

# The City of Kingsport AARP Budget Glance

*Providing the Best Possible Services  
at the Lowest Possible Cost*

# Budget Overview

- Budget is balanced with no property tax increase. Last year was the lowest in 25 years and the fourth time in the City's history it has been below \$2.00.
- 1 cent property tax with FY10's projected assessed value is \$155,800.
- By increasing the operational money by \$380,000 for the schools, the maintenance of effort will increase from \$9M to \$9.4M.

# Area School Total Revenue

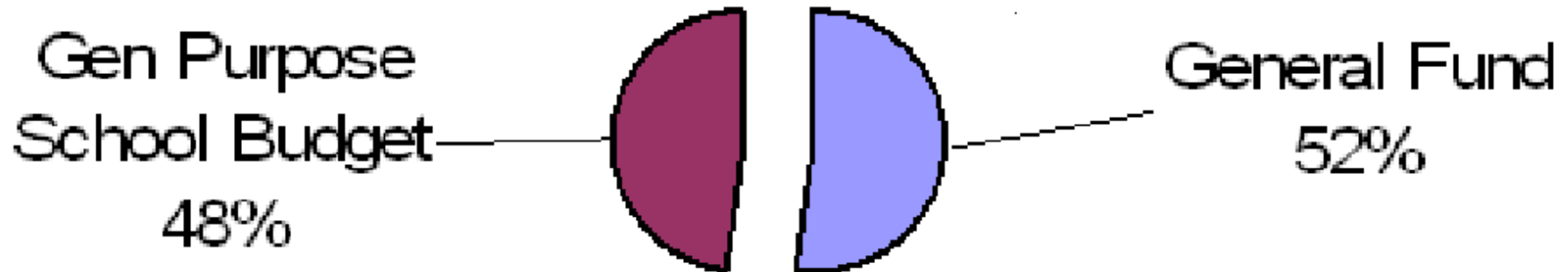
- All Receipts
  - Kingsport \$67,706,496
  - Johnson City 67,081,349
  - Oak Ridge 49,750,248
  - Alcoa 15,818,150
  - Maryville 46,965,787

## Per Pupil Expenditures Statewide

School	Students	Total Operating Budget	Per Pupil Expenditure
Oak Ridge	4,231	\$47,824,084	\$11,304
Franklin	4,588	\$42,618,778	\$11,877
Davidson	68,147	\$715,208,838	\$10,495
Memphis	99,966	\$1,039,000,610	\$10,394
Alcoa	1,569	\$15,951,630	\$10,167
Kingsport	6,039	\$59,284,494	\$9,816
Maryville	4,808	\$44,016,503	\$9,154

## General Fund & School Funds Combined

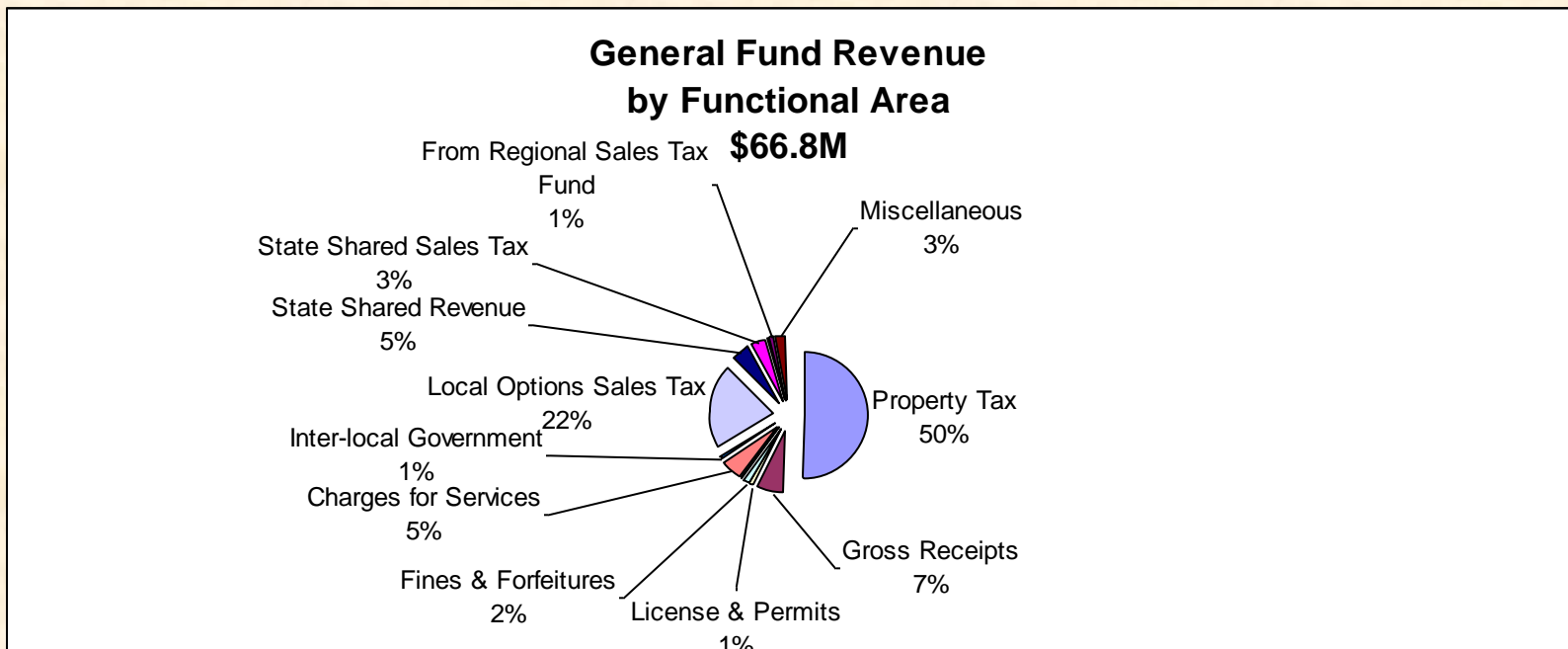
FY11 General Fund and School Fund  
Combined



# General Fund Revenue

- Major Revenues in the General Fund are:
- Property Tax - 50%
- Local Option Sales Tax – 22%
- State Shared Sales Tax – 3%
- Gross Receipts – 7%
- Charges for Service – 5%
- Other Revenue – 13%

# General Fund Revenue



# Special Programs

110-1005	Actual FY03	Actual FY04	Actual FY05	Actual FY06	Actual FY07	Actual FY08	Actual FY09	Budget FY10	Requested FY11	City Manager Approved FY11
Arts Guild	0	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Arts Council	5,000	5,000	5,000	5,000	5,000	7,000	7,000	7,000	7,000	7,000
Tourism Council	668,786	642,689	650,234	692,001	820,531	884,314	801,700	801,700	772,500	772,500
First TN Dev. District	1,687	1,687	1,687	1,687	1,687	3,183	3,200	3,200	3,200	3,200
Keep Kingsport Beautiful	22,200	25,600	25,600	25,600	25,600	25,600	25,600	25,600	42,000	42,000
KHRA Lincoln St. Property	0	0	0	0	200,000	75,000	200,000	200,000	200,000	200,000
KHRA Redevelopment <sup>2</sup>	45,000	66,000	45,000	45,000	94,001	60,000	63,800	63,800	63,800	63,800
Downtown Kingsport <sup>3</sup>	40,000	40,000	40,000	114,175	40,000	51,752	40,000	0	105,000	75,000
Kingsport Tomorrow	18,000	19,700	19,700	19,700	19,700	23,000	23,000	23,000	25,000	23,000
First TN Human Resouces	10,850	10,900	8,175	13,625	5,450	16,350	10,900	10,900	10,900	10,900
KOSBE (Chamber of Commerce)	300,000	300,000	85,000	85,000	160,000	110,000	110,000	110,000	110,000	110,000
NETWORKS	0	0	215,140	215,140	215,200	217,450	224,200	215,200	215,200	215,200
Children's Advocacy Center	5,910	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Educate & Grow	700	700	356	3,156	3,737	0	20,000	7,000	10,000	10,000
3rd Year Educate & Grow	0	0	0	0	0	0	0	10,000	10,000	10,000
GED Program Sullivan Co.	0	0	0	0	0	0	0	13,000	13,000	13,000
Symphony of the Mountains	2,000	2,000	2,000	2,000	2,000	3,000	5,000	5,000	7,500	5,000
Holston Business Group Incubator	60,000	60,000	60,000	60,000	60,000	50,000	50,000	30,000	30,000	30,000
Humane Society	34,000	34,000	34,000	34,000	34,000	36,000	36,000	36,000	36,000	36,000
Kingsport Theatre Guild	3,000	3,000	3,000	3,000	3,000	5,000	5,000	5,000	5,000	5,000
Concert Series <sup>1</sup>	0	0	0	0	0	40,000	70,000	70,000	75,000	75,000
Move to Kingsport.Com (K-Home)	0	0	0	0	25,000	45,000	45,000	55,000	55,000	55,000
Kingsport Ballet	0	0	0	0	0	5,000	5,000	5,000	7,000	5,000
KEDB (Pavilion) <sup>4</sup>	0	0	0	0	0	0	300,000	474,500	399,500	399,500
<b>Total</b>	<b>1,217,133</b>	<b>1,217,176</b>	<b>1,202,792</b>	<b>1,326,984</b>	<b>1,722,806</b>	<b>1,665,549</b>	<b>2,053,300</b>	<b>2,178,800</b>	<b>2,210,500</b>	<b>2,174,000</b>

