |
| 507 | Mass Transportation | 14,467,100 | 0 | 0 | 14,467,100 |
| 701 | Office Services | 454,860 | 0 | (454,860) | 0 |
| 702 | Fleet Services | 9,648,980 | 0 | (9,548,980) | 100,000 |
| 704 | Risk Management | 7,626,580 | 0 | (6,973,600) | 652,980 |
| 705 | Health Care | 15,447,950 | 0 | (10,050,190) | 5,397,760 |
| 706 | Equipment Replacement | 1,588,160 | 0 | (1,834,100) | (245,940) |
| 707 | City Building | 1,403,860 | 0 | (1,351,340) | 52,520 |
| | Grand Total | <u>307,783,760</u> | <u>(44,210,570)</u> | <u>(30,213,070)</u> | <u>233,360,120</u> |

City of Knoxville

NET REVENUES BY TYPE - ALL FUNDS

Fiscal Year 2005/06

| Fund No. | Fund Name | Taxes | Licenses & Permits | Intergovt. Revenue | Charges For Serv. | Fines & Forfeits | Miscellaneous Revenue |
|----------|-----------------------------------|--------------------|--------------------|--------------------|-------------------|------------------|-----------------------|
| 100 | General Fund | 124,959,370 | 269,540 | 16,205,650 | 920,700 | 259,660 | 698,730 |
| 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 | 311,050 | 0 | 310,880 |
| 213 | City Court | 0 | 0 | 0 | 0 | 3,638,500 | 40,000 |
| 216 | City Inspections | 0 | 1,753,000 | 0 | 0 | 0 | 3,080 |
| 220 | Stormwater | 0 | 135,000 | 0 | 0 | 0 | 7,000 |
| 230 | Solid Waste | 0 | 0 | 0 | 597,120 | 0 | 190,000 |
| 240 | Miscellaneous Special Revenue | 0 | 0 | 0 | 120,000 | 3,204,000 | 91,500 |
| 250 | Senior Aides | 0 | 0 | 406,420 | 0 | 0 | 0 |
| 263 | House Grants | 0 | 0 | 0 | 0 | 0 | 0 |
| 264 | Home Grants | 0 | 0 | 1,451,340 | 0 | 0 | 280,000 |
| 269 | Emergency Shelter Grants | 0 | 0 | 82,730 | 0 | 0 | 0 |
| 270 | Empowerment Zone | 0 | 0 | 666,000 | 0 | 0 | 0 |
| 290 | Community Development Block Grant | 0 | 0 | 2,144,920 | 0 | 0 | 165,000 |
| 305 | Debt Services | 23,024,990 | 0 | 0 | 0 | 0 | 2,303,650 |
| 401 | Capital Projects | 0 | 0 | 13,844,750 | 0 | 0 | 750,000 |
| 503 | Civic Auditorium/Coliseum/KCEC | 0 | 0 | 0 | 1,533,000 | 0 | 23,000 |
| 504 | Metro Parking | 0 | 0 | 0 | 0 | 0 | 1,172,000 |
| 506 | Convention Center | 3,745,400 | 0 | 2,446,500 | 4,156,750 | 0 | 651,900 |
| 507 | Mass Transportation | 0 | 0 | 4,240,470 | 3,148,450 | 0 | 0 |
| 701 | Office Services | 0 | 0 | 0 | 0 | 0 | 0 |
| 702 | Fleet Services | 0 | 0 | 0 | 0 | 0 | 100,000 |
| 704 | Risk Management | 0 | 0 | 0 | 48,000 | 0 | 0 |
| 705 | Health Care | 0 | 0 | 0 | 0 | 0 | 4,260,820 |
| 706 | Equipment Replacement | 0 | 0 | 0 | 0 | 0 | 80,000 |
| 707 | City Building | 0 | 0 | 0 | 0 | 0 | 52,520 |
| | Grand Total | 151,729,760 | 2,157,540 | 46,388,780 | 10,835,070 | 7,102,160 | 11,195,080 |
| | Percent of Net Revs. | 65.02% | 0.92% | 19.88% | 4.64% | 3.04% | 4.80% |

| Fund No. | Fund Name | Use Of/ (Addition To) Fund Balance | Net Revenues | Interfund Charges In | Interfund Transfers In | Total Revenues |
|----------|-----------------------------------|------------------------------------|--------------------|----------------------|------------------------|--------------------|
| 100 | General Fund | 0 | 143,313,650 | 0 | 2,993,130 | 146,306,780 |
| 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 | (27,090) | 594,840 | 0 | 0 | 594,840 |
| 213 | City Court | 0 | 3,678,500 | 0 | 0 | 3,678,500 |
| 216 | City Inspections | 0 | 1,756,080 | 0 | 253,860 | 2,009,940 |
| 220 | Stormwater | 0 | 142,000 | 0 | 1,774,510 | 1,916,510 |
| 230 | Solid Waste | 0 | 787,120 | 0 | 9,525,600 | 10,312,720 |
| 240 | Miscellaneous Special Revenue | 0 | 3,415,500 | 0 | 0 | 3,415,500 |
| 250 | Senior Aides | 0 | 406,420 | 0 | 50,330 | 456,750 |
| 263 | House Grants | 0 | 0 | 0 | 0 | 0 |
| 264 | Home Grants | 0 | 1,731,340 | 0 | 0 | 1,731,340 |
| 269 | Emergency Shelter Grants | 0 | 82,730 | 0 | 0 | 82,730 |
| 270 | Empowerment Zone | 0 | 666,000 | 0 | 0 | 666,000 |
| 290 | Community Development Block Grant | 1,618,940 | 3,928,860 | 0 | 139,080 | 4,067,940 |
| 305 | Debt Services | (4,656,800) | 20,671,840 | 0 | 0 | 20,671,840 |
| 401 | Capital Projects | 4,242,900 | 18,837,650 | 0 | 12,334,350 | 31,172,000 |
| 503 | Civic Auditorium/Coliseum/KCEC | 374,500 | 1,930,500 | 0 | 1,712,920 | 3,643,420 |
| 504 | Metro Parking | (112,180) | 1,059,820 | 0 | 0 | 1,059,820 |
| 506 | Convention Center | 1,487,400 | 12,487,950 | 0 | 7,811,290 | 20,299,240 |
| 507 | Mass Transportation | 1,350,000 | 8,738,920 | 0 | 5,728,180 | 14,467,100 |
| 701 | Office Services | 0 | 0 | 454,860 | 0 | 454,860 |
| 702 | Fleet Services | 0 | 100,000 | 9,548,980 | 0 | 9,648,980 |
| 704 | Risk Management | 0 | 48,000 | 6,973,600 | 604,980 | 7,626,580 |
| 705 | Health Care | 0 | 4,260,820 | 10,050,190 | 1,136,940 | 15,447,950 |
| 706 | Equipment Replacement | (325,940) | (245,940) | 1,834,100 | 0 | 1,588,160 |
| 707 | City Building | 0 | 52,520 | 1,351,340 | 0 | 1,403,860 |
| | Grand Total | 3,951,730 | 233,360,120 | 30,213,070 | 44,210,570 | 307,783,760 |
| | Percent of Net Revs. | | 1.69% | | | |

NET EXPENDITURES BY TYPE - ALL FUNDS

Fiscal Year 2005/06

| Fund No. | Fund Name | Personal Services | Supplies | Other Expenses | Debt Service | Capital |
|----------|-----------------------------------|-------------------|------------------|--------------------|-------------------|------------------|
| 100 | General Fund | 64,330,000 | 2,996,140 | 19,458,580 | 0 | 0 |
| 201 | State Street Aid | 0 | 0 | 3,010,000 | 0 | 0 |
| 202 | Community Improvement | 0 | 0 | 90,000 | 0 | 0 |
| 209 | Abandoned Vehicles | 237,020 | 5,260 | 305,330 | 0 | 0 |
| 213 | City Court | 512,850 | 11,250 | 71,250 | 0 | 0 |
| 216 | City Inspections | 1,427,230 | 8,900 | 68,610 | 0 | 0 |
| 220 | Stormwater | 1,420,410 | 45,090 | 67,820 | 0 | 0 |
| 230 | Solid Waste | 711,770 | 29,080 | 9,012,870 | 0 | 0 |
| 240 | Miscellaneous Special Revenue | 0 | 164,000 | 3,051,340 | 0 | 0 |
| 250 | Senior Aides | 427,310 | 0 | 600 | 0 | 0 |
| 263 | House Grants | 0 | 0 | 0 | 0 | 0 |
| 264 | Home Grants | 0 | 0 | 1,592,260 | 0 | 0 |
| 269 | Emergency Shelter Grants | 0 | 0 | 82,730 | 0 | 0 |
| 270 | Empowerment Zone | 0 | 0 | 666,000 | 0 | 0 |
| 299 | Community Development Block Grant | 817,180 | 13,240 | 1,699,400 | 0 | 809,670 |
| 305 | Debt Services | 0 | 0 | 50,090 | 14,721,110 | 0 |
| 401 | Capital Projects | 0 | 1,219,500 | 27,897,100 | 0 | 2,000,000 |
| 503 | Public Assembly Facilities | 1,663,370 | 185,820 | 1,376,430 | 0 | 4,500 |
| 504 | Metro Parking | 0 | 0 | 949,900 | 48,390 | 0 |
| 506 | Convention Center | 0 | 0 | 13,132,750 | 7,064,940 | 0 |
| 507 | Mass Transportation | 0 | 1,346,100 | 13,090,640 | 0 | 0 |
| 701 | Office Services | 119,450 | 226,000 | 40,360 | 0 | 0 |
| 702 | Fleet Services | 1,827,600 | 2,367,310 | 4,900,890 | 0 | 0 |
| 704 | Risk Management | 290,880 | 4,700 | 7,254,910 | 0 | 0 |
| 705 | Health Care | 119,750 | 6,800 | 15,266,590 | 0 | 0 |
| 706 | Equipment Replacement | 0 | 0 | 1,588,160 | 0 | 0 |
| 707 | City Building | 0 | 0 | 1,397,490 | 0 | 0 |
| | Grand Total | <u>73,904,820</u> | <u>8,629,190</u> | <u>126,177,500</u> | <u>21,834,440</u> | <u>2,814,170</u> |

Percent of Net Exps. 31.67% 3.70% 54.07% 9.36% 1.21%

| Fund No. | Fund Name | Net Expenditures | Interfund Charges Out | Interfund Transfers Out | Total Expenditures |
|----------|-----------------------------------|--------------------|-----------------------|-------------------------|--------------------|
| 100 | General Fund | 86,784,720 | 27,054,740 | 32,467,320 | 146,306,780 |
| 201 | State Street Aid | 3,010,000 | 0 | 1,905,000 | 4,915,000 |
| 202 | Community Improvement | 90,000 | 0 | 0 | 90,000 |
| 209 | Abandoned Vehicles | 547,610 | 47,230 | 0 | 594,840 |
| 213 | City Court | 595,350 | 90,020 | 2,993,130 | 3,678,500 |
| 216 | City Inspections | 1,504,740 | 505,200 | 0 | 2,009,940 |
| 220 | Stormwater | 1,533,320 | 383,190 | 0 | 1,916,510 |
| 230 | Solid Waste | 9,753,720 | 559,000 | 0 | 10,312,720 |
| 240 | Miscellaneous Special Revenue | 3,215,340 | 160 | 200,000 | 3,415,500 |
| 250 | Senior Aides | 427,910 | 28,840 | 0 | 456,750 |
| 263 | House Grants | 0 | 0 | 0 | 0 |
| 264 | Home Grants | 1,592,260 | 0 | 139,080 | 1,731,340 |
| 269 | Emergency Shelter Grants | 82,730 | 0 | 0 | 82,730 |
| 270 | Empowerment Zone | 666,000 | 0 | 0 | 666,000 |
| 299 | Community Development Block Grant | 3,339,490 | 228,450 | 500,000 | 4,067,940 |
| 305 | Debt Services | 14,771,200 | 0 | 5,900,640 | 20,671,840 |
| 401 | Capital Projects | 31,116,600 | 0 | 55,400 | 31,172,000 |
| 503 | Public Assembly Facilities | 3,230,120 | 413,300 | 0 | 3,643,420 |
| 504 | Metro Parking | 998,290 | 11,530 | 50,000 | 1,059,820 |
| 506 | Convention Center | 20,197,690 | 101,550 | 0 | 20,299,240 |
| 507 | Mass Transportation | 14,436,740 | 30,360 | 0 | 14,467,100 |
| 701 | Office Services | 385,810 | 69,050 | 0 | 454,860 |
| 702 | Fleet Services | 9,095,800 | 553,180 | 0 | 9,648,980 |
| 704 | Risk Management | 7,550,490 | 76,090 | 0 | 7,626,580 |
| 705 | Health Care | 15,393,140 | 54,810 | 0 | 15,447,950 |
| 706 | Equipment Replacement | 1,588,160 | 0 | 0 | 1,588,160 |
| 707 | City Building | 1,397,490 | 6,370 | 0 | 1,403,860 |
| | Grand Total | <u>233,360,120</u> | <u>30,213,070</u> | <u>44,210,570</u> | <u>307,783,760</u> |

Percent of Net Exps. 100.00%

SUMMARY OF INTERFUND CHARGES

Fiscal Year 2005/06

| 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 | 337,040 | 8,796,600 | 6,413,090 | 8,679,770 | 1,768,850 | 1,059,390 | 27,054,740 |
| Abandoned Vehicle | 209 | 710 | 0 | 7,160 | 39,360 | 0 | 0 | 47,230 |
| City Court | 213 | 4,360 | 0 | 1,880 | 73,330 | 10,450 | 0 | 90,020 |
| City Inspections | 216 | 13,720 | 123,170 | 81,740 | 199,010 | 9,540 | 78,020 | 505,200 |
| Stormwater | 220 | 8,490 | 41,220 | 44,680 | 213,300 | 18,710 | 56,790 | 383,190 |
| Solid Waste | 230 | 7,130 | 345,810 | 57,360 | 133,240 | 1,390 | 14,070 | 559,000 |
| Miscellaneous Special Revenue | 240 | 160 | 0 | 0 | 0 | 0 | 0 | 160 |
| Miscellaneous Grant | 250 | 1,410 | 0 | 21,550 | 4,920 | 960 | 0 | 28,840 |
| Community Development Block Grant | 290 | 19,290 | 38,550 | 11,750 | 90,550 | 4,480 | 63,830 | 228,450 |
| Coliseum/KCEC | 503 | 4,610 | 86,120 | 107,900 | 209,030 | 5,640 | 0 | 413,300 |
| Metro Parking | 504 | 0 | 0 | 11,530 | 0 | 0 | 0 | 11,530 |
| Convention Center | 506 | 0 | 8,030 | 93,520 | 0 | 0 | 0 | 101,550 |
| Mass Transportation | 507 | 22,520 | 0 | 0 | 0 | 7,840 | 0 | 30,360 |
| Office Services | 701 | 19,710 | 0 | 3,160 | 14,760 | 720 | 30,700 | 69,050 |
| Fleet Services | 702 | 4,310 | 109,480 | 106,710 | 317,490 | 960 | 14,230 | 553,180 |
| Risk Management | 704 | 5,410 | 0 | 4,350 | 51,770 | 3,950 | 10,610 | 76,090 |
| Health Care | 705 | 5,990 | 0 | 850 | 23,660 | 610 | 23,700 | 54,810 |
| City Building | 707 | 0 | 0 | 6,370 | 0 | 0 | 0 | 6,370 |
| Grand Total | | <u>454,860</u> | <u>9,548,980</u> | <u>6,973,600</u> | <u>10,050,190</u> | <u>1,834,100</u> | <u>1,351,340</u> | <u>30,213,070</u> |

