

**ORDINANCE NO. \_\_\_\_\_**

AN ORDINANCE OF THE CITY OF KINGSPORT, TENNESSEE, ADOPTING A FINAL WATER BUDGET AND APPROPRIATING FUNDS FOR THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024, AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

WHEREAS, Tennessee Code Annotated § 9-1-116 requires that all funds of the State of Tennessee and all its political subdivisions shall first be appropriated before being expended and that only funds that are available shall be appropriated; and

WHEREAS, the Municipal Budget Law of 1982 requires that the governing body of each municipality adopt and operate under an annual budget ordinance presenting a financial plan with at least the information required by that state statute, that no municipality may expend any moneys regardless of the source except in accordance with a budget ordinance and that the governing body shall not make any appropriation in excess of estimated available funds; and

WHEREAS, the Board of Mayor and Aldermen has published the annual operating budget and budgetary comparisons of the proposed budget with the prior year (actual) and the current year (estimated) in a newspaper of general circulation not less than seven (7) days prior to the meeting where the Board will consider final passage of the budget.

**BE IT ORDAINED BY THE CITY OF KINGSPORT, TENNESSEE as follows:**

Section I. That the revenue received from the sources of income shown in the following summary of estimated revenues and expenditures for each fund of the City's annual operating budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024 are hereby appropriated for the various purposes set out in the budget detail on file in the Offices of the City Manager and City Recorder.

The estimated revenues for the FY 2023-2024 Water Fund Budget are \$17,051,800, less inter-fund transfers of \$3,385,030, establishing a net Water Budget of \$13,666,770. These revenues are hereby appropriated.

The estimated expenditures for the FY 2023-2024 Water Fund Budget are \$17,051,800 less inter-fund transfers \$3,385,030, establishing a net Water Budget of \$13,666,770. These expenditures are hereby appropriated.

Estimated Water Fund Revenues and Appropriations for the Fiscal Period July 1, 2023- June 30, 2024.

<b>WATER FUND - 411</b>	<b>Actual FY2022</b>	<b>Estimated FY 2023</b>	<b>Budget FY 2024</b>
<b>Operating Revenues</b>			
Charges and Fees	\$14,373,878	\$15,450,020	\$15,650,600
Other	\$177,774		
<b>Total Operating Revenues</b>	<b>\$14,551,652</b>	<b>\$15,450,020</b>	<b>\$15,650,600</b>
<b>Non-Operating Revenues (Expenses)</b>			
Revenue: Investment Income	\$16,353	\$186,150	\$280,900
Other	\$71,643	\$740,300	\$740,300
<b>Other Financing Sources</b>			
Transfers In - From Other Funds	\$183,573	\$320,000	\$380,000
<b>Total Revenues and Other Financing Sources</b>	<b>\$14,823,221</b>	<b>\$16,696,470</b>	<b>\$17,051,800</b>
<b>Operating Expenses</b>			
Water Department	\$7,053,009	\$8,183,250	\$8,656,070
Other	\$15,701	\$70,000	\$136,750
Depreciation	\$3,557,581	\$0	\$166,050
<b>Total Operating Expenses</b>	<b>\$10,626,291</b>	<b>\$8,253,250</b>	<b>\$8,958,870</b>
<b>Capital Expenses</b>			
Debt Service (Principal & Interest)	\$974,475	\$3,987,600	\$3,411,400
To Capital Projects	\$0	\$1,243,500	\$1,296,500
<b>Total Expenses</b>	<b>\$11,600,766</b>	<b>\$13,484,350</b>	<b>\$13,666,770</b>
<b>Other Financing Uses</b>			
Transfers Out - To Internal Service Funds	\$1,281,580	\$1,449,120	\$1,622,030
Less Internal Service Funds	(1,281,580)	\$0	\$0
Transfers Out - To General Fund (PILOT)	\$653,000	\$653,000	\$653,000
Transfers Out - To General Fund (Admin)	\$1,006,252	\$1,110,000	\$1,110,000
<b>Total Appropriations</b>	<b>\$13,260,018</b>	<b>\$16,696,470</b>	<b>\$17,051,800</b>
<b>Change in Fund Balance (Revenues - Appropriations)</b>	<b>\$1,563,203</b>	<b>0</b>	<b>\$0</b>
<b>Beginning Fund Balance July 1</b>	<b>\$68,736,974</b>	<b>\$70,300,177</b>	<b>\$70,300,177</b>
<b>Ending Fund Balance June 30</b>	<b>\$70,300,177</b>	<b>\$70,300,177</b>	<b>\$70,300,177</b>
<b>Ending Fund Balance as a % of Appropriations</b>	<b>376.2%</b>	<b>235.4%</b>	<b>345.0%</b>