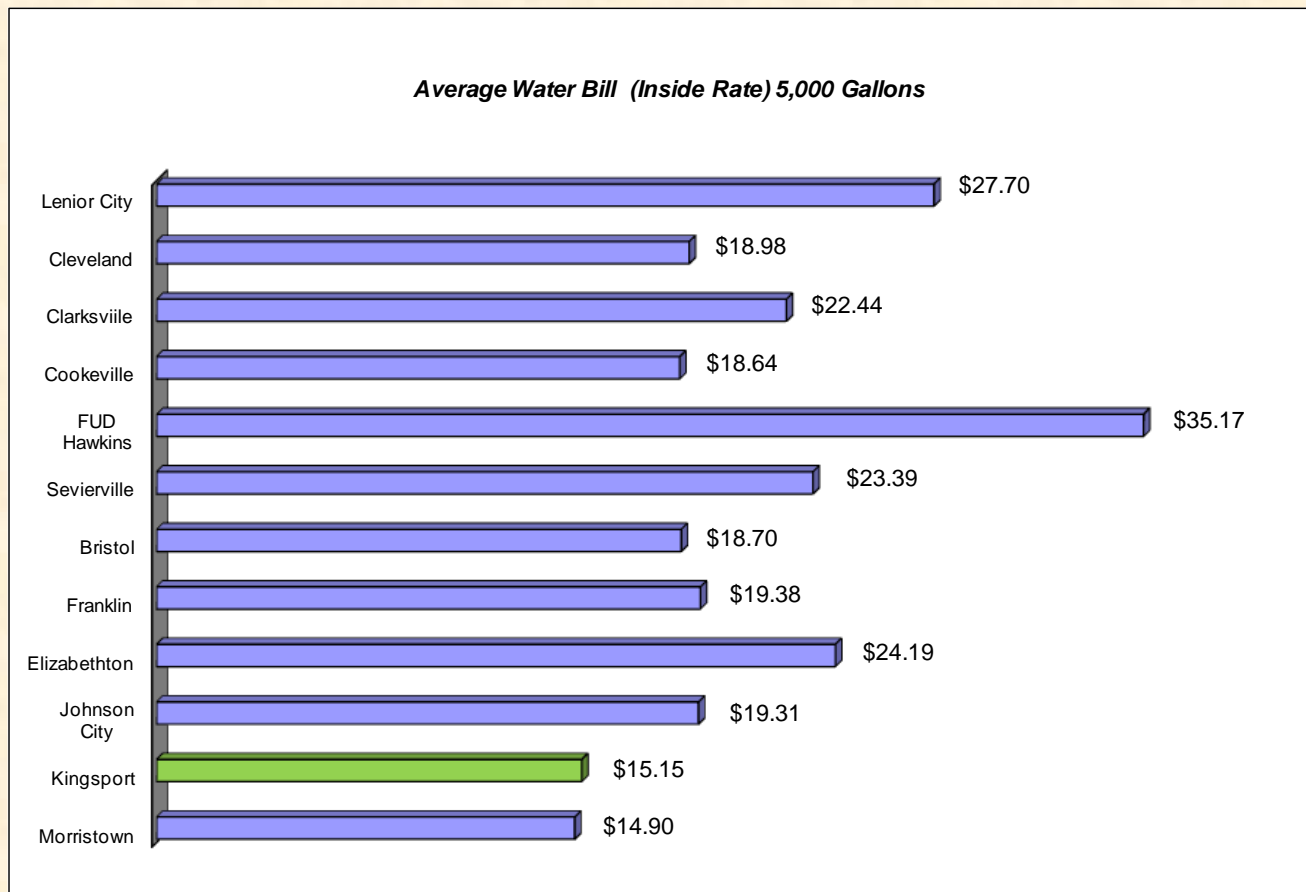
1. The City has contributed \$75,000 to the Downtown Concert Series in May 2007, \$40,000 July 1, 1007, \$70,000 for FY09 and budgeted \$70,000 for FY10 to the Chamber.
2. KHRA- In FY07 we funded an additional \$50,000 for the Economic Research Associates Study.
3. Funded Downtown Kingsport an additional \$72,900 in FY06 for the summer concert series.
4. KEDB includes \$300,000 for the original Pavilion contract, additional \$75,000 for an additional business, \$30,000 for marketing and interest payment of \$69,500 for FY10. FY11 budget includes \$369,500 for the Pavilion contract and interest payments and \$30,000 for marketing .
5. No new request will be considered.



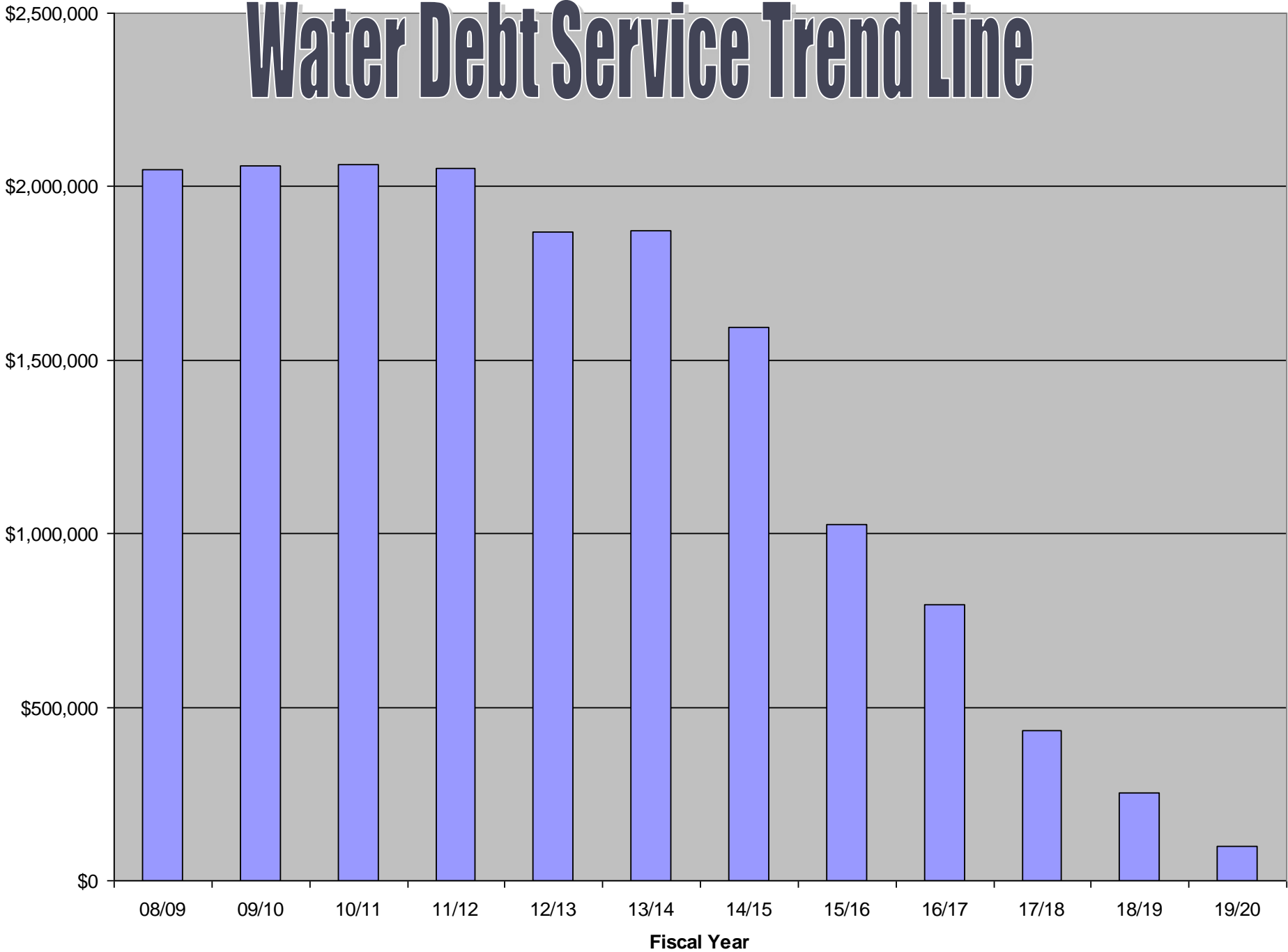
# Water Fund Revenue

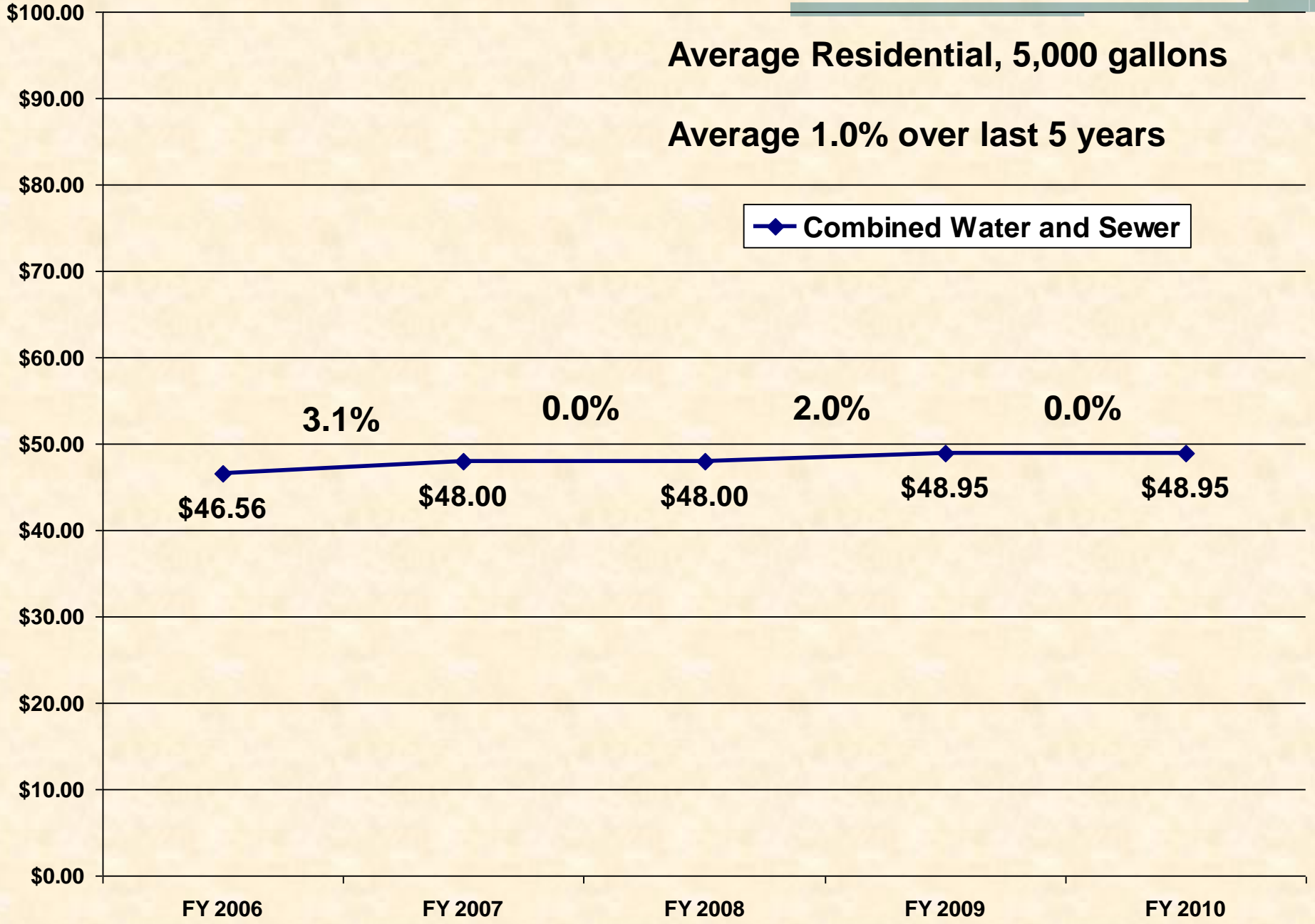
- **Revenue**
- No inside city water rate increase.
- We see revenue in total moving from \$14,018,600 to \$13,500,300
- The major revenues are listed below:
- Water Sales      \$11,934,000
- Tap Fees              \$ 250,000
- The water revenue is down due to weather change and economy. A 2% increase to the inside rates is recommended. This will generate \$108,000 in revenue.

# Average Water Bill - Inside Rate



# Water Debt Service Trend Line

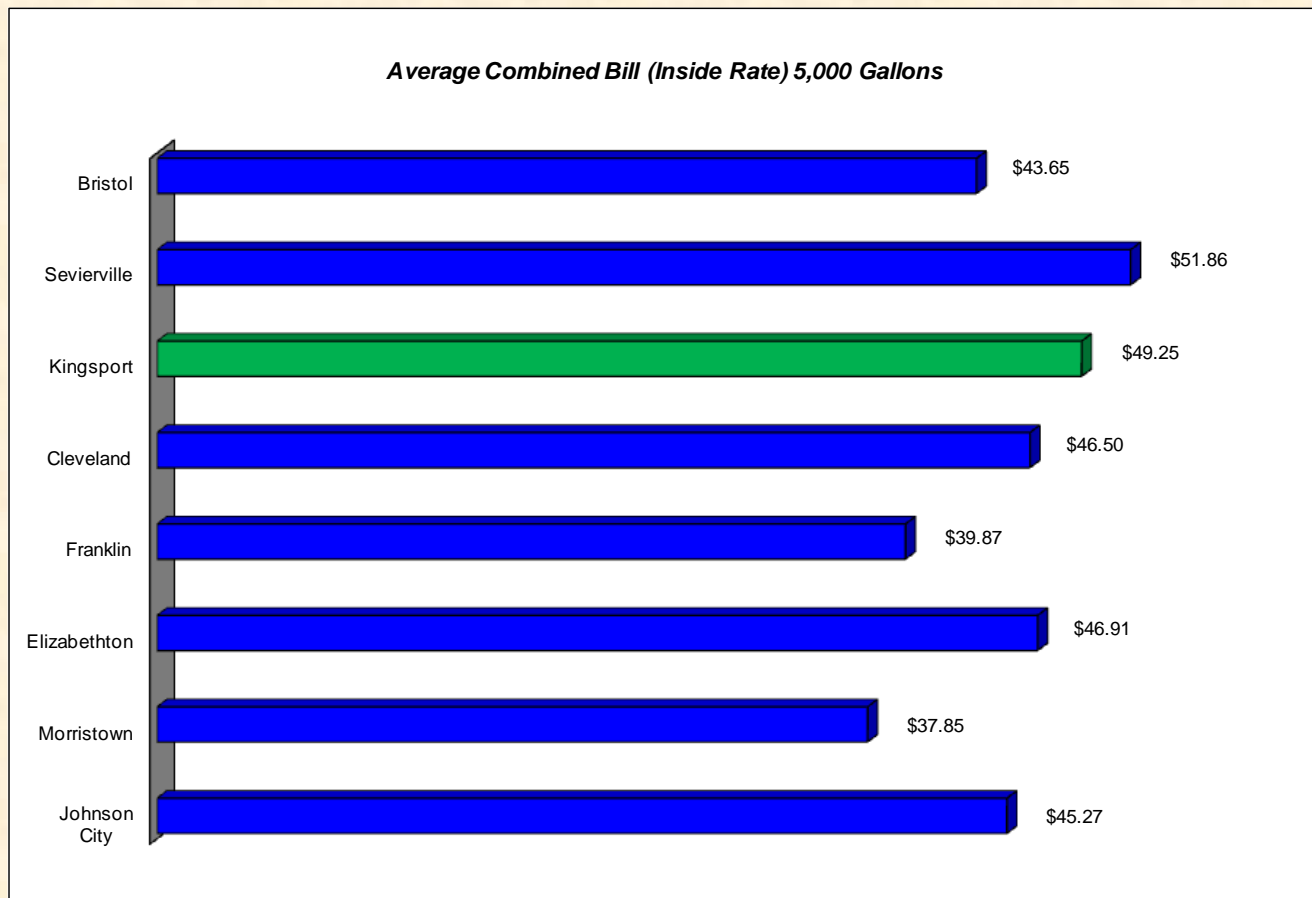




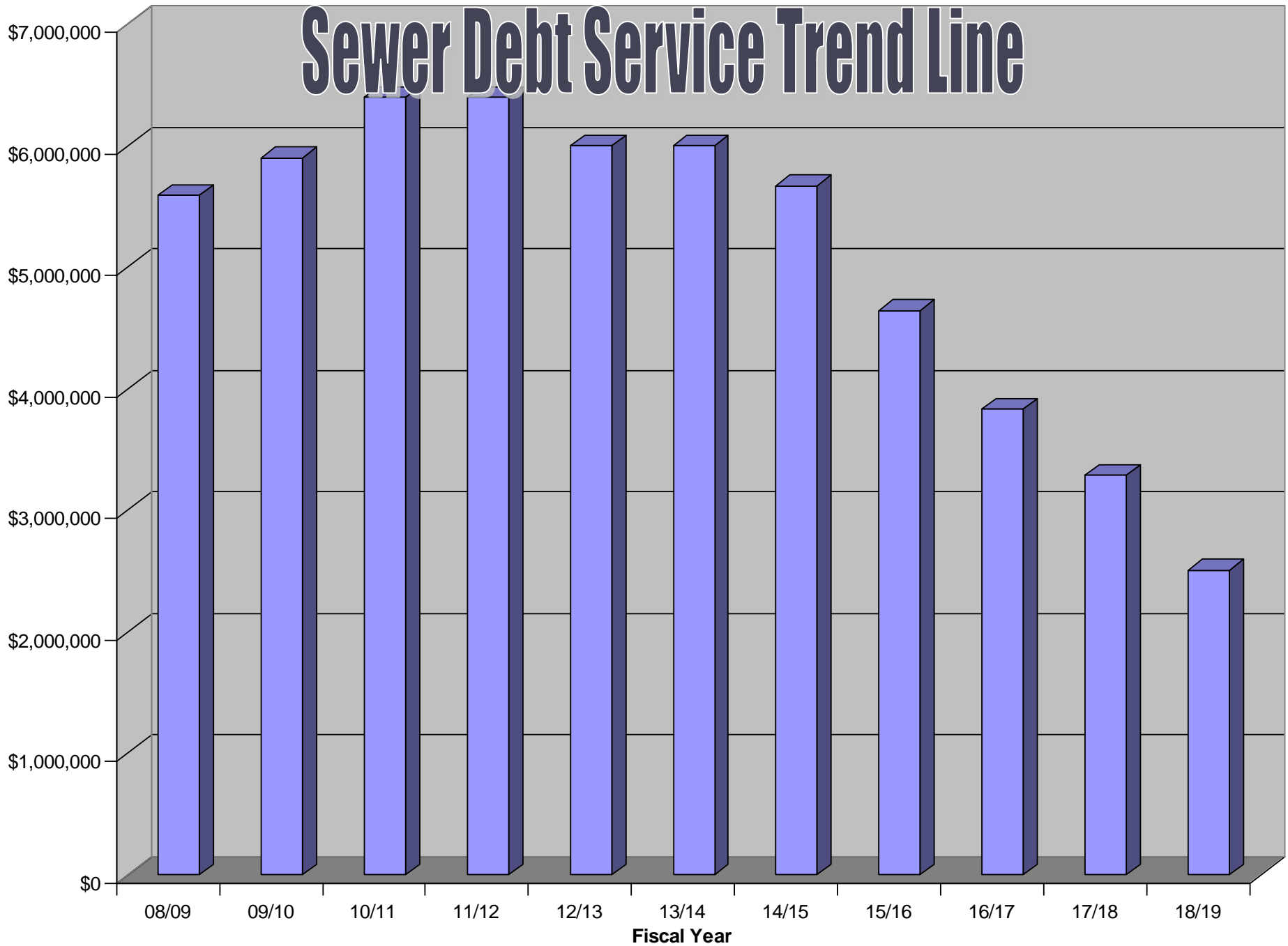
# Sewer Fund

- **Sewer Fund**
- **Revenue**
- No inside city sewer rate increase
- We see revenue in total moving from \$13,612,300 to \$13,045,500.
  
- The major revenues are listed below:
- Sewer Sales \$12,136,200
- Tap Fees 220,000
- Other Revenue 689,300
- Total \$13,045,500
- Proposed Sewer rate increase outside city is 6% which will generate approximately \$98,800 in additional revenue.

# Average Combined Bill (Inside Rate)

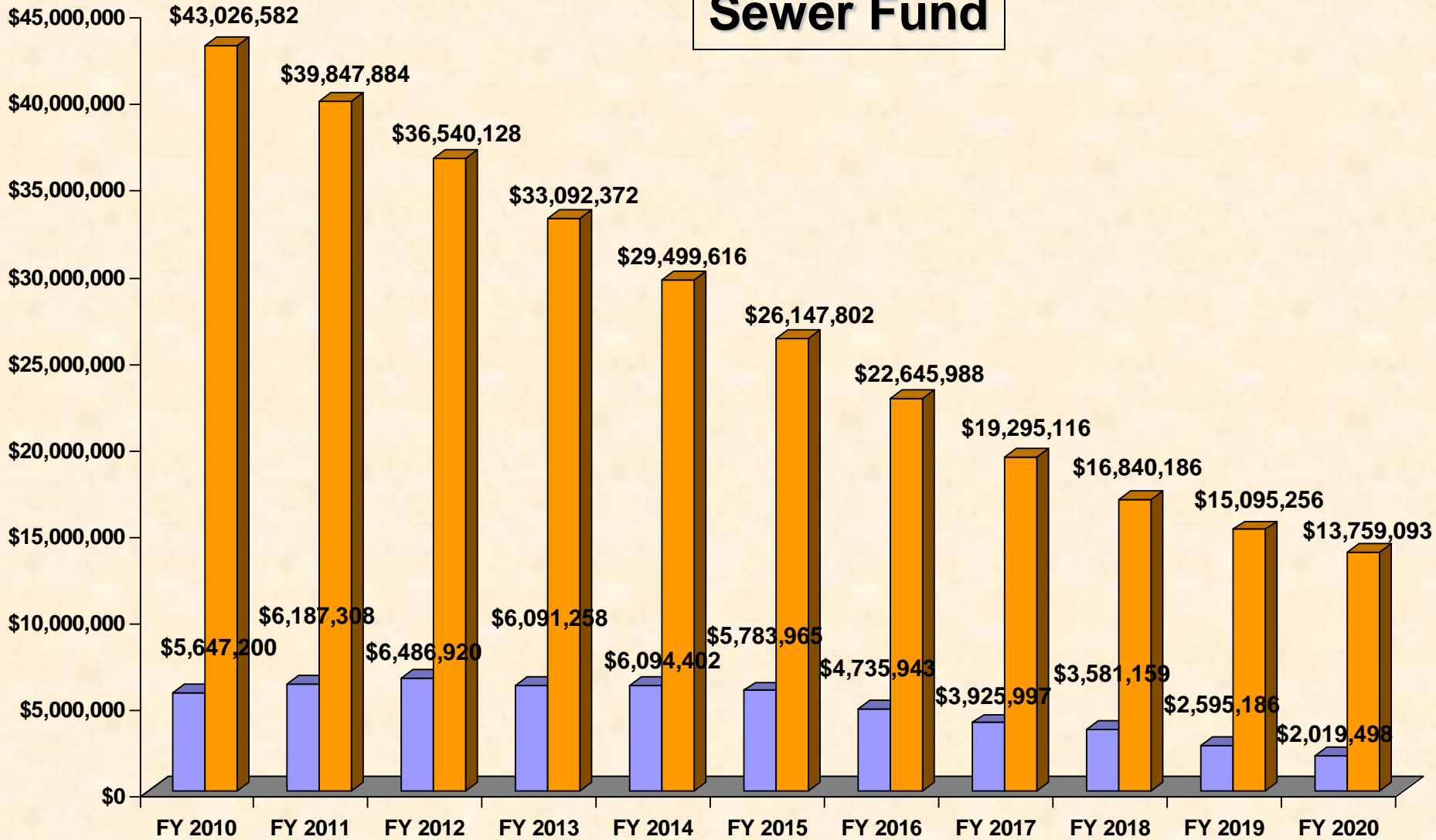


# Sewer Debt Service Trend Line



Annual Debt Service (Existing) Outstanding Debt

# Sewer Fund





**The City of Kingsport has the  
Highest Bond Ratings  
in City History**

MOODY's

Aa2

S&P

AA-

## Total Debt & General Fund Debt

- *General Fund Debt for FY10 –*  
\$103,984,542
- *General Fund Debt for FY11 -*  
\$98,648,088
- *Total Debt for FY10 – \$215,791,393*
- *Total Debt for FY11 - \$206,399,987*

# Total Debt FY07-FY14

## With Proposed Debt for Five Year CIP Plan

- FY10-FY14 includes the proposed debt for the City Manager recommended CIP plan. The CIP Plan was presented to the BMA in February.

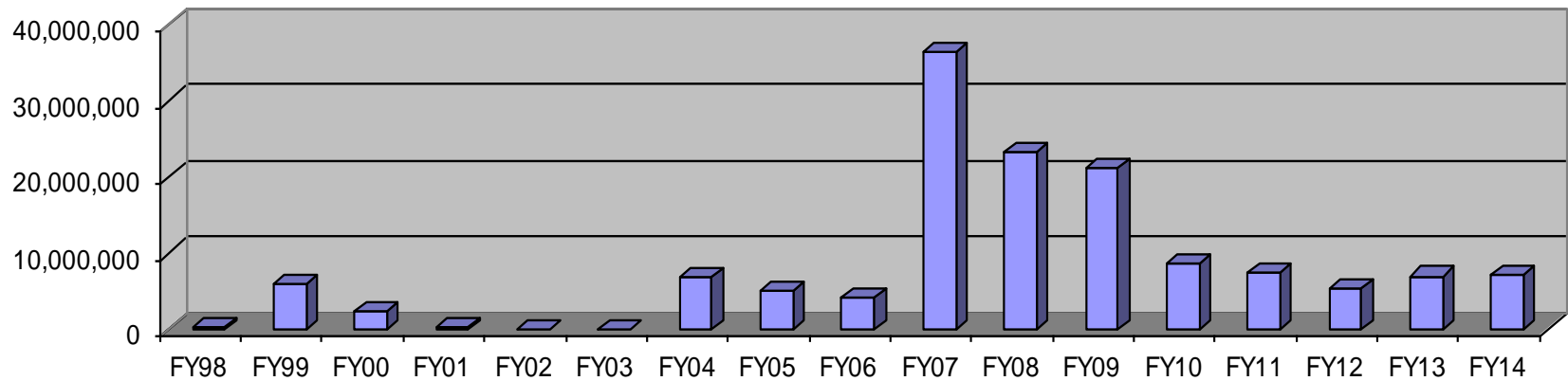
	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
<b>General Fund</b>	74,258,457	80,711,674	92,672,772	94,731,841	94,009,122	90,317,006	88,829,565	87,439,568
<b>Other Funds</b>								
Solid Waste	383,750	362,500	340,625	318,125	294,375	269,375	244,375	218,125
Convention Center	2,045,000	0	15,180,000	15,180,000	14,595,000	13,995,000	13,380,000	12,750,000
Cattails Golf Course	2,825,000	2,340,000	1,829,500	1,290,500	722,000	617,000	507,000	390,000
Acquatic Center	0	0	0	0	15,000,000	14,521,858	14,022,199	13,500,056
Water	14,934,398	14,720,409	23,047,082	22,143,162	22,264,802	22,336,093	18,689,245	17,295,401
Sewer	34,619,395	35,825,656	40,511,075	50,101,695	47,202,930	45,593,698	45,034,524	39,948,578
<b>Total All Funds</b>	<b>129,066,000</b>	<b>133,960,239</b>	<b>173,581,054</b>	<b>183,765,323</b>	<b>194,088,229</b>	<b>187,650,030</b>	<b>180,706,908</b>	<b>171,541,728</b>

## Water and Sewer Debt Service

- Water Debt is serviced by 37,600 locations (21,700 inside City and 15,900 outside the City).
- Sewer Debt is serviced by 22,600 locations (20,600 inside the City and 2,000 outside the City).

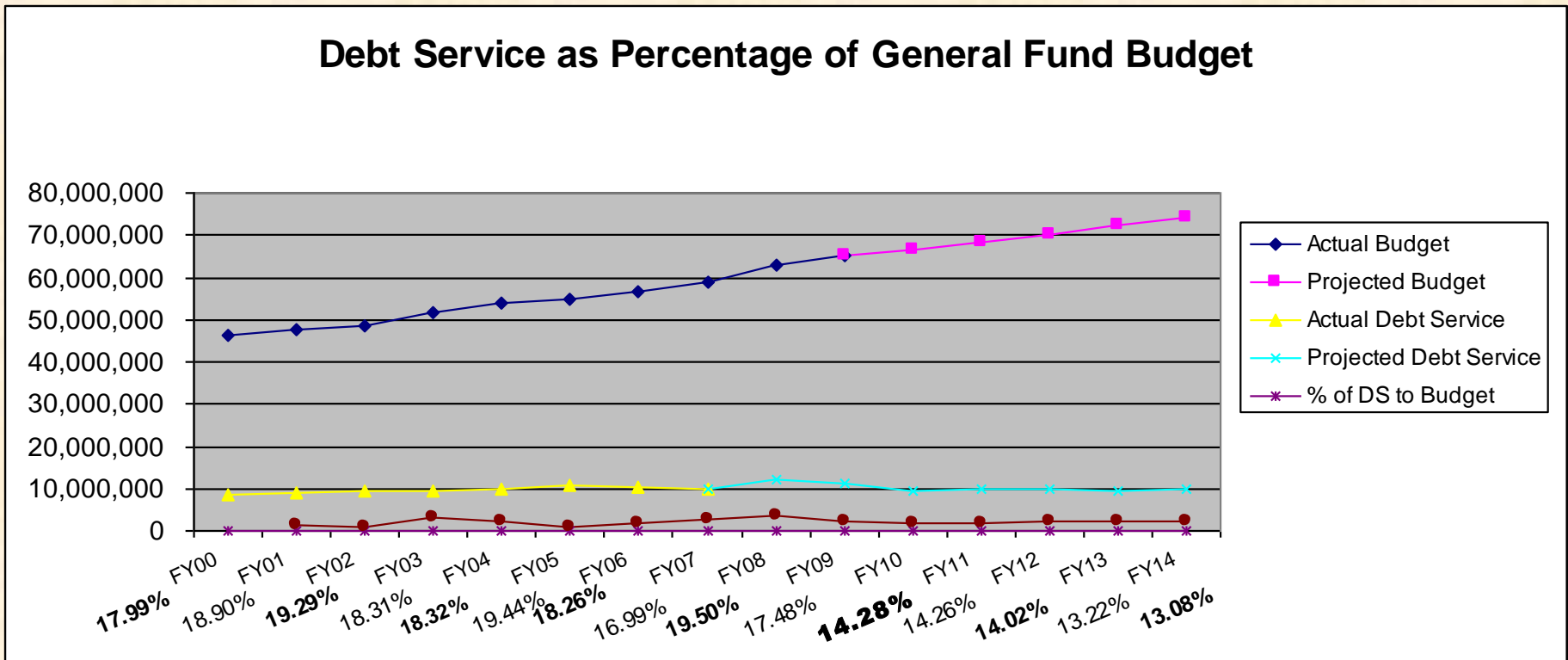
# Seventeen Year History of Funded General Fund Projects

General Fund Projects  
FY98-FY14



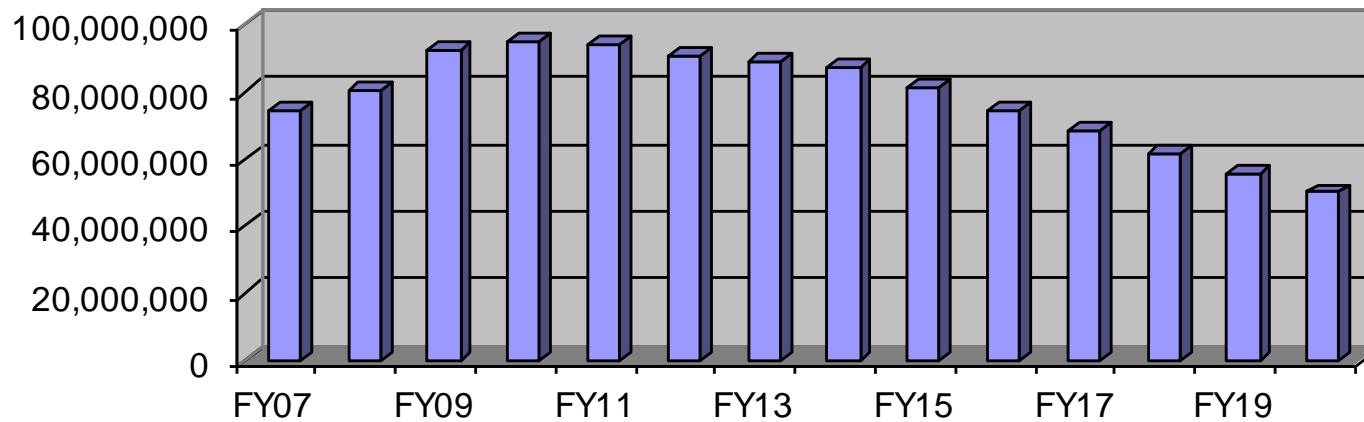
# Debt Service as Percentage of General Fund Budget

## Debt Service as Percentage of General Fund Budget



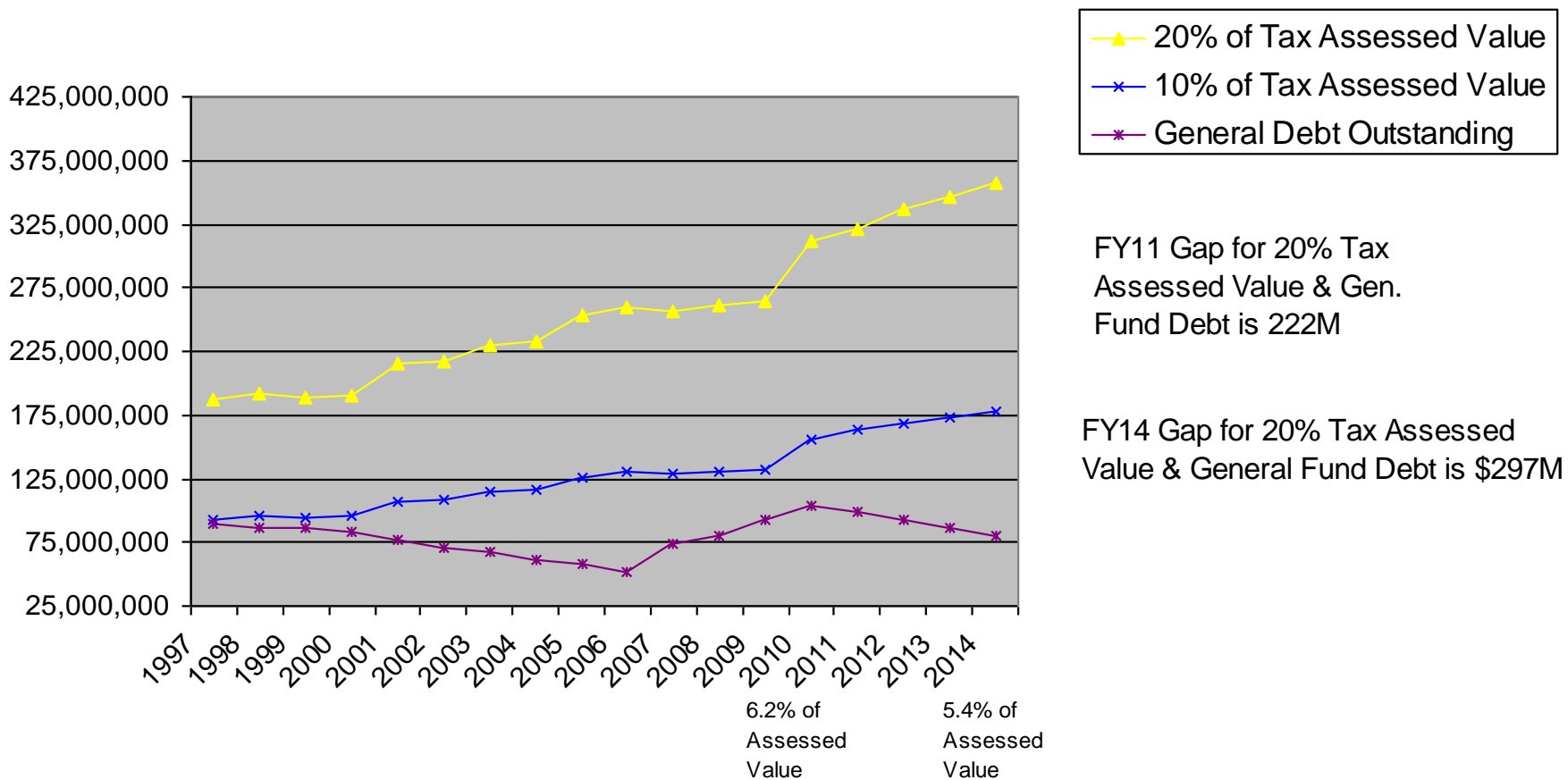
# General Fund Debt

**General Fund Debt Debt Service Trend Line  
FY07-FY20**



# Percentage of Taxable Assessed Value & Allowable General Fund Debt

Percentage of Taxable Assessed Value & Allowable General Fund Debt 1997-2014  
(Projected 2010 Through 2014)





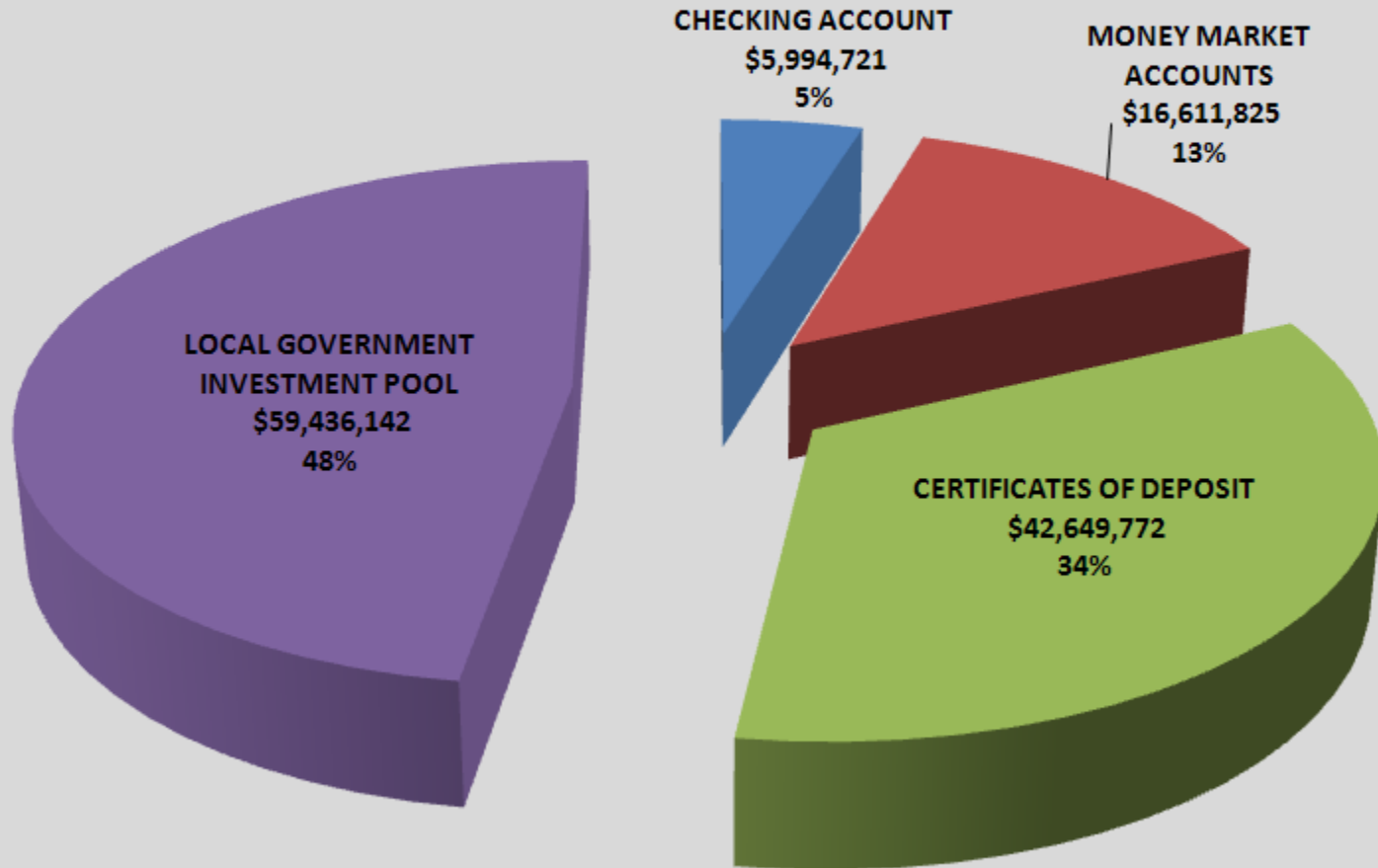
## CASH AND INVESTMENTS BY TYPE AT MAY 31, 2010

■ CHECKING ACCOUNT

■ MONEY MARKET ACCOUNTS

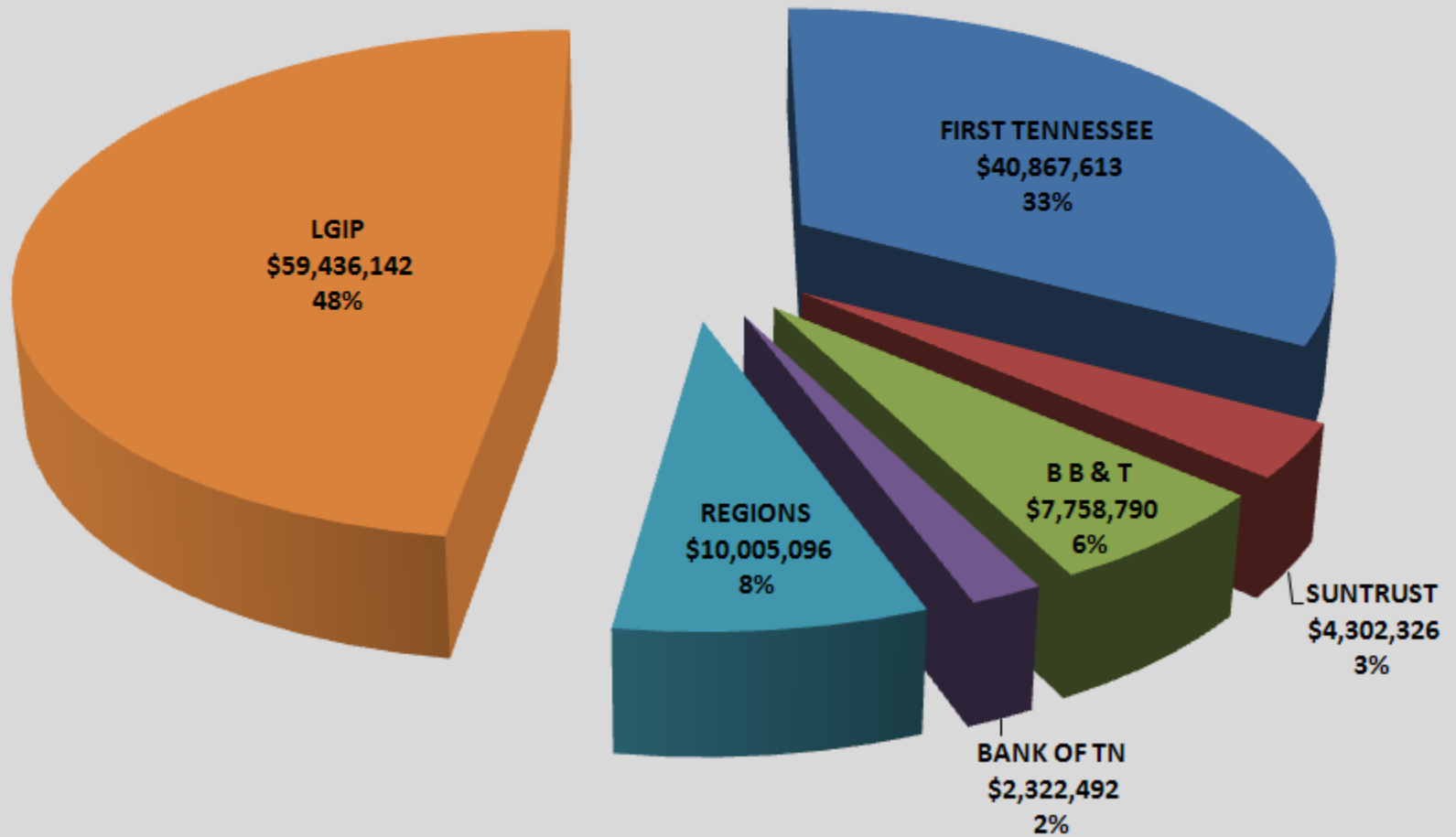
■ CERTIFICATES OF DEPOSIT

■ LOCAL GOVERNMENT INVESTMENT POOL



## CASH AND INVESTMENTS BY BANK AT MAY 31, 2010

■ FIRST TENNESSEE ■ SUNTRUST ■ B B & T ■ BANK OF TN ■ REGIONS ■ LGIP



# Tax Rate History

<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Fiscal Year</b>	<b>Tax Rate</b>
1917	\$2.25	1940	\$2.15	1963	\$2.50	1986	\$2.00
1918	\$3.00	1941	\$2.25	1964	\$2.60	1987	\$2.00
1919	\$3.00	1942	\$2.25	1965	\$3.00	1988	\$2.00
1920	\$1.50	1943	\$2.25	1966	\$2.80	1989	\$2.00
1921	\$2.25	1944	\$2.25	1967	\$2.80	1990	\$2.14
1922	\$2.25	1945	\$2.25	1968	\$3.10	1991	\$2.35
1923	\$2.75	1946	\$2.50	1969	\$3.10	1992	\$2.35
1924	\$2.75	1947	\$2.50	1970	\$3.10	1993	\$2.35
1925	\$2.40	1948	\$2.50	1971	\$2.60	1994	\$2.06
1926	\$2.40	1949	\$2.50	1972	\$2.40	1995	\$2.21
1927	\$2.40	1950	\$2.50	1973	\$2.25	1996	\$2.31
1928	\$2.40	1951	\$2.50	1974	\$2.25	1997	\$2.51
1929	\$2.05	1952	\$2.50	1975	\$2.50	1998	\$2.30
1930	\$2.20	1953	\$2.50	1976	\$2.50	1999	\$2.39
1931	\$2.20	1954	\$2.50	1977	\$2.30	2000	\$2.39
1932	\$2.15	1955	\$2.50	1978	\$2.40	2001	\$2.39
1933	\$2.10	1956	\$2.50	1979	\$2.55	2002	\$2.22
1934	\$2.10	1957	\$2.50	1980	\$2.55	2003	\$2.29
1935	\$2.10	1958	\$2.50	1981	\$2.65	2004	\$2.29
1936	\$2.15	1959	\$2.50	1982	\$2.80	2005	\$2.29
1937	\$2.15	1960	\$2.50	1983	\$2.80	2006	\$2.26
1938	\$2.15	1961	\$2.50	1984	\$1.91	2007	\$2.26
1939	\$2.15	1962	\$2.50	1985	\$2.00	2008	\$2.30

# Regional Sales Tax Fund

## Regional Sales Tax Revenue

We see revenue in total moving to \$3,156,000.

- The major revenues are listed below:
- Local Option Sales Tax \$3,156,000
- Interest Earnings 30,000
- Fund Balance 860,800
- Total **\$4,046,800**

# Meadowview Fund

Revenue	Beginning Balance	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY118	FY19	FY20
Regional Sales Tax	902,000	3,242,697	3,339,978	3,506,977	3,664,791	3,811,382	3,925,724	4,043,496	4,164,801	4,289,745	4,418,437	4,550,990	4,687,520
Interest Income	0	26,000	26,000	26,000	27,000	27,000	28,000	29,000	30,000	30,000	31,000	32,000	32,000
<b>Total Revenue</b>	<b>902,000</b>	<b>3,268,697</b>	<b>3,365,978</b>	<b>3,532,977</b>	<b>3,691,791</b>	<b>3,838,382</b>	<b>3,953,724</b>	<b>4,072,496</b>	<b>4,194,801</b>	<b>4,319,745</b>	<b>4,449,437</b>	<b>4,582,990</b>	<b>4,719,520</b>

Expenditures	Beginning Balance	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY118	FY19	FY20
General Fund													
Payback	0	800,000	804,400	804,400	804,400	804,400	500,000	300,000	0	0	0	0	0
Golf Course Debt <sup>1</sup>	0	501,660	499,900	497,700	0	0	0	0	0	0	0	0	0
Golf Course Debt <sup>2</sup>	0	140,300	148,900	148,300	148,300	147,000	147,400	145,400	146,000	145,200	0	0	0
Golf Maintenance Facility	0	0	200,000	0	0	0	0	0	0	0	0	0	0
FFE	0	280,000	290,000	276,000	257,000	300,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Conference Center Improvements		500,000											
Subsidy	0	280,000	150,000	100,000	0	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>2,501,960</b>	<b>2,093,200</b>	<b>1,826,400</b>	<b>1,209,700</b>	<b>1,251,400</b>	<b>1,297,400</b>	<b>1,095,400</b>	<b>796,000</b>	<b>795,200</b>	<b>650,000</b>	<b>650,000</b>	<b>650,000</b>

**Cumulative Total**    **902,000**    **1,668,737**    **2,941,515**    **4,648,092**    **7,130,183**    **9,717,165**    **12,373,489**    **15,350,585**    **18,749,386**    **22,273,931**    **26,073,368**    **30,006,358**    **34,075,878**

Conference Center Improvements	0	0	800,000	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000
Exhibit Hall C	0	0	0	0	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Aquatic Center	0	0	0	800,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000	1,280,000
<b>Cumulative Total</b>	<b>902,000</b>	<b>1,668,737</b>	<b>2,141,515</b>	<b>1,668,092</b>	<b>1,290,183</b>	<b>1,017,165</b>	<b>813,489</b>	<b>930,585</b>	<b>1,469,386</b>	<b>2,133,931</b>	<b>3,073,368</b>	<b>4,146,358</b>	<b>5,355,878</b>

Room Surcharge<sup>1</sup>:                    107,800    118,580    130,438    136,960    141,069    143,890    148,207    152,653    154,180    155,721    157,278    158,850

1. The Room Surcharge revenue is not included in the numbers above.

# Solid Waste Fund

## Solid Waste Fund

### Revenue

- We see revenue moving from \$3,967,300 to \$4,165,300.
- The major revenues are listed below:
- Landfill Tipping Fee \$ 537,500
- Refuse Collection Charges \$ 90,000
- Back Door Collection Fees \$ 22,500
- Recycling Proceeds \$ 33,500
- Other Revenue \$ 181,800
- Solid Waste Fund Balance \$ 200,000
- General Fund Transfer \$3,100,000
- Total \$4,165,300

## Solid Waste Fund

- The Solid Waste Fund is subsidized by the General Fund by approximately 85%.
- We are the only City in the Quad Cities that doesn't have a Solid Waste Fee.
- We are raising Landfill Tipping fees by \$1.50. The current rate is \$30.50 and the new rate will be \$32.00.
- The fee increase will generate approximately \$128,000 additional revenue.

# Fleet Fund

## Fleet Fund Revenue

- We see revenue moving from \$8,919,518 to \$8,916,900.
- The major revenues are listed below:
- Transfers from Other Funds:
- Vehicle Expense \$3,777,200
- Vehicle Insurance \$ 109,800
- Depreciation Recovery \$1,604,500
- Other Revenue \$ 67,000
- Fund Balance Appropriations \$3,358,400
- Total **\$8,916,900**



# Risk Fund

## Risk Insurance

### Revenues

- We see revenue moving from \$2,235,300 to \$2,572,300.
- The major revenues are listed below:
- Transfer from other Funds
- Workers Comp Ins \$ 1,290,000
- Unemployment Ins \$ 58,900
- Liability Ins \$ 400,000
- Risk Administration \$ 789,300
- Other Revenue \$ 34,100
- Total \$ **2,572,300**

# Health Insurance Fund

## Health Insurance Fund

### Revenue

- We see revenue moving from \$6,017,900 to \$6,307,700.
- The retiree insurance was moved to a separate fund.
- Increase in Health Insurance is 7% .
- The major revenues are listed below:
- **City Contributions:**
- City Employees \$4,328,200
- **Employee Contributions:**
- City Employees \$ 1,660,000
- Fund Balance Appropriations \$ 300,000
- Earnings on Investment \$ 19,500
- Total **\$ 6,307,700**
- There will be some recommendations before July 1 that may change these numbers.

# Retiree Insurance Fund

## Retiree Insurance Fund

### Revenue

- This is a new fund created to fund the retiree health insurance and satisfy OPEB requirements.
- The major revenues are listed below:

- **City Contributions:**

- Retirees \$ 1,170,200

### **Employee Contributions:**

- Retirees \$ 294,900
- Earnings on Investment \$ 1,600
- Fund Balance Appropriation \$ 2,400
- Total \$ **1,469,100**

# State Street Aid Fund

## State Street Aid Fund

### Revenues

- We see revenue moving from 2,488,545 to \$2,240,100.
- The major revenues consists are listed below:
- Gasoline and motor fuel tax \$1,200,000
- From the General Fund \$ 960,100
- Fund Balance Appropriation \$ 80,000
- Total **\$2,240,100**