SUMMARY OF INTERFUND TRANSFERS

Fiscal Year 2005/06

| To (Fund Name) | Fund No. | From General Fund (Fund 100) | From State Street Aid Fund (Fund 201) | From City Court Fund (Fund 213) | From Misc. Spec. Rev. Fund (Fund 240) | From Home Fund (Fund 264) | From CDBG Fund (Fund 290) | From Debt Service Fund (Fund 305) | From Capital Proj. Fund (Fund 401) | From Metro Parking Fund (Fund 504) | Grand Total |
|-----------------------------------|----------|------------------------------|---------------------------------------|---------------------------------|---------------------------------------|---------------------------|---------------------------|-----------------------------------|------------------------------------|------------------------------------|-------------------|
| General Fund | 100 | 0 | 0 | 2,993,130 | 0 | 0 | 0 | 0 | 0 | 0 | 2,993,130 |
| Community Improvement | 202 | 90,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 90,000 |
| City Inspections | 216 | 253,860 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 253,860 |
| Stormwater | 220 | 1,774,510 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,774,510 |
| Solid Waste | 230 | 9,525,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,525,600 |
| Miscellaneous Grant Funds | 250 | 50,330 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,330 |
| Community Development Block Grant | 290 | 0 | 0 | 0 | 0 | 139,080 | 0 | 0 | 0 | 0 | 139,080 |
| Capital Projects | 401 | 8,481,750 | 1,275,000 | 0 | 200,000 | 0 | 500,000 | 1,827,600 | 0 | 50,000 | 12,334,350 |
| Coliseum/KCEC | 503 | 1,712,920 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,712,920 |
| Convention Center | 506 | 3,738,250 | 0 | 0 | 0 | 0 | 0 | 4,073,040 | 0 | 0 | 7,811,290 |
| Mass Transportation | 507 | 5,098,180 | 630,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,728,180 |
| Risk Management | 704 | 604,980 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 604,980 |
| Health Care | 705 | 1,136,940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,136,940 |
| Grand Total | | 32,467,320 | 1,905,000 | 2,993,130 | 200,000 | 139,080 | 500,000 | 5,900,640 | 55,400 | 50,000 | 44,210,570 |

Authorized Full Time Positions by Department

Fiscal Year 2005/06

| Department | General Fund | Special Revenue Funds | Enterprise Funds | Internal Service Funds | Grand Total |
|---|--------------|-----------------------|------------------|------------------------|-------------|
| Administration | 24 | 0 | 0 | 0 | 24 |
| Finance and Accountability | | | | | |
| Finance | 43 | 0 | 0 | 12 | 55 |
| Information Systems | 29 | 0 | 0 | 0 | 29 |
| Subtotal - Finance & Accountability | 72 | 0 | 0 | 12 | 84 |
| Operations & Engineering | | | | | |
| Engineering | 62 | 25 | 0 | 0 | 87 |
| Fleet Services | 0 | 8 | 0 | 49 | 57 |
| Inspections | 0 | 31 | 0 | 0 | 31 |
| Subtotal - Operations & Engineering | 62 | 64 | 0 | 49 | 175 |
| Community and Neighborhood Services | | | | | |
| Public Services | 280 | 29 | 0 | 0 | 309 |
| Development Services | 3 | 0 | 0 | 0 | 3 |
| Community Development | 0 | 18 | 0 | 0 | 18 |
| Recreation | 52 | 1 | 0 | 0 | 53 |
| Subtotal - Community & Neighborhood Serv. | 335 | 48 | 0 | 0 | 383 |
| Law | 13 | 0 | 0 | 0 | 13 |
| Police | | | | | |
| Police | 519 | 0 | 0 | 0 | 519 |
| Emergency Management | 3 | 0 | 0 | 0 | 3 |
| Subtotal - Police | 522 | 0 | 0 | 0 | 522 |
| 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 | 13 | 0 | 0 | 0 | 13 |
| Public Assembly Facilities | 0 | 0 | 36 | 0 | 36 |
| Subtotal - Other Departments | 16 | 13 | 36 | 0 | 65 |
| Nondepartmental | | | | | |
| Knoxville Partnership | 1 | 0 | 0 | 0 | 1 |
| Subtotal - Nondepartmental | 1 | 0 | 0 | 0 | 1 |
| Total - Full Time | 1,384 | 125 | 36 | 61 | 1,606 |

City of Knoxville

Full Time Positions by Department

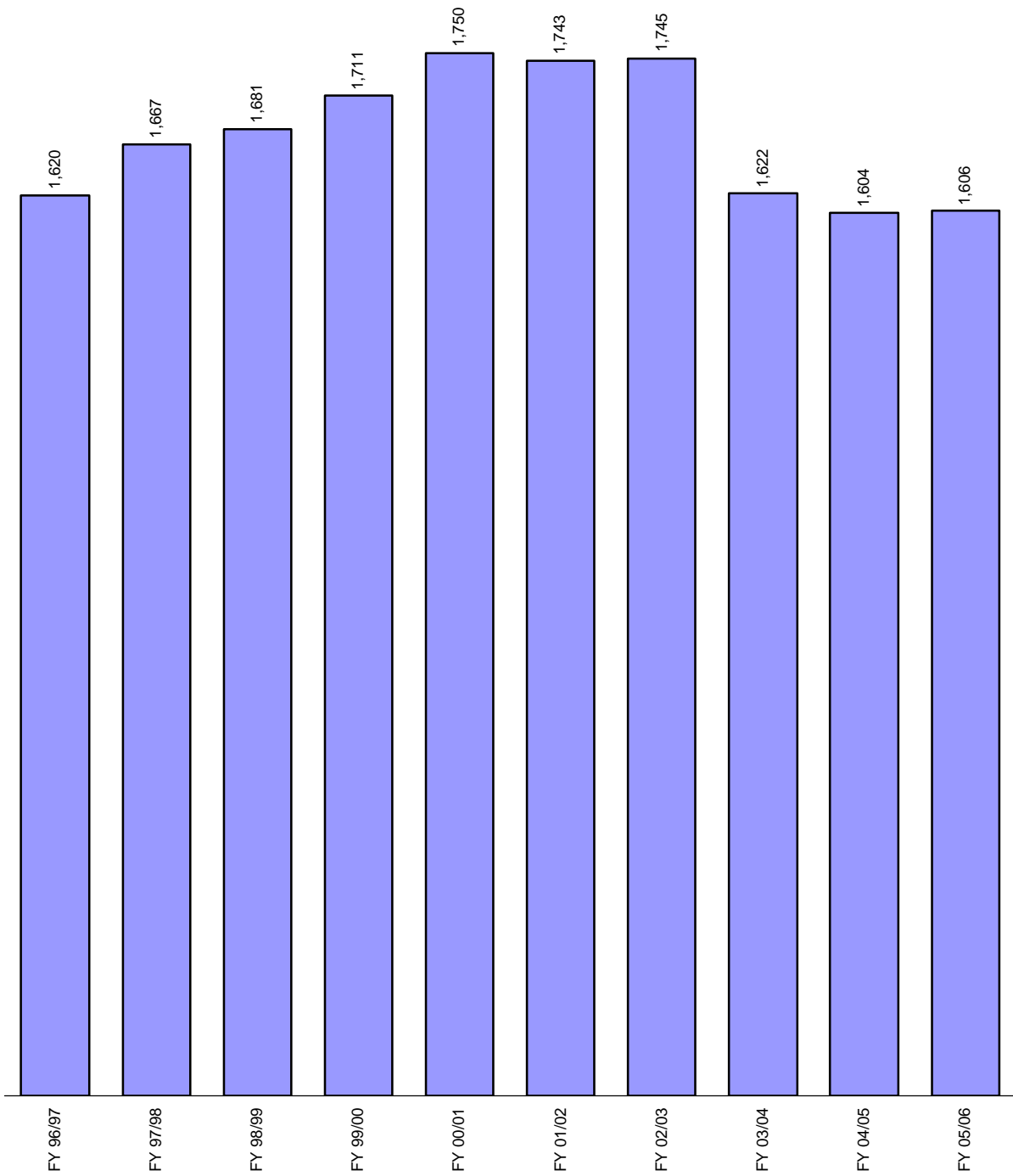
Fiscal Years 2001/02 - 2005/06

| Department | FY 01/02 | FY 02/03 | FY 03/04 | FY 04/05 | FY 05/06 | Difference 04/05 - 05/06 |
|---|-------------|-------------|-------------|-------------|-------------|-----------------------------|
| Administration | 23 | 23 | 21 | 19 | 24 | 5 |
| Finance and Accountability | | | | | | |
| Finance | 53 | 53 | 47 | 54 | 55 | 1 |
| Information Systems | 30 | 30 | 28 | 29 | 29 | 0 |
| Subtotal - Finance & Accountability | 83 | 83 | 75 | 83 | 84 | 1 |
| Operations & Engineering | | | | | | |
| Engineering | 87 | 88 | 85 | 112 | 87 | (25) |
| Fleet Services | 67 | 67 | 58 | 58 | 57 | (1) |
| Inspections | 31 | 31 | 30 | 30 | 31 | 1 |
| Subtotal - Operations & Engineering | 185 | 186 | 173 | 200 | 175 | (25) |
| Community and Neighborhood Services | | | | | | |
| Public Services | 335 | 338 | 315 | 283 | 309 | 26 |
| Development Services | 5 | 5 | 5 | 3 | 3 | 0 |
| Community Development | 20 | 20 | 21 | 20 | 18 | (2) |
| Recreation | 56 | 55 | 52 | 55 | 53 | (2) |
| Subtotal - Community & Neighborhood Serv. | 416 | 418 | 393 | 361 | 383 | 22 |
| Law | 26 | 25 | 25 | 13 | 13 | 0 |
| Police | | | | | | |
| Police | 558 | 568 | 526 | 519 | 519 | 0 |
| Emergency Management | 4 | 4 | 4 | 3 | 3 | 0 |
| Subtotal - Police | 562 | 572 | 530 | 522 | 522 | 0 |
| Fire | 370 | 370 | 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 | 15 | 14 | 14 | 13 | (1) |
| Public Assembly Facilities | 47 | 37 | 36 | 36 | 36 | 0 |
| Subtotal - Other Departments | 78 | 68 | 66 | 66 | 65 | (1) |
| Nondepartmental | | | | | | |
| Knoxville Partnership | 0 | 0 | 0 | 1 | 1 | 0 |
| Subtotal - Nondepartmental | 0 | 0 | 0 | 1 | 1 | 0 |
| GRAND TOTAL | 1,743 | 1,745 | 1,622 | 1,604 | 1,606 | 2 |

City of Knoxville

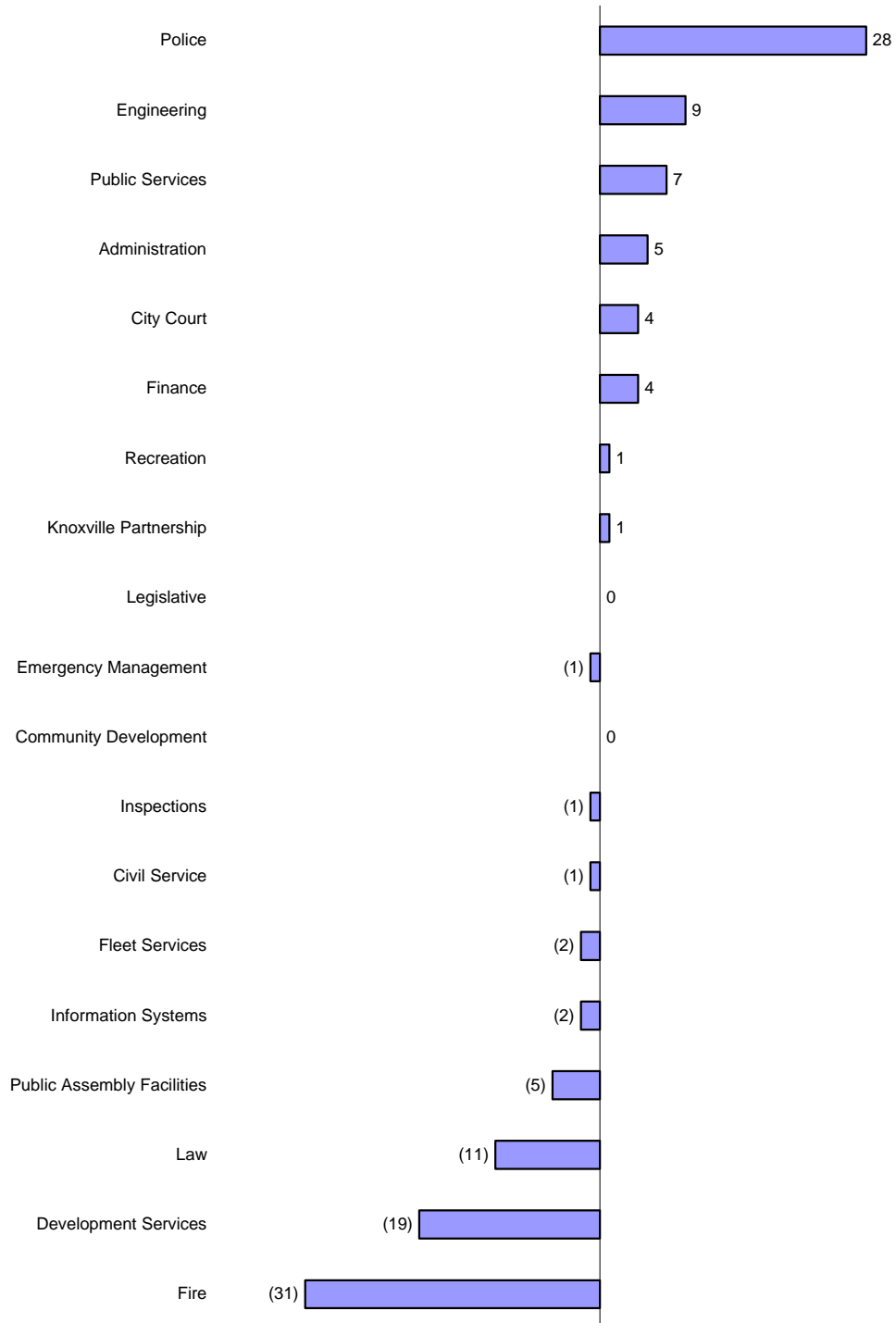
Authorized Full Time Personnel

Fiscal Years 1996/97 – 2005/06



Changes in Full Time Budgeted Personnel

Fiscal Years 1996/97 – 2005/06



Authorized Part Time Positions by Department

Fiscal Year 2005/06

| Department | General Fund | Special Revenue Funds | Enterprise Funds | Internal Service Funds | Grand Total |
|---|--------------|-----------------------|------------------|------------------------|-------------|
| Administration | 1 | 0 | 0 | 0 | 1 |
| Finance and Accountability | | | | | |
| Finance | 1 | 0 | 0 | 0 | 1 |
| Subtotal - Finance & Accountability | 1 | 0 | 0 | 0 | 1 |
| Operations & Engineering | | | | | |
| Engineering | 2 | 0 | 0 | 0 | 2 |
| Subtotal - Operations & Engineering | 2 | 0 | 0 | 0 | 2 |
| Community and Neighborhood Services | | | | | |
| Community Development | 0 | 1 | 0 | 0 | 1 |
| Recreation | 15 | 0 | 0 | 0 | 15 |
| Subtotal - Community & Neighborhood Serv. | 15 | 1 | 0 | 0 | 16 |
| Police | | | | | |
| Police | 31 | 0 | 0 | 0 | 31 |
| Subtotal - Police | 31 | 0 | 0 | 0 | 31 |
| Board Administered/Other Departments | | | | | |
| Legislative | 9 | 0 | 0 | 0 | 9 |
| City Court | 0 | 1 | 0 | 0 | 1 |
| Civil Service | 2 | 0 | 0 | 0 | 2 |
| Subtotal - Other Departments | 11 | 1 | 0 | 0 | 12 |
| Total - Part Time | 61 | 2 | 0 | 0 | 63 |

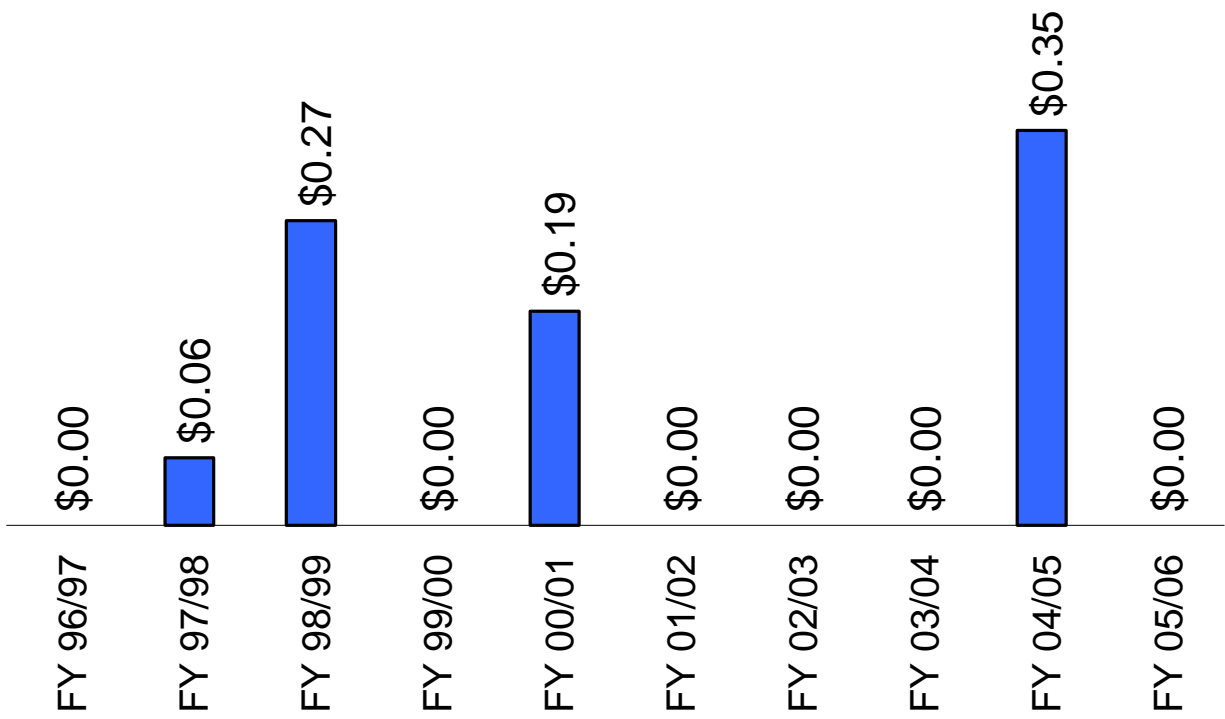
Part Time Positions by Department

Fiscal Years 2001/02 - 2005/06

| Department | FY 01/02 | FY 02/03 | FY 03/04 | FY 04/05 | FY 05/06 | Difference 04/05 - 05/06 |
|---|-------------|-------------|-------------|-------------|-------------|-----------------------------|
| Administration | 0 | 0 | 1 | 1 | 1 | 0 |
| Finance and Accountability | | | | | | |
| Finance | 2 | 2 | 2 | 1 | 1 | 0 |
| Subtotal - Finance & Accountability | 2 | 2 | 2 | 1 | 1 | 0 |
| Operations & Engineering | | | | | | |
| Engineering | 3 | 3 | 2 | 2 | 2 | 0 |
| Subtotal - Operations & Engineering | 3 | 3 | 2 | 2 | 2 | 0 |
| Community and Neighborhood Services | | | | | | |
| Community Development | 0 | 0 | 1 | 1 | 1 | 0 |
| Recreation | 15 | 15 | 13 | 11 | 15 | 4 |
| Subtotal - Community & Neighborhood Serv. | 15 | 15 | 14 | 12 | 16 | 4 |
| Law | 1 | 1 | 1 | 0 | 0 | 0 |
| Police | | | | | | |
| Police | 42 | 42 | 32 | 31 | 31 | 0 |
| Subtotal - Police | 42 | 42 | 32 | 31 | 31 | 0 |
| Board Administered/Other Departments | | | | | | |
| Legislative | 9 | 9 | 9 | 9 | 9 | 0 |
| City Court | 1 | 1 | 1 | 1 | 1 | 0 |
| Civil Service | 0 | 0 | 0 | 0 | 2 | 2 |
| Public Assembly Facilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal - Other Departments | 10 | 10 | 10 | 10 | 12 | 2 |
| Nondepartmental | | | | | | |
| GRAND TOTAL | 73 | 73 | 62 | 57 | 63 | 6 |

CHANGES IN TAX RATE

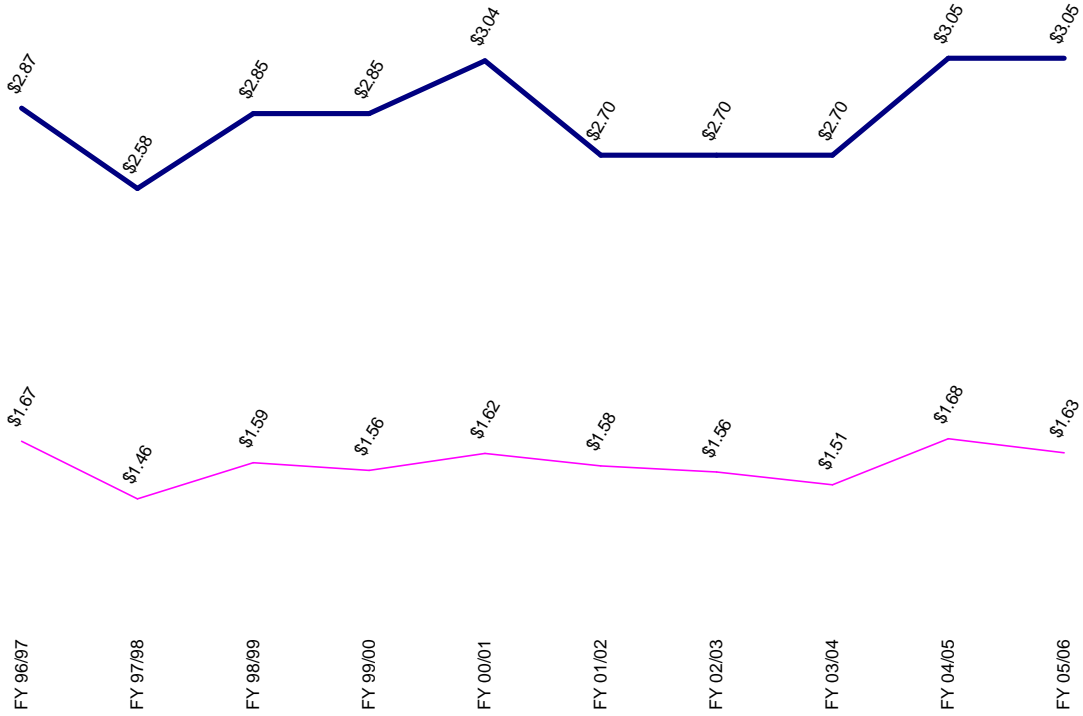
Fiscal Years 1996/97 – 2005/06



City of Knoxville

ADJUSTED/EQUALIZED TAX RATE

Fiscal Years 1996/97 – 2005/06



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 \$1.67 in Fiscal Year 1996/97 to \$1.63 in Fiscal Year 2005/06. This means that the change in the tax rate has been slightly less than the rate of inflation and equalization

EFFECT OF TAX RATE ON HOMEOWNERS

In FY 2005/06 the proposed tax rate is \$3.05 per hundred dollars of assessed value. This is the same rate as FY 2004/05. 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 \$457.50 (calculated by dividing \$15,000 by 100 and then multiplying by the city tax rate of \$3.05.) The average appraised value for residential property is \$70,521 and the median value is \$59,100. For the average residential homeowner the total city property tax bill is \$537.72.

| Appraised Value | Assessed Value (25%) | Property Tax Due |
|-----------------|----------------------|------------------|
| \$40,000 | \$10,000 | \$305.00 |
| \$60,000 | \$15,000 | \$457.50 |
| \$70,521 | \$17,630 | \$537.72 |
| \$80,000 | \$20,000 | \$610.00 |
| \$100,000 | \$25,000 | \$762.50 |

City of Knoxville
CITY AND COUNTY PROPERTY TAX RATES
FY 87/88 - FY 04/05

| 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 | \$3.05 | 2.96 | \$6.01 |

* 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 2001. 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 01/02 for the City was \$2.70 and for the County \$2.96. 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 - 2004/05

| 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 (Est.) | 2,569,473,070 | 308,905,500 | 153,390,070 | 3,031,768,640 |

* 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 and 2001.

Note that the assessments for each calendar year are reflected in the budget for the following year. For example the 2005 assessments are used in the FY 05/06 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 05/06 equal \$146,306,780. This represents approximately a 1.43% increase when compared to the budgeted FY 04/05 revenues of \$144,239,540. The proposed FY 05/06 budget does not include the use of fund balance to cover expenditures. Revenues are projected to increase by \$2,253,080 when compared to estimated actual revenues in FY 04/05. 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 \$124,959,370 or approximately 85.41% of the total revenue to this fund.

Property Taxes

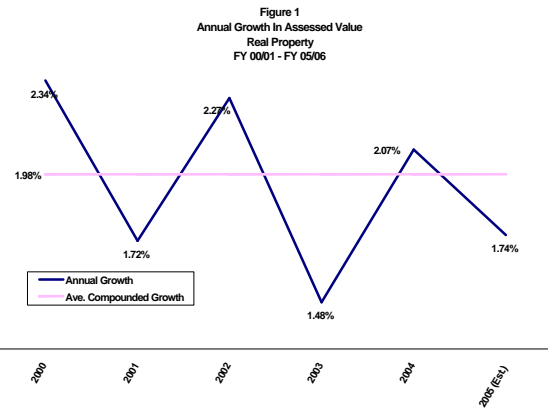
The largest revenue source within this category is property taxes. Property taxes are, in turn, divided into three types: taxes on real property, taxes on personal property, and taxes on public utilities.

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

1.74%. 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 05/06 the projected assessed value of real property is \$2,569,473,070. In projecting the FY 04/05 numbers we lacked information from the Knox County Property Assessor. The



final 2004 tax roll came in slightly lower than expected and this is reflected in the revised estimates for FY 04/05. The projected amounts for FY 05/06 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 approximately 2.1%. 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 slightly higher rate than we had projected, which explains the increase in forecasted FY 04/05 revenues from the FY 04/05 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 2.9% drop in assessed value in this category.

Collection Rate: Historically, the City has collected an average of 93.9% of real property taxes, 94.3% of personal property taxes, and 98.4% of the taxes upon public utilities in the year in which they are levied. We utilize these averages in making our forecasts.

Tax Rate:

In FY 05/06 the budget is based upon a total tax rate of \$3.05 per hundred dollars of assessed value, which is the same rate as in FY 04/05. The tax rate is apportioned between the Debt Service Fund and the General Fund. In FY 05/06, \$0.81 of the tax rate goes directly to the Debt Service Fund, unchanged from FY 04/05. The portion of the tax rate used for General Fund purposes is \$2.24. Combining all factors yields the budgeted revenue from property taxes as illustrated in Table 1.

The upcoming year is a reappraisal year. In these years a "certified tax rate" is to be adopted. This is the tax rate, which will yield the same revenue after the effects of reappraisal are discounted. This will result in a lower final tax rate than shown here.

As the reappraisal is not yet complete, we are unable to calculate the final tax rate. The final tax rate will, however, be based upon the \$3.95 rate.

When compared to the FY 04/05 budget, current projected property tax collections are up by \$703,400 in the General Fund, or approximately 1.11%.

Tax Discounts

The City offers a one percent discount on property taxes paid before the end of October. For FY 05/06 the anticipated discount in the General Fund is \$310,800, which is \$30,600 more than the FY 04/05 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 05/06 the KUB payment is expected to be \$11,945,300, which is \$367,140 or 3.2% above the budget for FY 04/05. 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 \$34,620, which is \$39,120 less than budgeted in FY 04/05.

| | Estimated Assessed Valuations | Est-Coll. Rate | Tax Rate per \$100 | FY 04/05 Budgeted Revenue |
|-------------------|-------------------------------|----------------|--------------------|----------------------------|
| Real Property | \$2,569,473,070 | 93.9% | \$2.24 | \$54,051,000 |
| Personal Property | 308,905,500 | 94.3% | 2.24 | 6,526,200 |
| Public Utilities | <u>153,390,070</u> | 98.4% | 2.24 | <u>3,235,600</u> |
| TOTAL | <u>\$3,031,768,640</u> | | | <u>\$63,812,800</u> |

There are several other entities now making payments in lieu of taxes. These payments are part of 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 \$20,000.

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 05/06, local option sales tax revenues are expected to equal \$31,834,200 or 21.76% of total General Fund revenues. The City, like the rest of the nation, has witnessed a decline in sales based revenues during recent years, but we are beginning to experience a slight upturn locally. We are forecasting a growth rate of 2.5% over adjusted FY 04/05 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. We have, however, experienced a huge increase in beer taxes in the past two years. We expect this to continue in FY 05/06, and revenues from beer taxes are expected to increase by \$225,580 when compared to the FY 04/05 budget. Total revenues from the beer tax are forecast at \$5,964,110. Alcoholic beverage taxes have also grown at a faster than expected rate and are expected to generate \$1,928,390 in FY 05/06. This is \$146,300 more than the amount budgeted in FY 04/05. Mixed drink taxes have increased at a slightly higher pace than expected in FY 04/05 and estimated actual revenues are higher than budgeted. In FY 05/06 revenues from this source are expected to grow at a 0.5% rate from the estimated actual amount, and are now budgeted at \$1,004,200 in FY 05/06.

The improvement in the economy has also led to higher business tax collections. We currently expect to end FY 04/05 approximately \$277,000

above the budgeted amount. For FY 05/06 we are now projecting continued (1.5%) growth over expected FY 04/05 collections. Projected revenue from this source in FY 05/06 is \$4,000,800.

Cable television franchise taxes are in line with projections for the year and we expect only modest growth in the new fiscal year. These revenues are now forecast at \$1,204,000, which is \$82,400 or 2.6% more than the amount budgeted in FY 04/05.

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 \$16,205,650 or 11.1% of total revenue. Overall, we expect this category of revenue to be down by \$1,013,260 or 5.9% when compared to the budget for FY 04/05.

The largest single revenue within this grouping is the state shared sales tax. This revenue source is recovering somewhat from losses in FY 02/03, and is now expected to exceed the budgeted amount for FY 04/05 by approximately \$167,000. As is similar to local sales tax collections, we are forecasting only a very slight growth over expected FY 04/05 collections. The estimated amount from this source is \$10,645,460, which is \$324,210 or 3.1% above the budgeted FY 04/05 amount.

The second largest source of intergovernmental revenue is the city's portion of the Hall Income Tax. In the 1990's this revenue grew rapidly, mirroring the performance of stock markets and changes in interest rates. However, the recent performance of the stock markets, reductions in dividends paid, and the declines in interest rates have greatly affected this revenue source. We have also seen the reclassification of a number of taxpayers from the City to Knox County and the Town of Farragut. We expect this latter trend to continue and are forecasting a drop in this revenue as a result. In FY 05/06 we are expecting revenue from this source to generate \$2,100,000, which is \$304,700 lower than the FY 04/05 budget

The City also receives a number of other state-shared revenues. Revenue from alcoholic beverage tax is also expected to be down slightly and is

budgeted at \$88,120 or \$5,560 less than in FY 04/05. Similarly, revenues from beer taxes are expected to experience a decrease and are budgeted at \$86,600 or \$3,800 below the level of FY 04/05.

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 04/05. For FY 05/06 this is expected to generate \$396,800 or \$49,800 more than budgeted in FY 04/05.

Revenue from the special petroleum products tax is expected to decrease slightly. This revenue is budgeted at \$401,650 or \$2,260 less than in FY 04/05. On the other hand, the City's share of TVA gross receipts is forecast to be up when compared to FY 04/05. The expected amount from this source is up from forecast levels and, consequently, we have revised our FY 05/06 projections upward. The result is an anticipated increase of \$83,120 or 7.0% when compared to the FY 04/05 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.

These grants have now expired and, as such, the amount budgeted from this source declines by \$715,300 to a total of \$670,000. This amount represents funding to pay overtime of officers working in the KCDC housing areas. In the future this revenue source is expected to decline further as existing grants lapse.

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.

In the past, we have budgeted both revenues and expenditures for the Senior Aides program in the General Fund. These were shifted to a separate fund in mid-FY 04/05, and this practice will continue in the upcoming budget. This accounting change is the reason for the drop in this revenue source in FY 05/06 as compared to the budgeted amount for FY 04/05.

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 \$5,141,760, or 3.51% of the total General Fund. A breakdown of these revenues for FY 04/05 and FY 05/06

| | FY 04/05 Budget | FY 04/05 Est. Actual | FY 05/06 Projected Revenues |
|--------------------|--------------------|----------------------------|-----------------------------------|
| Licenses & Permits | \$262,670 | \$266,780 | \$269,540 |
| Charges | \$857,530 | \$915,020 | \$920,700 |
| Fines & Forfeits | \$3,108,460 | \$3,266,700 | \$3,252,790 |
| Misc. Revenue | <u>\$699,310</u> | <u>\$689,360</u> | <u>\$698,730</u> |
| TOTAL | <u>\$4,927,970</u> | <u>\$5,137,860</u> | <u>\$5,141,760</u> |

is shown in Table 2.

Overall, the category of licenses and permits is up by \$6,870 when compared to the budget for FY 04/05. Roughly the same number of accounts within this category is expected to be up as down when compared to the FY 04/05 budget. The largest expected decrease is in solicitation fees, which are budgeted at \$4,710, a decrease of \$1,070. 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 \$5,090 and \$2,920 respectively.

The amount expected to come from charges for services is projected at \$920,700, which is \$63,170 more than the budgeted amount for FY 04/05. This increase is primarily due to higher reimbursements from the state, and higher revenue from attorney costs, and rental fees. These are offset, in part, by lower expected revenue from concessions and parking lot fees. The drop in fees from Caswell Park activities is attributable to an accounting change, which results in these revenues flowing to a special revenue fund.

The category of fines and forfeits represent two types of revenue. One source is 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 expect revenues from this source to increase slightly in the next year. Revenues from this source are expected to be \$5,620 from General Sessions fines, \$106,030 from General Sessions costs, and \$54,500 from Criminal Court fines.

The second portion 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 significantly during the past year. We believe that this will taper off somewhat in the upcoming fiscal year, but will still be stronger than the budgeted amount for FY 04/05. Excess City Court fees are now forecast at \$2,993,130 or \$123,290 above the amount budgeted in FY 04/05.

The category entitled miscellaneous revenue is projected at \$698,730, which is \$580 or approximately 0.1% less than budgeted in FY 04/05. 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 \$260,000 in FY 05/06, this being \$140,000 more than the budget for FY 04/05.

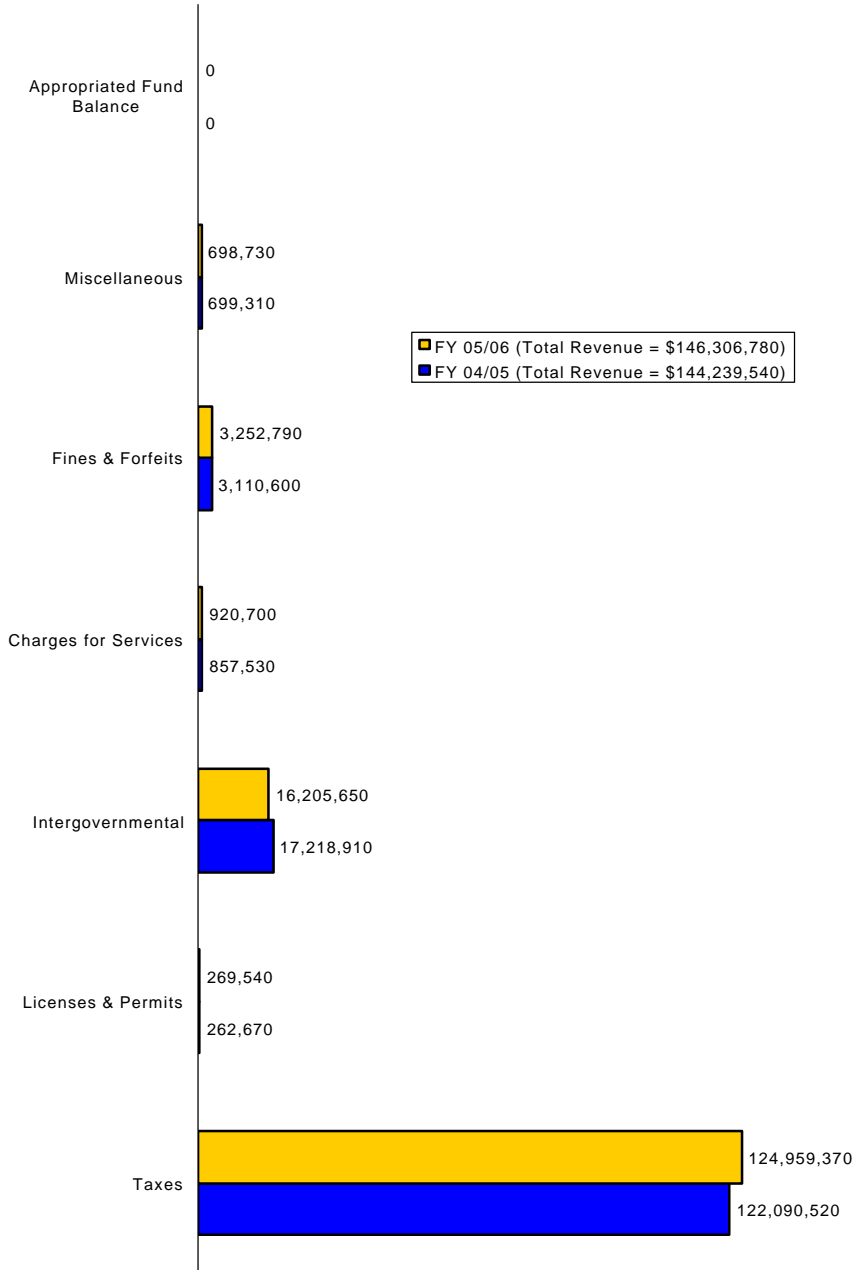
Parking meter revenue has declined in recent years and we are not forecasting any sizeable growth in this source absent an increase in rates. This revenue source is expected to yield \$330,970 in FY 05/06, which is unchanged from expected revenue in FY 04/05, but is down by \$39,640 or 10.7% when compared to the FY 04/05 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.

APPROPRIATED FUND BALANCE

The FY 05/06 General Fund budget does not appropriate any Fund Balance. This is the second consecutive year in which the budget does not include the use of any fund balance.

General Fund Revenue Comparison
FY 2004/05 – 2005/06



City of Knoxville

GENERAL FUND REVENUE

Fiscal Year 2005/2006

| Account Code | Revenue Source | Actual FY 02/03 Revenue | Actual FY 03/04 Revenue | Budgeted FY 04/05 Revenue | Estimated FY 04/05 Revenue | Proposed FY 05/06 Revenue |
|--------------|---------------------------------|-------------------------|-------------------------|---------------------------|----------------------------|---------------------------|
| 5111 | Property Tax Real - Current | 43,229,324 | 44,818,626 | 53,372,700 | 53,125,500 | 54,051,000 |
| 5112 | Property Tax Real - Prior | 1,957,194 | 2,100,759 | 1,875,000 | 1,897,670 | 1,900,000 |
| 5113 | Personal Property Tax - Current | 5,218,917 | 5,160,749 | 6,664,700 | 6,394,900 | 6,526,200 |
| 5114 | Personal Property Tax - Prior | 266,484 | 546,144 | 350,000 | 151,080 | 150,000 |
| 5115 | Public Utilities - Current | 2,996,493 | 2,710,284 | 3,072,400 | 3,438,200 | 3,235,600 |
| 5116 | Public Utilities - Prior | 6,426 | 197,159 | 5,000 | 75,980 | 6,000 |
| 5117 | Discount | (507,491) | (241,683) | (280,200) | (297,270) | (310,800) |
| 5121 | Interest & Penalties - Current | 128,334 | 124,839 | 95,000 | 125,000 | 125,000 |
| 5122 | Interest & Penalties - Prior | 1,165,592 | 1,264,168 | 1,246,190 | 1,151,240 | 1,151,210 |
| 5123 | Interest & Penalties - Business | 48,032 | 9,840 | 70,000 | 8,570 | 3,000 |
| 5124 | Interest & Penalties - License | 3,474 | 968 | 1,100 | 350 | 350 |
| 5125 | Interest & Penalties - CBID | 1,620 | 1,567 | 1,500 | 1,500 | 1,500 |
| 5126 | Interest - New Business Tax | 0 | 4,238 | 0 | 7,060 | 7,100 |
| 5127 | Interest - New Business Tax | 0 | 47,488 | 0 | 64,130 | 64,000 |
| 5131 | KUB | 9,796,766 | 9,949,799 | 11,578,160 | 11,350,980 | 11,945,300 |
| 5132 | KCDC | 85,605 | 73,736 | 73,740 | 34,620 | 34,620 |
| 5135 | PILOT - News Sentinel | 0 | 65,116 | 0 | 76,780 | 76,780 |
| 5136 | Other Payment In Lieu of Taxes | 33,272 | 31,004 | 33,200 | 14,250 | 20,000 |
| 5141 | Local Shared Sales Tax | 29,031,122 | 30,529,023 | 30,528,600 | 31,057,730 | 31,834,200 |
| 5151 | Beer Tax | 5,557,473 | 5,697,243 | 5,738,530 | 5,962,640 | 5,964,110 |
| 5152 | Mixed Drink Tax | 979,656 | 898,092 | 880,000 | 999,220 | 1,004,200 |
| 5153 | Alcoholic Beverage Tax | 1,655,054 | 1,777,111 | 1,791,700 | 1,928,390 | 1,938,000 |
| 5161 | Business Tax | 3,784,490 | 48,627 | 0 | 68,350 | 5,000 |
| 5165 | Tax Sale Publication Fees | 3,336 | 88,239 | 72,000 | 27,220 | 27,000 |
| 5166 | Business Tax - 2003 | 0 | 3,995,437 | 3,747,400 | 3,956,210 | 3,995,800 |
| 5193 | Cable TV Franchise Tax | 1,139,718 | 1,155,917 | 1,173,800 | 1,198,020 | 1,204,000 |
| | Subtotal - Taxes | <u>106,580,891</u> | <u>111,054,490</u> | <u>122,090,520</u> | <u>122,818,320</u> | <u>124,959,370</u> |
| 5201 | Blasting Permits | 4,800 | 4,700 | 4,860 | 4,300 | 4,300 |
| 5202 | Fire Reports | 2,420 | 2,400 | 2,870 | 2,740 | 2,740 |
| 5203 | Fireworks Permits | 1,720 | 1,920 | 1,680 | 2,820 | 2,820 |
| 5204 | Tank Abandonment Fee | 1,480 | 1,240 | 1,010 | 1,100 | 1,100 |
| 5205 | Tank Installation Fee | 13,155 | 13,150 | 10,880 | 10,470 | 10,470 |
| 5211 | Merchant & General Privilege | 225 | 175 | 200 | 100 | 200 |
| 5212 | Liquor by the Ounce | 141,960 | 135,760 | 136,080 | 139,760 | 141,170 |
| 5215 | Alcoholic Beverage License | 3,000 | 2,500 | 2,600 | 2,400 | 2,600 |
| 5281 | Duplicate Beer Permits | 268 | 737 | 0 | 670 | 0 |
| 5291 | Solicitation | 4,200 | 5,060 | 5,780 | 4,710 | 4,710 |
| 5293 | Street Vendor | 7,675 | 6,050 | 5,940 | 5,700 | 5,700 |
| 5295 | Beer Application Fees | 29,400 | 26,750 | 23,430 | 25,460 | 26,350 |
| 5296 | Beer Privilege Tax | 59,146 | 57,495 | 61,460 | 60,130 | 60,730 |
| 5298 | Beer Permit Publications | 1,956 | 1,740 | 1,470 | 1,730 | 1,730 |
| 5299 | Beer Permit Records Check | 4,488 | 4,964 | 4,410 | 4,690 | 4,920 |
| | Subtotal - Licenses and Permits | <u>275,893</u> | <u>264,641</u> | <u>262,670</u> | <u>266,780</u> | <u>269,540</u> |
| 5312 | Senior Aides | 382,016 | 394,645 | 432,100 | 0 | 0 |
| 5313 | Emer. Mgmt. - Federal Share | 91,816 | 85,021 | 85,020 | 85,020 | 85,020 |
| 5319 | Federal Contribution | 2,218,876 | 635,793 | 1,385,300 | 672,780 | 670,000 |
| 5321 | Sales Tax | 10,473,363 | 10,181,902 | 10,321,250 | 10,488,140 | 10,645,460 |
| 5322 | Income Tax | 2,044,315 | 1,355,580 | 2,404,700 | 2,100,000 | 2,100,000 |
| 5323 | Beer Tax | 90,364 | 86,293 | 90,400 | 86,560 | 86,600 |
| 5324 | Alcoholic Beverage Tax | 89,361 | 87,376 | 93,680 | 88,120 | 88,120 |
| 5326 | Special Petroleum Products Tax | 396,570 | 393,540 | 403,910 | 401,650 | 401,650 |
| 5327 | Excise Tax | 418,022 | 347,029 | 347,000 | 396,750 | 396,800 |
| 5328 | TVA Gross Receipts | 1,169,987 | 1,185,887 | 1,185,950 | 1,269,070 | 1,269,070 |
| 5329 | State Contribution | 364,325 | 323,305 | 382,840 | 382,840 | 382,840 |
| 5332 | Telecommunications Sales Tax | 32,489 | 28,636 | 33,760 | 27,090 | 27,090 |
| 5340 | County Revenue | 0 | 121,374 | 0 | 0 | 0 |
| 5341 | Emer. Mgmt. - County Share | 53,000 | 53,000 | 53,000 | 53,000 | 53,000 |
| | Subtotal - Intgvtl. Revenue | <u>17,824,504</u> | <u>15,279,381</u> | <u>17,218,910</u> | <u>16,051,020</u> | <u>16,205,650</u> |

City of Knoxville

GENERAL FUND REVENUE

Fiscal Year 2005/2006

| Account Code | Revenue Source | Actual FY 02/03 Revenue | Actual FY 03/04 Revenue | Budgeted FY 04/05 Revenue | Estimated FY 04/05 Revenue | Proposed FY 05/06 Revenue |
|--------------|--------------------------------------|-------------------------|-------------------------|---------------------------|----------------------------|---------------------------|
| 5401 | Caswell - Athletic Fees | 35,348 | 30,830 | 32,470 | 0 | 0 |
| 5402 | Caswell - Concessions | 58,350 | 36,746 | 38,290 | 0 | 0 |
| 5403 | Caswell - Tournament Fees | 11,705 | 3,505 | 0 | 0 | 0 |
| 5404 | Caswell - Rental Fees | 5,850 | 2,950 | 0 | 0 | 0 |
| 5405 | Caswell - Other Fees | 9,551 | 852 | 360 | 0 | 0 |
| 5406 | Summer Program Revenues | 0 | 7,190 | 0 | 0 | 7,000 |
| 5412 | Attorney Cost - Taxes | 221,513 | 312,950 | 250,000 | 326,710 | 326,710 |
| 5413 | Recording & Collection | 44,450 | 43,706 | 43,500 | 44,820 | 43,500 |
| 5423 | Accident Reports | 236,061 | 215,383 | 230,000 | 192,210 | 192,210 |
| 5425 | Officer Costs | 68,315 | 30,751 | 2,750 | 14,650 | 14,650 |
| 5434 | Codes Enforcement | 57,129 | 89,019 | 60,000 | 81,570 | 81,570 |
| 5443 | Pool Fees | 37,578 | 35,151 | 34,950 | 35,200 | 35,200 |
| 5444 | Rental Fees | 59,320 | 37,851 | 42,460 | 50,000 | 50,000 |
| 5445 | Athletic Fees | 45,217 | 39,636 | 27,050 | 27,030 | 27,030 |
| 5447 | Concessions | 26,405 | 20,663 | 19,790 | 18,940 | 18,940 |
| 5452 | State Reimbursement - Streets, Signs | 170,581 | 252,296 | 70,000 | 120,000 | 120,000 |
| 5484 | Parking Lots | 8,190 | 5,908 | 5,910 | 3,890 | 3,890 |
| | Subtotal - Charges for Services | <u>1,095,563</u> | <u>1,165,387</u> | <u>857,530</u> | <u>915,020</u> | <u>920,700</u> |
| 5511 | General Sessions Fines | 67,597 | 105,153 | 31,590 | 5,620 | 5,620 |
| 5512 | General Session Costs | 76,154 | 90,571 | 70,390 | 106,030 | 106,030 |
| 5525 | Excess City Court Fees | 2,660,000 | 3,334,810 | 2,869,840 | 2,913,840 | 2,993,130 |
| 5528 | KPD Automated Information | 84,279 | 111,583 | 84,280 | 93,510 | 93,510 |
| 5529 | KPD Moving Violations | 284 | 344 | 0 | 0 | 0 |
| 5531 | Criminal Court Fines | 26,318 | 18,170 | 54,500 | 147,700 | 54,500 |
| 5551 | Beer Board Fees | 18,300 | 0 | 0 | 0 | 0 |
| | Subtotal - Fines & Forfeits | <u>2,932,932</u> | <u>3,660,631</u> | <u>3,110,600</u> | <u>3,266,700</u> | <u>3,252,790</u> |
| 5603 | Residential Parking Permits | 1,200 | 4,420 | 1,990 | 1,660 | 1,660 |
| 5611 | Interest on Investments | 220,387 | 146,599 | 120,000 | 224,510 | 260,000 |
| 5620 | Lease & Rental Income | 30,868 | 32,218 | 30,000 | 28,910 | 30,000 |
| 5627 | Parking Meters | 414,855 | 370,571 | 370,610 | 330,970 | 330,970 |
| 5630 | Gain/(Loss) on Fixed Asset | 300 | 0 | 0 | 0 | 0 |
| 5642 | Equipment Sales | 23,307 | 40,050 | 20,000 | 14,470 | 15,000 |
| 5666 | Agency Contribution | 0 | 0 | 110,000 | 0 | 0 |
| 5674 | Employee Contrib. - Fire | 211 | 0 | 0 | 0 | 0 |
| 5689 | Change in Fair Value of Investments | 0 | (7,181) | 0 | 0 | 0 |
| 5699 | Miscellaneous Revenue | 165,462 | 18,265 | 46,710 | 88,840 | 61,100 |
| | Subtotal - Misc. Revenue | <u>856,590</u> | <u>615,062</u> | <u>699,310</u> | <u>689,360</u> | <u>698,730</u> |
| | Grand Total - Operating Revenues | <u>129,566,373</u> | <u>132,039,592</u> | <u>144,239,540</u> | <u>144,007,200</u> | <u>146,306,780</u> |
| 5656 | Debt Service Transfer | 210,430 | 0 | 0 | 0 | 0 |
| 5660 | Operating Transfer In | 0 | 6,640 | 0 | 0 | 0 |
| 5670 | Misc. Grant Transfer | 0 | 536,841 | 0 | 0 | 0 |
| | Subtotal - Transfers In | <u>210,430</u> | <u>543,481</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 5698 | Appropriated Fund Balance | 0 | 0 | 0 | 0 | 0 |
| | Grand Total - General Fund | <u>129,776,803</u> | <u>132,583,073</u> | <u>144,239,540</u> | <u>144,007,200</u> | <u>146,306,780</u> |

GENERAL FUND EXPENDITURES

General Fund Overview

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

TABLE 1

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

Personal Services

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

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

Supplies

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

Other Charges

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

Transfers

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

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

Mayor's Office/Administration

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

Finance & Accountability

Finance Division

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

Information Systems Division

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

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

Operations & Engineering

Engineering Division

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

Community & Neighborhood Services

Public Service Division

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

Development Division

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

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

Parks and Recreation Division

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

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

Mass Transit Division (Grant Match)

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

Law

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

Police

Police Division

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

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

Emergency Management Division

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

Fire

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

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

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

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

Board Administered Departments

Civil Service Department

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

Non-departmental

City Elections Division

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

Waterfront Division

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

Other Funds

State Street Aid (Fund 201)

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

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

Abandoned Vehicles (Fund 209)

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

City Court (Fund 213)

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

City Inspections (Fund 216)

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

Stormwater (Fund 220)

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

Solid Waste (Fund 230)

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

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

Housing Grants (Fund 260)

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

Empowerment Zone (Fund 270)

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

Community Development (Fund 290)

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

Public Assembly Facilities (Fund 503)

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

Metro Parking (Fund 504)

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

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

Knoxville Convention Center (Fund 506)

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

Mass Transportation (Fund 507)

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

Fleet Services (Fund 702)

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

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

Risk Management (Fund 704)

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

Health Care (Fund 705)

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

GENERAL FUND EXPENDITURES BY DEPARTMENT

Fiscal Year 2005/06

| Department | | Actual FY 02/03 | Actual FY 03/04 | Adopted Budget FY 04/05 | Proposed Budget FY 05/06 | \$ Change 04/05 - 05/06 | % Change 04/05 - 05/06 |
|------------|---|--------------------|--------------------|-------------------------------|--------------------------------|----------------------------|---------------------------|
| 1100 | Administration | 1,836,386 | 1,836,386 | 1,693,720 | 2,065,500 | 371,780 | 21.95% |
| | Finance and Accountability | | | | | | |
| 1200 | Finance | 4,436,291 | 4,436,291 | 2,941,180 | 3,186,200 | 245,020 | 8.33% |
| 1300 | Information Systems | 2,953,606 | 2,953,606 | 2,922,560 | 3,205,840 | 283,280 | 9.69% |
| | Subtotal - Finance & Accountability | 7,389,897 | 7,389,897 | 5,863,740 | 6,392,040 | 528,300 | 9.01% |
| | Operations & Engineering | | | | | | |
| 3300 | Engineering | 4,622,094 | 4,622,094 | 6,220,840 | 5,181,350 | (1,039,490) | (16.71%) |
| | Subtotal - Operations & Engineering | 4,622,094 | 4,622,094 | 6,220,840 | 5,181,350 | (1,039,490) | (16.71%) |
| | Community and Neighborhood Services | | | | | | |
| 3100 | Public Services | 16,319,905 | 16,319,905 | 14,333,840 | 16,999,100 | 2,665,260 | 18.59% |
| 3700 | Development Services | 1,972,502 | 1,972,502 | 593,930 | 566,690 | (27,240) | (4.59%) |
| 3800 | Community Development | 127,899 | 127,899 | 43,750 | 0 | (43,750) | (100.00%) |
| 4300 | Recreation | 6,207,112 | 6,207,112 | 5,952,980 | 5,652,350 | (300,630) | (5.05%) |
| | Knoxville Area Transit (KAT) | 758,815 | 758,815 | 857,240 | 882,950 | 25,710 | 3.00% |
| | Subtotal - Community & Neighborhood Serv. | 25,386,233 | 25,386,233 | 21,781,740 | 24,101,090 | 2,319,350 | 10.65% |
| 1300 | Law | 1,451,686 | 1,451,686 | 1,437,170 | 1,505,320 | 68,150 | 4.74% |
| | Police | | | | | | |
| 2300 | Police | 37,092,163 | 37,092,163 | 37,598,500 | 39,064,840 | 1,466,340 | 3.90% |
| 2700 | Emergency Management | 285,128 | 285,128 | 267,500 | 277,980 | 10,480 | 3.92% |
| | Subtotal - Police | 37,377,291 | 37,377,291 | 37,866,000 | 39,342,820 | 1,476,820 | 3.90% |
| 2500 | Fire | 23,794,817 | 23,794,817 | 25,698,020 | 27,413,660 | 1,715,640 | 6.68% |
| | Board Administered/Other Departments | | | | | | |
| 1500 | Legislative | 922,965 | 922,965 | 811,400 | 823,470 | 12,070 | 1.49% |
| 1700 | Civil Service | 864,499 | 864,499 | 887,870 | 948,550 | 60,680 | 6.83% |
| | Subtotal - Other Departments | 1,787,464 | 1,787,464 | 1,699,270 | 1,772,020 | 72,750 | 4.28% |
| | Nondepartmental | | | | | | |
| 1900 | City Elections | 26,520 | 26,520 | 35,000 | 265,000 | 230,000 | 657.14% |
| 3900 | Knoxville Partnership | 0 | 0 | 689,820 | 696,840 | 7,020 | 1.02% |
| 5100 | Metropolitan Planning Commission (MPC) | 729,100 | 729,100 | 692,650 | 737,550 | 44,900 | 6.48% |
| 5200 | Knoxville Zoological Park | 900,000 | 900,000 | 864,210 | 864,210 | 0 | 0.00% |
| 5300 | Agency Grants | 2,992,701 | 2,992,701 | 1,489,170 | 1,197,700 | (291,470) | (19.57%) |
| 5600 | Waterfront | 526,299 | 526,299 | 275,730 | 359,380 | 83,650 | 30.34% |
| 5900 | Community Action Committee (CAC) | 461,000 | 461,000 | 444,980 | 444,980 | 0 | 0.00% |
| 8100 | Reserve | 0 | 0 | 1,450,000 | 1,500,000 | 50,000 | 3.45% |
| 9100 | Miscellaneous Expenses | 20,840 | 20,840 | 0 | 0 | 0 | |
| 9100 | Transfers | 32,329,997 | 32,329,997 | 36,037,480 | 32,467,320 | (3,570,160) | (9.91%) |
| | Subtotal - Nondepartmental | 37,986,457 | 37,986,457 | 41,979,040 | 38,532,980 | (3,446,060) | (8.21%) |
| | GRAND TOTAL | 141,632,325 | 141,632,325 | 144,239,540 | 146,306,780 | 2,067,240 | 1.43% |

GENERAL FUND BUDGET BY DEPARTMENT

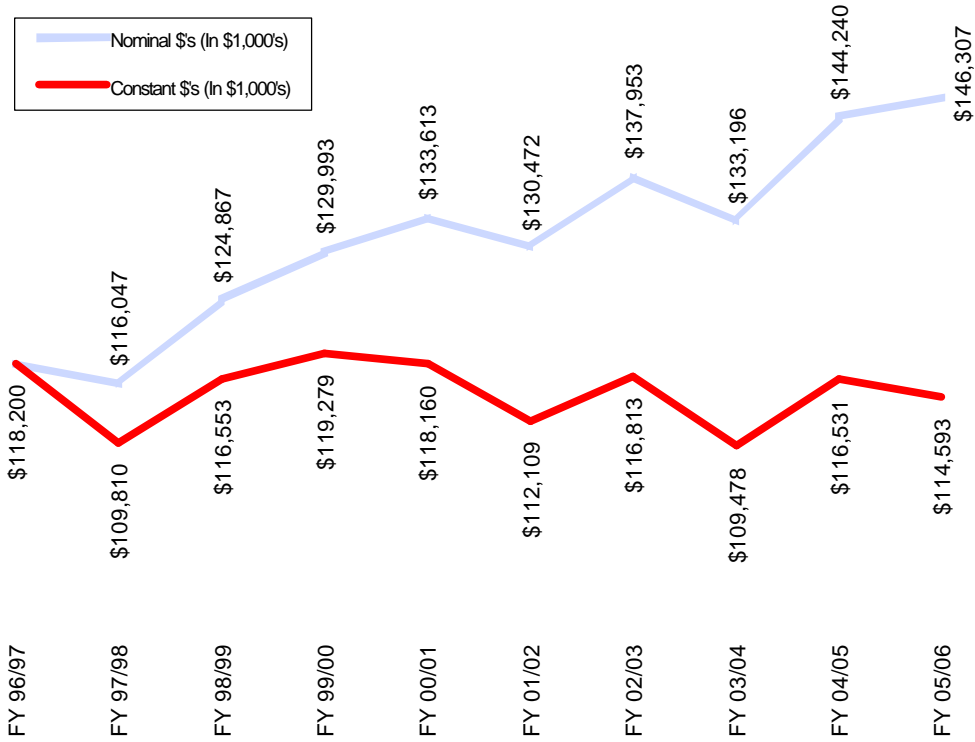
Fiscal Years 2001/02 - 2005/06

| Department | Budget FY 01/02 | Budget FY 02/03 | Budget FY 03/04 | Budget FY 04/05 | Proposed Budget FY 05/06 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------------------|
| Administration | <u>1,829,910</u> | <u>1,808,200</u> | <u>1,816,320</u> | <u>1,693,720</u> | <u>2,065,500</u> |
| Finance and Accountability | | | | | |
| Finance | 3,536,200 | 4,150,040 | 3,067,050 | 2,941,180 | 3,186,200 |
| Information Systems | <u>2,762,850</u> | <u>2,863,230</u> | <u>2,814,130</u> | <u>2,922,560</u> | <u>3,205,840</u> |
| Subtotal - Finance & Accountability | <u>6,299,050</u> | <u>7,013,270</u> | <u>5,881,180</u> | <u>5,863,740</u> | <u>6,392,040</u> |
| Operations & Engineering | | | | | |
| Engineering | <u>5,083,420</u> | <u>4,621,380</u> | <u>4,527,310</u> | <u>6,220,840</u> | <u>5,181,350</u> |
| Subtotal - Operations & Engineering | <u>5,083,420</u> | <u>4,621,380</u> | <u>4,527,310</u> | <u>6,220,840</u> | <u>5,181,350</u> |
| Community and Neighborhood Services | | | | | |
| Public Services | 14,743,040 | 15,821,480 | 15,486,290 | 14,333,840 | 16,999,100 |
| Development Services | 463,010 | 580,820 | 784,170 | 593,930 | 566,690 |
| Community Development | 120,720 | 125,720 | 60,860 | 43,750 | 0 |
| Recreation | 5,861,800 | 6,093,850 | 5,900,440 | 5,952,980 | 5,652,350 |
| Knoxville Area Transit (KAT) | <u>683,350</u> | <u>789,750</u> | <u>750,260</u> | <u>857,240</u> | <u>882,950</u> |
| Subtotal - Community & Neighborhood Serv. | <u>21,871,920</u> | <u>23,411,620</u> | <u>22,982,020</u> | <u>21,781,740</u> | <u>24,101,090</u> |
| Law | <u>1,336,050</u> | <u>1,394,250</u> | <u>1,383,030</u> | <u>1,437,170</u> | <u>1,505,320</u> |
| Police | | | | | |
| Police | 35,224,660 | 36,308,270 | 36,622,330 | 37,598,500 | 39,064,840 |
| Emergency Management | <u>321,870</u> | <u>328,250</u> | <u>313,120</u> | <u>267,500</u> | <u>277,980</u> |
| Subtotal - Police | <u>35,546,530</u> | <u>36,636,520</u> | <u>36,935,450</u> | <u>37,866,000</u> | <u>39,342,820</u> |
| Fire | <u>23,657,200</u> | <u>23,861,790</u> | <u>24,598,140</u> | <u>25,698,020</u> | <u>27,413,660</u> |
| Board Administered/Other Departments | | | | | |
| Legislative | 685,440 | 748,900 | 774,290 | 811,400 | 823,470 |
| Civil Service | <u>920,080</u> | <u>901,620</u> | <u>915,650</u> | <u>887,870</u> | <u>948,550</u> |
| Subtotal - Other Departments | <u>1,605,520</u> | <u>1,650,520</u> | <u>1,689,940</u> | <u>1,699,270</u> | <u>1,772,020</u> |
| Nondepartmental | | | | | |
| City Elections | 180,000 | 20,000 | 200,000 | 35,000 | 265,000 |
| City Buildings | 139,210 | 0 | 0 | | 0 |
| Knoxville Partnership | 0 | 0 | 0 | 689,820 | 696,840 |
| Metropolitan Planning Commission (MPC) | 729,100 | 729,100 | 692,650 | 692,650 | 737,550 |
| Knoxville Zoological Park | 900,000 | 900,000 | 855,000 | 864,210 | 864,210 |
| Agency Grants | 1,702,700 | 1,917,650 | 1,512,950 | 1,489,170 | 1,197,700 |
| Waterfront | 430,400 | 472,580 | 448,960 | 275,730 | 359,380 |
| Community Action Committee (CAC) | 461,000 | 461,000 | 437,950 | 444,980 | 444,980 |
| Reserve | 1,300,000 | 2,350,000 | 1,350,000 | 1,450,000 | 1,500,000 |
| Miscellaneous Expenses | 15,470 | 21,340 | 27,080 | 0 | 0 |
| Transfers | <u>27,385,430</u> | <u>29,410,680</u> | <u>27,858,200</u> | <u>36,037,480</u> | <u>32,467,320</u> |
| Subtotal - Nondepartmental | <u>33,243,310</u> | <u>36,282,350</u> | <u>33,382,790</u> | <u>41,979,040</u> | <u>38,532,980</u> |
| GRAND TOTAL | <u>130,472,910</u> | <u>136,679,900</u> | <u>133,196,180</u> | <u>144,239,540</u> | <u>146,306,780</u> |

City of Knoxville

Equalized General Fund Budget

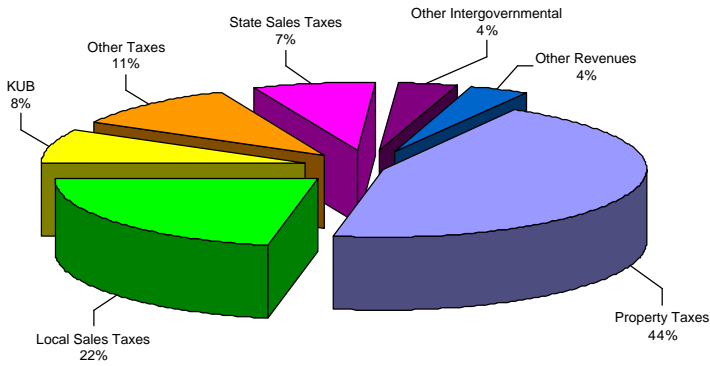
Fiscal Years 1996/97 – 2005/06



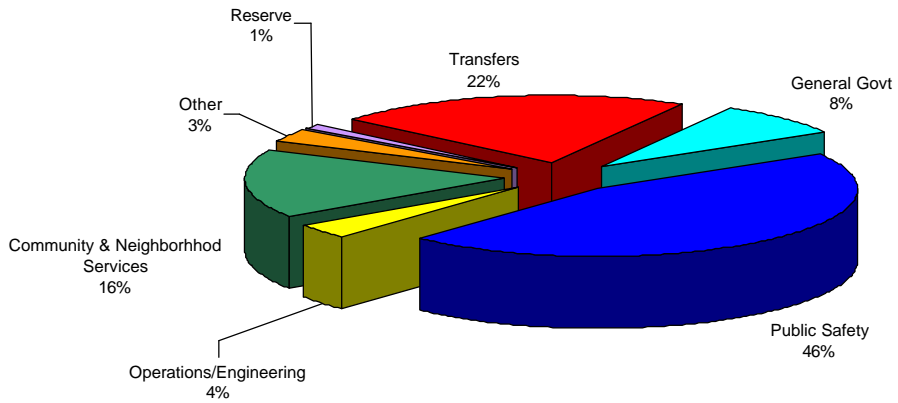
The chart above shows the actual adopted General Fund budget compared to the budget adjusted for the impacts of inflation. As can be seen the adjusted budget has fluctuated over the years. The proposed FY 05/06 budget, as adjusted, is down by \$382 thousand compared to 10 years ago, and down by \$1.98 million compared to a year ago.

General Fund Revenue and Expenditures
FY 2005-06

Where the money comes from



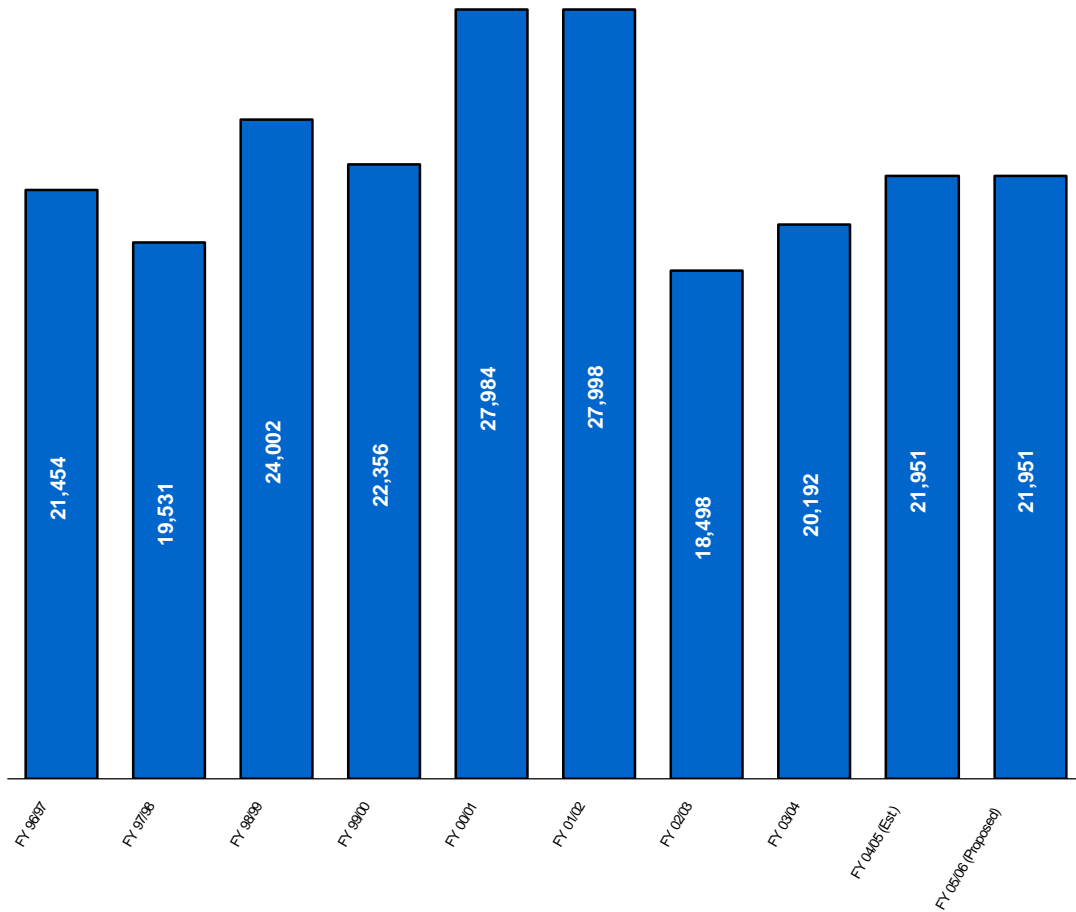
Where the money goes



City of Knoxville

General Fund Fund Balance

Fiscal Years 1996/97 – 2005/06



All numbers in \$1,000's.

The chart above shows the General Fund fund balance from FY 96/97 to FY 05/06. The FY 04/05 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 and is expected to increase again in FY 04/05. There is no proposed use of fund balance in FY 05/06.

Authorized Positions by Department

Full and Part-Time General Fund

| Department | FY 03-04 | | FY 04-05 | | FY 05-06 | | Total Change 04/05 - 05/06 |
|---|--------------|-----------|--------------|-----------|--------------|-----------|----------------------------------|
| | Full Time | Part Time | Full Time | Part Time | Full Time | Part Time | |
| Administration | 21 | 0 | 19 | 1 | 24 | 1 | 5 |
| Finance and Accountability | | | | | | | |
| Finance | 44 | 2 | 42 | 1 | 43 | 1 | 1 |
| Information Systems | 28 | 0 | 29 | 0 | 29 | 0 | 0 |
| Subtotal - Finance & Accountability | 72 | 2 | 71 | 1 | 72 | 1 | 1 |
| Operations & Engineering | | | | | | | |
| Engineering | 62 | 2 | 87 | 2 | 62 | 2 | (25) |
| Subtotal - Operations & Engineering | 62 | 2 | 87 | 2 | 62 | 2 | (25) |
| Community and Neighborhood Services | | | | | | | |
| Public Services | 286 | 0 | 253 | 0 | 280 | 0 | 27 |
| Development Services | 6 | 0 | 3 | 0 | 3 | 0 | 0 |
| Community Development | 1 | 0 | 1 | 0 | 0 | 0 | (1) |
| Recreation | 52 | 13 | 55 | 11 | 52 | 15 | 1 |
| Subtotal - Community & Neighborhood Serv. | 345 | 13 | 312 | 11 | 335 | 15 | 27 |
| Law | 13 | 1 | 13 | 0 | 13 | 0 | 0 |
| Police | | | | | | | |
| Police | 525 | 32 | 518 | 31 | 519 | 31 | 1 |
| Emergency Management | 4 | 0 | 3 | 0 | 3 | 0 | 0 |
| Subtotal - Police | 529 | 32 | 521 | 31 | 522 | 31 | 1 |
| Fire | 339 | 0 | 339 | 0 | 339 | 0 | 0 |
| Board Administered/Other Departments | | | | | | | |
| Legislative | 3 | 9 | 3 | 9 | 3 | 9 | 0 |
| Civil Service | 14 | 0 | 14 | 0 | 13 | 2 | 1 |
| Subtotal - Other Departments | 17 | 9 | 17 | 9 | 16 | 11 | 1 |
| Nondepartmental | | | | | | | |
| Knoxville Partnership | 0 | 0 | 1 | 0 | 1 | 0 | 0 |
| Subtotal - Nondepartmental | 0 | 0 | 1 | 0 | 1 | 0 | 0 |
| Total - Full Time | 1,398 | 59 | 1,380 | 55 | 1,384 | 61 | 10 |

Permanent Full Time Personnel

General Fund FY 01/02 - 05/06

| Department | FY 01/02 Full Time | FY 02-03 Full Time | FY 03-04 Full Time | FY 04-05 Full Time | FY 05-06 Full Time | Change 01/02 - 05/06 | Change 04-05 -05/06 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|------------------------|
| Administration | 23 | 23 | 21 | 19 | 24 | 1 | 5 |
| Finance and Accountability | | | | | | | |
| Finance | 50 | 50 | 44 | 42 | 43 | (7) | 1 |
| Information Systems | 30 | 30 | 28 | 29 | 29 | (1) | 0 |
| Subtotal - Finance & Accountability | 80 | 80 | 72 | 71 | 72 | (8) | 1 |
| Operations & Engineering | | | | | | | |
| Engineering | 75 | 63 | 62 | 87 | 62 | (13) | (25) |
| Subtotal - Operations & Engineering | 75 | 63 | 62 | 87 | 62 | (13) | (25) |
| Community and Neighborhood Services | | | | | | | |
| Public Services | 303 | 303 | 286 | 253 | 280 | (23) | 27 |
| Development Services | 5 | 5 | 6 | 3 | 3 | (2) | 0 |
| Community Development | 2 | 2 | 1 | 1 | 0 | (2) | (1) |
| Recreation | 56 | 55 | 52 | 55 | 52 | (4) | (3) |
| Subtotal - Community & Neighborhood Serv. | 366 | 365 | 345 | 312 | 335 | (31) | 23 |
| Law | 14 | 13 | 13 | 13 | 13 | (1) | 0 |
| Police | | | | | | | |
| Police | 557 | 567 | 525 | 518 | 519 | (38) | 1 |
| Emergency Management | 4 | 4 | 4 | 3 | 3 | (1) | 0 |
| Subtotal - Police | 561 | 571 | 529 | 521 | 522 | (39) | 1 |
| Fire | 370 | 370 | 339 | 339 | 339 | (31) | 0 |
| Board Administered/Other Departments | | | | | | | |
| Legislative | 3 | 3 | 3 | 3 | 3 | 0 | 0 |
| Civil Service | 15 | 15 | 14 | 14 | 13 | (2) | (1) |
| Subtotal - Other Departments | 18 | 18 | 17 | 17 | 16 | (2) | (1) |
| Nondepartmental | | | | | | | |
| Knoxville Partnership | 0 | 0 | 0 | 1 | 1 | 1 | 0 |
| Subtotal - Nondepartmental | 0 | 0 | 0 | 1 | 1 | 1 | 0 |
| Total - Full Time | 1,507 | 1,503 | 1,398 | 1,380 | 1,384 | (123) | 4 |

City of Knoxville

GRANTS TO COMMUNITY AGENCIES

Fiscal Year 2005/06

| Account | Description | Actual FY 02/03 | Actual FY 03/04 | Adopted FY 04/05 | Proposed FY 05/06 | Dollar Change | Percentage Change |
|-----------------------------|---|--------------------|--------------------|---------------------|----------------------|------------------|----------------------|
| <i>Operating Grants</i> | | | | | | | |
| 95336 | Affordable Housing Demonstration Proj. | 350,000 | 332,500 | 322,530 | 322,600 | 70 | 0.02% |
| 95385 | Arts Council | 26,500 | 125,170 | 24,420 | 24,500 | 80 | 0.33% |
| 95383 | Beck Cultural Center | 30,000 | 28,500 | 27,650 | 27,700 | 50 | 0.18% |
| 95361 | Bijou Theatre | 3,000 | 2,850 | 2,770 | 0 | (2,770) | (100.00%) |
| 95310 | Blount Mansion Association | 8,000 | 7,600 | 7,380 | 7,400 | 20 | 0.27% |
| 95313 | Boys/Girls Club | 0 | 25,000 | 0 | 0 | 0 | |
| 95391 | Center School | 3,750 | 3,560 | 3,460 | 3,000 | (460) | (13.29%) |
| 95392 | Cerebral Palsy Center | 7,000 | 6,650 | 6,460 | 6,500 | 40 | 0.62% |
| 95312 | Cerebral Palsy Housing Corp. | 5,000 | 14,750 | 4,610 | 4,700 | 90 | 1.95% |
| 95311 | Child and Family Services | 21,000 | 19,950 | 19,360 | 42,400 | 23,040 | 119.01% |
| 95345 | City Ballet | 12,000 | 11,400 | 11,060 | 0 | (11,060) | (100.00%) |
| 95395 | Community Coalition on Family Violence | 0 | 20,000 | 0 | 0 | 0 | |
| 95371 | Disability Resource Center | 10,000 | 9,500 | 9,220 | 0 | (9,220) | (100.00%) |
| 95367 | Discovery Center | 32,000 | 30,400 | 29,490 | 0 | (29,490) | (100.00%) |
| 95394 | East Tennessee Economic Development Agency | 2,500 | 9,500 | 9,220 | 0 | (9,220) | (100.00%) |
| 95305 | East Tennessee Historical Society | 8,000 | 7,600 | 7,380 | 7,400 | 20 | 0.27% |
| 95341 | Epilepsy Foundation | 2,000 | 1,900 | 1,850 | 1,500 | (350) | (18.92%) |
| 95365 | Family Crisis Center | 6,900 | 6,550 | 6,360 | 0 | (6,360) | (100.00%) |
| 95315 | Florence Crittenton Home | 4,750 | 4,510 | 4,380 | 4,400 | 20 | 0.46% |
| 95354 | Greater Smokey Mountain Boy Scouts | 0 | 0 | 8,950 | 0 | (8,950) | (100.00%) |
| 95316 | Helen Ross McNabb Center | 6,000 | 5,700 | 5,530 | 5,600 | 70 | 1.27% |
| 95333 | Ijams Nature Center | 20,000 | 19,000 | 0 | 0 | 0 | |
| 95346 | Interfaith Health Clinic | 11,500 | 60,920 | 10,600 | 20,000 | 9,400 | 88.68% |
| 95317 | James White Fort | 4,500 | 4,270 | 4,150 | 7,000 | 2,850 | 68.67% |
| 95366 | Katie Miller Group Home | 8,000 | 7,600 | 7,380 | 0 | (7,380) | (100.00%) |
| 95340 | Keep Knoxville Beautiful | 4,000 | 3,800 | 3,690 | 5,000 | 1,310 | 35.50% |
| 95329 | Knox Assn. Retarded Citizens | 8,000 | 7,600 | 7,380 | 0 | (7,380) | (100.00%) |
| 95301 | Knoxville Area Urban League | 50,000 | 47,500 | 46,080 | 46,100 | 20 | 0.04% |
| 95352 | Knoxville Commuter Pool | 25,000 | 23,750 | 23,040 | 0 | (23,040) | (100.00%) |
| 95309 | Knoxville Museum of Art | 135,000 | 148,250 | 124,410 | 125,000 | 590 | 0.47% |
| 95368 | Knoxville Opera Company | 4,500 | 4,270 | 4,150 | 5,000 | 850 | 20.48% |
| 95304 | Knoxville Rescue Squad | 45,000 | 42,750 | 41,470 | 41,500 | 30 | 0.07% |
| 95384 | Knoxville Safe Haven | 16,000 | 25,200 | 14,750 | 12,500 | (2,250) | (15.25%) |
| 95303 | Knoxville Symphony | 42,500 | 55,370 | 39,160 | 45,000 | 5,840 | 14.91% |
| 95390 | Literacy Imperative | 0 | 7,500 | 0 | 0 | 0 | |
| 95360 | Metropolitan Drug Commission | 50,000 | 47,500 | 46,080 | 46,100 | 20 | 0.04% |
| 95326 | Millertown Pike Group Home | 8,500 | 8,070 | 7,830 | 0 | (7,830) | (100.00%) |
| 95359 | MLK Commemorative Commission | 0 | 20,000 | 0 | 0 | 0 | |
| 95319 | MPC/Smart Trips | 0 | 0 | 0 | 2,500 | 2,500 | |
| 95328 | Nativity Pageant | 0 | 0 | 0 | 1,500 | 1,500 | |
| 95376 | Partnership for Neighborhood Improvement | 0 | 0 | 6,910 | 0 | (6,910) | (100.00%) |
| 95397 | Protective Services | 1,500 | 1,420 | 1,380 | 0 | (1,380) | (100.00%) |
| 95321 | Senior Citizens Home Assistance | 25,000 | 23,750 | 23,040 | 23,100 | 60 | 0.26% |
| 95322 | Sertoma Center | 24,500 | 23,270 | 22,580 | 22,600 | 20 | 0.09% |
| 95325 | Sr. Citizens Info. Referral | 7,000 | 6,650 | 0 | 0 | 0 | |
| 95302 | Teen Center | 1,750 | 1,660 | 1,620 | 0 | (1,620) | (100.00%) |
| 95396 | Tennessee Children's Dance Ensemble | 1,500 | 1,420 | 1,380 | 1,400 | 20 | 1.45% |
| 95351 | Tennessee Theatre Foundation | 50,000 | 47,500 | 46,080 | 46,100 | 20 | 0.04% |
| 95380 | Tourism and Sports Development Corp. of Greater Knoxville | 1,307,516 | 0 | 0 | 0 | 0 | |
| 95324 | UT Speech and Hearing Center | 5,000 | 4,750 | 4,610 | 4,500 | (110) | (2.39%) |
| 95306 | YWCA | 5,500 | 5,220 | 5,070 | 5,100 | 30 | 0.59% |
| Subtotal - Operating Grants | | <u>2,407,666</u> | <u>1,329,700</u> | <u>1,004,920</u> | <u>917,700</u> | <u>(87,220)</u> | <u>(8.68%)</u> |
| <i>Capital Grants</i> | | | | | | | |
| 95399 | Austin East High Capital | 0 | 7,500 | 0 | 0 | 0 | |
| 95320 | Beck Cultural Center Capital | 0 | 25,000 | 0 | 0 | 0 | |
| 95331 | Bijou Theatre Capital | 0 | 15,000 | 0 | 75,000 | 75,000 | |
| 95382 | Blount Mansion Capital | 0 | 10,000 | 0 | 0 | 0 | |
| 95389 | CASA Capital | 0 | 5,000 | 0 | 0 | 0 | |
| 95381 | Child and Family Services Capital | 0 | 20,000 | 0 | 0 | 0 | |
| 95374 | East Tennessee Historical Museum Capital | 200,000 | 190,000 | 210,000 | 0 | (210,000) | (100.00%) |
| 95387 | Fulton High School Capital | 0 | 20,000 | 0 | 0 | 0 | |
| 95363 | Greater Knoxville Sports Corp. Capital (ABC) | 100,000 | 0 | 0 | 0 | 0 | |
| 95323 | Helen Ross McNabb Capital | 60,000 | 57,000 | 63,000 | 0 | (63,000) | (100.00%) |
| 95386 | Ijams Nature Center Capital | 0 | 15,000 | 0 | 0 | 0 | |
| 95318 | James White Fort Capital | 0 | 10,000 | 0 | 0 | 0 | |
| 95338 | Knoxville College Capital | 0 | 10,000 | 0 | 0 | 0 | |
| 95379 | Knox Union Rescue Capital | 25,000 | 23,750 | 1,250 | 0 | (1,250) | (100.00%) |
| 95378 | Love Kitchen Capital | 0 | 10,000 | 0 | 0 | 0 | |
| 95335 | Mabry Hazen House Capital | 0 | 0 | 0 | 5,000 | 5,000 | |
| 95388 | Volunteer Ministries Capital | 0 | 20,000 | 0 | 0 | 0 | |
| 95327 | YMCA Capital | 200,000 | 200,000 | 210,000 | 200,000 | (10,000) | (4.76%) |
| Subtotal - Capital Grants | | <u>585,000</u> | <u>638,250</u> | <u>484,250</u> | <u>280,000</u> | <u>(204,250)</u> | <u>(40.85%)</u> |
| Grand Total | | <u>2,992,666</u> | <u>1,967,950</u> | <u>1,489,170</u> | <u>1,197,700</u> | <u>(291,470)</u> | <u>(19.57%)</u> |

City of Knoxville
GENERAL FUND TRANSFERS
Fiscal Year 2005/06

| Description | Budget FY 03/04 | Adopted FY 05/06 | Change 04/05 - 05/06 | Comment |
|--|--------------------|---------------------|-------------------------|--|
| Special Revenue Fund Transfer | 0 | 50,330 | 50,330 | Transfer for Senior Aides (see Fund 250) |
| Capital Projects Transfer | 11,101,170 | 8,481,750 | (2,619,420) | Capital Purchases (see Fund 401) |
| World's Fair Park Transfer | 1,651,500 | 1,288,380 | (363,120) | Subsidy for WFP operations (see Fund 506) |
| Chilhowee Park Transfer | 657,230 | 708,180 | 50,950 | Subsidy for Chilhowee Park operations (see Fund 503) |
| Auditorium/Coliseum Transfer | 948,000 | 1,004,740 | 56,740 | Subsidy for Coliseum (see Fund 503) |
| Convention Center Transfer | 3,393,820 | 2,449,870 | (943,950) | Support for Convention Center Operations (see Fund 506) |
| Trolley Transfer | 370,410 | 370,390 | (20) | Trolley operating subsidy (see Fund 507) |
| Mass Transit Transfer | 3,656,920 | 4,727,790 | 1,070,870 | KAT operating subsidy (see Fund 507) |
| Stormwater Transfer | 1,760,970 | 1,774,510 | 13,540 | Funding for Stormwater operations (see Fund 220) |
| Risk Management Transfer | 557,770 | 604,980 | 47,210 | Support administration of Risk Fund (see Fund 704) |
| Health Care Transfer | 1,640,820 | 347,890 | (1,292,930) | Support administration of Health Care Fund (see Fund 705) |
| City Inspections Transfer | 276,290 | 253,860 | (22,430) | Subsidy for City Inspections (see Fund 216) |
| Solid Waste Transfer | 9,169,700 | 9,525,600 | 355,900 | Funding for Solid Waste operations (see Fund 230) |
| Employer Subsidy - Retiree Health Care | 762,880 | 789,050 | 26,170 | Subsidy to offset a portion of retiree's health care costs |
| Community Improvement (202) Transfer | 90,000 | 90,000 | 0 | Transfer for community improvements (see Fund 202) |
| | <u>36,037,480</u> | <u>32,467,320</u> | <u>(3,570,160)</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, 2005, the long term debt of the City, excluding revenue supported debt of the Knoxville Utilities Board (KUB) and the Metropolitan Knoxville Airport Authority (MKA), equals \$248,886,240. As KUB and MKA 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.

The primary revenue to this fund comes from a property tax levy of 81¢. This levy is unchanged when compared to the FY 04/05. For FY 05/06, property tax is projected to yield approximately \$21.9 million. Also included in this fund are interest earnings of \$250,000. The Knoxville Community Development Corporation (KCDC) received a portion of the City's Series 2000-A bonds, since refunded, and is committed to repay the debt service on that portion. In FY 05/06 that amount is \$226,050.

TABLE 1

| Type of Debt | Principal Outstanding 6/30/05 | Principal Paid In FY 05/06 | Principal Outstanding 6/30/06 |
|----------------------|-------------------------------|----------------------------|-------------------------------|
| G.O. Bonds & Notes | \$92,650,000 | \$10,395,000 | \$82,255,000 |
| Other Debt | 1,346,240 | 61,310 | 1,284,930 |
| Enterprise Fund Debt | <u>154,890,000</u> | <u>3,415,000</u> | <u>151,475,000</u> |
| Total | <u>\$248,886,240</u> | <u>\$13,871,310</u> | <u>\$235,014,930</u> |

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 05/06, as well as a complete amortization schedule by year.

DEBT SERVICE SCHEDULE

Fiscal Year 2005/06

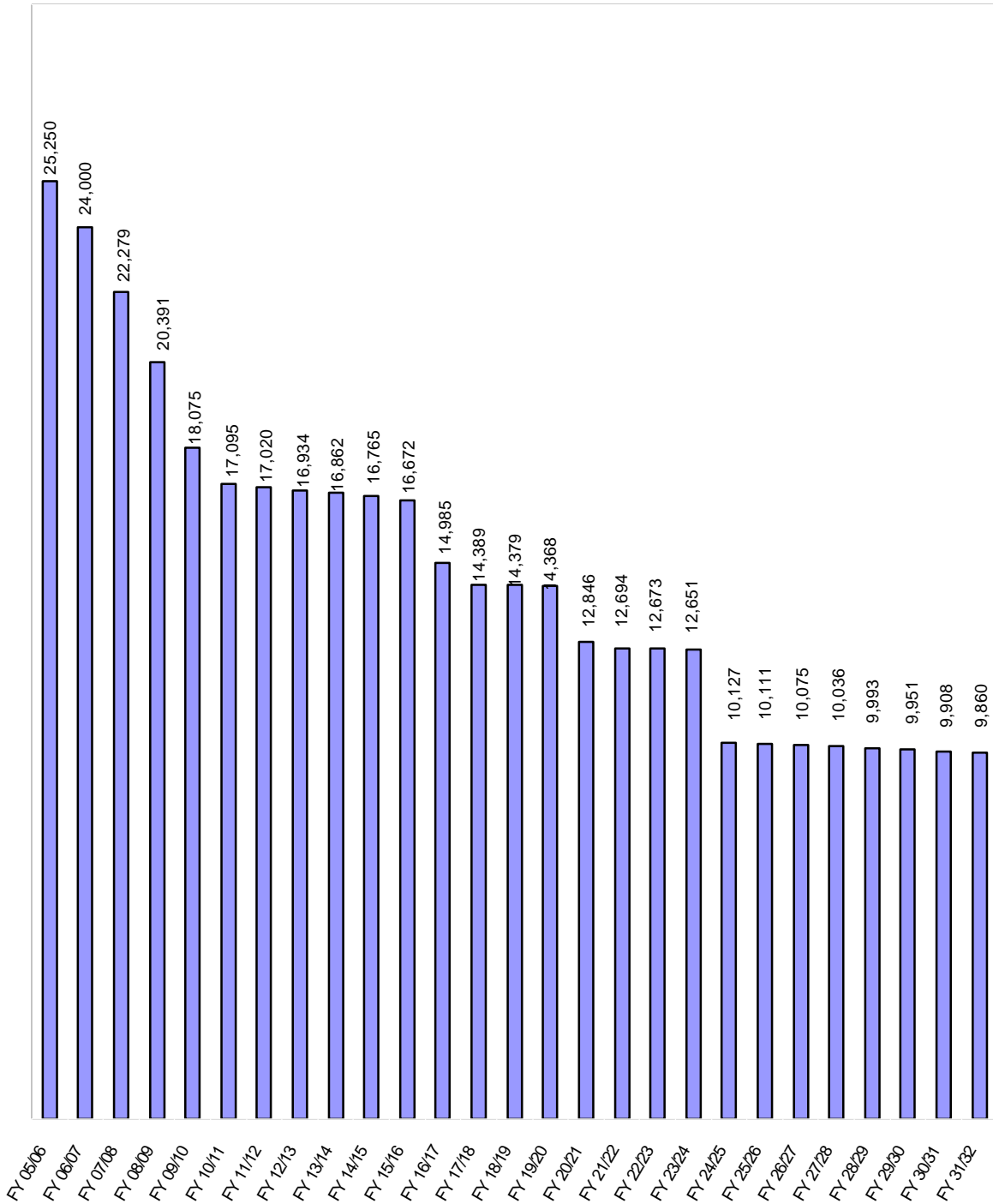
| Bond Issue | Final Maturity | Principal Balance 06/30/2005 | Principal Payable FY 05/06 | Interest Payable FY 05/06 | Total Payable FY 05/06 | Principal Balance 06/30/2006 |
|---------------------------------|----------------|------------------------------|----------------------------|---------------------------|------------------------|------------------------------|
| General Obligation Bonds | | | | | | |
| G.O. Series 2000 A | 05/20 | 2,265,000 | 715,000 | 113,250 | 828,250 | 1,550,000 |
| G.O. Series 2004 A | 05/24 | 32,860,000 | 1,190,000 | 1,416,860 | 2,606,860 | 31,670,000 |
| G.O. Refunding Series 2004 B | 05/17 | 43,800,000 | 8,405,000 | 2,053,500 | 10,458,500 | 35,395,000 |
| G.O. Refunding Series 2005 A | 05/20 | 13,725,000 | 85,000 | 611,820 | 696,820 | 13,640,000 |
| Subtotal - G.O. Bonds | | <u>92,650,000</u> | <u>10,395,000</u> | <u>4,195,430</u> | <u>14,590,430</u> | <u>82,255,000</u> |
| Other Debt | | | | | | |
| Knox County - 2002 | 06/21 | 1,346,240 | 61,310 | 69,460 | 130,770 | 1,284,930 |
| Subtotal - Other Debt | | <u>1,346,240</u> | <u>61,310</u> | <u>69,460</u> | <u>130,770</u> | <u>1,284,930</u> |
| Grand Total- Fund 305 | | <u>93,996,240</u> | <u>10,456,310</u> | <u>4,264,890</u> | <u>14,721,200</u> | <u>83,539,930</u> |
| Enterprise Fund Debt | | | | | | |
| Refunding Series 1999A | 05/08 | 1,195,000 | 395,000 | 48,390 | 443,390 | 800,000 |
| TN Loan - 1999 | 06/20 | 39,925,000 | 1,910,000 | 1,796,630 | 3,706,630 | 38,015,000 |
| G.O. Series 2002 A | 06/25 | 53,800,000 | 1,110,000 | 2,569,660 | 3,679,660 | 52,690,000 |
| TN Loan Variable Rate - 2002 | 06/32 | 59,970,000 | 0 | 2,698,650 | 2,698,650 | 59,970,000 |
| Subtotal - Enterprise Fund | | <u>154,890,000</u> | <u>3,415,000</u> | <u>7,113,330</u> | <u>10,528,330</u> | <u>151,475,000</u> |
| | | <u>248,886,240</u> | <u>13,871,310</u> | <u>11,378,220</u> | <u>25,249,530</u> | <u>235,014,930</u> |

City of Knoxville
Debt Amortization Schedule

Fiscal Years 2005/06 - 2031/32

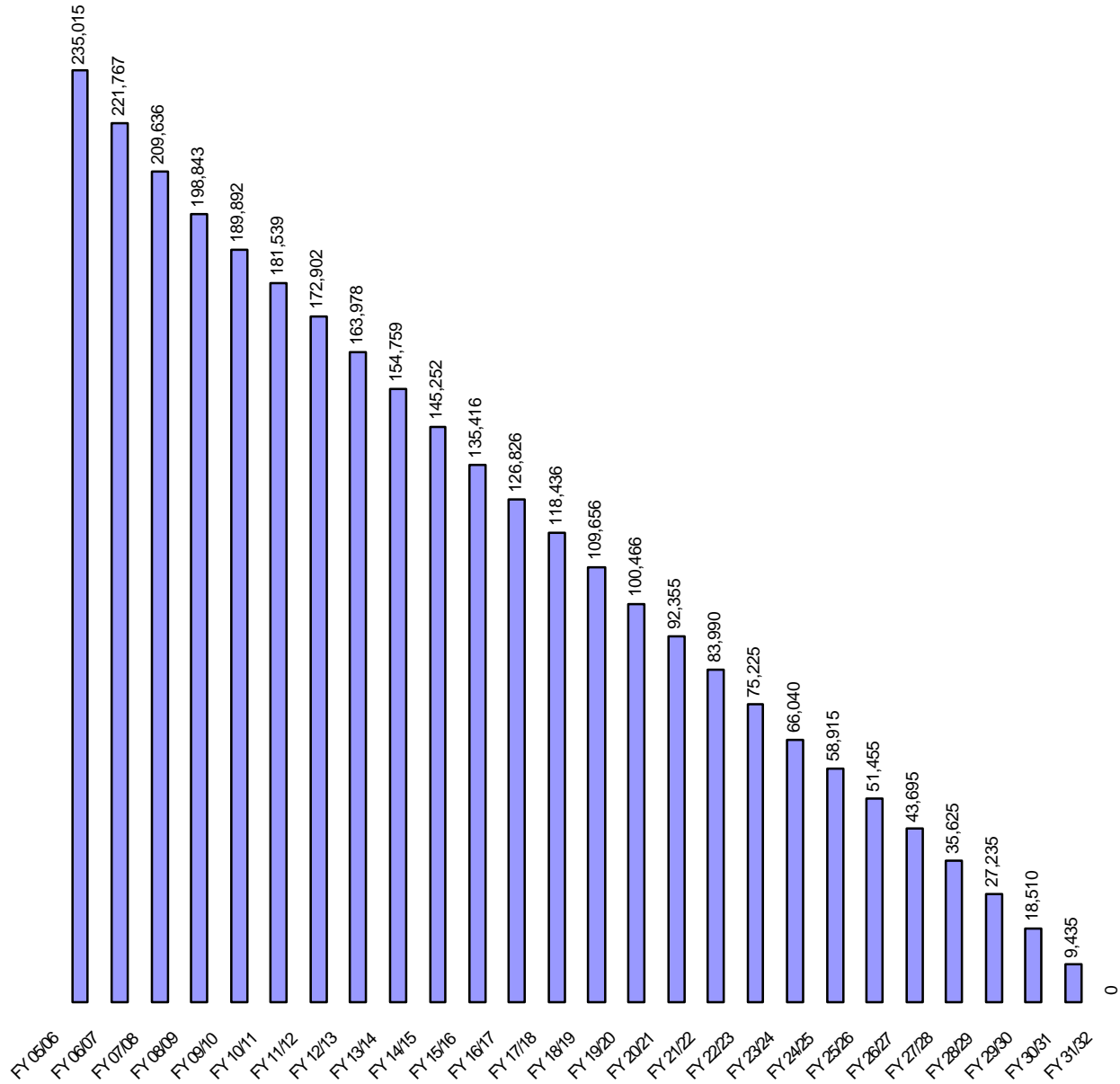
| Fiscal Year | G.O. Bonds P & I | Other Debt P & I | Enterprise P & I | Total P & I | Principal Balance EOY |
|----------------|---------------------|---------------------|---------------------|----------------|-----------------------------|
| 2006 | 14,590,430 | 130,770 | 10,528,330 | 25,249,530 | 235,014,930 |
| 2007 | 13,332,610 | 129,710 | 10,537,730 | 24,000,050 | 221,766,620 |
| 2008 | 11,660,680 | 128,500 | 10,489,950 | 22,279,130 | 209,636,030 |
| 2009 | 10,171,460 | 127,370 | 10,092,310 | 20,391,140 | 198,842,970 |
| 2010 | 7,853,970 | 126,360 | 10,094,190 | 18,074,520 | 189,892,340 |
| 2011 | 6,874,820 | 125,510 | 10,094,560 | 17,094,890 | 181,538,860 |
| 2012 | 6,799,440 | 124,510 | 10,096,530 | 17,020,480 | 172,902,340 |
| 2013 | 6,710,510 | 123,620 | 10,099,530 | 16,933,660 | 163,977,500 |
| 2014 | 6,641,540 | 122,950 | 10,097,990 | 16,862,480 | 154,759,140 |
| 2015 | 6,541,460 | 122,280 | 10,101,510 | 16,765,250 | 145,252,070 |
| 2016 | 6,445,440 | 121,920 | 10,104,670 | 16,672,030 | 135,416,010 |
| 2017 | 4,756,080 | 121,730 | 10,106,870 | 14,984,680 | 126,825,580 |
| 2018 | 4,159,370 | 121,520 | 10,108,350 | 14,389,240 | 118,435,590 |
| 2019 | 4,147,970 | 121,370 | 10,109,950 | 14,379,290 | 109,655,750 |
| 2020 | 4,131,360 | 121,360 | 10,115,280 | 14,368,000 | 100,465,680 |
| 2021 | 2,606,370 | 121,470 | 10,118,650 | 12,846,490 | 92,355,000 |
| 2022 | 2,577,910 | 0 | 10,115,900 | 12,693,810 | 83,990,000 |
| 2023 | 2,554,430 | 0 | 10,118,650 | 12,673,080 | 75,225,000 |
| 2024 | 2,535,320 | 0 | 10,115,900 | 12,651,220 | 66,040,000 |
| 2025 | 0 | 0 | 10,127,150 | 10,127,150 | 58,915,000 |
| 2026 | 0 | 0 | 10,111,180 | 10,111,180 | 51,455,000 |
| 2027 | 0 | 0 | 10,075,480 | 10,075,480 | 43,695,000 |
| 2028 | 0 | 0 | 10,036,280 | 10,036,280 | 35,625,000 |
| 2029 | 0 | 0 | 9,993,130 | 9,993,130 | 27,235,000 |
| 2030 | 0 | 0 | 9,950,580 | 9,950,580 | 18,510,000 |
| 2031 | 0 | 0 | 9,907,950 | 9,907,950 | 9,435,000 |
| 2032 | 0 | 0 | 9,859,580 | 9,859,580 | 0 |
| | 140,794,640 | 2,122,990 | 283,852,580 | 426,770,210 | |

Annual Debt Payments
FY 2005/06– 2031/32



All numbers in \$1,000's.

Remaining Debt Outstanding (End of Year)
FY 2005/06 – 2031/32



All numbers in \$1,000's.

CAPITAL IMPROVEMENTS BUDGET FOR FISCAL YEAR 05/06

| | FY 05/06 Budget Capital Fund | Funding Source |
|---|---------------------------------|---|
| Mayor's Office/Administration | | |
| 061101 South Waterfront Master Plan | 400,000 | General Fund Operating |
| 061102 One Stop Shop | 400,000 | General Fund Operating |
| 061103 Jackson Avenue Redevelopment Area | 525,000 | State Grant Funds |
| 061104 Drainage Master Plan Phase I | 150,000 | Appropriated Fund Balance, Capital Projects Fund |
| Finance and Accountability | | |
| 061201 Market Square Phase III - Cinema | 1,000,000 | General Fund Operating |
| Operations and Engineering | | |
| 021101 ADA Curb Cuts | 250,000 | State Street Aid |
| 033002 Sidewalk Safety Program | 200,000 | State Street Aid |
| 033102 TEA-21 Roadway Improvements | 3,250,000 | \$650,000 General Fund Operating; \$2,600,000 Federal Grant Funds |
| 033103 High Mast Pole Replacement | 200,000 | General Fund Operating |
| 053303 Citywide Traffic Calming Devices | 200,000 | General Fund Operating |
| 063301 Rehab Gay Street Bridge over Tn River | 750,000 | Appropriated Fund Balance, Capital Projects Fund |
| 063302 Gay Street Sidewalk - 100 Block | 62,000 | Appropriated Fund Balance, Capital Projects Fund |
| 063303 Dynaflect Machine and Density Gauge | 55,500 | Appropriated Fund Balance, Capital Projects Fund |
| 063304 Northeast Corridor Road Improvements | 400,000 | Appropriated Fund Balance, Capital Projects Fund |
| 063305 First Creek Improvements - Phase II Lower End | 1,000,000 | Knox County |
| 063306 Replacement of Church Street Viaduct | 540,000 | Appropriated Fund Balance, Capital Projects Fund |
| 063307 Citywide New Sidewalk Construction | 200,000 | General Fund Operating |
| 063308 Emily Avenue | 450,000 | General Fund Operating |
| 063371 State Street Parking Garage | 50,000 | Appropriated Fund Balance, Metro Parking Fund |
| 063501 Wash Bay Extensions | 200,000 | Appropriated Fund Balance, Capital Projects Fund |
| 063502 Fleet Management Software | 200,000 | Appropriated Fund Balance, Capital Projects Fund |
| 233001 Bridge Maintenance | 650,000 | State Street Aid |
| 532001 Citywide Resurfacing Program | 3,200,000 | General Fund Operating |
| 633005 Neighborhood Drainage Improvements | 250,000 | General Fund Operating |
| 733006 Traffic Signals | 175,000 | State Street Aid |
| Community and Neighborhood Services | | |
| 063101 Roof and HVAC Maintenance | 250,000 | General Fund Operating |
| 063701 Lonsdale Public Improvements | 200,000 | Community Development Block Grant |
| 063702 Center City Business Neighborhood | 100,000 | Community Development Block Grant |
| 063703 Burlington Public Improvements | 150,000 | Appropriated Fund Balance, Capital Projects Fund |
| 063704 Sidewalk Improvements within Parental Responsibility Zones | 200,000 | Community Development Block Grant |
| 064301 Lower Second Creek | 2,685,000 | \$137,000 General Fund Operating; \$2,548,000 State Grant Funds |
| 064302 Lonsdale Park Upgrades | 400,000 | \$200,000 General Fund Operating; \$200,000 State Grant Funds |
| 064303 Tennis Court and Ballfield Improvements | 200,000 | General Fund Operating |
| 064304 Skate Facility Within Tyson Park | 450,000 | \$250,000 Knox County; \$200,000 Appropriated Fund Balance, Capital |
| 064305 Love's Creek Greenway | 100,000 | Appropriated Fund Balance, Capital Projects Fund |
| 064306 Krutch Park/KPE Electrical Improvements | 20,000 | Appropriated Fund Balance, Capital Projects Fund |
| 066101 Downtown Transit Center | 5,232,500 | \$523,250 General Fund Operating; \$4,709,250 Federal Grant Funds |
| 066102 KAT Buses | 2,000,000 | \$200,000 General Fund Operating; \$1,600,000 Federal and \$200,000 State Grant Funds |
| Police | | |
| 062301 Crisis Negotiation Phone | 11,500 | General Fund Operating |
| 062302 In-Car Digital Video System | 700,000 | Appropriated Fund Balance, Capital Projects Fund |
| 062303 Laser Measuring Tool | 13,000 | Appropriated Fund Balance, Capital Projects Fund |
| 062304 Safety City Park Improvement | 400,000 | \$100,000 Knox County; \$200,000 Safety City Fund and \$100,000 Fund Balance, Capital |
| Fire | | |
| 062501 Thermal Imaging Cameras | 150,000 | Appropriated Fund Balance, Capital Projects Fund |
| 062502 KFD Station Exhaust Systems | 150,000 | \$37,500 Appropriated Fund Balance, Capital; \$112,500 Federal Grant Funds |
| Public Assembly Facilities | | |
| 065721 Auditorium Curtain Replacement | 25,000 | Appropriated Fund Balance, Capital Projects Fund |
| 065722 Renovation of Coliseum Sound System | 25,000 | Appropriated Fund Balance, Capital Projects Fund |
| 065723 Portable Seating | 80,000 | Appropriated Fund Balance, Capital Projects Fund |
| 065724 Half-House Curtain at Coliseum | 30,000 | Appropriated Fund Balance, Capital Projects Fund |
| 065725 Door Replacement at Coliseum | 50,000 | Appropriated Fund Balance, Capital Projects Fund |
| 065726 Kawasaki Mule for Coliseum | 7,500 | Appropriated Fund Balance, Capital Projects Fund |
| 065731 World's Fair Park Improvements Phase II | 1,827,600 | Debt Service Fund |
| 065741 Ornamental Fence at Chilhowee Park | 55,400 | Appropriated Fund Balance, Capital Projects Fund |
| City Court | | |
| 061601 ADA Improvements at City Court | 10,000 | General Fund Operating |
| Convention Center | | |
| 065751 Surveillance Camera | 50,000 | Appropriated Fund Balance, Capital Projects Fund |
| 065752 Window Film | 70,000 | Appropriated Fund Balance, Capital Projects Fund |
| 065753 Computer Upgrades | 10,000 | Appropriated Fund Balance, Capital Projects Fund |
| 065754 Combi-Oven | 12,000 | Appropriated Fund Balance, Capital Projects Fund |
| Knoxville Zoo | | |
| 065201 Knoxville Zoo | 750,000 | Bond Proceeds |
| TOTAL | \$31,172,000 | |

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