Section II. That the books, accounts, orders, vouchers or other official documents relating to items of appropriation covered shall indicate the items involved either by name or by symbol or code number as prefixed in the budget detail.

Section III. That authority be and the same is hereby given to the City Manager to issue vouchers in payment of the items of appropriations or expenditures, as they become due or necessary as covered by the foregoing sections and to make expenditures for items exceeding an aggregate cost of \$15,000 when such items are explicitly listed as individually budgeted items in the budget detail.

Section IV. At the end of the fiscal year 2023, the governing body estimates fund balances or deficits as follows:

<b>Fund Name - Fund #</b>	<b>Estimated Fund Balance/ Net Position at June 30, 2023</b>
Water Fund - 411	\$70,300,177

Section V. That the governing body herein certifies that the condition of its sinking funds, if applicable, are compliant pursuant to its bond covenants, and recognizes that the municipality has outstanding bonded and other indebtedness as follows:

<b>Bonded or Other Indebtedness</b>	<b>Debt Authorized and Unissued</b>	<b>Principal Outstanding at June 30, 2023</b>	<b>FY 2024 Principal Payment</b>	<b>FY 2024 Interest Payment</b>
<b>Bonds -Payable Through Water Fund</b>				
Tennessee Municipal Bond Fund (TMBF) - 2008	\$9,698,196	\$2,128,196	\$735,000	\$106,409
General Obligation Refunding Series 2013	\$3,025,000	\$40,000	\$10,000	\$1,113
General Obligation Refunding Series 2013B	\$4,262,308	\$2,668,784	\$213,813	\$111,735
General Obligation Refunding Series 2014B	\$2,717,899	\$1,868,921	\$131,511	\$53,437
General Obligation Refunding Series 2015A	\$2,226,420	\$1,088,521	\$69,276	\$33,142
General Obligation Refunding Series 2016 (Nov)	\$3,294,425	\$2,477,574	\$156,730	\$84,495
General Obligation Refunding Series 2017B	\$1,167,095	\$929,526	\$53,946	\$27,628
General Obligation Refunding Series 2018B	\$3,966,023	\$3,364,541	\$172,926	\$117,599
General Obligation Series 2019 Refunding (09 BABS)	\$2,159,378	\$1,603,453	\$205,217	\$80,173
General Obligation Series 2019 (Nov))	\$5,730,508	\$5,105,585	\$270,902	\$181,728
General Obligation Series 2020 Refunding 11 & 12C	\$2,337,395	\$2,097,782	\$216,121	\$37,485
General Obligation Series 2021 Series 2021	\$1,380,000	\$1,334,932	\$48,176	\$42,793
<b>Loan - Payable Through Water Fund</b>				
DWF 2014-140	\$13,235,098	\$10,091,893	\$631,980	\$174,504
<b>No Notes</b>				
<b>No Capital Leases</b>				

Section VI. During the coming fiscal year (FY 2023-2024) the governing body has pending and planned capital projects with proposed funding as follows:

<b>Pending Capital Projects</b>	<b>Pending Capital Projects - Total Expense</b>	<b>Pending Capital Projects Expense Financed by Estimated Revenues and/or Reserves</b>	<b>Pending Capital Projects Expense Financed by Debt Proceeds</b>
Water – Distribution System	\$2,000,000	\$0	\$2,000,000
Water – Fieldcrest Annexation	\$1,200,000	\$0	\$1,200,000
Water – Horse Creek Area	\$500,000	\$0	\$500,000
Water – Memorial Blvd Water Relocation	\$3,300,000	\$0	\$3,300,000
Water – Watauga Street Water Improvements	\$1,000,000	\$0	\$1,000,000
Water – Tank Rehabilitation	\$1,000,000	\$0	\$1,000,000
Water – WTP & Distribution System Mater Plan	\$500,000	\$0	\$500,000
Water – ARPA Matching Funds (20%)	\$400,000	\$0	\$400,000

<b>Proposed Future Capital Projects</b>	<b>Proposed Capital Projects - Total Expense</b>	<b>Proposed Capital Projects Expense Financed by Estimated Revenues and/or Reserves</b>	<b>Proposed Capital Projects Expense Financed by Debt Proceeds</b>
Water - Line Improvements	\$850,000	\$850,000	\$0
Water - Pump Station Improvements	\$159,000	\$159,000	\$0
Water - Facility Improvements	\$100,000	\$100,000	\$0

Section VII. No appropriation listed above may be exceeded without an amendment of the budget ordinance as required by the Municipal Budget Law of 1982 (TCA § 6-56-208). In addition, no appropriation may be made in excess of available funds except to provide for an actual emergency threatening the health, property or lives of the inhabitants of the municipality and declared by a two-thirds (2/3) vote of at least a quorum of the governing body in accord with Tennessee Code Annotated § 6-56-205.

Section VIII. That authority be and the same is given to the City Manager to transfer part or all of any unencumbered appropriations balance among programs within a department and between departments within any given fund, and across departments and/or funds for fleet, risk management or health insurance matters. The Board of Mayor and Aldermen may by Ordinance transfer part or all of any unencumbered appropriations balance from one fund to another.

Section IX. That authority be and the same is hereby given to the City Manager to transfer an employee from one class title (position) to any other class title (position) listed on the Pay and Classification Plan at the budgeted salary fixed for that Class Title (position) by the Pay Schedule and Wage Projections for the City's Employees by specific reference; for such purpose, to, as the same may from time to time become necessary or desirable, add to or delete from a division listed on the Personnel Detail any class title or titles. The Board of Mayor and Aldermen shall establish a salary range for each class title (Position) and the steps from entry level to maximum appearing on the Pay Schedule.

Section X. That the Legacy Tennessee Consolidated Retirement System Rate will be approved at 27.97% for current employees only and the employees under the bridge will be 31.47%. That employees hired after July 1, 2012 will participate in a TCRS Hybrid Plan with a mandatory contribution of 5% and a required city contribution of 9%.

Section XI. The changes in water usage rates are published in the Fee Resolution for both inside and outside city customers. These water rates shall be applicable to all billings rendered on or after July 1, 2023.

Section XIII. This annual operating and capital budget ordinances and supporting documents shall be submitted to the Comptroller of the Treasury or Comptroller's Designee for approval if the City has debt issued pursuant to Title 9, Chapter 21

of the Tennessee Code Annotated within fifteen (15) days of its adoption. This budget shall not become the official budget for the fiscal year until such budget is approved by the Comptroller of the Treasury or Comptroller's Designee in accordance with Title 9, Chapter 21 of the Tennessee Code Annotated (the "Statutes".) If the Comptroller of the Treasury or Comptroller's Designee determines that the budget does not comply with the Statutes, the Governing Body shall adjust its estimates or make additional tax levies sufficient to comply with the Statutes or as directed by the Comptroller of the Treasury or Comptroller's Designee. If the City does not have such debt outstanding, it will file this annual operating and capital budget ordinance and supporting documents with the Comptroller of the Treasury or Comptroller's Designee.

Section XIV. All unencumbered balances of appropriations remaining at the end of the fiscal year shall lapse and revert to the respective fund balances.

Section XV. The Water Fund Capital Improvements Plan (FY24-28) is hereby approved.

Section XVI. All ordinances or parts of ordinances in conflict with any provision of this ordinance are hereby repealed.

Section XVII. This ordinance shall take effect July 1, 2023, the welfare of the City of Kingsport requiring it.

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PATRICK W. SHULL, Mayor

ATTEST:

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ANGELA MARSHALL, Deputy City Recorder

APPROVED AS TO FORM:

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RODNEY B. ROWLETT III, City Attorney

PASSED ON 1ST READING:  
PASSED ON 2ND READING: