

2019



KNOX COUNTY TENNESSEE

For The Year Ended June 30, 2019

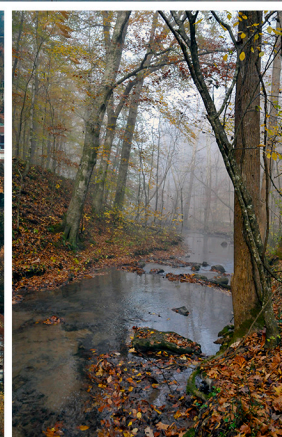
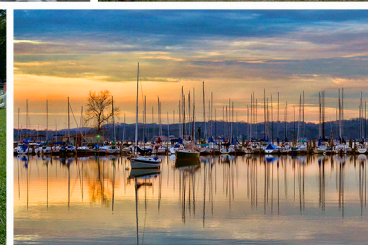
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Glenn Jacobs, County Mayor

knoxcounty.org



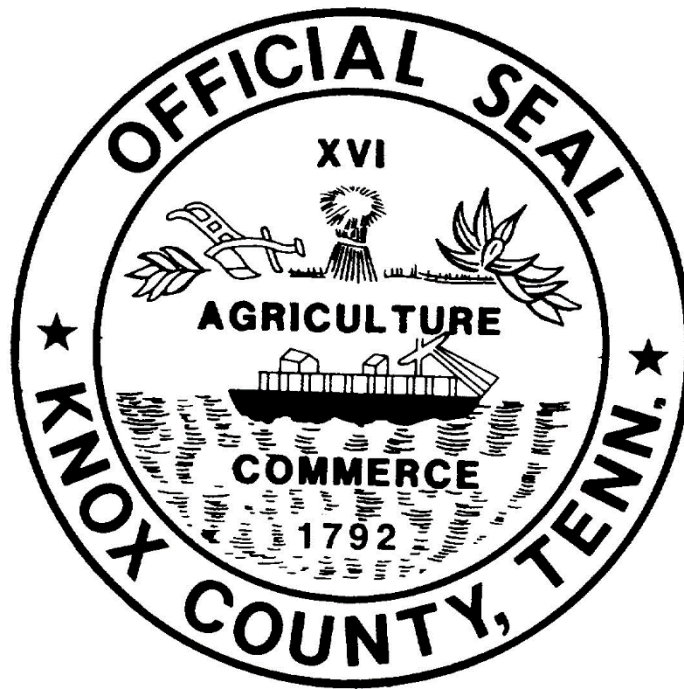
Knox County
Health Department
Every Person. A Healthy Person



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Knox County, Tennessee



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OFFICE OF COUNTY MAYOR GLENN JACOBS

Department of Finance • 400 Main Street, Suite 630, Knoxville, TN 37902

December 30, 2019

To the Board of Knox County Commissioners and the Citizens of Knox County, Tennessee:

The Comprehensive Annual Financial Report (CAFR) of Knox County, Tennessee (the County) for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentations, including all disclosures, rests with the County. County management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for that purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the various funds of the County and its component units. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The introductory section includes this transmittal letter, the County's organization chart, and a list of principal officials. The financial section includes Management's Discussion & Analysis (MD&A), the basic government-wide and fund financial statements, and notes to the financial statements. The Financial Section also includes Required Supplementary Information and other supplemental information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The reader is directed to the MD&A for a narrative introduction, overview and analysis of the financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Knox County's MD&A can be found immediately following the report of the independent auditors.

State law requires that the County obtain an annual audit of its books and records. The independent audit performed by Pugh & Company, P. C., Certified Public Accountants, has been obtained to fulfill that requirement. The auditors have issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report. The County is also required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including schedules of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in a separately issued report.

**Board of County Commissioners
and the Citizens of Knox County, Tennessee**

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the County) as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. Component units are discretely presented in separate columns in the government-wide financial statements to emphasize they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The Knox County Board of Education (the Board), Knox County Emergency Communications District (the District), The Development Corporation of Knox County (the Corporation), and the Knox County Railroad Authority (KCRA) are reported as discretely presented component units. The County and its component units provide a full range of services including, but not limited to, the construction and maintenance of highways, streets and infrastructure, public health and welfare, police protection, emergency telephone services, elementary and secondary education, community services, sanitation services, and recreational and cultural events. Because of the close relationship between the County and the Board and the fact that the Board does not issue financial statements separate from those of the County, several of the supplemental schedules and other financial information have been consolidated to more properly reflect the joint activities of the County and the Board.

GOVERNMENTAL STRUCTURE

The County has operated under a County Mayor/County Commission form of government since September 1, 1980, and has been under a Home Rule Charter (Charter) since September 1, 1990. Policymaking and legislative authority are vested in the County Mayor (the executive branch of the County) and the County Commission (the legislative branch of the County). The County Commission is responsible for, among other things, passing ordinances, adopting the budget and appointing committees. The County Mayor, elected at-large for a four-year term, is responsible for carrying out the policies and ordinances of the County Commission, overseeing the day-to-day operations of the government and appointing the heads of many of the County's departments.

OFFICE OF THE COUNTY MAYOR

Knox County Mayor Glenn Jacobs took office on Sept. 1, 2018, shortly after the start of the 2018-2019 fiscal year. Since taking office, Mayor Jacobs continues to focus on providing high-quality, efficient service to our citizens at a savings to taxpayers. Some of the achievements of Mayor Jacobs' tenure to date include:

- \$100,000 check presented to Knoxville Public Safety Foundation
- Launched the All4Knox program to create a community-wide strategic plan to combat substance misuse
- Launched Read City USA—a collaborative reading initiative designed to help all children, regardless of socioeconomic background, learn to read early and well
- Held constituent meetings and community lunches in all nine districts
- Committed to renovate and improve the athletic fields at South Doyle Middle School
- Commitment to building three new elementary schools
- Funded extended contracts for some Knox County Schools librarians to keep school libraries open through the summer months

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- Worked with the Knox County Public Library to provide nearly 4,000 library cards to community school students
- Hosted his first ever School Mania, which provided school supplies to Knox County students
- Cut the ribbon in I.C. King Park
- Opened the new senior center in Farragut
- Committed to working with the state and federal governments on the responsible placement of refugees

Legislative Initiatives

Impact of State Funding: Knox County, like the other 94 county governments in Tennessee, receives significant support from state-shared revenues, mainly in the form of education and highway dollars. Because of this dependence, the legislative activities of the Tennessee General Assembly are carefully monitored. Thanks to the continuing leadership of our Governor, the State again passed a responsible, balanced budget. We at the local level are thankful for the fiscal responsibility demonstrated by the state budget. A healthy state budget means more stable and predictable revenues for all cities and counties.

Capital Improvement Initiatives

As evidence of the County’s commitment to build the facilities necessary to serve the citizens of Knox County and promote economic development within the County and region, the County Commission adopted the Knox County Capital Improvement Plan on June 1, 2018. At the recommendation of the County Mayor, the five-year capital plan represents a road map of anticipated major capital projects. It does not represent appropriations and is subject to annual revisions or modifications. These individual projects will be primarily funded through general obligation bonded debt.

During the year, the County and the Board expended significant resources in the following major construction/renovation projects in accordance with the County’s Capital Plan:

General Construction/Renovation:

- General Project Management
- City County Improvements/Developments
- Various Major Equipment Additions
- I.C. King Park Expansion

Road Construction/Improvements:

- Various Bridge Replacements
- General Road Improvements
- Karns Connector
- Schaad Road Phase II

School Construction/Renovations:

- Physical Plant Upgrades
- Pond Gap Elementary
- Powell Middle
- Inskip Elementary

School Construction/Renovations:

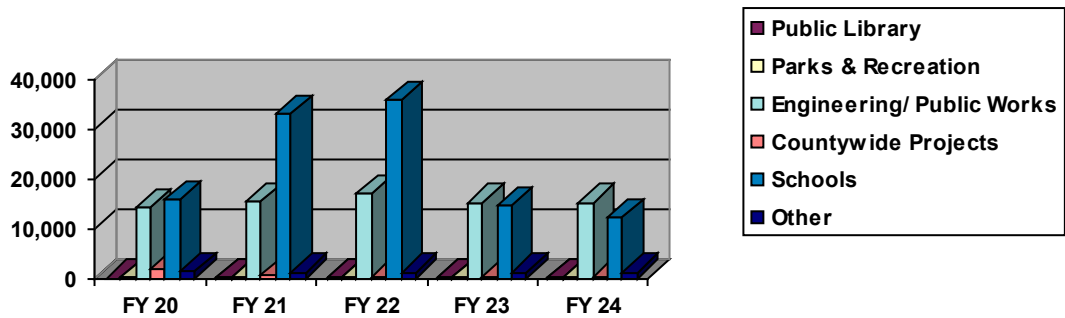
- HVAC Upgrades
- Modular Class Relocations
- Security Upgrades
- Various Major Equipment Additions

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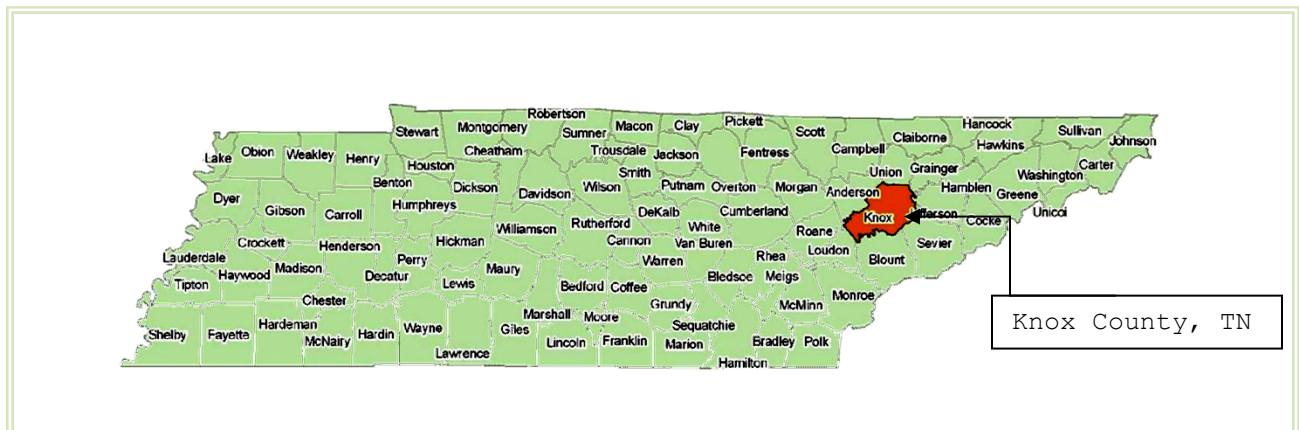
The following summarizes the capital improvement plan net of estimated allocations for project schedule variances (amounts expressed in thousands):

Project Description	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
Libraries	\$ 0	\$ 100	\$ 100	\$ 100	\$ 100	\$ 400
Countywide Projects	1,750	500	300	300	300	3,150
Parks & Recreation	200	200	200	200	200	1,000
Engineering & Public Works	14,265	15,400	16,855	15,235	15,235	77,030
Building Improvements & Other	1,285	1,200	1,200	1,200	1,200	6,085
Schools	15,800	32,950	35,850	14,550	12,200	111,350
Total – Approved Projects	\$ 33,300	\$ 50,390	\$ 54,505	\$ 31,585	\$ 29,235	\$ 199,015

Five Year Capital Plan
(In Thousands of Dollars)



ABOUT KNOX COUNTY



**Board of County Commissioners
and the Citizens of Knox County, Tennessee**

The County is the third most populous county in the State of Tennessee. Located in Eastern Tennessee at the headwaters of the Tennessee River, it is the hub of the areas of East Tennessee, Southeast Kentucky, Southwest Virginia and Western North Carolina. This area encompasses over two million people. The U.S. Census Bureau's 2018 census demographic population data reported that 465,289 citizens reside within the total land area of approximately 526 square miles that make up Knox County. (See [Knoxville-Knox County Planning Commission](#) for additional information regarding population information, demographics, and other information about Knox County.) Knoxville, the County seat, is about 50 miles west of the North Carolina state line.

The City of Knoxville's 2018 population was reported at 187,500. It is the largest incorporated municipality in the County. Farragut, the only other municipality in the County, has an estimated population of 22,956. Knoxville has a land area of approximately 104 square miles within its corporate limits and is located on the Tennessee River near the geographic center of East Tennessee.

Manufacturing and Commerce

Located in the northeastern portion of the State, Knox County, along with Anderson, Blount, Campbell, Grainger, Loudon, Morgan, Roane and Union counties, is part of the Knoxville Metropolitan Statistical Area (MSA). Because of its central location in the eastern United States, the County metropolitan area serves thousands of industrial and commercial customers in a concentrated eight-state area. Nearly half of the nation's population is within a day's drive of Knoxville. For many years the County has been known as one of the South's leading wholesale markets. Based on 2018 estimates, there were approximately 1,127 wholesale establishments, 1,801 retail establishments, and more than 8,673 service industries located in the County.

The area is the trade center for a 42-county region, located in East Tennessee, Kentucky, Virginia and North Carolina, which serves over two million people. It also is the cultural, tourist, and professional center for this region. The MSA includes more than 916 manufacturing firms, which produce a large variety of items including medical devices, electronic components, chemicals, manufactured housing, apparel, and automobile parts.

Business Climate

The County has a history of being a regional leader in economic activity. The County offers premier location opportunities for high-technology and precision manufacturing firms. The University of Tennessee, Tennessee Valley Authority and the Oak Ridge National Laboratory help to provide a stable, secure employment base. The Knoxville area is home to many medium-sized manufacturing and distribution operations as well as customer service centers. The Knoxville area boasts a strong and reliable workforce, and low union membership rates. These assets, combined with an excellent location at the intersections of Interstates 40, 75 and 81, make Knox County a great location for any business. The County is also well served by 250 trucking companies, three railroads, five airlines, and three local river terminals that provide direct links to the Great Lakes and to the Gulf of Mexico. The Knoxville area continually receives recognition for high quality of life, combining an attractive natural setting with a moderate four-season climate. In addition, the Knoxville area ranks among the nation's top markets for low cost of living. The Knoxville MSA ranks as one of the top southeastern urban areas with an index of 83.2 compared to the average of all participating cities of 100. The County has over 6,300 acres of park and recreation space, with approximately 184 miles of greenways

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and walking trails. The arts and culture are well served, with the Knoxville Symphony, Knoxville Opera Company, Knoxville Museum of Art, and several performing arts organizations, including the Clarence Brown Theater, providing numerous cultural opportunities. Live entertainment includes touring Broadway productions and many concerts at numerous venues throughout the area, including the historic, beautifully renovated Tennessee and Bijou theaters.

Industrial Investment

The Knoxville MSA has been recognized nationally as a leading location to live and do business. The Policom Corporation specializes in studying the dynamics of local economies and has developed the Economic Strength Rankings. Economic Strength is the long-term tendency for an area to consistently grow in both size and quality. Regional Economic Information System (REIS) data is the principal data set used to create the rankings. It is published by the Bureau of Economic Analysis (BEA), US Department of Commerce. In 2019, the Knoxville MSA ranked 46 amongst the top MSAs nationally. The Knoxville MSA ranks comparably to the Nashville MSA which ranked number 1 in the country. Commerce and industry vary from the media success of Discovery, Inc. formerly Scripps Television Networks (HGTV, DIY, Food, Cooking, GAC, and Travel), to Sysco Corporation’s (largest food service marketer and distributor in North America) regional warehouse and distribution center. In addition, many other local companies are recognized as national and global leaders, including Clayton Homes, Brunswick Corporation, Keurig Green Mountain, Bush Brothers, Pilot/Flying J Travel Centers, and Denso Manufacturing.

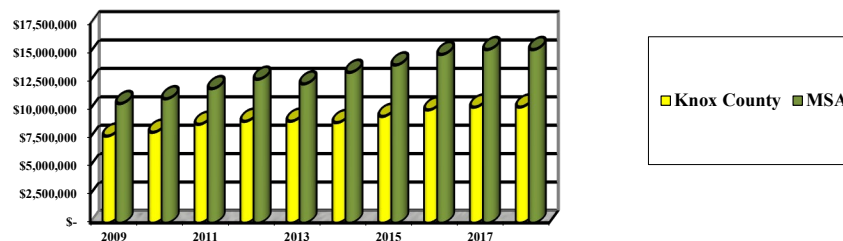
The area is also gaining a reputation as a prime location for corporate headquarters. High profile companies headquartered here in the MSA include the Tennessee Valley Authority, Jewelry Television, AC Entertainment, DeRoyal Industries, PetSafe/Radio Systems Corporation, and Regal Entertainment. Knox County has 8 business parks and a Technology Corridor to meet a wide range of corporate facility needs.

Commercial Development

Four regional shopping malls and over 200 shopping centers and factory outlets meet the retail needs of Knox County citizens and visitors. Knox County has traditionally been the regional hub of the MSA. The 2018 retail sales in the MSA grossed over \$15.2 billion, with approximately 67% of that total generated in Knox County.

RETAIL SALES

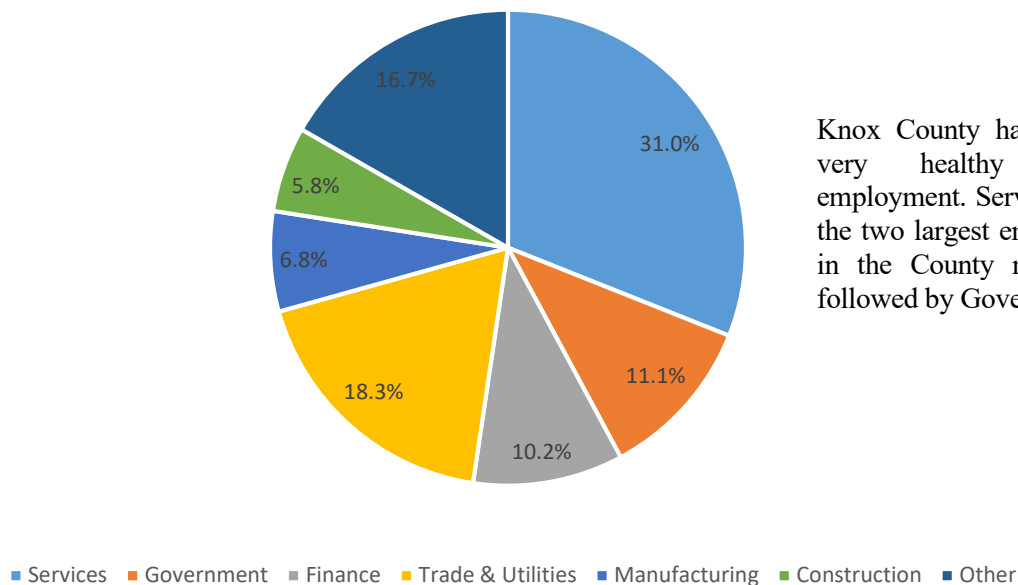
(in thousands)



Tourism

Although industry frequently is considered the core of an economic base, secondary and tertiary activities also make important contributions to economic development. The convention and tourism business contribute to the County's economic base by drawing income into the region, resulting in employment opportunities as well as investment opportunities in tourist-related facilities. The area draws thousands of enthusiasts every year for University of Tennessee sporting events, and minor league hockey and baseball are also available for sports fans. Opportunities for outdoor recreation are plentiful, with parks and recreation activities throughout the County and in the nearby Great Smoky Mountains National Park which had over 11.4 million guests in 2018.

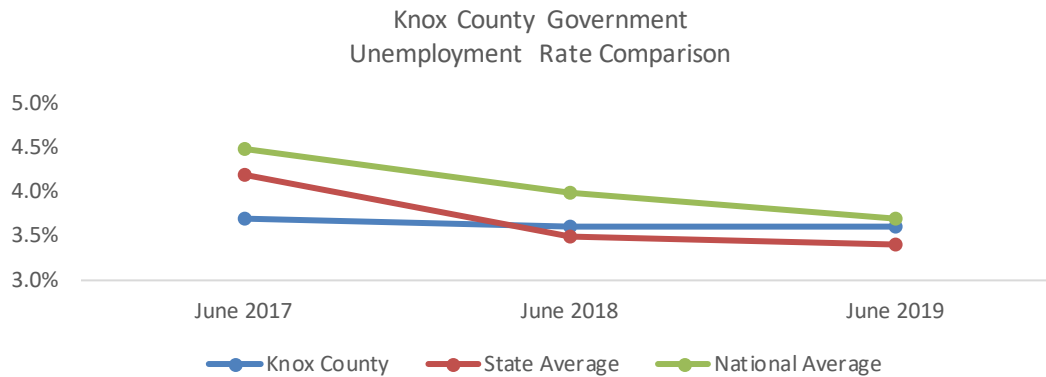
Non-Agricultural Employment



Unemployment

Historically, Knox County's unemployment rate has been low relative to the state and national rates. For the month of June 2019, the seasonally adjusted unemployment rates for the County, state and nation stood at 3.6%, 3.4% and 3.7%, respectively. The County's rate, while moving closer to the nation's, held steady from the corresponding rate from June 2018, and the national rate reflects a moderate reduction. The state rate reflects a 0.1% decrease from the prior year. These rates indicate improvements in local, state and federal economic conditions.

**Board of County Commissioners
and the Citizens of Knox County, Tennessee**



Per Capita Income

In 2017, Knox County’s per capita income was \$48,160. This represents an increase of 4 percent compared to 2016. This information is updated every two years.

FINANCIAL INFORMATION

The County has faced the challenge of maintaining essential services, while reducing the levels of debt. The approach taken has been based on careful budgeting and management of revenues and expenditures in both the annual budgets and the long-term budget for capital planning.

For the annual budget process, the FY 2019 adopted budget provided for a modest increase (2.9%) in General Fund expenditures. Most of the budgeted increase was for needed additional expenditures for public safety. Education funding, provided for in the General Purpose School Fund (the general fund for the Board of Education component unit) has also increased by more than \$13.3 million. The increases in budgeted funds for public safety and education reflect the Mayor’s commitment to ensure that adequate funding is provided for these essential functions. By careful budgeting of expenditures in the overall budget, other essential services to Knox County citizens (road maintenance, parks and recreation, library services, etc.) have been maintained at appropriate levels. Revenues have been estimated conservatively, and actual results exceeded the budget. Much of this was due to local taxes, other local revenues and funding from the State that exceeded originally budgeted estimates.

The planned reduction in the County’s bonded debt levels are dependent on both the levels of debt service payments and the amounts of new debt added. Debt service expenditures are provided for in the County’s annual budgets, and the amounts of debt retirement have been provided for based on the required upcoming debt service. The amount of new debt to be added is dependent on the amount needed for projects approved in the County’s adopted Capital Improvement Plan, which covers the upcoming five-year period. This funding mechanism provides for a matching of debt service expenditures with the useful lives of the assets acquired with the bond proceeds. In order to reduce the overall levels of bonded debt, it has been necessary to reduce the approved projects to be funded from debt proceeds. This reduction is being accomplished. The total bonded debt as of June 30, 2019 of \$639,470,799 is \$51,715,669 less than the balance of \$691,186,468 at the end of fiscal year 2011. This change resulted from the payments of bonded debt exceeding new issuances during this period.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Knox County Government for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our present report continues to meet the program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

The County has also received, for the twenty-fourth consecutive time, the GFOA Award for Distinguished Budget Presentation for its 2019 Annual Operating Budget. In qualifying for the award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgments

The preparation of the CAFR was made possible by the dedicated service of the Department of Finance. Those involved have our sincere appreciation for the individual and collective contributions made in the preparation of the report. Perry Benshoof, Jennifer Bodie, Jeff Clark, Brooke Webb, Susan Corlew, Christian McCall, Patti Galvan-Balzer, Susan Johnson, Amber Knight, Andrew Jansen, and Melanie Wilck all went above and beyond the call of duty to design and generate this report. Thank you very much for your professional dedication in this effort. Thank you to the entire Department of Finance for your efforts to "get the job done well," every day. You serve the citizens of Knox County very well.

Recognition and appreciation are also extended to the County Commission and the Board of Education for their continued dedication in planning and conducting the operations of the County and the Board in a financially responsible and progressive manner.

Sincerely,



Chris Caldwell
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Knox County
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

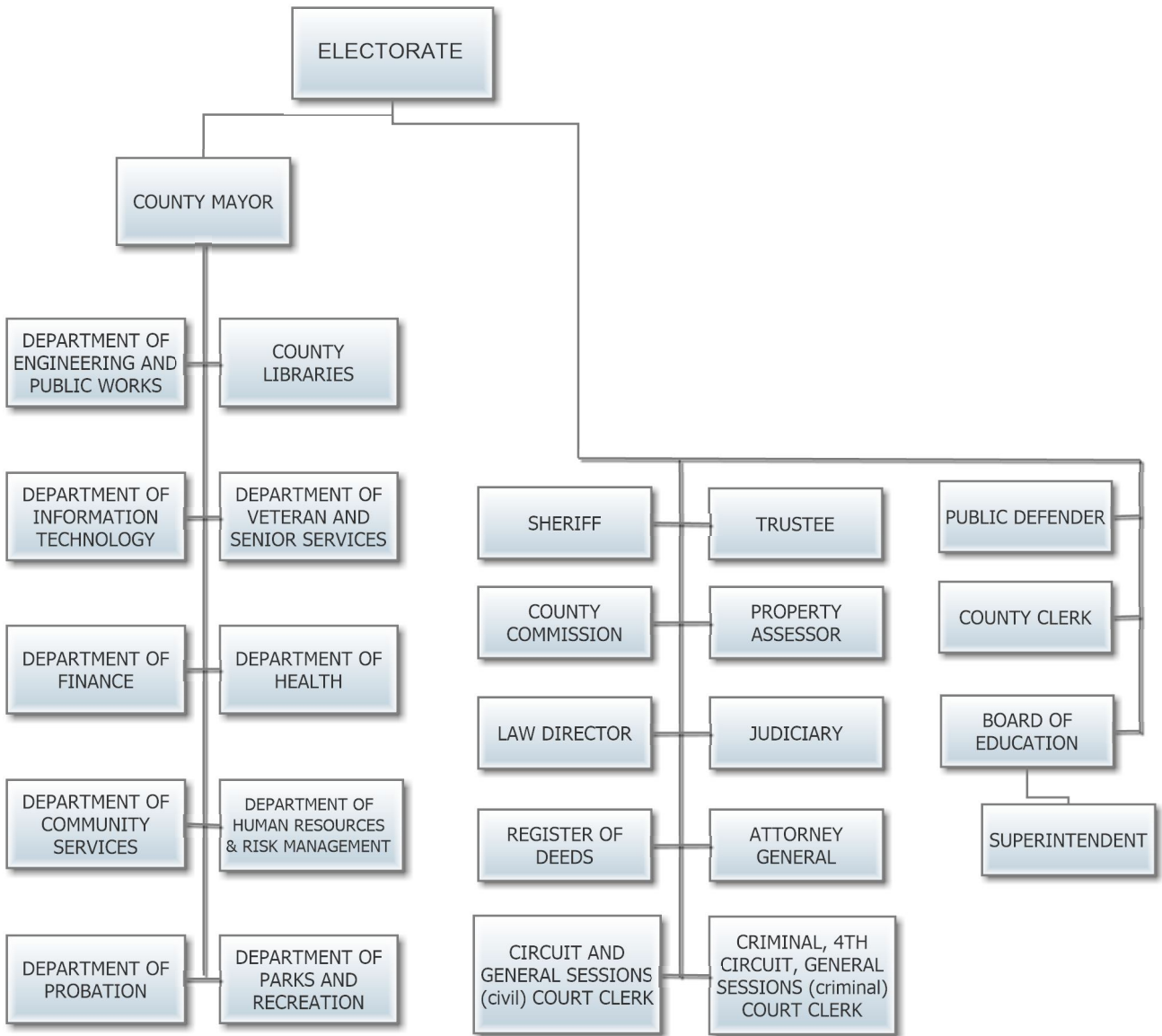
June 30, 2018

Christopher P. Morrill

Executive Director/CEO



KNOX COUNTY, TENNESSEE
COUNTY ORGANIZATIONAL STRUCTURE
 As of June 30, 2019





KNOX COUNTY, TENNESSEE
ROSTER OF ELECTED OFFICIALS AND OTHERS
As of June 30, 2019

Elected Officials:

Assessor of Property - John Whitehead
Attorney General - Charne P. Allen
Circuit/General Sessions (civil) & Juvenile Clerk - Charlie Susano
County Clerk - Sherry Witt
County Mayor - Glenn Jacobs
Criminal/Fourth Circuit/Sessions (criminal) Clerk - Mike
Hammond Law Director - Richard Armstrong, Jr.
Public Defender - Mark Stephens
Register of Deeds - Nick McBride
Sheriff - Tom Spangler
Trustee - Ed Shouse

Board of Commissioners:

Brad Anders	Evelyn Gill
Richie Beeler	Larsen Jay
Justin Biggs	Hugh Nystrom , Chairmain
Charles Busler	John Schoonmaker
Michele Carringer , Vice	Randy Smith
Carson Dailey	

Board of Education:

Virginia Babb , Vice Chair	
Patti Bounds	Mike McMillan
Terry Hill	Tony Norman
Susan Horn , Chair	Jennifer Owen
Kristi Kristy	Evetty Satterfield

Superintendent of Schools:

Bob Thomas

Audit Committee:

Jim Morrison - Chairman
Hugh Nystrom
John Schoonmaker
Randy Smith

Finance Director:

Chris Caldwell

Pension Board:

Brad Anders
Ed Brantley
Chris Caldwell (Proxy for Glenn Jacobs,
Chairman)
Tracy Foster
Jennifer Hemmelgarn
Larsen Jay
Gabe Mullinax
Hugh Nystrom , Vice Chairman
Garrett Raiden
John Schoonmaker
Randy Smith
Bob Thomas

Retirement Office:

Kim Bennett, Executive Director



PUGH & COMPANY, P.C.
 315 NORTH CEDAR BLUFF ROAD, SUITE 200
 KNOXVILLE, TENNESSEE 37923
 TELEPHONE 865-769-0660
 FAX 865-769-1660
 www.pughcpas.com

INDEPENDENT AUDITOR’S REPORT

Honorable Mayor, County Commissioners
 and Audit Committee of
 Knox County, Tennessee
 Knoxville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, budgetary comparison statement of the general fund, and the aggregate remaining fund information of Knox County, Tennessee (the “County”) as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Development Corporation of Knox County (“TDC”), a discretely presented component unit reported in the financial statements of the County. The TDC comprises 2.4% of total assets and deferred outflows, 8.7% of net position and 0.2% of revenues of the County. We did not audit the financial statements of the Great Schools Partnership Charitable Trust (the “Partnership”), a discretely presented component unit reported in the financial statements of the Knox County Board of Education (the “Board”). The Partnership comprises 0.8% of total assets and deferred outflows, 0.5% of net position and 1.1% of the revenues of the Board. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the TDC and the Partnership, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An independently owned member
RSM US Alliance



TSCPA
 Members of the Tennessee Society
 Of Certified Public Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Knox County, Tennessee as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison statement of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages xvi through xxxiii and the schedules of changes in net pension and other post-employment benefit ("OPEB") plans liabilities (assets), investment returns, employer contributions, and proportionate share of collective net pension and OPEB plans liabilities (assets) of the various pension and OPEB plans on pages 144 through 164 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplemental section which includes the combining and individual non-major fund financial statements, Component Unit - Board of Education section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the supplemental section and the Component Unit - Board of Education section, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the supplemental section and the Component Unit - Board of Education section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information included in the introductory section and the statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards* and *Uniform Guidance*

In accordance with *Government Auditing Standards*, we have also issued, in a separately bound document, our report dated December 30, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. In addition, we have also issued, in the same bound document, our report dated December 30, 2019, on the County's compliance for each major federal program, internal control over compliance and the schedules of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Tennessee Comptroller of the Treasury.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
December 30, 2019

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2019

As management of the Knox County Government, we offer readers of the Knox County Government's financial statements this narrative overview and analysis of the financial activities of the Knox County Government for the fiscal years ended June 30, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-xi of this report. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the governmental activities of the Knox County Primary Government were exceeded by its liabilities and deferred inflows at the close of the most recent fiscal year by \$40,751,642 (deficit net position). This amount includes a negative \$288,502,236 of unrestricted net position. The negative unrestricted net position and total net position amounts resulted primarily from the process by which the Primary Government issues debt on behalf of the Board of Education component unit. See footnote on page 1.
- The Primary Government's change in net position for its governmental activities was a decrease of \$17,017,968. Total net position for the Primary Government (governmental and business-type activities) decreased by \$17,056,658. This is after the restated beginning net position that resulted from changes in the Constitutional Officers Special Revenue Fund. See Note IV.H for details on the restatement.
- The Primary Government's governmental funds reported total fund balances of \$122,413,533, an increase of \$18,865,216 for the fiscal year.
- The Knox County Government's total bonded debt at the end of the year totaled \$639,470,799, an increase of 3.2% compared to the prior year total of \$619,565,080. Of the current year total, \$378,820,458 pertains to County general government activities and \$260,650,341 pertains to the Knox County Board of Education component unit. Bond principal paid in the current year totaled \$58,869,281 and debt issued totaled \$78,775,000.
- The County Property Tax Rate was \$2.12 for the fiscal year. There was no change from the prior year rate.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Knox County Government's basic financial statements. The Knox County Government's basic financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplemental information and other supplementary information in addition to the basic financial statements themselves.

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2019

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Knox County Government's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Knox County Government's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Knox County Government is either improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Knox County Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Knox County Government include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. Knox County Government reports business-type activities for the operations of the Three Ridges Golf Course enterprise fund.

The government-wide financial statements include the Knox County Government itself (known as the primary government), and legally separate entities for which Knox County Government is financially accountable (component units): the school district – the Board of Education (The Board), a legally separate Emergency Communications District (The District), The Development Corporation (The Corporation), and the Knox County Railroad Authority (The Authority). Financial information for these component units is reported separately from the financial information presented for the primary government itself. The District and Corporation issue separate financial statements. The Board and the Authority do not issue separate financial statements. The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Knox County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Knox County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2019

available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Knox County Government maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Public Improvement Fund and the Debt Service Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Knox County Government adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund for information in the Basic Financial Statements section of the report. For a more detailed demonstration of budgetary compliance, the County also issues a separate Budget Report to Citizenry, which is available online at https://www.knoxcounty.org/finance/pdfs/budget_report_citizenry/fy063019.pdf.

The basic governmental fund financial statements can be found on pages 3-7 of this report.

Proprietary funds. There are two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Knox County Government established an enterprise fund to account for the operations of the Three Ridges Golf Course. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Knox County Government's various functions. Knox County Government uses internal service funds to account for its fleet service operations, mailroom operations, employee benefits activities (including retirement), self-insurance activities, building operations, technical support operations and self-insurance healthcare activities. Because these services benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The seven internal service funds are combined into a single, aggregated presentation in the basic proprietary fund financial statements, along with the presentation of the Three Ridges Golf Course enterprise fund. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2019

The basic proprietary fund financial statements can be found on pages 8-10 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Knox County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 11-12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-143 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Knox County Government's progress in funding its obligation to provide pension and other post-employment benefits to its employees and retirees. Required supplementary information can be found on pages 144-164 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and the individual fund statements are presented on pages 165-202. Combining and individual fund statements for proprietary funds can be found on pages 203-222 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Knox County Primary Government
Net Position - Governmental Activities

	June 30,		
	2019	2018	Variance
Current and Other Assets	\$ 362,445,145	\$ 335,330,099	\$ 27,115,046
Capital Assets	590,592,020	600,224,045	(9,632,025)
Total Assets	<u>953,037,165</u>	<u>935,554,144</u>	<u>17,483,021</u>
Deferred Outflows of Resources	67,328,716	44,911,136	22,417,580
Other Liabilities - Current	98,237,811	97,309,820	927,991
Long-term Liabilities Outstanding	781,847,174	728,193,005	53,654,169
Total Liabilities	<u>880,084,985</u>	<u>825,502,825</u>	<u>54,582,160</u>
Deferred Inflows of Resources	181,032,538	178,892,883	2,139,655
Net Position:			
Net Investment in Capital Assets	236,006,482	269,818,927	(33,812,445)
Restricted	11,744,112	10,349,925	1,394,187
Unrestricted (Deficit)	(288,502,236)	(304,099,280)	15,597,044
Total Net Position (Deficit)	<u>\$ (40,751,642)</u>	<u>\$ (23,930,428)</u>	<u>\$ (16,821,214)</u>

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2019

Governmental Net Position. Current and other assets consist primarily of receivables, mostly taxes, and cash and investments. By far the largest portion of the Knox County Government's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any outstanding related debt used to acquire those assets. The Knox County Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Knox County Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The reasons for changes in capital assets are discussed later.

An additional portion of the Knox County Government's governmental activities net position represents resources that are subject to external restriction on how they may be used. As shown below, these restrictions include Debt Service, Public Health and Welfare, Public Safety, Social and Cultural Services and Other Purposes. The remaining balance of unrestricted net position deficit of \$288,502,236 reflects a positive change of \$15,597,044 compared to the prior year unrestricted net position deficit of \$304,099,280. The reasons for the negative change in total net position are discussed in the section describing governmental activities.

Knox County Primary Government
Governmental Activities Net Position Comparison
June 30,

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Net Investment in Capital Assets	\$ 236,006,482	\$ 269,818,927	\$ (33,812,445)
Restricted:			
Debt Service	2,260,493	1,221,151	1,039,342
Public Health and Welfare	2,217,610	1,989,241	228,369
Public Safety	3,656,671	3,624,163	32,508
Social and Cultural Services	1,955,845	1,855,912	99,933
Other Purposes	1,653,493	1,659,458	(5,965)
Total Restricted Net Position	<u>11,744,112</u>	<u>10,349,925</u>	<u>1,394,187</u>
Unrestricted (Deficit):	<u>(288,502,236)</u>	<u>(304,099,280)</u>	<u>15,597,044</u>
Total Net Position (Deficit)	<u>\$ (40,751,642)</u>	<u>\$ (23,930,428)</u>	<u>\$ (16,821,214)</u>

The unrestricted net position balance represents funds that would normally be available to be used to meet the government's ongoing obligations to citizens and creditors. The primary reason for the deficit balance as of June 30, 2019 results from the County's recognition of long-term debt issued on behalf of the Knox County Board of Education. Because the Board cannot by law issue its own debt, the County issues debt on behalf of the Board, and pays the proceeds to the Board. The Board then uses these proceeds for its capital purposes and records the capital assets on its own Statement of Net Position. Therefore, the assets are shown on the Board's Component Unit financial statements, whereas the related debt is shown on the County's Primary Government financial

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2019

statements. At June 30, 2019, the amount of bonds, capital leases and loans issued by the County on behalf of the Board still outstanding was \$292,253,109, compared to the prior year amount of \$295,098,238. If these liabilities were shown with the Board's amounts to match the capital assets, the County would have had positive unrestricted net position of its governmental activities of \$3,750,873 in 2019 and a negative unrestricted net position of \$9,001,042 in 2018.

At the end of the current fiscal year, positive balances in total net position are reported for the total reporting unit and for each of the separate component units. The primary government reported a deficit net position during the current fiscal year which was largely attributable to the issuance of bonds allocated to the Board. The total reporting unit's net position increase is primarily attributable to the underlying positive change in net position of the Board, totaling \$33,324,719.

Governmental activities. Governmental activities decreased the Knox County Primary Government's net position by \$17,017,968 in 2019. This amount results mainly from the debt issued by the County and paid to the Board during FY 2019 for capital purposes. The increase in debt is comprised of the Series 2018 and Series 2019 issuances. The County issues debt for various projects on behalf of the Board which results in the Primary Government recognizing an expense with no associated revenue. The Board pays a portion of the debt service payments based upon the amount of debt allocated to them.

The following table shows the changes in the Statement of Activities for the Primary Government-Governmental Activities for the fiscal years ended June 30, 2019 and 2018. In 2018, the beginning net position was restated. See Note IV.H for further details.

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2019

Knox County Primary Government
Governmental Activities

	Year Ended June 30,		
	2019	2018	Variance
Program Revenues:			
Charges for Services	\$ 49,203,024	\$ 48,848,168	\$ 354,856
Operating Grants and Contributions	22,934,361	27,856,773	(4,922,412)
Capital Grants and Contributions	6,215,851	3,440,398	2,775,453
General Revenues			
Local Taxes	232,926,223	227,309,451	5,616,772
Payments from Component Units	15,412,297	15,858,368	(446,071)
Intergovernmental Revenues	12,841,469	13,592,165	(750,696)
Other General Revenues	6,984,070	8,515,466	(1,531,396)
Total Revenues	<u>346,517,295</u>	<u>345,420,789</u>	<u>1,096,506</u>
Expenses:			
Finance and Administration	42,393,875	38,288,802	4,105,073
Administration of Justice	31,566,137	30,358,240	1,207,897
Public Safety	99,394,187	92,113,909	7,280,278
Public Health and Welfare	38,237,450	36,918,889	1,318,561
Social and Cultural Services	22,500,037	21,717,942	782,095
Agricultural and Natural Resources	483,133	520,063	(36,930)
Other General Government	22,292,787	26,252,797	(3,960,010)
Engineering & Public Works	33,709,187	34,327,784	(618,597)
Debt Service	26,095,623	25,918,382	177,241
Payments to Component Units	46,542,847	12,719,965	33,822,882
Total Expenses	<u>363,215,263</u>	<u>319,136,773</u>	<u>44,078,490</u>
Excess (Deficiency) of Revenues over (under)			
Expenses before Transfers	(16,697,968)	26,284,016	(42,981,984)
Transfers to Other Funds	(320,000)	(320,000)	-
Change in Net Position	(17,017,968)	25,964,016	(42,981,984)
Net Position, July 1, as restated	<u>(23,733,674)</u>	<u>(49,894,444)</u>	<u>26,160,770</u>
Net Position, June 30 (Deficit)	<u>\$ (40,751,642)</u>	<u>\$ (23,930,428)</u>	<u>\$ (16,821,214)</u>

Program revenues include charges for services, which consist of various items such as fees for services, licenses, and fines. Charges for services relate to numerous and various government functions. These items represent an aggregation of numerous transactions, and there is not a concentration of revenues in any area. These tend, therefore, to be relatively stable from year to year. Program revenues include operating grants, which consist largely of grants received from the federal and state governments. The current year revenues consist of various amounts received for

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government functions, and amounts are comparable to the prior year totals. Program revenues also include capital grants and contributions. During the current year the County received \$5,857,850 contributions from developers related to road projects compared to \$2,898,547 in the prior year. The decrease in operating grants and contributions is due mainly to a reduction in grants from the State Aid program.

General Revenues include local taxes, payments from component units, intergovernmental revenues, and other general revenues. The change in local taxes is mostly related to property and sales taxes and a relatively stable overall tax base. Payments from component units primarily consist of the amounts received for the Board's portion of debt service related to the debt obligations that the Primary Government incurred on behalf of the Board. Intergovernmental revenues consist of state shared revenues from various tax collections at the state level. Other general revenues consist primarily of investment revenue and other miscellaneous. The change in the current year is primarily attributable to increased property and sales tax revenues. In 2019, combined property and sales tax revenue was \$196,425,849. The 2018 corresponding total was \$192,410,984, for a net increase of \$4,014,865. The property tax line item includes current and delinquent. Property tax collections improved in the current year due to growth in the property tax base. This line also includes in-lieu of taxes which improved over the prior year. Sales tax collections improved over the prior year due to a better than expected growth in retail sales.

Expenses for the Primary Government are categorized into functional areas. The change in current year was largely attributable to the increase in the amounts paid to the Board of \$34,002,882. The amounts paid to the Board are primarily the result of debt issued by the County on behalf of the Board. As previously noted, the County issues debt on behalf of the Board for capital purposes because the Board may not incur its own debt obligations. Therefore, the net proceeds of such debt issues are paid to the Board, thus resulting in an expense to the Primary Government. Expenses in other categories were in line with expectations. Increases were experienced in the areas of finance and administration, administration of justice, public safety, public health and welfare, and social and cultural services, which reflected necessary increases in the cost of providing essential government services.

Proprietary Net Position and Business-type Activities. Proprietary activities included as business-type activities in the government-wide statements consist solely of the operations of the County's Three Ridges Golf Course, an enterprise fund. The following tables describe the results and changes in the current and prior years. The golf course is supported by user fees: greens fees, cart fees, pro shop and snack bar. The County's general fund made a transfer of \$320,000 in the current year to the golf course for additional support. The change in net position of \$(38,690) for the golf course includes the effects of depreciation, a noncash expense, totaling \$46,591. Of the ending net position, \$455,210 was invested in capital assets, with the remaining deficit amount of \$50,958 unrestricted. These amounts reflect the results of ordinary business operations.

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Net Position-Primary Government-Business-type Activities

	June 30,		Variance
	2019	2018	
Current and Other Assets	\$ 8,910	\$ 33,710	\$ (24,800)
Capital Assets	455,210	489,551	(34,341)
Total Assets	<u>464,120</u>	<u>523,261</u>	<u>(59,141)</u>
Current Liabilities	59,868	65,710	(5,842)
Noncurrent Liabilities	-	14,609	(14,609)
Total Liabilities	<u>59,868</u>	<u>80,319</u>	<u>(20,451)</u>
Net Position:			
Invested in Capital Assets	455,210	489,551	(34,341)
Unrestricted (Deficit)	<u>(50,958)</u>	<u>(46,609)</u>	<u>(4,349)</u>
Total Net Position	<u>\$ 404,252</u>	<u>\$ 442,942</u>	<u>\$ (38,690)</u>

Primary Government-Business-type Activities

	Year Ended June 30,		Variance
	2019	2018	
Program Revenues:			
Charges for Services	\$ 819,556	\$ 814,837	\$ 4,719
Expenses:			
Operating Expenses	1,205,496	1,181,011	24,485
Operating Income (Loss)	<u>(385,940)</u>	<u>(366,174)</u>	<u>(19,766)</u>
Capital Contributions and Transfers:			
Capital Contributions	27,250	44,876	(17,626)
Transfer from Other Funds	320,000	320,000	-
Total Capital Contributions and Transfers	<u>347,250</u>	<u>364,876</u>	<u>(17,626)</u>
Change in Net Position	(38,690)	(1,298)	(37,392)
Net Position, July 1	<u>442,942</u>	<u>444,240</u>	<u>(1,298)</u>
Net Position, June 30	<u>\$ 404,252</u>	<u>\$ 442,942</u>	<u>\$ (38,690)</u>

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FINANCIAL ANALYSIS OF THE FUNDS

As noted earlier, the Knox County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Knox County Government's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Knox County Government's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year and to help ensure future stability of governmental operations.

The categories of fund balance are:

Nonspendable fund balance relates to amounts that cannot be spent because they are in a form that is not expected to be converted to cash (e.g., inventories and prepaid items), as well as the County's investment in joint venture.

Restricted fund balance includes amounts restricted for specific purposes by parties outside of the County (e.g., grantors, other governments) or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission.

Assigned fund balance consists of amounts constrained by the County's intent to be used for specific purposes but are not restricted or committed.

Unassigned fund balance is the residual balance in the General Fund.

The following table shows the changes in the fund balance categories:

Primary Government-Governmental Fund Balances

	June 30,		
	2019	2018	Variance
	<hr/>	<hr/>	<hr/>
Nonspendable	\$ 6,529,169	\$ 6,020,510	\$ 508,659
Restricted	16,800,067	10,349,925	6,450,142
Committed	25,861,340	28,202,991	(2,341,651)
Assigned	5,109,595	6,300,438	(1,190,843)
Unassigned	68,113,362	52,674,453	15,438,909
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>\$ 122,413,533</u>	<u>\$ 103,548,317</u>	<u>\$ 18,865,216</u>

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As of the end of the current fiscal year, the Knox County Government's governmental funds reported combined ending fund balances of \$122,413,533, an increase of \$18,865,216 in comparison with the prior year total of \$103,548,317. Much of the overall increase resulted from operations of the County's capital projects public improvement fund. Factors that affected the results of operations of the major Governmental Funds are discussed further in the following sections.

The General Fund is the chief operating fund of the Knox County Government. The results of the fund balances in the General Fund are indicated in the table below. Unassigned fund balance represents 36.3% of actual expenditures compared to 37.5% last year. The County has adopted a formal fund balance policy calling for the maintenance of a minimum level of unassigned fund balance equivalent to three months (25%) of regular operating expenditures plus transfers out. The County strives to maintain levels exceeding that minimum level in order to provide for unanticipated needs. The actual results reflect the achievement of this goal.

General Fund - Fund Balances

	June 30,		
	2019	2018	Variance
Nonspendable	\$ 6,449,546	\$ 5,927,091	\$ 522,455
Restricted	2,812,084	2,417,264	394,820
Committed	3,993,667	4,874,481	(880,814)
Assigned	251,677	921,525	(669,848)
Unassigned	68,113,362	65,921,820	2,191,542
 Total Fund Balances	 \$ 81,620,336	 \$ 80,062,181	 \$ 1,558,155

The Debt Service Fund is used to account for the accumulation of resources for, and related payments of, principal and interest on general long-term debt. The results of the fund balances in the Debt Service Fund are indicated in the table below. Most of the fund balance consists of amounts committed for debt service purposes by County Commission. The County had planned for a decrease in the Debt Service Fund, and had budgeted for \$7,479,014 to be applied to the current year budget. As the current year result of operations was a decrease in fund balance of \$1,382,055, the fund experienced a positive variance of \$6,096,959 of actual results compared to the final budget. This resulted from the significant savings from conservatively budgeting for interest expense that the County experienced from its variable rate debt, combined with increased property and local tax revenues. The County plans to continue its conservative financial planning.

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Debt Service Fund - Fund Balances

	June 30,		
	2019	2018	Variance
	<u> </u>	<u> </u>	<u> </u>
Restricted	\$ 2,260,493	\$ 1,221,151	\$ 1,039,342
Committed	<u>13,048,357</u>	<u>15,469,754</u>	<u>(2,421,397)</u>
 Total Fund Balances	 <u>\$ 15,308,850</u>	 <u>\$ 16,690,905</u>	 <u>\$ (1,382,055)</u>

The Public Improvement Capital Projects Fund experienced a net increase in fund balance in 2019, as seen on the following table. This change results from the timing of the issuance of bonds for capital purposes compared to the expenditures made therefrom. The County's practice is to issue debt for capital purposes generally on an annual basis, with the intent that debt proceeds be received as close as practicable to the timing of the planned expenditures. This is done to help keep interest charges as low as practicable.

Public Improvement Capital Projects Fund - Fund Balances

	June 30,		
	2019	2018	Variance
	<u> </u>	<u> </u>	<u> </u>
Restricted	\$ 5,055,955	\$ -	\$ 5,055,955
Committed	175,000	-	175,000
Unrestricted (Deficit)	<u>-</u>	<u>(13,247,367)</u>	<u>13,247,367</u>
 Total Fund Balance	 <u>\$ 5,230,955</u>	 <u>\$ (13,247,367)</u>	 <u>\$ 18,478,322</u>

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Proprietary funds-Internal Service Funds. The Knox County Government's proprietary fund statements provide underlying detail information included in the government-wide financial statements.

Net position of all the internal service funds at year-end 2019 is shown in the table below. Most of the variance was due primarily to the self-insurance and self-insurance healthcare funds net position increase of \$1,202,730 and increase of \$4,974,647, respectively. During FY 2019 the self-insurance fund experienced a decrease in worker's compensation liability expense by \$2,397,625 which was due to fewer than expected claims activity for the year. The self-insurance fund also received \$1,160,000 from the Board to support their worker's compensation liability which is now part of the County's. The self-insurance healthcare fund experienced a decrease in claims expense by \$1,385,995 and an increase in revenue charges for services of \$1,070,019. The Internal Service Funds are used to accumulate and distribute costs as a planning tool and are expected to break even over the long run. As the intent of these funds is to "break even," these results are in line with expectations, and reflect the variability and uncertainty in predicting the activity for the year. The total net position at year-end reflects a modest accumulated net position for these funds over time, in line with expectations.

Net Position-Proprietary Funds-Internal Service Funds

	June 30,		
	2019	2018	Variance
Net Position - All ISF	\$ 23,854,464	\$ 17,747,508	\$ 6,106,956
Charges for Services	\$ 91,185,756	\$ 85,347,286	\$ 5,838,470
Change in Net Position as a % of			
Charges for Services	6.7%	2.6%	

GENERAL FUND BUDGETARY HIGHLIGHTS

The total fund balance of the County's General Fund increased by \$1,558,155 during 2019, compared to last year's \$5,237,147 increase. The General Fund's original budget planned for a net use of fund balance for the year of \$2,167,753. Therefore, the actual total fund balance of \$81,620,336 was \$3,725,908 greater than originally planned. Key elements in the comparison of the budget to actual results for the General Fund are shown in the following table:

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General Fund - Budget vs. Actual
Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Local Taxes	\$ 142,690,197	\$ 146,228,924	\$ 3,538,727
State of Tennessee	10,857,594	12,851,494	1,993,900
Federal Government	1,009,288	1,414,906	405,618
Other	20,551,021	22,535,926	1,984,905
Equity Interest in Joint Venture	-	298,686	298,686
Total Revenues	<u>\$ 175,108,100</u>	<u>\$ 183,329,936</u>	<u>\$ 8,221,836</u>
Finance and Administration	\$ 33,587,216	\$ 33,493,502	\$ 93,714
Administration of Justice	20,063,966	20,012,386	51,580
Public Safety	88,417,713	88,340,254	77,459
Public Health and Welfare	23,477,049	23,457,235	19,814
Social and Cultural Services	5,272,587	5,231,099	41,488
Agricultural and Natural Resources	483,297	483,133	164
Other General Government	16,776,743	16,774,661	2,082
Total Expenditures	<u>\$ 188,078,571</u>	<u>\$ 187,792,270</u>	<u>\$ 286,301</u>

The largest items affecting the variance in local taxes was a \$1,305,491 increase over budget in actual county property tax revenues and an increase of \$1,442,518 in business taxes. While the County can raise tax rates, the government has chosen to keep tax rates steady (adjusted only for the effects of reappraisal) to not further burden County taxpayers. Therefore, revenues were budgeted conservatively and in line with the previous year. Various other revenues from the State of Tennessee exceeded the conservatively budgeted amounts, which also contributed to the General Fund positive budgetary outcome. The General Fund budget was adopted in amounts intended to provide funds for essential services. Expenditures reflected the close monitoring of the budget to achieve results as planned.

Differences in expenditures between the original budget and the final amended budget were within the normal course of County business and totaled a net \$5,989,790 increase in the total budget. Included in the increase were normal carryover appropriations for projects not completed during the previous fiscal year and appropriations for additional expenditures related to numerous additional revenues received for specific purposes during the year that were in addition to the revenues estimated in the original budget. Key elements in the comparison of the original budget to final budget for the General Fund are shown in the following table:

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General Fund - Original Budget vs. Final Amended Budget

	Year Ended June 30, 2019		
	Original	Final	Variance
Local Taxes	\$ 142,628,000	\$ 142,690,197	\$ 62,197
State of Tennessee	9,627,410	10,857,594	1,230,184
Federal Government	1,009,288	1,009,288	-
Other	19,481,644	20,551,021	1,069,377
Total Revenues	<u>\$ 172,746,342</u>	<u>\$ 175,108,100</u>	<u>\$ 2,361,758</u>
Finance and Administration	\$ 32,287,825	\$ 33,587,216	\$ (1,299,391)
Administration of Justice	19,853,855	20,063,966	(210,111)
Public Safety	87,731,934	88,417,713	(685,779)
Public Health and Welfare	23,157,864	23,477,049	(319,185)
Social and Cultural Services	5,116,246	5,272,587	(156,341)
Agricultural and Natural Resources	586,457	483,297	103,160
Other General Government	13,354,600	16,776,743	(3,422,143)
Total Expenditures	<u>\$ 182,088,781</u>	<u>\$ 188,078,571</u>	<u>\$ (5,989,790)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Knox County Government Total Reporting Unit reported a total balance of capital assets (net of accumulated depreciation) as of June 30, 2019, of \$1,046,797,997, which compares to the prior year total of \$1,066,115,182. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The net decrease in the investment in capital assets for the current fiscal year was \$19,317,185 or 1.81%, which reflects the depreciation expense for the year in amounts greater than capital additions.

Spending for major capital asset additions during the current fiscal year included the following: Inskip Elementary School upgrades, school security and HVAC upgrades (Board), the County focused mainly on bridge replacements and general road improvements along with other various additions/renovations.

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The County reported capital assets for its governmental activities as of June 30, 2019 as described in the table below. The County's investment in capital assets includes land and land improvements, buildings, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the County, such as roads and streets, bridges, sidewalks, lighting systems, and similar items. The decrease in the current year capital asset additions can be found mainly in the buildings and machinery and equipment categories. In the prior year the Plumb Creek Park was completed for approximately \$770K. Also, the County purchased more in vehicles in the prior year of close to \$1M. Depreciation in the current year reduces the overall balance in capital assets. The County maintains a commitment to reduce borrowing for capital purposes which results in an overall lower amount of capital asset additions compared to previous years. Although a certain level of long-term borrowing for capital purposes is necessary to service the needs of County citizens, the County is committed to reducing its debt level in order to minimize the burden on County taxpayers resulting from additional debt issuances.

Knox County Primary Government
Governmental Activities Capital Assets

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Beginning Balance, July 1	\$ 1,072,255,707	\$ 1,051,297,103	\$ 20,958,604
Current Year Change	<u>15,653,544</u>	<u>20,958,604</u>	<u>(5,305,060)</u>
Capital Assets	1,087,909,251	1,072,255,707	15,653,544
Less: Accumulated Deprecation	<u>497,317,231</u>	<u>472,031,662</u>	<u>25,285,569</u>
Ending Balance, June 30	<u>\$ 590,592,020</u>	<u>\$ 600,224,045</u>	<u>\$ (9,632,025)</u>

Additional information on the Knox County Government's capital assets can be found in Note III.C of this report. Significant construction commitments in progress at year-end can be found in Note IV.E of this report.

Long-term debt. At the end of the current fiscal year, the Knox County Government had total bonded debt outstanding of \$639,470,799, compared to \$619,565,080 at the end of 2018. All the bonded debt was backed by the full faith and credit of the County government. In the current year \$260,650,341 of the total is outstanding debt which the government issued on behalf of the Board for school purposes. The remaining \$378,820,458 of the Knox County Government's debt represents bonds issued for general government purposes. The following schedule shows the changes in bonded debt allocated to the entity responsible for payment thereof.

Knox County, Tennessee
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Knox County Government's
Bonded Debt Changes

FY 2019:	Primary		
Rollforward of Debt:	Government	Board	Total
Beginning Balance	\$ 358,243,123	\$ 261,321,957	\$ 619,565,080
Principal Paid	(29,269,850)	(29,599,431)	(58,869,281)
Proceeds From Debt Issuances	49,847,185	28,927,815	78,775,000
Ending Balance - Bonds	<u>\$ 378,820,458</u>	<u>\$ 260,650,341</u>	<u>\$ 639,470,799</u>

FY 2018:	Primary		
Rollforward of Debt:	Government	Board	Total
Beginning Balance	\$ 381,869,285	\$ 280,610,076	\$ 662,479,361
Principal Paid	(66,046,162)	(34,648,119)	(100,694,281)
Proceeds From Debt Issuances	42,420,000	15,360,000	57,780,000
Ending Balance - Bonds	<u>\$ 358,243,123</u>	<u>\$ 261,321,957</u>	<u>\$ 619,565,080</u>

Knox County's total bonded debt increased by \$19,905,719 or 3.2% during the current fiscal year. This was due to the bond principal payments were less than debt issuances as shown in the table above. The current year increase in bonded debt was due to planned bond issuances. Future planned principal payments on bonds exceed planned bond issuances and will keep the County on track to maintain the Mayor's commitment to lower the overall bonded debt levels of the County.

Other Debt Changes During

FY 2019:	Primary		
Rollforward of Debt:	Government	Board	Total
Beginning Balance	\$ 52,981,760	\$ 4,175,290	\$ 57,157,050
Additions	7,995,238	-	7,995,238
Deductions	(4,987,555)	(262,775)	(5,250,330)
Ending Balance	<u>\$ 55,989,443</u>	<u>\$ 3,912,515</u>	<u>\$ 59,901,958</u>

FY 2018:	Primary		
Rollforward of Debt:	Government	Board	Total
Beginning Balance	\$ 53,776,279	\$ 4,427,778	\$ 58,204,057
Additions	3,980,220	-	3,980,220
Deductions	(4,774,739)	(252,488)	(5,027,227)
Ending Balance	<u>\$ 52,981,760</u>	<u>\$ 4,175,290</u>	<u>\$ 57,157,050</u>

Knox County's other debt, including the Board, described in the table above consist of unamortized bond premium, capital lease obligations, and loans payable. This debt increased by

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\$2,744,908 during the current fiscal year due to unamortized bond premiums on new bonded debt issuances.

Knox County's debt is rated "AA+" by Standard & Poor's. In addition, the County's debt is rated "Aa1" by Moody's. These ratings were reaffirmed subsequent to June 30, 2019.

State statutes set no limit for the amount of general obligation debt a county may issue. Current bonded debt outstanding for the County Government is \$639,470,799. This translates to approximately \$1,374 per capita. This compares to the FY 2018 per capita amount of \$1,340.

Additional information on the Knox County's long-term debt can be found in the Note III.I to the Financial Statements of this report and on pages 245-251.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Knox County for June 2019 was 3.6%, which is the same as the final unemployment rate figure of 3.6% for June 2018. For comparison, the state's average rate was 3.4% for June 2019, and 3.5% for June 2018. The national unemployment averages were 3.7% for June 2019 and 4.0% for June 2018.
- The General Fund budget adopted for 2020 reflects a budget totaling \$196,299,187. The budget anticipates using \$1.8 million from fund balance.
- The property tax rate for FY 2020 is \$2.12. The allocation of the rate is \$0.89 to the general fund, \$0.80 to the general purpose school fund and \$0.43 to the debt service fund.
- Additional information regarding the County's budget may be found at https://www.knoxcounty.org/finance/pdfs/2019_2020_budget/FY2020_Budget_Book-Adopted_Detail.pdf

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Knox County Government's finances for all those with an interest in the government's finances. The County's CAFR and additional information regarding the County may be located online at: http://www.knoxcounty.org/finance/annual_reports.php. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Knox County Government
Department of Finance
Suite 630
City/County Building
400 Main Street
Knoxville, TN 37902

KNOX COUNTY, TENNESSEE

Statement of Net Position

June 30, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Knox County Board of Education	Nonmajor Component Units	Total Reporting Unit
Assets						
Cash and Cash Equivalents	\$ 83,625,756	\$ -	\$ 83,625,756	\$ 24,865,387	\$ 33,435,989	\$ 141,927,132
Investments, at Fair Value	68,243,133	-	68,243,133	17,737,139	-	85,980,272
Accounts Receivable	17,877,275	14,745	17,892,020	15,902,497	433,424	34,227,941
Local Taxes Receivable, net	182,014,688	-	182,014,688	135,685,691	-	317,700,379
Loans Receivable	1,454,057	-	1,454,057	-	-	1,454,057
Internal Balances	87,192	(87,192)	-	-	-	-
Advances to Other Governments	2,445,000	-	2,445,000	-	-	2,445,000
Inventories	548,627	81,357	629,984	2,444,725	-	3,074,709
Land Held for Resale	-	-	-	-	29,082,591	29,082,591
Prepaid Items	230,369	-	230,369	457,045	156,030	843,444
Other Assets	-	-	-	1,000	-	1,000
Net Pension Asset	57,321	-	57,321	27,502,952	-	27,560,273
Equity Interest in Joint Venture	5,861,727	-	5,861,727	-	-	5,861,727
Capital Assets:						
Land and Construction in Process	114,945,612	880	114,946,492	23,725,060	56,089	138,727,641
Other Capital Assets, Net of Accumulated Depreciation	475,646,408	454,330	476,100,738	416,243,345	15,726,273	908,070,356
Total Assets	953,037,165	464,120	953,501,285	664,564,841	78,890,396	1,696,956,522
Deferred Outflows of Resources						
Deferred Outflows Related to Pensions	40,901,487	-	40,901,487	43,418,763	1,461,847	85,782,097
Deferred Outflows Related to Other Post-Employment Benefits	1,303,509	-	1,303,509	3,182,055	-	4,485,564
Deferred Outflows of Unamortized Amount on Refundings	4,958,801	-	4,958,801	-	-	4,958,801
Deferred Outflows of Hedging Derivatives	20,164,919	-	20,164,919	-	-	20,164,919
Total Deferred Outflows of Resources	67,328,716	-	67,328,716	46,600,818	1,461,847	115,391,381
Liabilities						
Accounts Payable and Accrued Liabilities	15,578,706	25,807	15,604,513	39,878,194	2,300,528	57,783,235
Unearned Revenue	1,735,511	-	1,735,511	344,431	3,708	2,083,650
Accrued Interest	2,616,232	-	2,616,232	-	-	2,616,232
Self-insurance Liability	19,650,625	-	19,650,625	2,585,688	-	22,236,313
Noncurrent Liabilities:						
Net Pension Liability	97,094,826	-	97,094,826	11,385,729	-	108,480,555
Other Post-Employment Benefits Obligation	9,957,109	-	9,957,109	29,197,772	-	39,154,881
Fair Value of Interest Rate Swap Derivatives	26,128,304	-	26,128,304	-	-	26,128,304
Other Long-term Obligations:						
Due in Less than One Year	58,656,737	34,061	58,690,798	5,004,362	351,149	64,046,309
Due in More than One Year	648,666,935	-	648,666,935	24,395,083	659,551	673,721,569
Total Liabilities	880,084,985	59,868	880,144,853	112,791,259	3,314,936	996,251,048
Deferred Inflows of Resources						
Deferred Inflows Related to Pensions	5,175,274	-	5,175,274	39,268,786	-	44,444,060
Deferred Inflows Related to Other Post-Employment Benefits	590,480	-	590,480	6,908,585	-	7,499,065
Deferred Inflows of Unamortized Amount on Refundings	444,266	-	444,266	-	-	444,266
Deferred Inflows of Property Taxes and Other Receivables	174,822,518	-	174,822,518	105,742,455	-	280,564,973
Total Deferred Inflows of Resources	181,032,538	-	181,032,538	151,919,826	-	332,952,364
Net Position						
Investment in Capital Assets	-	455,210	455,210	436,090,303	15,782,362	452,327,875
Net Investment in Capital Assets (see note below)	236,006,482	-	236,006,482	(34,413)	-	(56,281,040)
Restricted for:						
Debt Service	2,260,493	-	2,260,493	-	-	2,260,493
Public Health and Welfare Purposes	2,217,610	-	2,217,610	-	-	2,217,610
Public Safety Purposes	3,656,671	-	3,656,671	-	-	3,656,671
Education Purposes	-	-	-	10,549,333	-	10,549,333
Capital Purposes-Education	-	-	-	5,493,284	-	5,493,284
Social and Cultural Purposes	1,955,845	-	1,955,845	-	-	1,955,845
Other Purposes	1,653,493	-	1,653,493	-	95,122	1,748,615
Unrestricted (see note below)	(288,502,236)	(50,958)	(288,553,194)	(5,643,933)	61,159,823	59,215,805
Total Net Position (Deficit)	\$ (40,751,642)	\$ 404,252	\$ (40,347,390)	\$ 446,454,574	\$ 77,037,307	\$ 483,144,491

The sum of the rows that report the net position categories for Net Investment in Capital Assets and Net Position-Unrestricted applicable to the primary government and the component units do not equal the related amounts shown in the Total Reporting Unit column. The difference of \$292,253,109 results because the debt incurred by the Primary Government on behalf of the Board of Education Component Unit reduces the unrestricted net position of the Primary Government, whereas the related assets are reported in the Board Component Unit totals. For the Total Reporting Unit, the \$292,253,109 is deducted from the amount shown for Net Investment in Capital Assets to show the matching of the total assets with the total debt. In addition, the Board's capital assets acquired with funds provided by the primary government are included in the Investment in Capital Assets category, as the Board incurred no related capital debt.

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Primary Government			Net (Expense) Revenue and Changes in Net Position		Total Reporting Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units		
								The Board	Nonmajor Component Units	
Primary government:										
Governmental activities:										
Finance and Administration	\$ 42,393,875	\$ 23,139,167	\$ -	\$ -	\$ (19,254,708)		\$ (19,254,708)			\$ (19,254,708)
Finance and Administration-Payment to Component Unit	5,048,874	-	-	-	(5,048,874)		(5,048,874)			(5,048,874)
Administration of Justice	31,566,137	11,007,055	2,738,800	-	(17,820,282)		(17,820,282)			(17,820,282)
Public Safety	99,394,187	6,367,212	2,526,218	-	(90,500,757)		(90,500,757)			(90,500,757)
Public Safety-Payment to Component Unit	1,191,595	-	-	-	(1,191,595)		(1,191,595)			(1,191,595)
Public Health and Welfare	38,237,450	7,512,402	8,469,508	-	(22,255,540)		(22,255,540)			(22,255,540)
Public Health and Welfare-Payment to Component Unit	166,628	-	-	-	(166,628)		(166,628)			(166,628)
Social and Cultural Services	22,500,037	762,846	496,834	-	(21,240,357)		(21,240,357)			(21,240,357)
Agricultural and Natural Resources	483,133	-	219,416	-	(263,717)		(263,717)			(263,717)
Other General Government	22,292,787	260,242	1,573,929	-	(20,458,616)		(20,458,616)			(20,458,616)
Other General Government-Payment to Component Unit	725,000	-	-	-	(725,000)		(725,000)			(725,000)
Engineering and Public Works	33,709,187	154,100	6,909,656	6,215,851	(20,429,580)		(20,429,580)			(20,429,580)
Education - Payment to Component Unit	39,410,750	-	-	-	(39,410,750)		(39,410,750)			(39,410,750)
Debt Service - Interest and Fees	26,095,623	-	-	-	(26,095,623)		(26,095,623)			(26,095,623)
Total governmental activities	363,215,263	49,203,024	22,934,361	6,215,851	(284,862,027)		(284,862,027)			(284,862,027)
Total governmental activities	363,215,263	49,203,024	22,934,361	6,215,851	(284,862,027)		(284,862,027)			(284,862,027)
Business-type activities:										
Three Ridges Golf Course	1,205,496	819,556	-	27,250	-	\$ (358,690)	(358,690)			(358,690)
Total primary government	\$ 364,420,759	\$ 50,022,580	\$ 22,934,361	\$ 6,243,101	(284,862,027)		(358,690)			(285,220,717)
Component units:										
Board of Education	\$ 583,598,104	\$ 14,737,649	\$ 68,461,001	\$ -			\$ (500,399,454)			(500,399,454)
Nonmajor Component Units	10,825,133	7,762,305	-	48,000			-	\$ (3,014,828)		(3,014,828)
Total component units	\$ 594,423,237	\$ 22,499,954	\$ 68,461,001	\$ 48,000			(500,399,454)		(3,014,828)	(503,414,282)
General Revenues:										
Property Taxes					180,659,537	-	180,659,537	102,449,449	-	283,108,986
Sales Taxes					15,766,312	-	15,766,312	157,968,631	-	173,734,943
Lodging Taxes					8,816,132	-	8,816,132	-	-	8,816,132
Business Taxes					10,492,518	-	10,492,518	-	-	10,492,518
Wheel Taxes					12,410,744	-	12,410,744	1,719,672	-	14,130,416
Other Local Taxes					4,780,980	-	4,780,980	1,038,560	-	5,819,540
Investment Revenue					4,906,718	-	4,906,718	880,681	824,068	6,611,467
Payments from Component Units					15,412,297	-	15,412,297	-	-	15,412,297
Payments from Primary Government					-	-	-	44,459,624	2,083,223	46,542,847
Intergovernmental Revenues					12,841,469	-	12,841,469	2,483,663	-	15,325,132
Other Revenues					936,317	-	936,317	-	2,026	938,343
Other Governments and Citizens Groups					352,694	-	352,694	-	101,290	453,984
Miscellaneous					788,341	-	788,341	337,268	-	1,125,609
Grants and Contributions Not Restricted for Specific Programs					-	-	-	-	1,719,140	1,719,140
State of Tennessee - Basic Education Program					-	-	-	222,386,625	-	222,386,625
Transfers					(320,000)	320,000	-	-	-	-
Total General Revenues and Transfers					267,844,059	320,000	268,164,059	533,724,173	4,729,747	806,617,979
Change in Net Position					(17,017,968)	(38,690)	(17,056,658)	33,324,719	1,714,919	17,982,980
Net Position, July 1, as restated (See Note IV.H.)					(23,733,674)	442,942	(23,290,732)	413,129,855	75,322,388	465,161,511
Net Position, June 30 (Deficit)					\$ (40,751,642)	\$ 404,252	\$ (40,347,390)	\$ 446,454,574	\$ 77,037,307	\$ 483,144,491

The Notes to the Financial Statements are an integral part of this financial statement.

KNOX COUNTY, TENNESSEE

**Balance Sheet
Governmental Funds**

June 30, 2019

	General	Capital Projects Public Improvement	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 14,015,561	\$ 6,240,657	\$ 2,301,192	\$ 18,556,380	\$ 41,113,790
Investments, at Fair Value	58,643,499	-	9,599,634	-	68,243,133
Receivables, (Net):					
Accounts	7,608,746	-	702,829	7,319,854	15,631,429
Local Taxes	122,480,302	-	58,469,829	1,064,557	182,014,688
Notes and Loans	469,000	175,000	-	810,057	1,454,057
Due from Other Funds	2,333,134	-	-	-	2,333,134
Advances to Other Entity	-	-	2,445,000	-	2,445,000
Inventories	392,572	-	-	63,388	455,960
Prepaid Items	195,247	-	-	16,235	211,482
Investments in Joint Venture	5,861,727	-	-	-	5,861,727
TOTAL ASSETS	\$ 211,999,788	\$ 6,415,657	\$ 73,518,484	\$ 27,830,471	\$ 319,764,400
LIABILITIES					
Accounts Payable	\$ 5,224,341	\$ 1,184,702	\$ 38,090	\$ 2,434,630	\$ 8,881,763
Accrued Liabilities	4,178,362	-	-	1,267,602	5,445,964
Due to Other Funds	-	-	-	2,245,942	2,245,942
Unearned Revenue	106,606	-	-	1,628,905	1,735,511
TOTAL LIABILITIES	9,509,309	1,184,702	38,090	7,577,079	18,309,180
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes and Notes Receivable	120,870,143	-	58,171,544	-	179,041,687
FUND BALANCES					
Nonspendable	6,449,546	-	-	79,623	6,529,169
Restricted	2,812,084	5,055,955	2,260,493	6,671,535	16,800,067
Committed	3,993,667	175,000	13,048,357	8,644,316	25,861,340
Assigned	251,677	-	-	4,857,918	5,109,595
Unassigned	68,113,362	-	-	-	68,113,362
TOTAL FUND BALANCES	81,620,336	5,230,955	15,308,850	20,253,392	122,413,533
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 211,999,788	\$ 6,415,657	\$ 73,518,484	\$ 27,830,471	\$ 319,764,400

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Ending Fund Balance - Governmental Funds	\$	122,413,533	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		590,495,510	
The net pension asset is not available to pay for current-period expenditures and, therefore, is not reported as an asset in the fund financial statements.		57,321	
Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use of equipment) to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		23,854,464	
Long-term liabilities, including bonds payable and related unamortized premium, loans payable, capital lease obligations, other post-employment benefit obligation, compensated absences, net pension liability, the fair value of interest rate swaps, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.			
Bonds Payable	\$	639,470,799	
Unamortized Bond Premium		21,470,511	
Fair Value of Interest Rate Swaps, net		5,963,385	
Loans Payable		2,176,237	
Accrued Interest		2,616,232	
Capital Lease Obligations		32,342,694	
Net Pension Liability		97,094,826	
Other Post-employment Benefit Obligation		9,957,109	
Compensated Absences		11,653,623	(822,745,416)
Certain revenues will be collected after year-end but not within the period considered available to pay current period expenditures. Therefore, these amounts are recorded as deferred inflows of resources in the fund financial statements but have been recognized as revenues under the accrual basis in the statement of net position.			4,219,169
Deferred outflows of unamortized amounts on refundings (\$4,958,801), deferred outflows related to other postemployment benefits (\$1,303,509), and deferred outflows related to pensions (\$40,901,487) increase the amount of net position reported in the statement of net position, but are not reported as assets in the funds. Similarly, deferred inflows related to pensions (\$5,175,274), deferred inflows of unamortized amounts on refundings (\$444,266), and deferred inflows related to other postemployment benefits (\$590,480) decrease the amount of net position reported in the statement of net position, but are not reported as liabilities in the funds.			40,953,777
Net Position of Governmental Activities	\$	(40,751,642)	

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2019

	General	Capital Projects Public Improvement	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
County Property Taxes	\$ 125,637,491	\$ -	\$ 55,101,864	\$ -	\$ 180,739,355
Local Option Sales Taxes	6,839,780	-	-	8,926,532	15,766,312
Lodging Taxes	-	-	-	8,816,132	8,816,132
Business Taxes	10,492,518	-	-	-	10,492,518
Wheel Taxes	572,282	-	-	11,838,462	12,410,744
Other Local Taxes	2,686,853	-	-	2,094,127	4,780,980
Licenses and Permits	5,043,155	-	-	-	5,043,155
Fines, Forfeitures and Penalties	2,190,263	-	-	477,771	2,668,034
Charges for Current Services	8,458,108	-	-	28,916,023	37,374,131
Other Local Revenues	6,423,269	105,388	3,893,337	1,356,532	11,778,526
State of Tennessee	12,851,494	219,416	-	12,642,338	25,713,248
Federal Government	1,414,906	-	-	7,655,484	9,070,390
Other Governments and Citizen Groups	421,131	66	-	577,514	998,711
Payments from Component Units	-	-	13,297,034	-	13,297,034
Increase in Equity Interest in Joint Venture	298,686	-	-	-	298,686
Total Revenues	183,329,936	324,870	72,292,235	83,300,915	339,247,956
Expenditures					
Current:					
Finance and Administration	28,444,628	-	-	8,761,551	37,206,179
Finance and Administration - Payments to Component Unit	5,048,874	-	-	-	5,048,874
Administration of Justice	20,012,386	-	-	10,609,343	30,621,729
Public Safety	87,148,659	-	-	2,082,881	89,231,540
Public Safety - Payments to Component Unit	1,191,595	-	-	-	1,191,595
Public Health and Welfare	23,290,607	-	-	14,020,644	37,311,251
Public Health and Welfare - Payments to Component Unit	166,628	-	-	-	166,628
Social and Cultural Services	5,231,099	-	-	14,484,298	19,715,397
Agricultural and Natural Resources	483,133	-	-	-	483,133
Other General Government	16,049,661	2,194	-	9,357,728	25,409,583
Other General Government - Payments to Component Unit	725,000	-	-	-	725,000
Engineering and Public Works	-	-	-	16,744,661	16,744,661
Payments to Component Unit	-	39,410,750	-	-	39,410,750
Debt Issuance Costs	-	461,032	-	-	461,032
Capital Projects	-	15,555,038	-	-	15,555,038
Debt Service					
Trustee's Commission	-	-	1,124,674	-	1,124,674
Principal	-	-	45,633,419	-	45,633,419
Interest	-	-	24,519,749	-	24,519,749
Other Debt Service	-	-	1,344,674	-	1,344,674
Refunding Bonds Issuance Costs	-	-	12,772	-	12,772
Total Expenditures	187,792,270	55,429,014	72,635,288	76,061,106	391,917,678
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,462,334)	(55,104,144)	(343,053)	7,239,809	(52,669,722)
Other financing sources (uses)					
Transfers from Other Funds	12,851,638	800,000	195,226	6,397,623	20,244,487
Transfers to Other Funds	(6,831,149)	-	(1,247,000)	(13,426,638)	(21,504,787)
Long-term Bonds Issued	-	65,915,000	-	-	65,915,000
Premium on Long-term Debt Issued	-	6,867,466	-	-	6,867,466
Refunding Bonds Issued	-	-	12,860,000	-	12,860,000
Premium on Refunding Bonds	-	-	1,127,772	-	1,127,772
Payment to Holders of Refunded Debt	-	-	(13,975,000)	-	(13,975,000)
Total Other Financing Sources (Uses)	6,020,489	73,582,466	(1,039,002)	(7,029,015)	71,534,938
Net Change in Fund Balances	1,558,155	18,478,322	(1,382,055)	210,794	18,865,216
Fund Balances, July 1, Restated	80,062,181	(13,247,367)	16,690,905	20,042,598	103,548,317
Fund Balances, June 30	\$ 81,620,336	\$ 5,230,955	\$ 15,308,850	\$ 20,253,392	\$ 122,413,533

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds		\$ 18,865,216
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$30,619,321) exceeded capital outlays (\$14,811,787) in the current period.		(15,807,534)
Capital assets contributed by developers and others are not recognized as revenues in the fund financial statements, but are recognized as revenues in the statement of activities.		6,215,851
Certain revenues will be collected after year-end but not within the period considered available to pay current period expenditures. Therefore, these amounts were recognized as revenues in the statement of activities but were not reported as revenues in the fund financial statements.		4,219,169
Amounts reported as fund revenues that met the criteria for revenue recognition under the full accrual method of accounting in the preceding fiscal year have been excluded from the current year statement of activities.		(4,298,987)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is reflected as an expenditure in the governmental funds, whereas the repayment reduces long-term liabilities in the statement of net position. Debt proceeds (\$78,775,000) exceeded debt principal payments (\$61,124,161) by this amount.		(17,650,839)
Expenses reported in the statement of activities include amortization of the deferred amount on debt refunding (\$1,019,051). In addition, the amortization of bond premium results in reduction of expenses of \$2,288,410. These amounts do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		1,269,359
Debt issued at a premium (\$7,995,238) provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position.		(7,995,238)
The increase in the fair value of an interest rate swap accounted for as an investment derivative instrument in the statement of activities did not use current resources in governmental funds.		(981,957)
Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use of equipment) to individual funds. The net revenue (expense) amounts of the internal service funds are reported with governmental activities.		6,106,956
Certain assets, liabilities, deferred inflows, and deferred outflows accounted for using the economic resources focus and accrual basis of accounting are reported in the Statement of Net Position but are not reported in the fund financial statements, which include only items that are accounted for using current financial resources measurement and modified accrual basis of accounting. These amounts do not provide or require the use of current financial resources and, therefore, are not reflected in the revenues or expenditures of governmental funds:		
Increase (decrease) in assets and deferred outflows:		
Net Pension Asset	\$ 57,321	
Deferred Outflows Related to Pensions	20,253,322	
Deferred Outflows Related to Other Post-employment Benefits	(331,071)	19,979,572
(Increase) decrease in liabilities and deferred inflows:		
Accrued Interest	236,408	
Net Pension Liability	(28,188,965)	
Deferred Inflows Related to Pensions	1,429,840	
Other Post-employment Benefit Liability	596,288	
Deferred Inflows Related to Other Post-employment Benefits	(84,994)	
Compensated Absences Liability	(928,113)	(26,939,536)
Change in Net Position of Governmental Activities		<u>\$ (17,017,968)</u>

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE

**Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
County Property Taxes	\$ 124,332,000	\$ 124,332,000	\$ 125,637,491	\$ 1,305,491
Local Option Sales Taxes	6,010,500	6,010,500	6,839,780	829,280
Business Taxes	9,050,000	9,050,000	10,492,518	1,442,518
Wheel Taxes	550,000	550,000	572,282	22,282
Other Local Taxes	2,685,500	2,747,697	2,686,853	(60,844)
Licenses and Permits	4,947,260	4,947,260	5,043,155	95,895
Fines, Forfeitures and Penalties	1,949,250	2,323,666	2,190,263	(133,403)
Charges for Current Services	7,540,141	8,226,541	8,458,108	231,567
Other Local Revenues	4,730,829	4,735,540	6,423,269	1,687,729
State of Tennessee	9,627,410	10,857,594	12,851,494	1,993,900
Federal Government	1,009,288	1,009,288	1,414,906	405,618
Other Governments and Citizen Groups	314,164	318,014	421,131	103,117
Increase in Equity Interest in Joint Venture	-	-	298,686	298,686
Total Revenues	<u>172,746,342</u>	<u>175,108,100</u>	<u>183,329,936</u>	<u>8,221,836</u>
Expenditures				
Current:				
Finance and Administration	27,703,951	28,538,342	28,444,628	93,714
Finance and Administration - Payments to Component Unit	4,583,874	5,048,874	5,048,874	-
Administration of Justice	19,853,855	20,063,966	20,012,386	51,580
Public Safety	86,540,339	87,226,118	87,148,659	77,459
Public Safety - Payments to Component Unit	1,191,595	1,191,595	1,191,595	-
Public Health and Welfare	22,991,236	23,310,421	23,290,607	19,814
Public Health and Welfare - Payments to Component Unit	166,628	166,628	166,628	-
Social and Cultural Services	5,116,246	5,272,587	5,231,099	41,488
Agricultural and Natural Resources	586,457	483,297	483,133	164
Other General Government	12,629,600	16,051,743	16,049,661	2,082
Other General Government - Payments to Component Unit	725,000	725,000	725,000	-
Total Expenditures	<u>182,088,781</u>	<u>188,078,571</u>	<u>187,792,270</u>	<u>286,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,342,439)</u>	<u>(12,970,471)</u>	<u>(4,462,334)</u>	<u>8,508,137</u>
Other Financing Sources (Uses)				
Transfers from Other Funds	11,835,000	11,835,000	12,851,638	1,016,638
Transfers to Other Funds	(4,660,314)	(6,854,393)	(6,831,149)	23,244
Total Other Financing Sources	<u>7,174,686</u>	<u>4,980,607</u>	<u>6,020,489</u>	<u>1,039,882</u>
Net Change in Fund Balances	<u>\$ (2,167,753)</u>	<u>\$ (7,989,864)</u>	1,558,155	<u>\$ 9,548,019</u>
Fund Balances, July 1			<u>80,062,181</u>	
Fund Balances, June 30			<u>\$ 81,620,336</u>	

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE

Statement of Net Position

Proprietary Funds

June 30, 2019

	Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 42,511,966
Receivables:		
Accounts	14,745	2,245,846
Inventories	81,357	92,667
Prepaid Items	-	18,887
TOTAL CURRENT ASSETS	96,102	44,869,366
Capital Assets:		
Capital Assets (Net of Accumulated Depreciation)	455,210	96,510
TOTAL ASSETS	551,312	44,965,876
LIABILITIES		
Current Liabilities:		
Accounts Payable	14,037	916,226
Accrued Liabilities	11,770	334,753
Due to Other Funds	87,192	-
Claims Liability	-	19,650,625
Compensated Absences Payable	34,061	188,826
TOTAL CURRENT LIABILITIES	147,060	21,090,430
Noncurrent Liabilities:		
Compensated Absences Payable	-	20,982
TOTAL LIABILITIES	147,060	21,111,412
NET POSITION (DEFICIT)		
Investment in Capital Assets	455,210	96,510
Unrestricted	(50,958)	23,757,954
TOTAL NET POSITION	\$ 404,252	\$ 23,854,464

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Fund	Internal Service Funds
Operating Revenues		
Charges for Services	\$ 819,556	\$ 91,185,756
Operating Expenses		
Cost of Services	1,099,162	21,258,802
Depreciation and Amortization	46,591	53,054
Medical Claims	-	25,291,698
Retirement Contributions	-	33,549,864
VWRP Employee Benefits	-	70,723
OPEB 35% Health Contributions	-	640,042
Other Employee Benefits	-	923,443
Worker's Compensation & Other Claims	-	4,010,177
Other Expenses	59,743	221,297
Total Operating Expenses	1,205,496	86,019,100
Operating Income (Loss)	(385,940)	5,166,656
Capital Contributions and Transfers		
Capital Contributions	27,250	-
Transfers from Other Funds	320,000	940,300
Total Capital Contributions and Transfers	347,250	940,300
Change in Net Position	(38,690)	6,106,956
Total Net Position, July 1	442,942	17,747,508
Total Net Position, June 30	\$ 404,252	\$ 23,854,464

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE

**Statement of Cash Flows
Proprietary Funds**

For the Year Ended June 30, 2019

	Enterprise Fund	Internal Service Funds
Operating Activities		
Cash Received from Customers	\$ 812,181	\$ -
Cash Received from Interfund Services Provided	-	89,881,497
Cash Paid to Employees	(525,222)	(2,077,152)
Cash Paid for Goods and Services	(621,959)	(22,658,931)
Cash Paid on Behalf of Employees	-	(60,978,677)
Net Cash Provided by (Used in) Operating Activities	(335,000)	4,166,737
Noncapital Financing Activities		
Transfers from Other Funds	-	940,300
Capital and Related Financing Activities		
Transfers from Other Funds for Capital Purposes	320,000	-
Capital Contributions	27,250	-
Acquisition and Construction of Capital Assets	(12,250)	(12,713)
Net Cash Provided by (Used in) Capital and Related Financing Activities	335,000	(12,713)
Net Increase (Decrease) in Cash and Cash Equivalents	-	5,094,324
Cash and Cash Equivalents Beginning of Year	-	37,417,642
End of Year	\$ -	\$ 42,511,966
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ (385,940)	\$ 5,166,656
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	46,591	53,055
Change in Assets and Liabilities:		
Increase in Accounts Receivable	(7,375)	(1,681,689)
Decrease in Due from Component Units	-	377,429
(Increase) Decrease in Inventories	(11,583)	47,669
Decrease in Prepaid Items	-	20,374
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(8,859)	227,086
Increase (Decrease) in Due to Other Funds	43,758	(3,726)
Increase (Decrease) in Compensated Absences	(11,592)	6,767
(Decrease) in Claims Liabilities	-	(46,884)
Total Adjustments	50,940	(999,919)
Net Cash Provided by (Used in) Operating Activities	\$ (335,000)	\$ 4,166,737

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 403,712	\$ 32,757,875
Investments, at Fair Value:		
Mutual Funds	504,147,939	-
Collective Investment Trusts	21,809,917	-
Investments, at Contract Value:		
Guaranteed Investment Contracts	82,046,030	-
Total Investments	608,003,886	-
Receivables:		
Accounts	-	9,428,885
Employer Contributions	20,834	-
Notes Receivable from Participants	2,633,344	-
Receivable from Other Plans	173,165	-
Total Receivables	2,827,343	9,428,885
Total Assets	611,234,941	\$ 42,186,760
LIABILITIES		
Accounts Payable	-	\$ 12,644,044
Accrued Liabilities	-	4,455,446
Accounts Payable - Administrative Expenses	213,907	-
Accounts Payable - To Other Plans	173,165	-
Due to Other Governments	-	7,819,331
Due to Litigants, Heirs and Others	-	17,267,939
Total Liabilities	387,072	\$ 42,186,760
NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS	\$ 610,847,869	

The Notes to the Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE

Statement of Changes in Fiduciary Net Position
Pension, Retirement and Other Post-Employment Benefit Trust Funds
For the Year Ended June 30, 2019

ADDITIONS

Contributions:	
Employer	\$ 22,975,547
Employees	14,251,049
Rollovers	<u>1,674,180</u>
Total Contributions	<u>38,900,776</u>
Investment Income (Loss):	
Interest and Dividend Income	15,799,512
Interest on Notes Receivable from Participants	110,093
Net Appreciation (Depreciation) in Fair Value of Investments	<u>8,437,090</u>
Total Investment Income	<u>24,346,695</u>
Less Investment Expenses	<u>(73,193)</u>
Net Investment Income	<u>24,273,502</u>
Other:	
Transfers from Other Plans	<u>958,595</u>
Total Additions	<u>64,471,705</u>

DEDUCTIONS

Benefits and Refunds	39,783,853
Administrative Expenses	1,865,800
Transfers to Other Plans	<u>958,595</u>
Total Deductions	<u>42,608,248</u>

CHANGE IN NET POSITION 21,863,457

NET POSITION - RESTRICTED
FOR PENSION, OPEB, AND RETIREMENT
BENEFITS, BEGINNING OF YEAR

588,984,412

NET POSITION - RESTRICTED
FOR PENSION, OPEB, AND RETIREMENT
BENEFITS, END OF YEAR

\$ 610,847,869

The Notes to Financial Statements are an integral part of this statement.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

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KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Knox County (the County), founded in 1792, is a political subdivision of the State of Tennessee. The County operates under a County Mayor – County Commission form of government pursuant to the Knox County Home Rule Charter (the Charter) established under Tennessee Code Annotated, Section 5-1-208, effective September 1, 1990. The County Mayor serves an elected term of four years. The eleven County Commissioners serve four-year terms and are elected by voters within the County. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its Component Units. The County is considered to be the primary government. Component Units are legally separate entities for which the County is considered to be financially accountable. These Component Units are discretely presented in separate columns in the government-wide financial statements to emphasize they are legally separate from the County.

Discretely Presented Component Units - the County

The Knox County Board of Education (the Board) consists of nine members elected by voters of the County and one superintendent appointed by members of the Board. The Board is fiscally dependent on the County because the County levies taxes for the Board, issues debt on behalf of the Board and approves the Board's Budget. The Board is responsible for elementary and secondary education within the County's jurisdiction. The Board operates a total of 89 vocational and handicapped centers, primary, intermediate, middle and high schools. The full-time equivalent average daily membership during the 2018 - 2019 school year was 58,970 with a full time equivalent average daily attendance of 55,536. During the previous year, the full time equivalent average daily membership was 58,903 with a full time equivalent average daily attendance of 55,426.

The **Knox County Railroad Authority** (KCRA) was established by Knox County in April 1999, to provide for the continuation of rail service within the County. KCRA is governed by a two-member Board consisting of the County Mayor and a member selected by the County Commission. KCRA is fiscally dependent on the County for approval of all debt issuances.

The **Knox County Emergency Communications District** (the District) is an emergency response agency operating a consolidated public safety answering point service and emergency radio dispatch service for the residents of the County. The District is governed by an eleven-member Board of Directors, of whom the majority are appointed by the County. Debt issuances or lease agreements exceeding five years require County approval. All fees are collected and remitted to the District through the State of Tennessee Emergency Communications Board (TECB). Revenues are recognized by the District in the period allocated by the TECB.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Complete financial statements for the District may be obtained at the entity's administrative offices:

Knox County Emergency Communications District
605 Bernard Avenue
Knoxville, TN 37921

The **Development Corporation of Knox County** (the Corporation) is a not-for-profit organization organized for the primary purpose of promoting and encouraging community and economic development within the boundaries of Knox County. The Corporation is governed by an eleven-member board: four members appointed by the County, two members appointed by the City of Knoxville, and five members who are citizens of Knox County. For those five citizen members, terms are staggered so that one member's term ends each year. Appointments are made by nomination from the entire Corporation board and presented to County Commission for approval. Commission may reject a board nomination; however, the Corporation board's nomination becomes effective upon the third nomination event. The County has agreed to provide a portion of the Corporation's funding, and therefore the Corporation has imposed a financial burden on the County.

Complete financial statements for the Corporation may be obtained at the Corporation's administrative office:

The Development Corporation of Knox County
17 Market Square, # 201
Knoxville, TN 37902-1405

The Board and KCRA do not issue separate financial statements from those of the County. Fund financial statements for the Board are, therefore, included in these financial statements. The activities of KCRA are accounted for in a single fund, and the information presented in the government-wide financial statements also constitutes the fund financial statements.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Major Component Unit - the Board

The Great Schools Partnership Charitable Trust (the Partnership) was established during the fiscal year ended June 30, 2005. Its purpose is to provide financial and other support to the Knox County Schools by expending funds in furtherance of specific programs and activities conducted by the Board, or by distributions of funds directly to the Board. The Partnership is a legally separate, tax-exempt organization governed by a board consisting of representatives of the Board, Knox County, the City of Knoxville, and various other governmental, educational, and not-for-profit organizations. Although the Board does not control the timing or amount of expenditures made by the Partnership, the majority of the resources, or income therefrom, that the Partnership holds are restricted to the exempt purposes of the Board by the donors. Therefore, the Partnership is considered a component unit of the Board and is discretely presented in the Board's financial statements. During fiscal year 2014, the Partnership entered into an agreement with a separate not-for-profit organization whereby that organization became a supporting organization of the Partnership. Amounts presented in the financial statements reflect this combined reporting presentation.

Complete financial statements for the Partnership may be obtained at the Partnership's administrative office:

Great Schools Partnership Charitable Trust
912 South Gay Street L-210
Knoxville, TN 37902

B. Government-wide and Fund Financial Statements

The accompanying financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and pension trust fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and employ the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are "measurable and available". "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property tax revenues available if they are collected within 60 days after the fiscal year end. All other revenues are considered available if collected within one year after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting, except for debt and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are considered susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the County are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Fund Accounting: The accounts of the County are organized, operated and presented on the basis of funds. Funds are independent fiscal and accounting entities with self-balancing sets of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental Funds are used to account for the County's general government activities. The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund. The major revenue sources are property taxes and local option sales tax.

The *Public Improvement Fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds, exclusive of construction activity related to the Americans with Disabilities Act. The major revenue source is proceeds from debt issuances.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary funds. The major revenue source is property tax collections.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds are used to account for governmental activities that are similar to activities that may be performed by a commercial enterprise.

Enterprise funds account for operations that provide services primarily to the general public on a user charge basis. The Three Ridges Golf Course operations are accounted for as an enterprise fund.

Internal service funds account for operations of the County that provide services to other departments, agencies, other governments, component units, and joint ventures on a cost reimbursement basis.

Activities accounted for in the internal service funds include: (1) provision of gasoline and maintenance services for County vehicles, (2) operation of a central mailroom, (3) payment of retiree medical premiums, employee retirement, life insurance and other payroll related expenses, and unemployment claims, (4) accounting for the payment of workers' compensation and general liability claims, (5) provision of central maintenance for County buildings, (6) providing technical support for electronic data processing functions, and (7) accounting for the payment of employee health insurance claims.

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Fiduciary funds include the following:

The *pension trust and other post-employment employee benefit trust funds* are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension and other post-employment benefit (OPEB) trust funds account for the County's defined benefit pension plan, defined contribution pension plan, defined benefit OPEB and defined contribution OPEB plans. Plan member contributions are recognized in the period when contributions are due and payable in accordance with the terms of the plan. Employer contributions are recognized when due and the County makes a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fiduciary funds also include agency funds used to account for the receipt and disbursement of funds held for various third parties. Agency funds include transactions related to (1) local sales taxes collected by the State of Tennessee and remitted to the County for distribution to other municipalities, (2) funds held on behalf of subdivision developers pending completion of road and hydrology requirements, (3) cash held by the County on behalf of several external agencies and County joint ventures, and (4) funds held by various elected officials on behalf of state agencies and/or other funds.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is generally the government's policy to use restricted resources first and then, unrestricted resources as they are needed.

Component Units

The Board of Education uses two major governmental funds (general fund and school construction capital projects), three nonmajor governmental (special revenue) funds, and fiduciary funds (pension trust fund, agency). These fund types use the same measurement focus and basis of accounting as those of the County. KCRA follows the County's governmental funds measurement focus and basis of accounting. The District follows the County's proprietary funds measurement focus and basis of accounting. The Corporation's separately issued financial statements also are accounted for as a proprietary fund. The Partnership's separately issued financial statements are prepared in accordance with the requirements of the Financial Accounting Standards Board (FASB). The financial data included for the Partnership in this Comprehensive Annual Financial Report has been formatted to comply with the classification and reporting requirements of the Governmental Accounting Standards Board (GASB).

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Deposits and Investments

The cash and cash equivalents of the County and its component units are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The County maintains a pooled cash system through the Knox County Trustee. The fair value of purchased investments and investment income at fiscal year-end is allocated to major funds based on the total cash position of that fund at fiscal year-end. In accordance with County directive, the County and Board record investment income where approved and allocated in the annual budget, primarily to the County's General Fund, Debt Service Fund, Public Improvement Fund, School General Fund, and School Construction Fund.

State statutes and local ordinances authorize the County and the Board to invest in certificates of deposit, the State Local Government Investment Pool, U.S. Treasury obligations, U.S. agency issues, corporate bonds, equity funds, short-term bond funds, and guaranteed investment contracts.

Investments are reported at fair value. Realized gains and (losses) from the sale of investments are calculated separately from the change in the fair value. Realized gains or (losses) in the current period include unrealized amounts from prior periods. Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on the accrual basis.

Investments - Fiduciary Fund - The pension trust fund's investments except for guaranteed investment contracts (GIC), are stated at fair value. Guaranteed investment contracts are valued at contract value. Investment income includes realized gains (losses) from the sale of investments, unrealized gains (losses) in the change in market values, and interest and dividend income earned during the year, net of investment related expenses. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Receivables, Payables, and Unearned Revenue

In the County's and Board's fund financial reporting, transactions between County funds and Board funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Transactions between the County and its component units that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from Component Units." All other outstanding balances between the County and its component units are reported as "due to/from Component Units/Primary Government."

In the fund financial statements governmental funds report unearned revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current accounting period. Governmental funds also defer recognition of revenues in connection with resources that have been received, but not yet earned. The County accrues additional assets (receivables) for certain nonexchange revenues in governmental funds. As governmental funds are subject to the modified accrual basis of accounting, any additional revenues recognized as receivable before the resources are available have been reported as deferred inflows of resources with no resulting effect on fund equity. Unearned revenue in the government-wide financial statements consists of resources received that have not yet been earned.

All trade receivables are shown net of an allowance for doubtful accounts. Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. In Tennessee, this date is January 1st, and is referred to as the lien date. Revenues from property taxes, however, are recognized in the period for which the taxes are levied, which for the County is October 1st of the ensuing fiscal year. Property tax payments are due by February 28 of the following year. Since the receivable for property taxes is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated amount for uncollectible taxes, is reported as deferred inflows in the fund financial statements and in the government-wide financial statements as of June 30th.

Property taxes receivable are also reported as of June 30th for the taxes that are levied and uncollected during the current fiscal year as well as the previous eight fiscal years. These property taxes receivable are presented on the fund balance sheet with offsetting deferred inflows to reflect amounts not available as of June 30th. Property taxes collected within 60 days of year-end are considered available and are accrued as revenue. Property taxes collected later than 60 days after year-end are not considered available and are accrued and reported as deferred inflows. An allowance for uncollectible taxes is also recorded representing the estimated amount of delinquent taxes receivable that will be filed with the court for collection. Delinquent taxes filed with the court for collection are considered uncollectible and are written off.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Inventories and Prepaid Assets

The County and Board maintain material inventory balances in their proprietary and governmental funds. Inventories in the proprietary funds are stated at the lower of cost or market. Inventories in the governmental funds are stated at cost. Inventories are accounted for under the consumption method. Supplies for resale and the cost of oil and gasoline in the internal service funds use the first-in, first-out (FIFO) flow assumption in determining cost.

The Board values school supplies inventories using the specific identification method. The Board's Central Cafeteria Fund inventories are composed of food supplies. These inventories are stated at cost.

The County's general fund inventory consists of land held for resale. The land is recorded at cost excluding the cost of infrastructure (roads, utilities, etc.).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

Derivative Instruments

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (Statement No. 53) as amended by GASB Statement No. 72, *Fair Value Measurement and Application*, requires the County to recognize all its derivative instruments on the Statement of Net Position at fair value.

The County classifies its derivative instruments into hedging derivative instruments and investment derivative instruments, as defined by Statement No. 53. If a derivative is classified as a hedging derivative instrument, changes in its fair value are deferred on the Statement of Net Position as either deferred inflows or deferred outflows. If the derivative is classified as an investment derivative instrument, changes in its fair value are reported on the Statement of Activities in the period in which they occur. Such changes are included in the County's investment income (loss). See Note III.I. for more detailed analysis. The County formally assesses the effectiveness of its hedging derivative instruments at each year-end.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County and Board define capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's and Board's historical records of necessary improvements and replacement. Public domain infrastructure includes long-lived assets, primarily roads; system infrastructure includes street lighting and other assets with shorter expected useful lives. Depreciation is computed using the straight-line method generally over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45
Land Improvements	10 - 20
Public Domain Infrastructure	40
System Infrastructure	25
Vehicles	5
Machinery and Equipment	5 - 20
Intangibles	5 - 10

It is the County's, Board's, and the District's policy to capitalize the cost of the rights to externally acquired software as an intangible asset.

Compensated Absences

It is the policy of the County and its component units to permit employees to accumulate, in varying amounts, earned but unused vacation, compensatory time and sick pay benefits. The County's and Board's policy for retiring employees is that they may be paid for unused sick leave in varying amounts up to a maximum of \$10,000 for the County and one year's salary for the Board. Vacation, compensatory, and sick leave benefit liabilities from the County's and the Board's governmental funds are not reported in their respective fund financial statements because it is not expected that such amounts would be liquidated with expendable available financial resources. For the County and Component Unit governmental activities, compensated absences liabilities are generally liquidated by the respective general fund. The compensated absences liability and the related change in liability are reported in the government-wide and proprietary fund financial statements of the County and its component units.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Risk Financing Activities

Knox County and its component units are exposed to various risks of loss associated with general liability claims. The County and Board are self-insured for such risks. The majority of general liability and worker's compensation claims are accounted for in the Self Insurance Fund, an internal service fund. The County and Board's policy is to utilize the Self Insurance Fund to account for claims that meet certain criteria. Claims that meet these criteria include those that are reasonably expected to occur from time to time as the result of normal recurring activities, claims that do not appear to result from gross negligence or intent, that are expected to be settled within a reasonable period of time and that are not expected to be in unusual amounts, and claims that have not resulted in death or catastrophic injury. On occasion, events occur giving rise to claims that do not meet the County's criteria for recording in the Self Insurance Fund. Such claims are accounted for in the appropriate governmental fund.

Long-Term Obligations

The County and the Board record long-term debt in the government-wide financial statements. Similarly, long-term debt and other obligations financed by the County's proprietary funds and the District are recorded as liabilities in the appropriate funds.

Bond premiums and discounts, as well as deferred amounts on refundings, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable unamortized bond premium or discount.

Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period incurred.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

Fund Equity

In the governmental fund financial statements of the County and the Board component unit, fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the County and Board are bound to honor constraints related to the specific purposes for which amounts in the funds can be spent. The classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are (a) not in spendable form, or (b) legally or contractually required to be maintained intact (e.g., endowments.) Fund balance not in spendable form includes items not expected to be converted to cash (e.g., inventories and prepaid items), as well as the County's investment in joint venture. The County does not have any nonspendable fund balance that is legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that are restricted for specific purposes. These amounts result from constraints placed on the use of resources (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the County is the County Commission. Amounts are reported as committed pursuant to resolutions passed by Commission (legislative branch), which have also been approved by the County Mayor (executive branch.)

Assigned fund balance consists of amounts constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County Mayor is the head of the County executive branch, and the Mayor is the County's chief fiscal officer as set forth in the Knox County Charter. Therefore, assignments may be made upon the authority of the County Mayor or designee.

Unassigned fund balance is the residual balance in the general fund (i.e., fund balance that is not nonspendable, and is not restricted, committed, or assigned.) The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

The County has adopted a policy requiring that a minimum level of unassigned fund balance in the General Fund equal to three months (25%) of regular, ongoing operating expenditures be maintained. Generally, when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted amounts are expended first, and then unrestricted funds are used. Generally, when expenditures are incurred utilizing unrestricted funds, unassigned amounts are expended first, then assigned amounts, then committed amounts. Net position in government-wide and proprietary fund financial statements are classified as investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by County law.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

E. Additional Information

Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements to provide an understanding of the changes in the financial position and operations of the County and the Board. Comparative totals have not been included on statements where their inclusion would not provide enhanced understanding of the reporting entity's financial position and operations or would cause the statements to be unduly complex and difficult to understand.

Certain items have been reclassified from the prior year to conform to current year presentation that has no effect upon prior year results.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

Budget Basis/Authority

Annual budgets, as required by the County Charter and applicable County ordinances, are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Constitutional Officers Fund and the Capital Projects Funds.

The Constitutional Officers Special Revenue Fund is used to account for the transactions of the fee and commission accounts of the County Trustee, Register of Deeds, County Clerk, Criminal and Fourth Circuit Court Clerk, Circuit and General Sessions Court Clerk, and Clerk and Master. These separately elected officials pay salaries and related expenditures from fees and commissions earned by their offices.

Excess fees and commissions are transferred to other funds. In some instances, all fees and commissions earned are transferred to other funds. Transactions related to the Constitutional Officers Special Revenue Fund are not subject to the budgetary control of the County Commission. Therefore, this fund is presented as an unbudgeted special revenue fund.

The Drug Control Special Revenue Fund is established pursuant to Tennessee Code Annotated Section 39-17-420, stipulating drug control activities to be reported in a special revenue fund. The budget for this fund is a separately adopted budget proposed by the Sheriff and approved by the County Commission. Budgetary control is at the total fund level.

The County's Public Improvement Capital Projects Fund, and the Board's School Construction Capital Projects Fund each adopt project-length budgets for major construction projects rather than annual budgets for these projects.

Budgets for portions of the County's State, Federal and Other Grants Fund and all of the Board's School General Projects and School Federal Projects Funds are generally adopted at the time the grant or program has been approved by the grantor, so the Commission can fulfill any requirement to appropriate local matching funds at the time of adoption.

With the exception of project length budgets and grants, all appropriations lapse at fiscal year-end.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Data (Continued)

Budgetary Process

On or before April 15, heads of all County departments and agencies submit requests for appropriations to the County Department of Finance. The Board prepares a comprehensive budgetary request that is also sent to the Department of Finance. This budget has been approved by the members of the Board of Education and is sent to the County for adoption.

The Department of Finance in conjunction with the Office of the County Mayor compiles the requests, negotiates with the various departments and submits a comprehensive budget to the County Commission. By July 1, the final County and Board budget is adopted by County Commissioners.

The appropriated County budget is prepared at the fund, department, and major category level. For the County, the legal level of budgetary control, that is, the level at which management cannot overspend funds without a budget amendment approved by the County Commission, is the major category level within departments. The major categories are Personal Services, Employee Benefits, Contracted Services, Supplies and Materials, Other Charges, Debt Service and Capital Outlay.

The budget adopted by the County for the Board is recommended by the County Mayor and adopted in total. The County does not exercise control over the Board at the department or major category level. After the budget for the Board is approved, the Board of Education may modify it within the total appropriation granted by the County Commission.

The budget and actual schedules included herein are not intended to demonstrate compliance at the legal level of budgetary control. Such statements and schedules are included in the County's separately issued *Budget Report to Citizenry*. Copies of the report may be obtained from the Knox County Department of Finance or online at: https://knoxcounty.org/finance/pdfs/budget_report_citizenry/fy063019.pdf.

Knox County Department of Finance
Room 630
City County Building
400 Main Avenue
Knoxville, TN 37902

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Data (Continued)

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation, is utilized for budgetary control purposes in the governmental funds. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are included in the balances of assigned, committed, or restricted fund balance based on the purposes for which the resources that will be used to liquidate the encumbrances have been classified. Encumbrances are not treated as expenditures for financial reporting purposes. Outstanding encumbrances are reappropriated in the subsequent year. Significant encumbrances at June 30, 2019 include \$168,169 for the County's General Fund and \$943,455 for the Board's General Fund. Significant commitments related to the County's Public Improvement Fund and the Board's School Construction Fund are described in Note IV-E.

Supplemental Appropriations

The following schedule shows the annual budget originally adopted expenditures and transfers out for the County and the Board, and the revisions to that budget as authorized by the County Commission, for the year ended June 30, 2019:

Fund	Original Budget	Revisions	Final Budget
Governmental Funds:			
General Fund	\$ 186,749,095	\$ 8,183,869	\$ 194,932,964
Special Revenue Funds:			
State, Federal and Other Grants	160,000	1,204,260	1,364,260
Governmental Library	112,292	2,717	115,009
Public Library	13,958,900	243,053	14,201,953
Solid Waste	4,398,518	576,945	4,975,463
Hotel/Motel Tax	8,000,000	535,886	8,535,886
Drug Control	862,500	109,551	972,051
Engineering & Public Works	16,708,652	1,852,531	18,561,183
Total Special Revenue Funds	44,200,862	4,524,943	48,725,805
Debt Service Fund	77,750,000	13,987,772	91,737,772
Total - Governmental Funds	\$ 308,699,957	\$ 26,696,584	\$ 335,396,541

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Data (Continued)

Fund	Original Budget	Revisions	Revised Budget
Component Unit - the Board:			
General Fund:			
General Purpose School	\$ 484,530,000	\$ 17,086,360	\$ 501,616,360
Special Revenue Fund:			
Central Cafeteria	26,685,000	1,218,265	27,903,265
Total - the Board	<u>\$ 511,215,000</u>	<u>\$ 18,304,625</u>	<u>\$ 529,519,625</u>

Remaining supplemental appropriations primarily represent funds designated during the previous fiscal year, encumbrances outstanding at June 30, 2018 reappropriated during fiscal year 2019, and grant awards appropriated at the time the award is received.

A local ordinance requires a two-thirds approval of the County Commission before reducing any County fund balance below an amount equal to five percent of the total amount budgeted in the fund. State law stipulates that the Board's General Purpose School Fund balance in excess of three percent of the budgeted annual operating expenses for the current fiscal year may be budgeted and expended for nonrecurring purposes but shall not be used for recurring annual operating expenses.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County, the Board and the District maintain a cash and investment pool through the County Trustee's office. The County Trustee is the treasurer of the County and in this capacity is responsible for receiving, disbursing, depositing and investing most funds.

The Trustee of Knox County utilizes a negotiated sweep agreement for a portion of funds held by the Trustee. These funds are invested each night in various instruments, but under the County's policy these funds are classified as Cash and Cash Equivalents.

Other investments are held in the State of Tennessee's Local Government Investment Pool ("LGIP") and are not subject to categorization. LGIP investments are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the Pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held in the Pool at the balance sheet date. There are no minimum or maximum dollar limits on the size of withdrawal transactions. In most cases, a withdrawal will be honored the same day it is requested. However, withdrawals of \$5,000,000 or more will be honored the next working day after request.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's governmental activities investments follow their adopted investment policy and are monitored and managed by an Investment Committee, whose objectives are to maximize earnings while reducing the exposure to interest rate risks to a low level by utilizing a mixture of short and long-term maturity investments so that the changing interest rates will cause only minimal deviations in the net asset value. Investment maturities shall not exceed three years without the approval of the Investment Committee or greater than five years without the approval from the Director of State and Local Finance or as otherwise provided by State Statute. Investments of bond proceeds shall not exceed two years without the approval of the Investment Committee.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

The County's investments are primarily in U.S. Government Securities and securities issued by agencies of the U.S. Government. The County's and Board's Pension Trust fund activities are managed by the Knox County Retirement Board (see separately issued Pension Trust Fund Statements), whose objectives are to maximize earnings while reducing the exposure to interest rate risks to an appropriate level by using a mixture of long-term and short-term investments in various debt and equity securities. The following represents the County's and the Board's governmental activities investments and the activities of the County's and the Board's Pension Trust funds:

	County and Board Government Activities		County and Board Fiduciary Activities	
	Fair Value or Carrying Amount	Weighted Average Maturity (Years)	Fair Value or Carrying Amount	Weighted Average Maturity (Years)
Cash Equivalents Classified as Investments	\$ 191,320		\$ 403,712	
Certificates of Deposit held greater than 90 days	749,134		-	
Collective Investment Trusts	-		21,809,916	
Mutual Funds	-		557,730,489	
Fixed Income Securities:				
U.S. Treasuries	12,944,660	0.651	-	
Federal Agency Mortgage Backed Securities	17,239,940	0.487	-	
Federal Agency Debt Securities	30,447,610	0.470	-	
Municipal Bonds	19,541,939	0.704	-	
Total Fixed Income Securities	<u>80,174,149</u>		<u>-</u>	
Investments, at Contract Value:				
Guaranteed Investment Contracts	-		82,046,030	
Total Investments:	<u>\$ 81,114,603</u>		<u>\$ 661,990,147</u>	

The Pension Board investments are allocated to the County's and Board's pension trust funds of \$608,407,598 and \$53,582,549, respectively. The Pension Board investments include the Post-Retirement Incentive Medical Trust (Retiree Healthcare Plan) adopted in 2017 as described in Note V A. The Pension Board does not manage the Retirement Incentive Medical Trust. It is managed by the Knox County Finance Department with the direction of USI.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Custodial credit risk

The County's policies limit deposits and investments to those instruments allowed by applicable state laws. Tennessee State Law requires financial institutions to secure a local government's deposits by pledging governmental securities as collateral. The market value of pledged securities must equal at least 105% of the average daily balance of deposits. Alternatively, financial institutions that hold public deposits may participate in the State's collateral pool.

A portion of the County's, the Board's and the District's deposits at June 30, 2019 were covered by the bank collateral pool administered by the Treasurer of the State of Tennessee (the State). Banks participating in the pool report the aggregate balance of their public fund accounts to the State. Collateral to secure these deposits must equal between 90 – 115 percent of the average daily balance of public deposits held and must be pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. The members of the pool may be required to pay an assessment to cover any deficiency. At June 30, 2019, no deposits were exposed to custodial credit risk.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's adopted investment policy is designed with the objective of attaining a market rate of return, taking into account investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and preservation of principal and liquidity. The County will limit credit risk, the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the investment policy and as allowed under Title 5, Chapter 8 of the Tennessee Code Annotated and by diversifying the investment portfolio so that potential losses from any type of security or from any individual securities will be minimized and by limiting investments to specified credit ratings.

The County's and Board's Pension Trust funds are managed with long-term objectives that include maximizing total investment earnings. State statutes and County policies allow the Pension Trust funds a broader range of investments than those available to the governmental activities. The credit risk of the investments of the County's and Board's governmental activities and investments in fixed-income securities is as follows:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

	Primary Government Governmental Activities		
	Fair Value		Standard & Poor's and Moody's Credit Ratings
U.S. Treasuries	\$ 10,956,940	Aaa	Moody's
U.S. Treasuries	1,987,720	NR	Not Rated
Federal Agency Mortgage Backed Securities	17,239,940	AA+	S&P
Federal Agency Debt Securities	17,258,383	AA+	S&P
Federal Agency Debt Securities	2,253,027	Aaa	Moody's
Federal Agency Debt Securities	10,936,200	NR	Not Rated
Municipal Bonds	7,936,956	AAA	S&P
Municipal Bonds	409,030	Aa3	Moody's
Municipal Bonds	430,814	Aa1	Moody's
Municipal Bonds	1,533,420	AA+	S&P
Municipal Bonds	3,438,094	AA-	S&P
Municipal Bonds	5,793,625	AA	S&P
	<hr/>		
Total Fixed Income Securities	\$ 80,174,149		

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Concentration of Credit Risk

The County's governmental investment activities will diversify the overall portfolio to eliminate the risk of loss from an over concentration of assets in a specific class of security, a specific maturity, and/or a specific issuer. According to the County's investment policies, the maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security is as follows:

U.S. Treasury	100% maximum
Federal Agency/Instrumentalities	100% maximum
Tennessee LGIP	50% maximum
Repurchase Agreements	20% maximum
Commercial Paper	30% maximum
Bankers' Acceptances	10% maximum
Insured/Collateralized Certificates of Deposit	100% maximum
State, County and Municipal Obligations	50% maximum

The combined amount of bankers' acceptances and commercial paper shall not exceed forty percent (40%) of the total book value of the portfolio at the date of acquisition.

The County's and Board's Portfolio will be further diversified to limit the exposure to any one issuer. No more than three (3%) or five million dollars, whichever is less, of the County's portfolio will be invested in the securities of any single issuer.

Investments Measured at Fair Value

GASB Statement No. 72 generally requires that investments be measured at fair value and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, primarily include certain U.S. Government obligations, common stock and preferred stock equities. These investments are traded daily in public markets in the United States and other foreign countries. The fair value of these investments is based on the last reported sales price on the last day of the fiscal year.

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. These include certain U.S. Government and foreign obligations, interest-earning investment contracts – certificates of deposit (participating), investment grade corporate bonds and bank loans, certain mortgage and asset backed securities, less-liquid listed securities, certain government agency securities, and foreign currency exchange purchase and sales contracts.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 investments include private equity funds, real estate investment, limited partnerships, certain mortgage and asset backed and common and collective trust funds that are primarily invested in real estate. The fair value of these investments is determined by estimates provided by independent pricing sources in asset classes, non-binding bid prices from industry vendors and managers, and the net asset value on the last day of plan year.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The fair value measurements of the County and the Board's investments at June 30, 2019 are as follows:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Primary Government - Governmental Activities</u>				
Investments by Fair Value Level				
Debt Securities:				
US Treasuries	\$ 12,944,660	\$ 12,944,660	\$ -	\$ -
Fixed Government Agency	47,687,550	-	47,687,550	-
Municipal Bonds	19,541,939	-	19,541,939	-
Total Debt Securities by Fair Value Level	80,174,149	12,944,660	67,229,489	-
Interest-earning Investment Contracts - Certificates of Deposit	749,134	-	749,134	-
Total Investment by Fair Value Level	\$ 80,923,283	\$ 12,944,660	\$ 67,978,623	\$ -

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and certificates of deposit are classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. The certificates of deposit are participating as defined by GASB and meet the criteria for fair value reporting. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Fiduciary Activities - Primary Government and Board</u>				
Equity Investments:				
Mutual Funds	\$ 557,730,489	\$ 557,730,489	\$ -	\$ -
Total Investments by Fair Value Level	557,730,489	557,730,489	-	-
Investments Measured at NAV	21,809,916			
Total Investments Measured at Fair Value	\$ 579,540,405			

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The following is a description of the valuation techniques used to measure investments at fair value for the Fiduciary Activities:

Interest-Bearing Deposits and Money Market Funds: Valued at purchase price, which approximates fair value.

Debt Securities: Typically this category includes corporate bonds, U.S. Treasuries, Federal agency debt securities, Federal agency mortgage backed securities and municipal bonds. Values are based upon quotes obtained from national or international exchanges and other observable inputs from market data and are classified as level 1 or 2 of the fair value hierarchy.

Mutual Funds: Valued at quoted market prices which represent the net asset value of shares held by the plans at year end and classified as level 1 of the fair value hierarchy.

Collective Investment Trusts (Investments Measured at the NAV): As a practical expedient, fair value is determined based on the Net Asset Value (NAV) per share. Fair value is determined based on the collective trust's share price multiplied by the number of shares owned, as based on information reported by the investment advisor using the audited financial statements of the collective trust at year-end. Investments measured at the NAV are excluded from the fair value hierarchy. These collective investment trusts are external investment pools not registered with the SEC and are, instead, regulated primarily by the Office of the Comptroller of the Currency (OCC) as well as various, DOL, FDIC and state banking laws.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the plan administrator believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the valuation techniques used in the fair value measurements from the prior year.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

<u>Investments Measured at the Net Asset Value (NAV)</u>	<u>Total</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Collective Investment Trusts:			
Stable Value Funds	<u>\$ 21,809,916</u>	Daily	0 days

The following is a description of the valuation technique used to measure investments at the net asset value (NAV) per share:

1. *Stable Value Funds:* This type primarily includes investments in high quality stable value investment contracts such as guaranteed investment contracts (GICs), synthetic GICs, and separate account contracts. Fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

The GICs are group annuity contracts that offer full guarantees on principal and interest by the insurance company (issuer). The contracts are fully benefit-responsive. GICs are recorded at their contract value and are a promise to pay interest at crediting rates which are announced in advance and guaranteed for a specified period of time as outlined in the group annuity contracts. Contract value represents deposits made to the contracts, plus earnings at guaranteed crediting rates, less withdrawals and fees.

TCRS Stabilization Reserve Trust

Legal Provisions - The Board is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The Board has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the Board.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Board may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances - Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized cost which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share are excluded from the fair value hierarchy.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at amortized cost plus accrued interest.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Board had the following investments held by the TCRS Stabilization Reserve Trust on its behalf.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Investments:				
U.S. Equity	\$ 391,701	\$ 391,701	\$ -	\$ -
Developed Market				
International Equity	176,897	176,897	-	-
Emerging Market				
International Equity	50,542	50,542	-	-
U.S. Fixed Income	252,710	-	252,710	-
Real Estate	126,355	-	-	126,355
Short-term Securities	12,636	-	12,636	-
Total Investments by Fair Value Level	1,010,841	\$ 619,140	\$ 265,346	\$ 126,355
Investments Measured at NAV	252,710			
Total Investments Measured at Fair Value	\$ 1,263,551			

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

Risks and Uncertainties. The TCRS Stabilization Reserve Trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The Board places no limit on the amount the Trust may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the Trust for the benefit of the Board to pay retirement benefits of the Board's employees.

For further information concerning the Board's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables for the County's individual major funds and nonmajor governmental, internal service, and fiduciary funds in the aggregate, as of year-end, including allowances for uncollectible accounts are:

Primary Government

	<u>Major Governmental Funds</u>							
	General	Debt Service	Capital Projects Public Improvement	Nonmajor Governmental Funds	Internal Service	Enterprise Fund	Total Primary Government	Trust and Agency
Receivables:								
Taxes	\$124,297,028	\$59,348,182	\$ -	\$1,064,557	\$ -	\$ -	\$184,709,767	\$ -
Accounts	7,608,746	702,829	-	7,319,854	2,245,846	14,745	17,892,020	12,256,228
Gross Receivables	131,905,774	60,051,011	-	8,384,411	2,245,846	14,745	202,601,787	12,256,228
Less: Allowances for Uncollectibles	(1,816,726)	(878,353)	-	-	-	-	(2,695,079)	-
Net Total Receivables	<u>\$130,089,048</u>	<u>\$59,172,658</u>	<u>\$ -</u>	<u>\$8,384,411</u>	<u>\$2,245,846</u>	<u>\$14,745</u>	<u>\$199,906,708</u>	<u>\$12,256,228</u>

Receivables for the County's component units as of year-end, including the allowances for uncollectible accounts are:

<u>Component Units:</u>	<u>Government-wide Totals</u>			
	<u>The Board</u>	<u>The Partnership</u>	<u>The District</u>	<u>The Corporation</u>
Receivables:				
Taxes	\$ 137,322,365	\$ -	\$ -	\$ -
Accounts	<u>15,222,633</u>	<u>701,544</u>	<u>42,313</u>	<u>391,111</u>
Gross Receivables	152,544,998	701,544	42,313	391,111
Less: Allowances for Uncollectibles	<u>(1,636,674)</u>	<u>(21,680)</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 150,908,324</u>	<u>\$ 679,864</u>	<u>\$ 42,313</u>	<u>\$ 391,111</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

The General Fund has the following note receivable at June 30, 2019:

- (1) A note receivable from the Knoxville-Knox County Community Action Committee (CAC) with an initial balance of \$2,300,000 was originated during the fiscal year ended June 30, 2004. The note resulted from an arrangement between the County and CAC whereby certain proceeds from debt issued by the County were used to construct a facility on CAC's behalf. CAC agreed to reimburse the County by repaying the annual amounts of the County's related debt service requirements. The resulting note receivable is due in varying principal installments, plus interest, through 2022. As of June 30, 2019, \$469,000 remained outstanding.

The County's Public Improvement Fund has the following loan receivable at June 30, 2019:

- (1) Loan receivable from Helen Ross McNabb Center with an initial balance of \$250,000 was originated during the fiscal year ended June 30, 2017. The non-interest bearing loan is for the purpose of providing funding for improvements to a facility that the County owns and McNabb occupies. The County and McNabb are splitting the cost of the improvements. Repayment of the loan will be made in 10 annual installments of \$25,000 through 2026, contingent on McNabb continuing to occupy the space and continuing to provide certain services to the County. As of June 30, 2019, \$175,000 remained outstanding.

The State, Federal and Other Grants Special Revenue Fund had \$810,057 of notes receivable at June 30, 2019. These note agreements are from eligible County citizens participating in various state and federal low-income housing projects. These notes are executed with a range of below market interest rates and varying repayment terms.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Advances to Other Entity

During the fiscal year ended June 30, 2006, the County advanced \$2,500,000 to the Knoxville-Knox County Community Action Committee (CAC). An additional advance during the fiscal year ended June 30, 2009 for \$3,500,000 was made to CAC from Knox County. These advances were made to provide funding for operations and are to be repaid from grant monies and other funding received by CAC. During the fiscal year ended June 30, 2011, CAC paid the County \$3,500,000, \$35,000 in fiscal year 2014 and \$20,000 in fiscal 2017. CAC made no payments to the County in either fiscal 2018 or fiscal 2019 against the outstanding balance of \$2,445,000.

C. Capital Assets

Activity in the County's and the Component Unit's capital assets for the fiscal year ended June 30, 2019, was the following:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 106,341,829	\$ 2,113,738	\$ -	\$ 108,455,567
Construction in Progress	9,931,341	8,038,120	11,479,416	6,490,045
Total Capital Assets, not being depreciated	<u>116,273,170</u>	<u>10,151,858</u>	<u>11,479,416</u>	<u>114,945,612</u>
Capital Assets being depreciated:				
Buildings	238,180,392	2,771,587	-	240,951,979
Land Improvements	26,634,359	368,138	-	27,002,497
Machinery and Equipment	69,990,028	4,315,018	743,783	73,561,263
Intangible Assets	17,242,127	157,039	4,645,741	12,753,425
Infrastructure	603,935,631	14,758,844	-	618,694,475
Total Capital Assets being depreciated	<u>955,982,537</u>	<u>22,370,626</u>	<u>5,389,524</u>	<u>972,963,639</u>
Less Accumulated Depreciation for:				
Buildings	116,523,158	8,804,096	6,611	125,320,643
Land Improvements	18,206,727	959,650	-	19,166,377
Machinery and Equipment	44,532,791	5,221,074	734,454	49,019,411
Intangible Assets	16,251,816	340,853	4,645,741	11,946,928
Infrastructure	276,517,170	15,346,702	-	291,863,872
Total Accumulated Depreciation	<u>472,031,662</u>	<u>30,672,375</u>	<u>5,386,806</u>	<u>497,317,231</u>
Total Capital Assets being depreciated, net	<u>483,950,875</u>	<u>(8,301,749)</u>	<u>2,718</u>	<u>475,646,408</u>
Governmental Activities Capital Assets, net	<u>\$ 600,224,045</u>	<u>\$ 1,850,109</u>	<u>\$ 11,482,134</u>	<u>\$ 590,592,020</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Three Ridges Golf Course:				
Capital Assets, not being depreciated:				
Land	\$ 880	\$ -	\$ -	\$ 880
Total Capital Assets, not being depreciated	880	-	-	880
Capital Assets being depreciated:				
Buildings	754,504	-	-	754,503
Land Improvements	66,463	-	-	66,463
Machinery and Equipment	509,109	12,250	-	521,360
Intangible Assets	25,448	-	-	25,448
Total Capital Assets being depreciated	1,355,524	12,250	-	1,367,774
Less Accumulated Depreciation for:				
Buildings	481,100	21,226	-	502,326
Land Improvements	66,463	-	-	66,463
Machinery and Equipment	293,842	25,365	-	319,207
Intangible Assets	25,448	-	-	25,448
Total Accumulated Depreciation	866,853	46,591	-	913,444
Total Capital Assets being depreciated, net	488,671	(34,341)	-	454,330
Business-type Activities Capital Assets, net	\$ 489,551	\$ (34,341)	\$ -	\$ 455,210

Depreciation expense was charged to primary government governmental activities functions as follows:

Finance and Administration	\$ 5,187,696
Administration of Justice	944,408
Public Safety	3,925,454
Public Health and Welfare	926,199
Social and Cultural Services	2,784,640
Other General Government	682,703
Engineering & Public Works	16,221,275
Total Depreciation Expense - Governmental Activities	<u>\$ 30,672,375</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Component Unit – the Board

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 23,184,098	\$ -	\$ -	\$ 23,184,098
Construction in Progress	2,229,150	6,968,801	8,656,989	540,962
Total Capital Assets, not being depreciated	25,413,248	6,968,801	8,656,989	23,725,060
Capital Assets being depreciated:				
Buildings	625,265,057	7,191,318	-	632,456,375
Land Improvements	15,097,803	698,668	-	15,796,471
Machinery and Equipment	110,362,692	10,405,166	105,621	120,662,237
Intangible Assets	2,399,318	-	-	2,399,318
Infrastructure	4,767,386	-	-	4,767,386
Total Capital Assets being depreciated	757,892,256	18,295,152	105,621	776,081,787
Less Accumulated Depreciation for:				
Buildings	251,219,252	15,820,578	-	267,039,830
Land Improvements	3,227,437	1,052,389	-	4,279,826
Machinery and Equipment	75,561,494	10,750,588	105,621	86,206,461
Intangible Assets	1,813,443	353,226	-	2,166,669
Infrastructure	61,232	119,190	-	180,422
Total Accumulated Depreciation	331,882,858	28,095,971	105,621	359,873,208
Total Capital Assets being depreciated, net	426,009,398	(9,800,819)	-	416,208,579
Governmental Activities Capital Assets, net	\$ 451,422,646	\$ (2,832,018)	\$ 8,656,989	\$ 439,933,639

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund and Component Unit Receivables and Payables

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The composition of the County and component unit interfund receivables and payables as of June 30, 2019, is as follows:

Due to/from Other Funds - Primary Government:

Receivable Fund	Payable Fund	Amount
<u>Major Funds:</u>		
General	Constitutional Officers' Special Revenue Fund	\$ 2,245,942
	Three Ridges Golf Course	87,192
Total Governmental Funds		\$ 2,333,134

Due to/from Other Funds - The Board:

<u>Major Funds:</u>		
General - General Purpose School	School Federal Projects	\$ 5,857,251
	School General Projects	826,988
	Central Cafeteria	655,009
		7,339,248
<u>Nonmajor Special Revenue Funds:</u>		
School Federal Projects	General Purpose School	1,424
Central Cafeteria	General Purpose School	353,764
Total Board of Education		\$ 7,694,436

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Transfers and Similar Transactions

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The composition of primary government transfers for the year ended June 30, 2019, is as follows:

Primary Government:

Transfers - In	Transfers - Out	Amount
<u>Major Funds:</u>		
General	Constitutional Officers - Special Revenue Debt Service	\$ 12,251,638 600,000 <u>12,851,638</u>
Debt Service	General	<u>195,226</u>
Public Improvement	General	<u>800,000</u>
Total Major Governmental Funds		<u>13,846,864</u>
<u>Nonmajor Governmental Funds:</u>		
<u>Special Revenue Funds:</u>		
State, Federal and Other Grants	General	682,905
Governmental Library	General	<u>17,718</u>
Public Library	General Hotel/Motel	1,250,000 500,000 <u>1,750,000</u>
Solid Waste	General Engineering & Public Works	525,000 675,000 <u>1,200,000</u>
Engineering & Public Works	General	<u>2,100,000</u>
Total Nonmajor Special Revenue Funds		<u>5,750,623</u>
ADA Construction	Debt Service	<u>647,000</u>
Total Nonmajor Governmental Funds		<u>647,000</u>
Total Governmental Funds		<u>\$ 20,244,487</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Transfers and Similar Transactions (Continued)

Transfers - In	Transfers - Out	Amount
<u>Internal Service Funds:</u>		
Vehicle Service Center	General	\$ 477,359
Mailroom	General	51,941
Technical Support	General	411,000
Total Internal Service Funds		<u>\$ 940,300</u>
<u>Enterprise Fund:</u>		
Three Ridges Golf Course	General	\$ 320,000
Total Enterprise Fund		<u>\$ 320,000</u>

In addition, payments of \$1,837,360 were made from the Pension Trust – Defined Benefit and Disability Plans to the General Fund for the County Retirement Board administrative expenses. Transfers in to the Self Insurance fund were needed to provide additional funding to support the fund’s operations related to increased claims costs.

Transfers Within Component Unit – the Board:

Transfers - In	Transfers - Out	Amount
<u>Special Revenue Funds (Nonmajor):</u>		
General Purpose School	School General Projects	\$ 19,759
School General Projects	General Purpose School	1,785,788
	School Federal Projects	359,020
		<u>2,144,808</u>
School Federal Projects	General Purpose School	28,851
Total Board of Education		<u>\$ 2,193,418</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Transfers and Similar Transactions (Continued)

Transactions between Primary Government and Component Units:

<u>Revenues and Other Sources</u>	<u>Expenses/Expenditures and Other Uses</u>	<u>Amount</u>
Primary Government - Debt Service (Major Fund)	Component Unit - the Board, General Purpose School	\$ 13,297,034
Total Primary Government		<u>\$ 13,297,034</u>
Component Unit - General Purpose School	Primary Government - General	\$ 2,082,000
Component Unit - School Construction	Primary Government - Public Improvement	39,410,750
Component Unit - Great Schools Partnership	Primary Government - General	2,966,874
Component Unit - The District	Primary Government - General	1,358,223
Component Unit - The Corporation	Primary Government - General	725,000
Total Component Units		<u>\$ 46,542,847</u>

Transactions between the Board and its Component Unit:

<u>Revenues and Other Sources</u>	<u>Expenses/Expenditures and Other Uses</u>	<u>Amount</u>
The Board, School General Projects	Component Unit, Great Schools Partnership	\$ 392,220

Furthermore, the Board made payments directly to the lessors under certain capital leases that are reported as long-term obligations of the County, although the related capital assets are reported as assets of the Board. The FY 2019 payments totaling \$2,115,263 have been reported as payments from the Board to the Primary Government in the government-wide financial statements.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Unearned Revenues

Amounts reported as unearned revenue in the fund financial statements consist of the following:

	Fund Financial Statements
Primary Government - Major Funds:	
<u>General Fund:</u>	
Unearned revenue	\$ 106,606
Primary Government - Nonmajor Funds:	
<u>General Grants Fund:</u>	
Unexpended grant funds	1,628,905
Total - Primary Government	\$ 1,735,511
 <u>School General Projects:</u>	
Unexpended grant funds	\$ 21,826
<u>Central Cafeteria:</u>	
Unearned revenue	322,605
Total Component Unit - the Board	\$ 344,431

G. Deferred Inflows

Amounts reported as deferred inflows in the fund financial statements and the government-wide financial statements consist of the following:

	Fund Financial Statements	Government-wide Financial Statements
Primary Government - Major Funds:		
<u>General Fund:</u>		
Taxes receivable, delinquent	\$ 2,844,605	\$ -
Taxes receivable, applicable to subsequent fiscal year	117,556,538	117,556,538
Notes receivable, applicable to subsequent fiscal year	469,000	469,000
	120,870,143	118,025,538
 <u>Debt Service Fund:</u>		
Taxes receivable, delinquent	1,374,564	-
Taxes receivable, applicable to subsequent fiscal year	56,796,980	56,796,980
	58,171,544	56,796,980
Total - Primary Government	\$ 179,041,687	\$ 174,822,518
 Component Unit - the Board - Major Fund		
<u>General Purpose School:</u>		
Taxes receivable, delinquent	\$ 2,558,181	\$ -
Taxes receivable, applicable to subsequent fiscal year	105,668,799	105,668,799
Accounts receivable, applicable to subsequent fiscal year	73,656	73,656
Total Component Unit - the Board	\$ 108,300,636	\$ 105,742,455

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Leases

Capital Leases

All capital leases pertain to governmental activities.

The Primary Government and the Board lease various land, buildings and equipment through capital leasing arrangements. The Primary Government's leases are direct borrowings with financial institutions. The lease agreements contain provisions that, in the event of a default, the lessors may take action to collect the entire remaining principal amount and/or to repossess equipment financed by the lease proceeds. The Primary Government's and the Board's capital lease obligations are reflected as liabilities in the Statement of Net Position.

The future minimum lease obligations are as follows:

<u>Year Ending June 30,</u>	<u>Primary Government</u>	<u>Component Unit - The Board</u>
2020	\$ 3,013,820	\$ 425,004
2021	3,059,849	425,004
2022	3,107,006	425,004
2023	3,155,321	425,004
2024	3,204,825	425,004
2025-2029	15,779,633	2,125,020
2030-2034	7,385,151	637,506
2035-2037	2,687,421	-
Total Minimum Lease Payments	\$ 41,393,026	\$ 4,887,546
Less: Amounts Representing Interest	<u>(9,050,332)</u>	<u>(975,031)</u>
Present Value of Minimum Lease Payments	<u>\$ 32,342,694</u>	<u>\$ 3,912,515</u>

As of June 30, 2019, assets recorded under capital leases totaled \$114,088,352 (\$75,797,204 equipment, \$879,609 land, and \$37,411,539 buildings and improvements). Related accumulated amortization totaled \$75,993,538. Amortization of assets recorded under capital leases is included with depreciation expense.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities

Loans Payable

All loans payable pertain to governmental activities.

In November 2011, the County entered into a direct borrowing loan agreement with the State of Tennessee whereby the County borrowed funds for Knox County Board of Education capital purposes. The original proceeds of \$5 million, plus \$7,192 accrued interest added to principal, are payable in monthly payments including interest at .75% through July 1, 2024. Debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 421,576	\$ 14,876	\$ 436,452
2021	424,750	11,702	436,452
2022	427,947	8,505	436,452
2023	431,167	5,285	436,452
2024	434,413	2,039	436,452
2025	36,384	23	36,407
Total	<u>\$ 2,176,237</u>	<u>\$ 42,430</u>	<u>\$ 2,218,667</u>

The Partnership has reported non-capital related loans payable of \$3,335,000 due in more than one year.

The loan agreement contains a provision that, upon continuing occurrence of an event of default, the lender may take action to collect the entire remaining principal amount of the loan.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

General Obligation and Public Improvement Bonds

The County issues general obligation and public improvement bonds to provide funds for the acquisition and construction of major capital facilities. Except for the existing debt issued pursuant to the establishment of the Uniformed Officers Pension Plan, all County bonded debt was issued for capital purposes. All bonded debt pertains to governmental activities.

For financial reporting purposes, the portion of those bond issues related to the Board are recorded as payments from the primary government in the Board's Capital Projects Fund. The County issues all the debt on behalf of the Board, in the County's name and with a full faith and credit pledge from the County. Therefore, from a legal perspective, the debt is County debt. In practice, the County's Five-Year Capital Plan, its Debt Service Fund and its Operating Budget are all developed with the Board providing funds from its operations to make the debt payments related to County debt issued on behalf of the Board. However, as all bonded indebtedness is County debt, the entire balance is recorded as a liability of the primary government in the government-wide financial statements.

The portion issued on behalf of the Board is not considered capital-related debt in the primary government's statement of net position. However, the total amount of the County's bonded indebtedness is considered capital-related in the total reporting entity column of the statement of net position.

Bond indebtedness for the County is backed by the full faith and credit of the County.

Bonds payable to be repaid from resources of the County and the Board currently outstanding are as follows:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

	Interest Rate	Last Maturity Date	Principal Balance
Governmental Activities:			
General Obligation - Series 2003	Variable Rate Swap to 3.95%	6/1/2029	\$ 22,130,666
General Obligation - Refunding Series 2004	4.00-5.25%	4/1/2020	2,074,923
General Obligation - Series 2004	Variable Rate Swap to 3.40%	6/1/2029	32,397,142
General Obligation - Refunding Series 2005A	3.569-5.00%	5/1/2021	7,225,514
General Obligation - Series 2005	Variable Rate Swap to 3.89%	6/1/2034	36,444,807
General Obligation - Series 2007	Variable Rate (2.40% at 6/30/19)	6/1/2034	50,450,000
General Obligation - Series 2008	Variable Rate (1.95% at 6/30/19)	6/1/2029	16,110,250
General Obligation - Series 2010A (Federally Taxable Build America Bonds)	1.10-5.75% (1)	6/1/2035	954,683
General Obligation - Refunding Bonds, Series 2010B	2.00-5.00%	4/1/2035	1,100,000
General Obligation - Series 2010D (Federally Taxable Build America Bonds)	1.125-6.00% (1)	6/1/2035	16,675,000
General Obligation - Series 2012	2.0 - 4.0%	4/1/2032	4,480,000
General Obligation - Series 2013	2.0 - 4.35%	6/1/2020	871,778
General Obligation - Series 2014A	2.125 - 5.00%	6/1/2036	11,910,000
General Obligation - Refunding Series 2014B	0.25 - 3.23%	6/1/2027	41,345,000
General Obligation - Series 2016	1.0 - 5.0%	6/1/2036	13,845,000
General Obligation - Series 2017	3.0 - 5.0%	6/1/2037	29,745,000
General Obligation - Refunding Series 2017B	2.0 - 5.0%	6/1/2035	42,420,000
General Obligation - Series 2018	4.0 - 5.0%	6/1/2038	22,970,695
General Obligation - Series 2019	2.75 - 5.0%	4/1/2038	25,670,000
Total Bonded Debt to be repaid by Governmental Activities			<u>378,820,458</u>
The Board:			
General Obligation - Series 2003	Variable Rate Swap to 3.95%	6/1/2029	22,094,334
General Obligation - Refunding Series 2004	4.00-5.25%	4/1/2020	2,925,077
General Obligation - Series 2004	Variable Rate Swap to 3.40%	6/1/2029	16,902,858
General Obligation - Refunding Series 2005A	3.569-5.00%	5/1/2021	4,324,486
General Obligation - Series 2005	Variable Rate Swap to 3.89%	6/1/2034	19,680,193
General Obligation - Series 2007	Variable Rate (2.40% at 6/30/19)	6/1/2034	18,550,000
General Obligation - Series 2008	Variable Rate (1.95% at 6/30/19)	6/1/2029	8,674,750
General Obligation - Series 2010A (Federally Taxable Build America Bonds)	1.10-5.75% (1)	6/1/2035	14,320,317
General Obligation - Qualified School Construction Bonds	.0% (2)	7/1/2027	14,945,799
General Obligation - Series 2012	2.0 - 4.0%	4/1/2032	7,100,000
General Obligation - Series 2013	2.0 - 4.35%	6/1/2020	753,222
General Obligation - Series 2014A	2.125 - 5.00%	6/1/2036	13,650,000
General Obligation - Series 2016	1.0 - 5.0%	6/1/2036	17,880,000
General Obligation - Series 2017	3.0 - 5.0%	6/1/2037	55,010,000
General Obligation - Refunding Series 2017B	2.0 - 5.0%	6/1/2035	15,360,000
General Obligation - Series 2018	4.0 - 5.0%	6/1/2038	8,539,305
General Obligation - Series 2019	2.75 - 5.0%	4/1/2038	19,940,000
Total Bonded Debt to be repaid by the Board			<u>260,650,341</u>
Total Bonded Debt			<u>\$ 639,470,799</u>

(1) Stated interest rates on the Build America Bonds do not include the effects of the interest subsidy expected to be received from the federal government pursuant to the federal Build America Bonds program. The interest rate subsidy, 35% at issuance of the bonds, is being reduced due to sequestration by the federal government. At June 30, 2019, the sequestration rate was 6.2%.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

(2) Stated interest rate is net of the interest rate subsidy to be received from the federal government pursuant to the federal Qualified School Construction Bonds program.

Annual debt service requirements to maturity for bonds to be repaid by the County and the Board are as follows:

Fiscal Year Ending June 30,	Primary Government Debt			To be Repaid By:		Total
	Principal	Interest	Total	County	Board	
2020	43,969,281	27,227,011	71,196,292	40,751,241	30,445,051	71,196,292
2021	41,634,281	25,559,786	67,194,067	39,678,098	27,515,969	67,194,067
2022	35,949,281	23,897,054	59,846,335	35,063,859	24,782,476	59,846,335
2023	37,274,281	22,467,623	59,741,904	34,759,802	24,982,102	59,741,904
2024	37,684,281	20,973,871	58,658,152	34,665,423	23,992,729	58,658,152
2025 - 2029	198,949,394	78,981,436	277,930,830	164,790,015	113,140,815	277,930,830
2030 - 2034	191,320,000	33,454,714	224,774,714	136,958,377	87,816,337	224,774,714
2035 - 2038	52,690,000	3,436,770	56,126,770	28,104,533	28,022,237	56,126,770
Total	\$ 639,470,799	\$ 235,998,265	\$ 875,469,064	\$ 514,771,348	\$ 360,697,716	\$ 875,469,064

The total bonded debt service requirements to be repaid by the County and the Board include interest of \$135,950,890 and \$100,047,375, respectively, for a total of \$235,998,265.

Changes in General Long-Term Liabilities

The following represents the changes in long-term liabilities for the County, the Board, and the District for the year ended June 30, 2019:

	Balance July 1	Additions	Deductions	Balance June 30	Current Portion
<u>Primary Government</u>					
Bonded Debt	\$ 619,565,080	\$ 78,775,000	\$ (58,869,281)	\$ 639,470,799	\$ 43,969,281
Unamortized Bond Premium	16,207,949	7,995,238	(2,732,676)	21,470,511	2,466,894
Loans Payable	2,594,665	-	(418,428)	2,176,237	421,576
Capital Leases	34,179,146	-	(1,836,452)	32,342,694	1,936,148
Compensated Absences	10,974,204	10,880,797	(9,957,509)	11,897,492	9,896,899
Total - Primary Government	\$ 683,521,044	\$ 97,651,035	\$ (73,814,346)	\$ 707,357,733	\$ 58,690,798
<u>Component Unit - the Board</u>					
Compensated Absences	\$ 18,426,696	\$ 5,002,804	\$ (6,258,892)	\$ 17,170,608	\$ 3,947,382
Termination Benefits	-	4,981,322	-	4,981,322	783,499
Capital Lease	4,175,290	-	(262,775)	3,912,515	273,481
Total Component Unit - the Board	\$ 22,601,986	\$ 9,984,126	\$ (6,521,667)	\$ 26,064,445	\$ 5,004,362
<u>Component Unit - the District</u>					
Compensated Absences	\$ 514,929	\$ 486,656	\$ (440,885)	\$ 560,700	\$ 351,149
Total - the District	\$ 514,929	\$ 486,656	\$ (440,885)	\$ 560,700	\$ 351,149

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Changes in General Long-Term Liabilities (Continued)

For the primary government, compensated absences totaling \$34,061 pertains to the non-major enterprise fund, with the remaining long-term liabilities related to governmental activities.

Subsequent Event – Debt Issuances

In October 2019, the County issued \$37,230,000 in general obligation bonds to provide funds for the 2020 Capital Improvement Plan. The bonds bear interest at rates from 2.375% to 5.0% and mature in varying amounts through 2040. In addition, the County Commission approved resolutions in December 2019 that provide approval to pursue plans to refund two capital leases in a current refunding transaction, up to \$20 million, which is expected to occur in calendar year 2020.

Advance Refunding Issue

During the year, the County issued general obligation Series 2019 general obligation funding and refunding bonds with a par value of \$45,610,000, which included \$12,860,000 to advance refund general obligation bonds, series 2010C. The issuance proceeds were placed in an irrevocable trust, which will provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased and \$13,975,000 of liabilities has been removed from the statement of position. The advance refunding reduced cash flows required for future debt service to be repaid by the County and the Board by \$522,739 over the next five years. The refunding resulted in a combined economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$483,429.

Interest Rate Swaps

The County's Statement of Net Position includes interest rate swap derivatives with a negative fair value totaling (\$26,128,304). The fair value of these derivatives was measured using Level 2 inputs, which were valued using a market approach that considers benchmark interest rates and foreign exchange rates.

Series C-1-A

Under its loan agreement, the Public Building Authority of Blount County, TN (the "Authority"), at the request of the County, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series C-1-A.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Objective of the interest rate swap. In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the County requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$72 million Series C-1-A variable-rate bonds. The intention of the swap was to effectively change the County’s variable interest rate on the bonds to a synthetic fixed rate. The swap agreement has been determined to be an effective hedge, and is therefore accounted for as a hedging derivative instrument. The fair value of the hedging derivative instrument is reported in the Statement of Net Position as a long-term obligation. Accumulated changes in fair values are reported as deferred outflows in the Statement of Net Position.

Terms. Under the swap, the Authority pays the counterparty a fixed payment of 3.95 percent and receives a variable payment computed as 63.2 percent of the five-year London Interbank Offered Rate (LIBOR). At inception, the swap had a notional amount of \$72 million and the associated variable-rate bond had a \$72 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series C-1-A Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the “SIFMA”). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2019, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.95%
Variable payment to Authority	% of LIBOR	-1.12%
Net interest rate swap payments		2.83%
Variable-rate bond coupon payments		1.95%
Synthetic interest rate on bonds		4.78%

Fair value. As of June 30, 2019, the swap had a negative fair value of (\$6,535,475), a change of (\$867,072) compared to the June 30, 2018 balance of (\$5,668,403). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2019, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the swap’s fair value. The swap counterparty, Raymond James Financial Products (“RJFP”, formerly Morgan Keegan Financial Products) was rated “Baa1/BBB+” by Moody’s and Standard and Poor’s as of June 30, 2019, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/BBB+ by Moody’s, Standard & Poor’s and Fitch, respectively.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Basis risk. As noted above, the swap exposes the County to basis risk should the rate on the bonds increase to above 63.2% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.2% of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap’s fair value.

Swap payments and associated debt. As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	<u>Variable Rate Bonds</u>		Net Interest Rate		Total
	Principal	Interest	Swap Payment		
2020	\$ 3,300,000	\$ 862,388	\$ 1,251,797	\$	5,414,185
2021	3,525,000	798,038	1,158,390	\$	5,481,428
2022	3,750,000	729,300	1,058,614	\$	5,537,914
2023	3,975,000	656,175	952,470	\$	5,583,645
2024	4,225,000	578,663	839,957	\$	5,643,620
2025-2029	25,450,000	1,548,300	2,247,433	\$	29,245,733
	\$ 44,225,000	\$ 5,172,864	\$ 7,508,661	\$	56,906,525

Series VI-A-1

Under its loan agreement, the Public Building Authority of Sevier County, TN (the “Authority”), at the request of the County, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-A-1.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Objective of the interest rate swap. In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the County requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$70 million Series VI-A-1 variable-rate bonds. The intention of the swap was to effectively change the County’s variable interest rate on the bonds to a synthetic fixed rate. The swap agreement has been determined to be an ineffective hedge, and is therefore accounted for as an investment derivative instrument. The fair value of the investment derivative instrument is reported in the Statement of Net Position as a long-term obligation. Changes in the fair value of the derivative instrument are reported within the investment revenue classifications in the Statement of Activities.

Terms. Under the swap, the Authority pays a fixed payment of 3.40 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). At inception, the swap had a notional amount of \$70 million and the associated variable-rate bond had a \$70 million original principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series VI-A-1 Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the “SIFMA”). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2019, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.40%
Variable payment to Authority	% of LIBOR	-1.04%
Net interest rate swap payments		2.36%
Variable-rate bond coupon payments		1.94%
Synthetic interest rate on bonds		4.30%

Fair value. As of June 30, 2019, the swap had a negative fair value of (\$5,963,385), a change of (\$981,957) compared to the June 30, 2018 balance of (\$4,981,428). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Credit risk. As of June 30, 2019, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the swap’s fair value. The swap counterparty, Raymond James Financial Products (“RJFP”, formerly Morgan Keegan Financial Products) was rated “Baa1/BBB” by Moody’s and Standard and Poor’s as of June 30, 2019, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/BBB+ by Moody’s, Standard & Poor’s and Fitch, respectively.

Basis risk. As noted above, the swap exposes the County to basis risk should the rate on the bonds increase to above 59% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 59% of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination provision.” The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap’s fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap’s fair value.

Swap payments and associated debt. As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	Total
	Principal	Interest	Swap Payment	
2020	\$ 3,810,000	\$ 956,420	\$ 1,160,349	\$ 5,926,769
2021	4,030,000	882,506	1,070,675	5,983,181
2022	4,260,000	804,324	975,823	6,040,147
2023	4,500,000	721,680	875,558	6,097,238
2024	4,760,000	634,380	769,644	6,164,024
2025-2029	27,940,000	1,681,786	2,040,379	31,662,165
	<u>\$ 49,300,000</u>	<u>\$ 5,681,096</u>	<u>\$ 6,892,428</u>	<u>\$ 61,873,524</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Series D-3-A

Under its loan agreement, the Public Building Authority of Blount County, TN (the “Authority”), at the request of the County, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series D-3-A.

Objective of the interest rate swap. In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the County requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$77 million Series D-3-A variable-rate bonds. The intention of the swap was to effectively change the County’s variable interest rate on the bonds to a synthetic fixed rate. The swap agreement has been determined to be an effective hedge, and is therefore accounted for as a hedging derivative instrument. The fair value of the hedging derivative instrument is reported in the Statement of Net Position as a long-term obligation. Accumulated changes in fair values are reported as deferred outflows in the Statement of Net Position.

Terms. Under the swap, the Authority pays the counterparty a fixed payment of 3.89 percent and receives a variable payment computed as 63.2 percent of the five-year London Interbank Offered Rate (LIBOR). At inception, the swap had a notional amount of \$77 million and the associated variable-rate bond had a \$77 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series D-3-A Bonds. The bonds’ variable-rates have historically approximated the Securities Industry and Financial Markets Association Index (the “SIFMA”). The bonds and the related swap agreement mature on June 1, 2034. As of June 30, 2019, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.89%
Variable payment to Authority	% of LIBOR	-1.12%
Net interest rate swap payments		2.77%
Variable-rate bond coupon payments		2.13%
Synthetic interest rate on bonds		4.90%

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Fair value. As of June 30, 2019, the swap had a negative fair value of (\$13,629,444), a change of (\$2,647,308) compared to the June 30, 2018 balance of (\$10,982,136). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2019, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Raymond James Financial Products ("RJFP", formerly Morgan Keegan Financial Products) was rated "Baa1/BBB" by Moody's and Standard and Poor's as of June 30, 2019, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/BBB+ by Moody's, Standard & Poor's and Fitch, respectively.

Basis risk. As noted above, the swap exposes the County to basis risk should the rate on the bonds increase to above 63.2 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds to be below 63.2 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Swap payments and associated debt. As of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	<u>Variable Rate Bonds</u>			Net Interest Rate Swap Payment	Total
	Principal	Interest			
2020	\$ 2,500,000	\$ 1,194,677	\$ 1,557,199	\$ 5,251,876	
2021	2,625,000	1,141,462	1,487,836	5,254,298	
2022	1,075,000	1,085,586	1,415,005	3,575,591	
2023	1,000,000	1,062,704	1,385,179	3,447,883	
2024	1,050,000	1,041,418	1,357,434	3,448,852	
2025-2029	5,925,000	4,852,144	6,324,518	17,101,662	
2030-2034	41,950,000	2,749,087	3,583,293	48,282,380	
	<u>\$ 56,125,000</u>	<u>\$ 13,127,078</u>	<u>\$ 17,110,464</u>	<u>\$ 86,362,542</u>	

J. Termination Benefits

During the fiscal year ended June 30, 2019, the Board established the Certified Retirement Incentive Plan. The Plan provides benefits for eligible employees who meet certain criteria regarding employment status and length of service and who choose to participate in the Plan. Benefits for employees who elected to participate in the Plan and retired from active employment during the fiscal year ended June 30, 2019, consist of monthly stipends, which will be adjusted annually. 222 Plan participants will receive these stipends over various periods, based on age and years of service, but not to exceed 14 years. As of June 30, 2019, the Board recorded an estimated liability of \$4,981,322 to be paid in varying annual amounts through 2033.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Fund Equity

The amounts reported on the balance sheets as fund balances for the County are comprised of the following:

	<u>Major Funds</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
Fund balances:				
Nonspendable:				
Inventories	\$ 392,572	\$ -	\$ -	\$ 392,572
Prepays	195,247	-	-	195,247
Investment in Joint Venture	5,861,727	-	-	5,861,727
	<u>6,449,546</u>	<u>-</u>	<u>-</u>	<u>6,449,546</u>
Restricted for:				
Finance and Administration	590,532	-	-	590,532
Administration of Justice	505,148	-	-	505,148
Public Safety	643,889	-	-	643,889
Public Health & Welfare	1,026,813	-	-	1,026,813
Social and Cultural	45,702	-	-	45,702
Debt Service	-	-	2,260,493	2,260,493
Capital Projects	-	5,055,955	-	5,055,955
	<u>2,812,084</u>	<u>5,055,955</u>	<u>2,260,493</u>	<u>10,128,532</u>
Committed to:				
Finance and Administration	510,000	-	-	510,000
Administration of Justice	174,078	-	-	174,078
Public Safety	857,755	-	-	857,755
Public Health & Welfare	193,500	-	-	193,500
Social and Cultural	120,000	-	-	120,000
Other General Government	2,138,334	-	-	2,138,334
Debt Service	-	-	13,048,357	13,048,357
Capital Projects	-	175,000	-	175,000
	<u>3,993,667</u>	<u>175,000</u>	<u>13,048,357</u>	<u>17,217,024</u>
Assigned to:				
Finance and Administration	64,934	-	-	64,934
Administration of Justice	65,277	-	-	65,277
Public Safety	63,235	-	-	63,235
Public Health & Welfare	32	-	-	32
Social and Cultural	19,260	-	-	19,260
Other General Government	38,939	-	-	38,939
	<u>251,677</u>	<u>-</u>	<u>-</u>	<u>251,677</u>
Unassigned:	<u>68,113,362</u>	<u>-</u>	<u>-</u>	<u>68,113,362</u>
Total fund balances	<u>\$ 81,620,336</u>	<u>\$ 5,230,955</u>	<u>\$ 15,308,850</u>	<u>\$ 102,160,141</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Fund Equity (Continued)

Nonmajor Governmental Funds

	State, Federal and Other Grants	Constitutional Officers	Governmental Library	Public Library	Solid Waste	Hotel/Motel Tax	Drug Control	Engineering & Public Works	Total
Fund balances:									
Nonspendable:									
Inventories	\$ 63,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,388
Prepays	4,207	-	-	12,028	-	-	-	-	16,235
	<u>67,595</u>	<u>-</u>	<u>-</u>	<u>12,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,623</u>
Restricted for:									
Administration of Justice	375,284	-	-	-	-	-	-	-	375,284
Public Safety	181,806	-	-	-	-	-	2,830,976	-	3,012,782
Public Health & Welfare	1,190,797	-	-	-	-	-	-	-	1,190,797
Social and Cultural	46,755	-	-	-	-	1,863,388	-	-	1,910,143
Other General Government	166,046	-	-	-	-	-	-	-	166,046
Highway Grants	16,483	-	-	-	-	-	-	-	16,483
	<u>1,977,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,863,388</u>	<u>2,830,976</u>	<u>-</u>	<u>6,671,535</u>
Committed to:									
Public Health & Welfare	-	-	-	-	1,268,881	-	-	-	1,268,881
Social and Cultural	-	-	38,423	2,224,977	-	-	-	-	2,263,400
Engineering & Public Works	-	-	-	-	-	-	4,465,035	-	4,465,035
	<u>-</u>	<u>-</u>	<u>38,423</u>	<u>2,224,977</u>	<u>1,268,881</u>	<u>-</u>	<u>4,465,035</u>	<u>-</u>	<u>7,997,316</u>
Assigned to:									
Finance and Administration	-	1,435,487	-	-	-	-	-	-	1,435,487
Administration of Justice	-	3,422,431	-	-	-	-	-	-	3,422,431
	<u>-</u>	<u>4,857,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,857,918</u>
Total fund balances	<u>\$ 2,044,766</u>	<u>\$ 4,857,918</u>	<u>\$ 38,423</u>	<u>\$ 2,237,005</u>	<u>\$ 1,268,881</u>	<u>\$ 1,863,388</u>	<u>\$ 2,830,976</u>	<u>\$ 4,465,035</u>	<u>\$ 19,606,392</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Fund Equity (Continued)

The amounts reported on the balance sheets as fund balances for the Board are comprised of the following:

	<u>Major Funds</u>		<u>Nonmajor Special Revenue Funds</u>			<u>Total</u>
	<u>General Purpose Schools</u>	<u>School Construction Capital Projects</u>	<u>School Federal Projects</u>	<u>School General Projects</u>	<u>Central Cafeteria</u>	
Fund balances:						
Nonspendable:						
Inventories	\$ 1,048,501	\$ -	\$ -	\$ 780,529	\$ 615,695	\$ 2,444,725
Prepays	424,075	-	1,000	13,045	-	438,120
	<u>1,472,576</u>	<u>-</u>	<u>1,000</u>	<u>793,574</u>	<u>615,695</u>	<u>2,882,845</u>
Restricted for:						
Education	<u>1,365,910</u>	<u>5,493,284</u>	<u>3,281</u>	<u>-</u>	<u>9,059,743</u>	<u>15,922,218</u>
Committed to:						
Education	<u>-</u>	<u>-</u>	<u>-</u>	<u>492,904</u>	<u>-</u>	<u>492,904</u>
Assigned to:						
Education	<u>943,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>943,455</u>
Unassigned:	<u>22,713,860</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>22,712,860</u>
Total fund balances	<u>\$ 26,495,801</u>	<u>\$ 5,493,284</u>	<u>\$ 3,281</u>	<u>\$ 1,286,478</u>	<u>\$ 9,675,438</u>	<u>\$ 42,954,282</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

L. Property Taxes

Property taxes levied by the County Commission are the primary source of revenue for the County and the Board. Assessed values are established by the State of Tennessee at the following rates of assumed market value:

Personal Property	30 %
Railroads, Industrial and Commercial Property	40 %
Public Utility	55 %
Residential and Farm Real Property	25 %

Taxes were levied at a rate of \$2.12 per \$100 of assessed values. Tax collections of \$265,876,324 for fiscal year 2019 were approximately 97.7 percent of the total tax levy.

The 2019 fiscal year property tax rate of \$2.12 was divided between the County and the Board as follows:

	Amount	Percent of Total
<u>Primary Government:</u>		
General Fund	\$ 0.89	41.98%
Debt Service Fund	0.43	20.28%
Total - Primary Government	1.32	62.26%
<u>Component Unit - the Board:</u>		
General Fund - General		
Purpose School Fund	0.80	37.74%
Total Tax Levy	<u>\$ 2.12</u>	<u>100.00%</u>

The 2020 fiscal year property tax rate of \$2.12 as approved in the 2020 budget is divided between the County and the Board as follows:

	Amount	Percent of Total
<u>Primary Government:</u>		
General Fund	\$ 0.89	41.98%
Debt Service Fund	0.43	20.28%
Total - Primary Government	1.32	62.26%
<u>Component Unit - the Board:</u>		
General Fund - General		
Purpose School Fund	0.80	37.74%
Total Tax Levy	<u>\$ 2.12</u>	<u>100.00%</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

M. Tax Abatements

Knox County, Tennessee is committed to enhancing the development and improvement of its local business environment and economy, especially in areas that will ultimately improve the quality of life enjoyed by its citizens. In furtherance of this objective, Knox County has established a program using economic incentives based on tax abatement tools to attract and retain, on a basis competitive with other local governments, businesses that provide the types of employment, capital investment, community involvement and financial impact sought by Knox County and its citizens. Knox County established two incentive programs, the first being the Payment in Lieu of Taxes (PILOT). This program considers and evaluates on a case-by-case basis certain economic and business development opportunities. The PILOT's are administered for Knox County by The Industrial Development Board of the County of Knox (the "IDB"), a nonprofit quasi-governmental corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (the "Act"), Tenn. Code Ann. §§7-53-101. The IDB is authorized to negotiate and accept payments in lieu of ad valorem taxes in furtherance of the IDB's public purposes of economic welfare to maintain and increase employment opportunities and household income. As such, the IDB acts as a conduit organization for property tax abatements through PILOT agreements. Consideration is given on a case-by-case basis and includes analyses of job creation, economic impact, capital investment and wage rates. Housing authorities are also permitted by state law to undertake payment in lieu of tax programs and tax increment financing programs. State law permits these types of financing by housing authorities only in designated redevelopment areas approved by the City and County. Applicants for tax increment financing for projects located in redevelopment areas are referred to the Knoxville Community Development Corporation (KCDC).

Many of the tax abatement agreements entered into by the County also involve the City of Knoxville if they are located within the city limits. All of the tax abatement agreements entered into by the City will involve a County portion. The abatements are determined by a base appraisal of the property when the agreement is made.

During the fiscal year ended June 30, 2019, there were 54 PILOT agreements in force with net tax abatements totaling \$4,101,514. With the significant number of abatements in place the County chose to describe herein only those abatements that were greater than \$500,000 and those tax abatement agreements are described below with the terms in effect for the fiscal year reported. The agreements include a provision for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

M. Tax Abatements (Continued)

Green Mountain Coffee Roasters – The PILOT abatement commenced on August 1, 2008 with Green Mountain’s commitment for construction, development, renovation, improvement, equipping, and installation of equipment for a coffee roasting and distribution facility located in the Forks of the River Industrial Park. This project will result in the creation of at least 360 jobs paying wages on average of \$29,167 per year. Green Mountain will make a capital investment in the project of at least \$30,000,000. The project will take measures in purchasing equipment and making improvements necessary to reduce air pollutants to a level not exceeding 50% of the maximum allowable level permitted under a minor source permit for particulate matter as issued by the Knox County Air Quality Department. The abatement period is 15 years for real and personal property taxes. The abatement for June 30, 2019 was \$1,367,670.

The remaining 53 PILOT agreements totaling \$2,733,844 in tax abatements at June 30, 2019 are all similar in nature incorporating the requirements mentioned above which include renovating buildings for the betterment and welfare of the citizens of the communities where they are located.

The second incentive program is the Tax Increment Financing (TIF) which is an economic development tool used by the County to allocate all or a portion of the new, additional taxes generated by a project over a limited period of time to pay for public infrastructure and other improvements related to that project. Tax increment is the difference in tax revenues generated by the project in the plan area after the project has been completed, compared with the tax revenues generated in the plan area before the development plan was adopted. The difference in these tax revenues pays the costs of improvements to the public infrastructure serving the plan area.

In the County (typically for those areas outside qualified redevelopment and urban renewal project areas), the IDB has established policies and procedures for the facilitation of Tax Increment Financing. The County IDB’s TIF Program is primarily for economic development projects that provide improvement to public infrastructure in blighted and under-utilized areas of Knox County and in other properties designated by Knox County Commission and Knoxville City Council. TIF notes are not included in the County’s general debt obligations. The structure of these transactions allows the County, through agreements with private developers, to utilize the new incremental revenue streams to accelerate funding of improvements.

During the fiscal year ended June 30, 2019, there were 29 TIF agreements in force with net tax abatements totaling \$1,806,294. These abatements are used to make payments on the TIF notes for the benefit of the developers.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION

A. Joint Ventures

The County is a participant in a joint venture with the City of Knoxville and the Knoxville Utilities Board in the operation of the Geographic Information Systems (GIS). The Geographic Information Systems was established to create and maintain a digitized mapping system of Knox County. Each of the participants appoints one of the three board members who oversee the operations. In March 1987, the County issued public improvement bonds, which included \$5,500,000 used to install the geographic information system. In accordance with the terms of the joint venture agreement, payments are shared between the County, the City of Knoxville and the Knoxville Utilities Board. In the 2019 fiscal year, the joint venture received 90 percent of its operating revenues from the participants in the joint venture. The Geographic Information Systems charged the County \$406,643 for the year ended June 30, 2019. The County does not retain an equity interest in the joint venture. The financial results of Geographic Information Systems have maintained adequate equity levels. Since the support for Geographic Information Systems is shared with two other entities, the County considers its involvement to be of minimal risk. Complete separate financial statements for the Geographic Information Systems may be obtained at 606 Main Street, Suite 150, Main Place, Knoxville, TN 37902.

The County is a participant in a joint venture with the City of Knoxville in the operation of the Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (PBA). The Authority was created to purchase, construct, refurbish, maintain and operate certain public building complexes to house the governments of the County and the City of Knoxville. The County appoints six of an eleven-member board of directors, which oversee the operations of PBA. The fact that the County appoints a majority of the board is negated by the participants' agreements calling for joint control of PBA. The County retains an equity interest in the joint venture. The County contributed \$8,119,780 to the PBA for development, management, and maintenance of County projects during 2019. Complete separate financial statements for PBA may be obtained at Room M-22, City County Building, and 400 Main Street, Knoxville, TN 37902.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION

A. Joint Ventures (Continued)

Condensed financial information for GIS and PBA as of June 30, 2019 and for the year then ended, is as follows:

ASSETS	<u>GIS</u>	<u>PBA</u>
Cash and Cash Equivalents	\$ 862,421	\$ 6,707,148
Receivables	15	4,605,146
Inventory	-	12,272
Prepays	6,137	96,305
Capital Assets - Net	<u>110,728</u>	<u>5,282,518</u>
Total Assets	<u>979,301</u>	<u>16,703,389</u>
LIABILITIES AND NET POSITION		
Liabilities		
Accounts Payable and Accrued Liabilities	24,473	5,521,782
Due To Others	-	1,957,818
Customer Deposits	-	46,566
Compensated Absences	43,999	534,464
Unearned Revenue	<u>-</u>	<u>3,719</u>
Total Liabilities	<u>68,472</u>	<u>8,064,349</u>
Net Position		
Investment in Capital Assets	110,728	5,282,518
Unrestricted	<u>800,101</u>	<u>3,356,522</u>
Total Net Position	<u>\$ 910,829</u>	<u>\$ 8,639,040</u>
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Total Operating Revenues	\$ 1,581,082	\$ 18,208,882
Total Operating Expenses	<u>(1,572,468)</u>	<u>(18,124,078)</u>
Operating Income (Loss)	8,614	84,804
Non-Operating Revenues	26,643	47,380
Non-Operating Expenses	-	(2,727,974)
Capital Contributions	<u>-</u>	<u>2,190,579</u>
Increase (Decrease) in Net Position	35,257	(405,211)
Net Position, Beginning of Year	<u>875,572</u>	<u>9,044,251</u>
Net Position, End of Year	<u>\$ 910,829</u>	<u>\$ 8,639,040</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION (Continued)

B. Related Organizations

The County is responsible for all of the board appointments of the Knox County Industrial Development Board. However, the County has no further accountability for the organization.

The County is responsible for a minority of the board appointments for the Knoxville-Knox County Community Action Committee. During the year ended June 30, 2019, the County appropriated operating subsidies of \$1,681,419 to the Community Action Committee.

In 2019, the County and the Knoxville Convention & Visitors Bureau, Inc., dba “Visit Knoxville” were parties to a contract whereby Visit Knoxville performed tourism marketing services for Knox County. Visit Knoxville received a percentage of hotel-motel tax collections as compensation for these services. During the year ended June 30, 2019, the County appropriated operating subsidies of \$3,200,000 to Visit Knoxville related to this contract. The County appoints certain board members of Visit Knoxville.

C. Risk Management

The County has established the Self Insurance Healthcare Fund for risks associated with employees’ health plan and the Self Insurance Fund for the majority of risks associated with the general liability and workers’ compensation claim settlements. In the Self Insurance Fund, each participating fund with eligible employees is charged a premium calculated using trends in actual claims experience. The Board and the District (component units), the Geographic Information Systems (joint venture between the County, the City of Knoxville and Knoxville Utilities Board), and the Knox County-City of Knoxville Metropolitan Planning Commission (a separate governmental organization) also participate in one or both of the plans. The Self Insurance Healthcare and the Self Insurance Fund are accounted for as internal service funds where assets are set aside for claim settlements. The County retains the risk of loss to a limit of \$450,000 for each employee in any plan year for health coverage and \$750,000 for each employee (except the Sheriff’s Department which is \$1,250,000 per employee) in any plan year for worker’s compensation coverage by obtaining stop/loss commercial insurance policies that covers claims beyond these limits.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION (Continued)

C. Risk Management (Continued)

At June 30, 2019, Blue Cross Blue Shield of Tennessee and OptumRx are the third-party administrators of the County's self-insured healthcare plans. In the Self Insurance Healthcare Fund, a premium is charged to the participating fund, component unit, joint venture, or outside entity that accounts for eligible employees. The total charges for the funds are calculated using trends in actual claims experience. In instances where medical claims materially exceed premiums received, each participating entity is charged a pro-rata basis for any fund deficits incurred.

Liabilities of the funds are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation and recent claim settlements. The County has an independent actuary develop the estimates for claims liabilities including IBNR on an annual basis. Changes in the balances of claims during the past two fiscal years are as follows:

	Self Insurance Healthcare Fund - Medical Claims		Self Insurance Fund - General Liability, and Workers' Compensation	
	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2018
Unpaid Claims - Beginning Balance	\$ 2,085,518	\$ 1,831,842	\$ 17,611,991	\$ 15,113,314
Incurred Claims (Including IBNR's)	25,053,755	26,438,751	4,010,177	6,407,802
Claim Payments	(25,472,993)	(26,185,075)	(3,637,823)	(3,909,125)
Unpaid Claims - Ending Balance	<u>\$ 1,666,280</u>	<u>\$ 2,085,518</u>	<u>\$ 17,984,345</u>	<u>\$ 17,611,991</u>

The County and the Board purchase insurance coverage for personal and real property. The District purchases insurance coverage for personal and real property, general liability and workers' compensation coverage. The County and its component units have had no significant reduction in insurance coverage over the last three years. Settlements have not exceeded insurance coverage in the past three fiscal years.

Certain self insurance liabilities of the Board that are for unexpected and unusual claims are reported directly in the Board of Education's Statement of Net Position. As of June 30, 2019, the liabilities were \$2,585,688.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION (Continued)

D. On-Behalf Payments

The State of Tennessee made the following on-behalf payments for the Board during the year ended June 30, 2019:

Medicare Supplement Plan – Since teachers are considered state employees per state statutes, the State of Tennessee makes a contribution (on-behalf payment) for Board employees to this Plan. The on-behalf payment for 2019 was \$536,433 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

Teacher Group Insurance Plan – The State of Tennessee makes a contribution (on-behalf payment) for Board employees who participate in the State administered Teacher Group Insurance Plan. The on-behalf payment for 2019 was \$1,100,218 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

E. Commitments and Contingencies

The County and its component units are parties to various legal proceedings, a number of which normally occur in governmental operations. As discussed in Note IV.C., amounts have been accrued in the County's Self Insurance Fund for the estimated amounts of claims liabilities.

The County receives significant financial assistance from the Federal and State governments in the form of grants and entitlements. These programs are subject to various terms and conditions, compliance with which is the responsibility of the County. These programs are subject to financial and compliance audits by the grantor agencies. Any costs disallowed as a result of such audits could become a liability of the County. However, the County believes that any such amounts would not have a material adverse effect on the County's financial position.

The County and the Board have several outstanding construction projects as of June 30, 2019. The County also has a five-year Capital Improvement Plan which addresses major capital needs for the County and the Board. Although the Capital Improvement Plan does not represent legal appropriations or contractual commitments, it does represent priorities as determined by the County and the Board. Funding for the first year of the adopted Capital Improvement Plan has been appropriated by action of the County Commission.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION (Continued)

E. Commitments and Contingencies (Continued)

The following represents capital projects funds spent to date and current contractual obligations.

	Spent to Date	Contractual Commitment Remaining at June 30, 2019
<u>Primary Government:</u>		
Canton Hollow Road	\$ 2,121,495	\$ 72,550
Lawson McGhee Library	1,702,894	73,390
I.C. King Park	269,797	333,840
Other Projects	185,203,916	389,189
Total - Primary Government	\$ 189,298,102	\$ 868,969
 <u>Component Unit - the Board:</u>		
Physical Plant Upgrades	\$ 3,239,444	\$ 515,923
Powell Middle School	1,609,178	1,101,277
Inskip Elementary Addition	5,951,262	339,196
Other Projects	123,056,255	93,595
Total - the Board	\$ 133,856,139	\$ 2,049,991

Construction projects for both the County and the Board are primarily funded by general obligation bonds.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION (Continued)

F. Constitutional Officers

The Constitutional Officers Special Revenue Fund includes the operations of the following elected officials:

Trustee - serves as the treasurer and primary investment manager of the County's funds and manages property tax collection efforts.

Knox County Clerk - serves as the Clerk of the County Commission. Principally engaged in the sale of motor vehicle licenses and acceptance of applications of motor vehicle registrations of the State of Tennessee.

Circuit and General Sessions, Criminal and Fourth Circuit Courts Clerks and Clerk and Master - serve as the clerical and support staff for the various courts for both civil and criminal proceedings.

Register of Deeds - collects various fees for the recording of conveyances, trust deeds, chattels, charters, plats and other legal instruments.

These officials, responsible for the collection and remittance of State, County and other funds, earn fees and commissions for their services.

The operations of the Constitutional Officers are operated under the provisions of Section 8-22-104, Tennessee Code Annotated (TCA). Salaries and related benefits of the officials and staff are paid from fees and commissions earned. Fees earned in excess of these costs are remitted to the County's General Fund, less an allowance of three months of anticipated operating expenses retained in the respective fee account. Salaries for clerical assistance were supported by chancery court decrees that were obtained under provisions of Section 8-20-101, et seq., TCA. These activities are accounted for in the County's Constitutional Officers' Special Revenue Fund.

Collections and payments for litigants, heirs and others are accounted for in the County's Constitutional Officers' Agency Fund.

Other operating costs of these offices (excluding salaries and benefits) are accounted for in the County's General Fund. These budgeted amounts are approved by the County Commission in accordance with the County Charter. Fees remitted by the officials in excess of salaries and benefits are used to offset the cost to the General Fund.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION (Continued)

G. Accounting Pronouncements

The County adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, required for fiscal periods beginning after June 15, 2018, in fiscal 2019. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable.

The County adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, required for fiscal periods beginning after June 15, 2018, in fiscal 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION (Continued)

H. Restatement

During the current fiscal year, the County received information indicating that certain balances and activities relating to the data collection fees collected in prior years by the Circuit Court Clerk’s Office had been recorded in the Agency Fund rather than being recorded properly as part of the Constitutional Officers Special Revenue Fund. As a result, the beginning Constitutional Officers Special Revenue Fund balance reported in the County’s governmental fund financial statements has been restated by \$196,754. The beginning net position of governmental activities in the government-wide financial statements also has been increased by this amount.

As a result of this adjustment, fund balance and net position as of the beginning of the fiscal year have been restated as follows:

	<u>Beginning Fund Balance/ Net Position, as Previously Reported</u>	<u>Record Data Collection Fee Balances</u>	<u>Beginning Fund Balance/ Net Position, as Restated</u>
Fund Balance:			
Primary Government:			
Constitutional Officers			
Special Revenue Fund	<u>\$ 5,182,159</u>	<u>\$ 196,754</u>	<u>\$ 5,378,913</u>
Net Position:			
Primary Government - Governmental			
Activities	<u>\$ (23,930,428)</u>	<u>\$ 196,754</u>	<u>\$ (23,733,674)</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE IV. OTHER INFORMATION (Continued)

I. Subsequent Events

Subsequent to year end, a suit was filed against Knox County Government asserting discrepancies in the administration of the Uniform Officers Pension Plan (UOPP) compared to the Knox County Charter. The treatment of accrued leave in the calculation of retirement benefits under the UOPP Plan was contested. The Retirement Board has filed a motion to intervene and will defend its position. The lawsuit is in the initial discovery stage. The impact of the lawsuit on benefits payments of the UOPP Plan is not known at this stage.

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS

A. Single-Employer Defined Benefit OPEB Plans

The County's two single-employer defined benefit other post-employment benefit (OPEB) plans as described in Section A are part of the County's financial reporting entity and are included in the accompanying financial statements. The Board participates in two single-employer defined benefit OPEB plans through the State of Tennessee.

OPEB – Retiree Healthcare Plan

Plan Description – As authorized by County Commission Resolution, the County provides post-retirement health care benefits for County retirees and their dependents. This benefit is provided for employees and retirees who are participants in the UOPP, STAR, Closed Defined Benefit, or Asset Accumulation Retirement Plans. The County Retiree Benefit Healthcare Plan is a single-employer defined benefit OPEB plan. The Plan is administered by the Knox County Finance Department with assistance through USI Consulting Group. Benefits are established and amended by the County Commission. A stand-alone financial report is not issued. The liability for this OPEB related debt is to be funded by a portion from the general fund and the self-insured healthcare fund.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Retiree Healthcare Plan (Continued)

Benefits provided – The retiree is responsible for paying 100% of the related premium. The retirees who have chosen to participate in the County’s medical insurance plans have not been evaluated on a separate experience rating of those of existing County employees. Therefore, participating retirees contribute the same premium as existing employees, plus the amount the County contributes for existing employees. Under this arrangement, the retiree contributions are expected to be less than their expected health care cost, and a portion of the premiums the County pays on behalf of its active employees is deemed to subsidize the retiree’s costs (implicit rate subsidy). Effective 10/1/2016 through 9/30/2023 (unless extended by the Knox County Commission), the County began subsidizing 35% of the premium (for individual coverage only) for a participant who retires at age 55 and older with at least 30 years of service, or who retires at age 57 or older with at least 25 years of service. The subsidy will continue until the participant becomes Medicare eligible. There are a few grandfathered retirees over the age of 65 who still have active medical coverage, but no one else over the age of 65 who is not currently covered will be eligible in the future. The plan provides for surviving spouse benefits. The retiree pays full cost of spouse benefits based on plan premium until age 65.

Employees Covered – As of July 1, 2017, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	57
Active employees	<u>2,145</u>
Total	<u><u>2,202</u></u>

Contributions – The County has adopted a written funding policy, dated October 13, 2017, which requires an annual employer contribution to equal, or exceed, the actuarially determined contribution (ADC) as calculated by an actuary. The County’s OPEB employer contribution to the Plan for fiscal year 2019 was \$1,354,919, which was 1.28% of covered employee payroll.

Net OPEB Liability – The County’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017. The components of the net OPEB liability at June 30, 2019 were as follows:

Total OPEB Liability	\$ 10,582,542
Less: Fiduciary Net Position	<u>(3,144,995)</u>
Net OPEB Liability	<u><u>\$ 7,437,547</u></u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	<u><u>29.72%</u></u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Retiree Healthcare Plan (Continued)

Actuarial Assumptions – The total OPEB liability as of June 30, 2019, was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry Age, Normal Cost
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	29 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Healthcare Trend Rates	7.5% initially, decreasing to an ultimate rate of 4.5% in 2024
Salary Increases	3.50%
Payroll Growth	2.50%
Investment Rate of Return	6.57%
Average Assumed Retirement Age	61
Mortality Table	For healthy participant - The mortality rates are from the Sex Distinct RP-2000 Mortality Table fully generational with projection scale BB. For disabled participants - RR96-7 Post 94 Mortality Table.

Expected Investment Rates of Return – The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major investment type. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation which was 2.50% for fiscal year 2019. Best estimates of arithmetic real rates of return for each major investment classification included in the OPEB target asset allocation as of June 30, 2019 are as follows:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Retiree Healthcare Plan (Continued)

Asset Class	Target Allocation	Long-Term Real Returns
US Equity - Large Cap	26.70%	5.84%
US Equity - Small/Mid Cap	19.80%	7.02%
Non-US Equity - Developed	14.00%	6.80%
Non-US Equity - Emerging	4.50%	9.17%
US Corporate Bonds - Core	5.00%	1.96%
US Treasuries	30.00%	0.57%

Rate of Return – The annual money-weighted rate of return on the plan’s investments, net of related investment expenses, for the year ended June 30, 2019 was 0.27%.

Discount Rate – The discount rate used in fiscal year 2019 to measure the total OPEB liability was 6.57%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Retiree Healthcare Plan (Continued)

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Non-Trust Activity (c)	Net OPEB Liability (d)
Balances at 6/30/18	\$ 10,221,499	\$ 2,179,084	\$ -	\$ 8,042,415
Changes for the year:				
Service Cost	470,088	-	-	470,088
Interest	646,621	-	-	646,621
Contributions - Employer Subsidy	-	960,062	-	(960,062)
Contributions - Employer Implicit Subsidy	-	-	394,857	(394,857)
Net Investment Income	-	64,730	-	(64,730)
Changes in Assumptions	(360,809)	-	-	(360,809)
Benefit Payments	(394,857)	-	(394,857)	-
Administrative Expenses	-	(58,881)	-	58,881
Net Changes	361,043	965,911	-	(604,868)
Balances at 6/30/19	\$ 10,582,542	\$ 3,144,995	\$ -	\$ 7,437,547

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.57%) or 1-percentage-point higher (7.57%) than the current discount rate:

	1% Decrease (5.57%)	Current Discount Rate (6.57%)	1% Increase (7.57%)
Net OPEB Liability (asset)	\$ 8,666,031	\$ 7,437,547	\$ 6,299,681

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the net OPEB liability, as well as what the net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.50% decreased to 3.50% over 7 years) or higher (8.50% decreasing to 5.50% over 7 years) than the current healthcare cost trend rates:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Retiree Healthcare Plan (Continued)

	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
Net OPEB Liability (asset)	\$ 6,039,164	\$ 7,437,547	\$ 8,543,111

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of \$1,096,880. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 57,530	\$ -
Changes of assumptions	686,467	314,905
Net difference between projected and actual earnings on OPEB plan investments	122,101	-
Total	\$ 866,098	\$ 314,905

Accounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ 114,403
2021	114,403
2022	114,403
2023	107,936
2024	82,261
Thereafter	17,787

Payable to the OPEB Plan – At June 30, 2019, Knox County did not report a payable outstanding. Contributions were paid to the OPEB plan as required for the year ended June 30, 2019.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Disability Plan

Plan Description – As authorized by County Commission Resolution, the County provides disability benefits for eligible employees of the County and the Board who are participants in the UOPP, STAR, Closed Defined Benefit, or Asset Accumulation Retirement Plans and who become disabled on or after January 1, 2014. The County Disability Plan is a single-employer OPEB plan and is administered by the Knox County Retirement and Pension Board. Benefits are established and amended by the Knox County Retirement and Pension Board (Pension Board). A stand-alone annual financial report may be obtained by contacting the Knox County Pension and Retirement Board at Suite 371, City County Building, 400 Main Street, Knoxville, TN 37902. The liability for this OPEB related debt is to be funded by the general fund and non-vested forfeitures from the Asset Accumulation and STAR defined contribution retirement plans as described in Note VI-F.

Benefits Provided – The employer pays 100% of the related premium. Participating employees become immediately eligible and for retiree disability benefits, employees become eligible after five years of credited service, unless the disability occurs as a result of an act required to perform duties in the course of employment, in which case there is no service requirement. No participant shall be simultaneously entitled to a disability benefit under this plan and either or both of the Closed DB and UOPP. In the event of disability, eligible employees receive monthly benefits equal to the greater of 60% of pre-disability compensation (monthly compensation of a participant averaged over the twelve months in which compensation was the highest) as of the date of the disability offset by participant's social security disability benefit, worker's compensation benefits, and earnings while disabled; or \$1,800 per year. The normal form of benefit is a temporary life annuity. Benefits continue until the employee is no longer disabled, reaches social security normal retirement age, or begins receiving benefits from a County-funded retirement plan, whichever is earliest.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Disability Plan (Continued)

Employees Covered – At June 30, 2019, the following employees were covered by the benefit terms:

Disabled employees currently receiving benefit payments	27
Active employees	<u>5,138</u>
Total	<u><u>5,165</u></u>

Contributions – The Pension Board has adopted a written funding policy which requires an annual employer contribution to equal, or exceed, the actuarially determined contribution (ADC) as calculated by an actuary. For the year ended June 30, 2019, the ADC was \$503,685, which was 0.71% of covered employee payroll. The County’s actual contributions exceeded the ADC due to the Pension Board transferring non-vested employee forfeitures from the defined contribution plans.

Net OPEB Liability – The County’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019. The components of the net OPEB liability at June 30, 2019 were as follows:

Total OPEB Liability	\$ 3,690,525
Less: Fiduciary Net Position	<u>(1,170,963)</u>
Net OPEB Liability	<u><u>\$ 2,519,562</u></u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	<u><u>31.73%</u></u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Disability Plan (Continued)

Actuarial Assumptions – Significant actuarial assumptions used in the valuation of the OPEB plan as of January 1, 2019 with a measurement date of June 30, 2019 are as follows:

Actuarial Cost Method	Individual Entry Age, Normal Cost
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	15 Years
Asset Valuation Method	5-year smoothed, subject to a 20% corridor around the market value of assets
Inflation	2.29%
Salary Increases	3.00% for UOPP, STAR, Asset Accumulation, and Closed DB active non-contributing, 2.50% for Closed DB active contributing
Investment Rate of Return	7.00%
Age at Retirement	Closed DB - Age 65 with 5 years pf service Asset Accumulation - Age 65 with 5 years of service STAR - Age 57 with 10 years of service UOPP - Age 50 with 25 years of service hired after age 40 UOPP - Participants hired before age 40 vary with age and years of credited service.
Mortality Table	Closed DB & Asset Accumulation Pre-Retirement: Base Table: SOA RP-2014 Total Dataset Mortality Table Improvement Scale: MP-2018 Projection Period: Fully Generational UOPP & STAR Pre-Retirement: Base Table: SOA RP-2014 Adjusted to 2006 Blue Collar Mortality Improvement Scale: MP-2018 Projection Period: Fully Generational
Disabled Mortality	Linked to the TCRS mortality for disabled lives - 110% of standard IRS disabled mortality table (sex-distinct mortality table per RR 96-7)
Disability Type	Closed DB - Not in Line of Duty Asset Accumulation - Not in Line of Duty UOPP - In Line of Duty STAR - In Line of Duty

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Disability Plan (Continued)

Expected Investment Rates of Return – The long-term expected rate of return on OPEB plan investments in mutual funds was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major investment type. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation which was 2.29% for fiscal year 2019. Best estimates of arithmetic real rates of return for each major investment classification included in the OPEB target asset allocation as of June 30, 2019 are as follows:

Asset Class	Target Allocation	Long-Term Expected Nominal Arithmetic Return	Long-Term Expected Real Arithmetic Return
US Equity - Large Cap	26.70%	8.34%	6.05%
US Equity - Small / Mid Cap	19.80%	9.52%	7.23%
Non-US Equity - Developed	14.00%	9.30%	7.01%
Non-US Equity - Emerging	4.50%	11.67%	9.38%
Non Corporate Bonds - Core	5.00%	4.46%	2.17%
US Treasuries (Cash Equivalent)	30.00%	3.07%	0.78%

Rate of Return – The annual money-weighted rate of return on the plan’s investments, net of related investment expenses, for the year ended June 30, 2019 was 0.15%.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Disability Plan (Continued)

Discount Rate – The discount rate used in fiscal year 2019 to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current plan participants. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/18	\$ 3,501,674	\$ 990,692	\$ 2,510,982
Changes for the year:			
Service Cost	230,224	-	230,224
Interest	251,553	-	251,553
Difference between Expected and Actual Experience	(35,934)	-	(35,934)
Changes of Assumptions	24,321	-	24,321
Contributions Employer	-	1,421,525	(1,421,525)
Net Investment Income	-	(12,619)	12,619
Benefit Payments	(281,313)	(281,313)	-
Administrative Expenses	-	(906,567)	906,567
Other Changes	-	(40,755)	40,755
Net Changes	188,851	180,271	8,580
Balances at 6/30/19	\$ 3,690,525	\$ 1,170,963	\$ 2,519,562

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (asset)	\$ 2,674,077	\$ 2,519,562	\$ 2,373,039

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Disability Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the County recognized OPEB expense of \$1,294,070. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 420,438	\$ 25,078
Changes of assumptions	16,973	246,846
Net difference between projected and actual earnings on OPEB plan investments	-	3,651
Total	\$ 437,411	\$ 275,575

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ 121,536
2021	34,086
2022	(6,567)
2023	12,781

Payable to the OPEB Plan – At June 30, 2019, Knox County did not report a payable outstanding. Contributions were paid to the OPEB plan as required for the year ended June 30, 2019.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Closed Teacher Group Insurance Plan

General Information about the OPEB Plan

Plan Description – Employees of the Board, who were hired prior to July 1, 2015, are provided with pre-age 65 retiree health insurance benefits through the closed Teacher Group Retiree Plan (TGRP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-age 65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGRP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The liability for this OPEB related debt is to be paid by the Board’s general purpose school fund.

Benefits Provided – The Board offers the TGRP to provide health insurance coverage to eligible pre-age 65 retired teachers, administrators, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA Section 8-27-301 establishes and amends the benefit terms of the TGRP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGRP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Knox County Schools does not provide a direct subsidy for pre-age 65 retiree insurance coverage and is only subject to the implicit rate subsidy. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees’ premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the healthsavings CDHP. The TGRP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms – At July 1, 2018, the following employees of the Board were covered by the benefit terms of the TGRP:

Inactive employees currently receiving benefit payments	335
Inactive employees entitled to but not yet receiving benefit payments	5
Active employees	<u>5,475</u>
Total	<u><u>5,815</u></u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Closed Teacher Group Insurance Plan (Continued)

An insurance committee, created in accordance with TCA Section 8-27-301, establishes the required payments to the TGRP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates.

Total OPEB Liability

Actuarial Assumptions – The collective total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%.
Healthcare Cost Trend Rates	6.75% for 2019, decreasing annually to an ultimate rate of 3.85% for 2050 and later years
Retiree's Share of Benefit-Related Costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation, a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018 valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.62%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal General Obligation Bonds AA index.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Closed Teacher Group Insurance Plan (Continued)

Changes in Collective Total OPEB Liability

	Total OPEB Liability
Balances at 6/30/17	\$ 50,307,674
Changes for the year:	
Service Cost	2,948,633
Interest	1,837,596
Difference Between Expected and Actual Experience	(9,298,013)
Changes in Assumptions	1,404,969
Benefit Payments	(3,276,865)
Net Changes	(6,383,680)
Balances at 6/30/18	\$ 43,923,994
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 14,726,222
Employer's proportionate share of the collective total OPEB liability	\$ 29,197,772
Employer's proportion of the collective total OPEB liability	66.47%

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGRP. The Board's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 0.96% from the prior measurement date. The Board recognized \$1,254,166 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGRP for Board retirees.

Changes in Assumptions – The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Closed Teacher Group Insurance Plan (Continued)

Sensitivity of Total OPEB Liability and Other Relevant Information

Sensitivity of Proportionate Share of the Collective total OPEB Liability to Changes in the Discount Rate – The following presents the proportionate share of the collective total OPEB liability related to the TGRP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower (2.62%) or 1-percent-point higher (4.62%) than the current discount rate:

	<u>1% Decrease (2.62%)</u>	<u>Current Discount Rate (3.62%)</u>	<u>1% Increase (4.62%)</u>
Proportionate Share of Collective total			
OPEB Liability	<u>\$ 31,356,008</u>	<u>\$ 29,197,772</u>	<u>\$ 27,171,751</u>

Sensitivity of Total OPEB Liability (Employer's Share) to Changes in the Assumed Healthcare Cost Trend Rate – Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is 1-percent-point lower or 1-percent-point higher:

	<u>1% Decrease (5.75% decreasing to 2.85%)</u>	<u>Current Healthcare Cost Trend Rate Assumption (6.75% decreasing to 3.85%)</u>	<u>1% Increase (7.75% decreasing to 4.85%)</u>
OPEB Liability	<u>\$ 25,997,731</u>	<u>\$ 29,197,772</u>	<u>\$ 33,016,817</u>

OPEB Expense – For the fiscal year ended June 30, 2019, the Board recognized OPEB expense of \$3,850,671.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB – Closed Teacher Group Insurance Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGRP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 5,618,823
Changes of assumptions	849,029	1,289,762
Changes in proportions	368,326	-
Employer payments subsequent to the measurement date	1,964,700	-
Total	\$ 3,182,055	\$ 6,908,585

The amounts shown above for “Employer payments subsequent to the measurement date” will be included as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ (585,064)
2021	(585,064)
2022	(585,064)
2023	(585,064)
2024	(585,064)
Thereafter	(2,765,910)

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB - Closed Tennessee Plan

General Information about the OPEB Plan

Plan Description – Employees of the Board, who were hired prior to July 1, 2015, are provided with post-age 65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-age 65 retired teachers, administrators, support staff and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided – The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-age 65 retired teachers, administrators, support staff and disabled participants of local education agencies. Insurance coverage is the only post-employment benefit provided to retirees. The TN plan does not include pharmacy. In accordance with TCA Section 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA Sections 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Board does not subsidize post-age 65 retiree insurance coverage. The state, as a governmental nonemployer contributing entity, contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms – At July 1, 2018, the following employees of the Board were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	989
Inactive employees entitled to but not yet receiving benefit payments	582
Active employees	4,059
Total	5,630

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB - Closed Tennessee Plan (Continued)

In accordance with TCA Section 8-27-209, the state insurance committees established by TCA Sections 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Board did not make any payments to the TNP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial Assumptions – The collective total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%.
Healthcare Cost Trend Rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018 valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.62%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal General Obligation Bonds AA index.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

OPEB - Closed Tennessee Plan (Continued)

Changes in Collective Total OPEB Liability

	Total OPEB Liability (expressed in thousands)
Balances at 6/30/17	\$ 14,202
Changes for the year:	
Service Cost	289
Interest	507
Difference Between Expected and Actual Experience	(2,594)
Changes in Assumptions	(93)
Benefit Payments	(520)
Net Changes	(2,411)
Balances at 6/30/18	\$ 11,791
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 11,791
Employer's proportionate share of the collective total OPEB liability	\$ -
Employer's proportion of the collective total OPEB liability	0.00%

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The Board's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Board's proportion of 0% did not change from the prior measurement date. The Board recognized \$360,331 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for Board retired employees.

Changes in Assumptions – The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense – For the fiscal year ended June 30, 2019, the Board recognized OPEB expense of \$360,331. The County does not report any Deferred Outflows or Deferred Inflows related to the OPEB for the TNP.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

A. Single-Employer Defined Benefit OPEB Plans (Continued)

Aggregate OPEB Plans Note Disclosures

As of and for the year ended June 30, 2019, the aggregate OPEB plan note disclosures for all plans was as follows:

(dollar amounts in thousands)

OPEB Plan	Governmental Activities			
	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
Primary Government - The County:				
Retiree Healthcare	\$ 7,438	\$ 866	\$ 315	\$ 1,097
Disability	2,520	438	276	1,294
	<u>9,958</u>	<u>1,304</u>	<u>591</u>	<u>2,391</u>
Component Unit - The Board:				
Closed Teacher				
Group Insurance	29,198	3,182	6,909	3,851
Closed Tennessee Plan	-	-	-	360
	<u>29,198</u>	<u>3,182</u>	<u>6,909</u>	<u>4,211</u>
Totals	<u>\$ 39,156</u>	<u>\$ 4,486</u>	<u>\$ 7,500</u>	<u>\$ 6,602</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

B. Single-Employer Defined Contribution OPEB Plan

Medical Expense Retirement Plan

Plan Description – Plan provisions and contribution requirements for the Medical Expense Retirement Plan (MERP), a defined contribution OPEB plan was established and may be amended by the Knox County Retirement and Pension Board. The powers of the Knox County Retirement and Pension Board (Pension Board) are governed by the Knox County Charter, Article VII, as amended. The Pension Board can change, or modify, the plan’s employer defined contribution rates as defined by the authority granted under the Knox County Charter, Section 7.01(b).

The Plan was established by the County under Section 401(a)(9) of the Internal Revenue Code. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Voluntary participation begins upon enrollment; eligible employees may begin participation on the first day of employment. The Plan was specifically created to assist employees in planning and investing for anticipated medical expenses upon retirement. Employees are 100% vested in the employer contributions upon enrollment; therefore there are no forfeitures.

Beginning in fiscal year 2015, the employer match for active employees is 50% of the employee’s contribution up to a calendar year employer maximum of \$208. This commitment for funding is until December 31, 2024.

At June 30, 2019, the MERP had 1,182 members and 837 of them contributed funds to the plan. During the year employer expense and member contributions amounted to \$97,227 and \$202,449 respectively.

At June 30, 2019, the County did not report a payable as there were no outstanding employer or participant contributions.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS

A. General Information

County and Board employees are covered by a variety of retirement plans. These plans fall into two categories – defined benefit and defined contribution plans. The majority of County and Board employees participate in *defined contribution plans*. Those not included in the defined contribution plans are certified teachers covered under the Board's Article IX Defined Benefit Plan for former Knoxville City School teachers, all certified County school teachers, certain non-certified employees who elected not to transfer to the primary defined contribution plan or sworn officers in the Sheriff's Department who elected to transfer to the Uniformed Officers Pension Plan (UOPP) effective July 1, 2007, or were hired as a sworn officer on or after June 1, 2007 through December 31, 2013. County certified school teachers and administrators participate in the State Retirement Plan for Teachers as administered by the Tennessee Consolidated Retirement System (TCRS). Certain County Officials also participate in TCRS.

The County participates in the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer retirement system (PERS). The County's plan in TCRS is titled the Knox County Executive (Mayor) And Officials Plan. A single actuarial evaluation is computed for the Knox County Executive And Officials plan by TCRS. TCRS prepares a separate financial report for the operations and activities of this plan, which are not included in the County's reporting entity and are not included in the accompanying financial statements.

The Board participates in the TCRS through two different plans, the Teacher Legacy Pension Plan and the Teacher Retirement Plan. These two plans are cost sharing multiple-employer pension plans administered by TCRS. The Knox County Schools contribute to the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEEPP). The Board also allows certified teachers and administrators to participate in one of two multiple-employer defined contribution plans as administered by the Tennessee Department of Treasury (see Note VI-F).

The pension-related liabilities are to be funded as follows:

<u>DB Plans</u>	<u>Funds</u>
County DB Plan	County – General Fund
UOPP DB Plan	County – General Fund
Teacher's DB Plan	Board – General Purpose School Fund
TCRS Knox County Executive and Officials	County – General Fund
TCRS Teacher's Legacy	Board – General Purpose School Fund
TCRS Teacher Retirement	Board – General Purpose School Fund

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

A. General Information (Continued)

The three single-employer defined benefit and the three single-employer defined contribution plans are part of the County's financial reporting entity and are included in the accompanying financial statements. The operations of the Knox County Closed Defined Benefit Plan (County DB Plan), the County's Asset Accumulation Plan (County DC Plan), the Sheriff's Total Accumulation Retirement Plan (STAR DC Plan), the County's Uniformed Officers Pension Plan (UOPP DB Plan), and Voluntary 457 Plan (DC Plan) are recorded as County pension trust funds. The operations of the Board's Teacher's Defined Benefit Plan (Teacher's DB Plan) are recorded in the Board's pension trust fund. Complete separate financial statements for the three defined benefit plans and the three defined contribution plans may be obtained by contacting the Knox County Retirement and Pension Board at Suite 371, City County Building, and 400 Main Street, Knoxville, TN 37902.

Since the County's and Board's Plans are sponsored by a governmental entity, these Plans are not subject to the statutory provisions of the Employee Retirement Income Security Act of 1974 (ERISA). In addition, none of the accompanying defined benefit plans are insured by the U.S. Pension Benefit Guaranty Corporation.

B. Single-Employer Defined Benefit Plans

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Knox County's (County) Plans (the County DB Plan, the Uniformed Officers Pension Plan (UOPP), and the Knox County Board of Education (Board) Plan (the Teacher's DB Plan) and additions to or deductions from the County, UOPP, and Teacher's DB Plan's fiduciary net position have been determined on the same basis as they are reported by Knox County, and the Knox County Board of Education for the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Defined Benefit Pension Plans

Plan Description - The County's defined benefit pension plans, (County and UOPP DB Plans), and the Board's defined benefit pension plan (Teacher's DB Plan) provides pensions to plan members and their beneficiaries. The County DB Plan was established by the County Commission pursuant to House Bill Number 886 of Chapter 246 of the 1967 Private Acts of the State of Tennessee as amended and continued by the County's charter. The County DB Plan was closed to new participants effective September 30, 1991. The UOPP DB Plan was approved by the voters of Knox County during the November 2006

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

General Information about the Defined Benefit Pension Plans (Continued)

elections. The Plan was established July 1, 2007 with approximately 600 sworn Sheriff's Office employees electing to transfer their retirement balance from the County DC Plan to the UOPP DB Plan. The amount transferred from the participant's accounts totaled \$39,429,351. In addition, during FY 2007, Knox County issued \$57 million of pension obligation bonds, and transferred the proceeds (net of issuance costs) totaling \$56,510,846 to the plan. During the November 2012 elections, voters approved to close the UOPP DB Plan to new hires or rehires effective January 1, 2014. The Teacher's DB Plan was established under Article IX of the Knox County Employee Benefit System. The Teacher's DB Plan is closed to new plan members. The County DB, UOPP, and the Teacher's DB Plans are single-employer defined benefit pension plans administered by the Knox County Retirement and Pension Board.

Benefits Provided - The County DB Plan provides pensions to any person who is an active employee hired before the close date of September 30, 1991. The plan also provides death and disability benefits to participants and their beneficiaries. Normal retirement monthly benefits for County DB Plan participants are equal to credited service multiplied by the greater of 1.75% of average monthly compensation or \$30. The average monthly compensation is calculated using the employee's 60 consecutive months of highest compensation prior to retirement, or such lesser number of months of credited service actually completed. Credited service is equal to all contributions, uninterrupted service expressed in years and decimal fraction of a year based on completed calendar months. The normal retirement date for participants is the first day of the month coinciding with or next following attainment of age 65 or, if later, 5 years of credited service, or, if an elected official, the later of their 55th birthday and completion of 5 years of credited service. Employees may retire at age 55 after 5 years of service but accrued benefits are reduced by 5/12% for each month that the early retirement precedes normal retirement. All participants are eligible for non-duty disability benefits after 5 years of credited service and for duty-related disability benefits upon hire. Disability retirement benefits are payable immediately to age 65 and equal to 50% of average monthly compensation plus 10% of average monthly compensation if there is at least one dependent child minus the sum of monthly primary social security at time of disability, monthly workers' compensation benefits, and monthly disability pension reduction, but not less than \$150. Pre-retirement death benefits (in the line of duty) are payable in the amount of 37.5% of the average monthly compensation at date of death minus 75% of all social security benefits payable. Pre-retirement death benefits (not in the line of duty) requires participants to have reached age 55 and have a minimum service of 5 years. Benefits are payable at 100% joint and survivor benefit accrued to date of death. If the participant completed 5 years of service, but had not yet attained age 55, the benefit payable to the beneficiary is equal to the participant's contributions plus a 100% match by the employer, both of which accumulate at 3% interest compounded annually. Post-retirement death benefits equal to \$300 multiplied by years of service up to 30 years are paid in a lump sum. The County DB Plan includes a Cost of Living increase of 3% per annum of the participant's original benefit.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

General Information about the Defined Benefit Pension Plans (Continued)

The UOPP DB Plan provides pensions to officers employed by the Sheriff's Office on or after June 1, 2007, and most recently employed or re-hired before January 1, 2014. Normal monthly retirement benefits are equal to the greater of 2.5% of average monthly compensation multiplied by service up to a maximum of 30 years or \$10 multiplied by service up to a maximum of 25 years. The normal retirement date is the first day of the month coinciding with or next following attainment of age 50 or, if later, the date the participant completes (or would have completed if the participant remained continuously employed until then) 25 years of service. A participant with 5 or more years of service who retires prior to their normal retirement date shall be entitled to the greater of 2% of average monthly compensation multiplied by the participant's projected service (maximum of 25 years), multiplied by the participant's actual service, and divided by the participant's projected service or \$10 multiplied by service up to a maximum of 25 years. The average monthly compensation of a participant is averaged over any two 12 month periods, whether or not consecutive but which do not overlap, from date of employment, including periods prior to the effective date of the plan, which produce the highest monthly average. A participant, with 25 years of service, may receive early retirement benefits of the greater of the actuarial equivalent of 2% average monthly compensation multiplied by the participant's projected service (maximum of 25 years), multiplied by the participant's actual service, and divided by the participant's projected service or \$10 multiplied by service up to a maximum of 25 years. Disability benefits are payable to participants (in the line of duty) equal to 50% of average monthly compensation. A participant (not in the line of duty) is eligible to receive the greater of 2% of average monthly compensation multiplied by the participant's service (maximum of 25 years) multiplied by the participant's actual service and divided by the participant's projected service or \$10 multiplied by service up to a maximum of 25 years. All participants who become disabled prior to January 1, 2014 are eligible to receive this benefit. Pre-retirement death benefits (in the line of duty) for the participant's surviving spouse are payable monthly for life in the amount of the greater of 2% of average monthly compensation multiplied by the participant's service (maximum of 25 years) or \$250. Pre-retirement death benefits (not in the line of duty) for the participant's surviving spouse are payable monthly for life in the amount of the greater of 1% of average monthly compensation multiplied by the participant's service (maximum of 25 years) or \$10 multiplied by service up to a maximum of 25 years. Participants must have completed 5 years of service. Post-retirement death benefits are payable to the participant's surviving spouse in the greater of 50% of the participant's normal retirement benefit immediately prior to death or \$10 multiplied by service up to a maximum of 25 years. The UOPP DB Plan includes a Cost of Living adjustment annually of 3% plus (if a participant is over 62 years old) one half of the amount by which the percentage increase in the Consumer Price Index for the 12 months ending September 30 preceding the year of adjustment exceeds 3%, not to exceed 1%.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

General Information about the Defined Benefit Pension Plans (Continued)

The Teacher’s DB Plan provides pensions to any person who is a “teacher” as defined by the Court of Appeals in its opinion of December 30, 1987 in the case of Knox County v. the City of Knoxville, et al, and who is entitled to maintain membership in a local pension system as a result of their membership in any applicable plan of the City of Knoxville Pension System on June 30, 1987, and who thereafter is employed as a result of the City of Knoxville ceasing to operate a separate school system and is so regularly employed by the Knox County Board of Education. Each participant shall be eligible to retire at age 62, the normal retirement date or on the first day of any of the thirty-five months next following age 62. The normal retirement benefit, a monthly benefit payable for life, computed as of normal retirement date as 1/12th of credited service multiplied by the sum of Benefit Rate A times average earnings and Benefit Rate B times average excess earnings. Benefit Rate A and Benefit Rate B shall vary according to the participant’s last birthday at the time benefit payments are to commence, as follows:

<u>Age</u>	<u>Benefit Rate A</u>	<u>Benefit Rate B</u>
62 or earlier	0.75%	1.50%
63	0.78%	1.58%
64	0.84%	1.66%
65 or later	0.88%	1.76%

This amount is then reduced by the benefit accrued under the applicable City of Knoxville retirement plan as of June 30, 1987. The monthly benefit, including 50% of the primary Social Security benefit, shall not be less than \$10 per year of credited service, with a maximum of \$250. After completing 25 years of credited service, participants are eligible for early retirement benefits. Upon early retirement, a participant may elect to receive either a deferred monthly benefit equal to his accrued benefit commencing at normal retirement date or a reduced benefit equal to the actuarially equivalent benefit commencing immediately. Participants are eligible for Disability (not in the line of duty) after completing 15 years of credited service. Accrued benefits are based on credited service at time of disablement, payable immediately, plus a lump sum equal to six times the accrued monthly benefit. Participants who are disabled in the course of performance of duty are eligible for disability. The accrued benefit is based on credited service projected to age 62, payable immediately and reduced by any workers’ compensation benefits paid. A participant must complete 15 years of credited service to be eligible for death benefits. Death benefits are payable as 50% of the monthly benefit that the participant would have been entitled to if he/she had elected the 50% joint and survivor form of payment, payable at the earliest time benefits could have commenced to the participant. The Teacher’s DB Plan includes a Cost of Living adjustment of 2.5% per annum of the participant’s original benefit.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

General Information about the Defined Benefit Pension Plans (Continued)

Employees Covered by Benefit Terms - At January 1, 2019, the valuation date, the following participants were covered by the benefit terms:

	<u>County DB Plan</u>	<u>UOPP DB Plan</u>	<u>Teacher's DB Plan</u>
Inactive employees or beneficiaries currently receiving benefits	712	202	410
Inactive employees entitled to, but not yet receiving benefits	20	43	-
Active employees	<u>42</u>	<u>464</u>	<u>-</u>
Total	<u><u>774</u></u>	<u><u>709</u></u>	<u><u>410</u></u>

Contributions - Provisions and contribution requirements in the County and the Teacher's DB Plans are established and may be amended by the Knox County Retirement and Pension Board in compliance with state law. For the UOPP DB Plan, some provisions and employee changes are limited based on wording in the Knox County Charter (Article VII, Section 7.05) while other provisions and employer contributions can be determined by the Knox County Retirement and Pension Board in compliance with state law. The Knox County Retirement and Pension Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by participants during the year, with an additional amount to finance net pension liabilities. County DB Plan participants contribute 5% of annual earnings. In the UOPP DB Plan, each participant shall contribute to the fund an amount equal to 6% of annual earnings. The employee accumulation will receive 4% simple interest. No participant contributions shall be required after a participant has completed 30 years of service. Each participant in the Teacher's DB Plan shall contribute an amount equal to 3% of base earnings (that part of earnings in any calendar year which does not exceed \$4,800 per annum) plus 5% of excess earnings (that part of earnings in any calendar year which are in excess of base earnings). For FY 2019, the employer contributions for the County, UOPP, and the Teacher's DB Plans were approximately 199.33%, 24.64%, and N/A, respectively, of annual covered payroll.

Net Pension Liability

The County, UOPP, and Teacher's DB Plans' net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of January 1, 2019.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement for the County, UOPP, and Teacher's DB Plans.

	County DB Plan	UOPP DB Plan	Teacher's DB Plan
Actuarial Cost Method	Individual Entry Age Normal Cost	Individual Entry Age Normal Cost	Individual Entry Age Normal Cost
Amortization Method	Level Percent of Payroll, Closed	Level Percent of Payroll, Closed	Level Percent of Payroll, Closed
Remaining Amortization Period	14 Years	24 Years	14 Years
Asset Valuation Method for Actuarial Determined Contributions	5-year smoothed subject to a 10% corridor around the market value of assets	5-year smoothed subject to a 20% corridor around the market value of assets	5-year smoothed subject to a 10% corridor around the market value of assets
Discount and Investment Rate of Return	7.00%	7.25%	7.00%
Salary Increases	Active Contributing: 2.50%, Active Not-Contributing: 3.00%	3%, plus 2.3% OT adjustment factor	N/A
Cost of Living Increase	3.00%	3.00% (3.10% over age 62)	2.50%
Inflation	2.29%	2.29%	2.29%
Age at Retirement	65 and five years of service	Participants hired after age 40 - age 50 and 25 years of service. Participants hired before age 40 - varies based on age and years of service.	N/A
Healthy Mortality Table	Pre-Retirement: Base Table: SOA RP-2014 Total Dataset Mortality Table Improvement Scale: MP-2018 Projection Period: Fully Generational Post-Retirement: Base Table: RP-2014 Blue Collar with 102% adjustment for Males and 97% for Females Improvement Scale: MP-2018 Projection Period: 6 years beyond each valuation date	Pre-Retirement: Base Table: RP2014 Blue Collar, Adjusted to 2006 Improvement Scale: MP-2018 Projection Period: Fully Generational Post-Retirement: Base Table: RP2014 Blue Collar table with 140% adjustment for Males and Females Improvement Scale: MP-2018 Projection Period: 6 years beyond each valuation date	Base Table: RP-2014 Blue Collar with 102% adjustment for Males and 97% adjustment for Females Improvement Scale: MP-2018 Projection Period: 6 years beyond each valuation date
Disability Table	Linked to the Tennessee Consolidated Retirement System mortality for disabled lives - 110% of standard IRS disabled mortality table (sex-distinct mortality table per RR 96-7)	Linked to the Tennessee Consolidated Retirement System mortality for disabled lives - 110% of standard IRS disabled mortality table (sex-distinct mortality table per RR 96-7)	N/A
Experience Study	January 1, 2007 to December 31, 2016	January 1, 2007 to December 31, 2016	January 1, 2007 to December 31, 2016

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Net Pension Liability (Continued)

Expected Investment Rate of Return and Asset Allocation - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

County DB Plan:

Asset Class:	Target Allocation	Long-Term Expected Real Arithmetic Return
US Equity - Large Cap	21.00%	6.05%
US Equity - Small / Mid Cap	10.00%	7.23%
Non-US Equity - Developed	10.00%	7.01%
Non-US Equity - Emerging	2.00%	9.38%
US Corporate Bonds-Core	21.00%	2.17%
US Corporate Bonds-High Yield	3.00%	4.09%
Non-US Debt - Developed	8.00%	1.52%
US Treasuries (Cash Equivalent)	6.00%	0.78%
Real Estate	7.00%	5.65%
Hedge Funds	12.00%	4.32%

UOPP DB Plan:

Asset Class:	Target Allocation	Long-Term Expected Real Arithmetic Return
US Equity - Large Cap	22.00%	6.05%
US Equity - Small / Mid Cap	20.00%	7.23%
Non-US Equity - Developed	15.00%	7.01%
Non-US Equity - Emerging	5.00%	9.38%
US Corporate Bonds-Core	16.00%	2.17%
US Corporate Bonds-High Yield	5.00%	4.09%
Non-US Debt - Developed	4.00%	1.52%
US Treasuries (Cash Equivalent)	2.00%	0.78%
Real Estate	3.00%	5.65%
Hedge Funds	8.00%	4.32%

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Net Pension Liability (Continued)

<u>Asset Class:</u>	Target Allocation	Long-Term Expected Real Arithmetic Return
US Equity - Large Cap	21.00%	6.05%
US Equity - Small / Mid Cap	16.00%	7.23%
Non-US Equity - Developed	14.00%	7.01%
Non-US Equity - Emerging	4.00%	9.38%
US Corporate Bonds-Core	18.00%	2.17%
US Corporate Bonds-High Yield	4.00%	4.09%
Non-US Debt - Developed	6.00%	1.52%
US Treasuries (Cash Equivalent)	4.00%	0.78%
Real Estate	5.00%	5.65%
Hedge Funds	8.00%	4.32%

The assumed inflation rate is 2.29% per annum.

Rates of Return - The annual money-weighted rates of returns on defined benefit pension plan investments, net of investment related expenses, for the year ended June 30, 2019 were as follows:

Defined Benefit Plans:	<u>2019</u>
County DB Plan	5.56%
UOPP DB Plan	4.51%
Teacher's DB Plan	4.93%

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Net Pension Liability (Continued)

Discount Rate - The discount rate used to measure the total pension liability for the County and Teacher's DB Plans was 7% and the UOPP Plan was 7.25%. The projections of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the County, UOPP, and Teacher's DB Plans' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Tennessee State Law for Local Government Sponsored Defined Benefit Plans - "The Public Employee Defined Benefit Financial Security Act of 2014", Tennessee Code Section 9-3-501, requires Knox County and the Knox County Board of Education to make annual employer contributions equal to 100% of its actuarially determined contributions (ADC), use the entry age normal cost method, limit future pension benefit improvements if the net pension plan funded ratio is less than 60% and other requirements. As of June 30, 2019, the County DB Plan's funded ratio was 56.64%. State law provides for penalties in the event that the funding level is below 60%, if the entity additionally provides benefit enhancements and fails to make contributions equal to the ADC. As the County made the actuarially determined contributions (ADC) and did not enhance benefits, there were no penalties.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Net Pension Liability (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability for the plans for the fiscal year ended June 30, 2019 are as follows (dollar amounts in thousands):

	<u>County DB Plan</u>			<u>UOPP DB Plan</u>			<u>Teachers' DB Plan</u>		
	<u>Increase (Decrease)</u>			<u>Increase (Decrease)</u>			<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Position Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Position Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Position Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at June 30, 2018	\$ 70,268	\$ 41,840	\$ 28,428	\$ 219,854	\$ 179,725	\$ 40,129	\$ 66,127	\$ 57,394	\$ 8,733
Changes for the Year:									
Service Cost	195	-	195	2,527	-	2,527	-	-	-
Interest	4,683	-	4,683	15,775	-	15,775	4,404	-	4,404
Difference between Expected and Actual Experience	(430)	-	(430)	3,659	-	3,659	(862)	-	(862)
Change of Assumptions	3,768	-	3,768	18,458	-	18,458	1,809	-	1,809
Contribution - Employer	-	3,160	(3,160)	-	5,683	(5,683)	-	475	(475)
Contribution - Employee	-	86	(86)	-	1,306	(1,306)	-	-	-
Net Investment Income (Loss)	-	2,308	(2,308)	-	8,030	(8,030)	-	2,688	(2,688)
Benefit Payments including Refunds of Employee									
Contributions	(7,249)	(7,249)	-	(9,747)	(9,747)	-	(6,532)	(6,532)	-
Administrative Expense	-	(138)	138	-	(676)	676	-	(126)	126
Transfers	-	339	(339)	-	-	-	-	(339)	339
Net Changes	967	(1,494)	2,461	30,672	4,596	26,076	(1,181)	(3,834)	2,653
Balance at June 30, 2019	\$ 71,235	\$ 40,346	\$ 30,889	\$ 250,526	\$ 184,321	\$ 66,205	\$ 64,946	\$ 53,560	\$ 11,386

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the County, UOPP, and Teacher's DB Plans, calculated using the discount rate of 7.00% for the County and Teacher's Plans and 7.25% for the UOPP Plan, as well as what the net pension liability (asset) would be for each plan if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate for the County and Teacher's Plans and 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate for the UOPP Plan as of June 30, 2019:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County DB Plan Net Pension Liability	\$ 36,944,822	\$ 30,889,595	\$ 25,654,124
Teachers' DB Plan Net Pension Liability	\$ 16,381,413	\$ 11,385,729	\$ 6,999,415

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
UOPP DB Plan Net Pension Liability	\$ 101,308,580	\$ 66,205,231	\$ 37,282,625

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports (or in the County, UOPP, and Teacher's DB Plans accompanying Pension Trust Fund financial statements).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the County and the Board recognized pension expense of \$3,473,933, \$11,919,983, and \$2,994,960, for the County, UOPP, and Teacher's Plans, respectively. At June 30, 2019, the County, UOPP, and Teacher's Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>County DB Plan</u>		<u>UOPP DB Plan</u>		<u>Teachers' DB Plan</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 409,480	\$ 511,715	\$ 18,620,727	\$ -	\$ -	\$ -
Changes of assumptions	2,905,192	-	17,284,124	4,218,545	-	-
Net difference between projected and actual earnings on pension plan investments	-	250,372	1,369,458	-	143,549	-
Total	\$ 3,314,672	\$ 762,087	\$ 37,274,309	\$ 4,218,545	\$ 143,549	\$ -

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

<u>Years ended June 30,</u>	<u>County DB Plan</u>	<u>UOPP DB Plan</u>	<u>Teachers' DB Plan</u>
2020	\$ 1,329,826	\$ 5,766,587	\$ 413,739
2021	689,297	3,597,161	(540,606)
2022	435,567	5,381,790	46,063
2023	97,895	5,759,308	224,353
2024	-	4,783,847	-
Thereafter	-	7,767,071	-
Total	<u>\$ 2,552,585</u>	<u>\$ 33,055,764</u>	<u>\$ 143,549</u>

Payable to Pension Plans

At June 30, 2019, the County and the Board did not report a payable for any outstanding amount of employer contributions to the Plans required for the year ended June 30, 2019.

Trend Information

The schedules of changes in the County, UOPP, and Teacher's DB Plans' net pension liabilities and related ratios, the schedule of County and Board's employer contributions, and schedule of investment returns are presented in required supplementary information (RSI) following the notes to financial statements, and present multiyear trend information about whether each Plan's fiduciary net position is increasing or decreasing over time relative to the total pension liability and net pension liability and whether the County's and the Board's contributions are in accordance with the actuarially determined amounts.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

C. Agent Multiple-Employer Defined Benefit Plan

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Knox County Executive (Mayor) And Officials' participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Knox County Executive And Officials' fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description - Certain elected officials (employees) of Knox County are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <http://www.treasury.state.tn.us/tcrs/>.

Benefits Provided – Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

C. Agent Multiple-Employer Defined Benefit Plan (Continued)

General Information about the Pension Plan (Continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 1/2%. A 1% COLA is granted if the CPI change is between 1/2% and 1%. Members who leave employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>7</u>
Total	<u><u>11</u></u>

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary and Knox County makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, employer contributions made by Knox County were \$131,795 based on a rate of 11.41% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Knox County state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

C. Agent Multiple-Employer Defined Benefit Plan (Continued)

Net Pension Liability (Asset)

Knox County Executive And Officials' net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability as of the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Reporting Date	June 30, 2019
Measurement Date	June 30, 2018
Actuarial Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Asset Valuation Method	10-year smoothed with a 20 percent corridor to market value
Inflation	2.50%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%.
Investment Rate of Return	7.25%, net of investment expense, including inflation
Cost of Living Adjustments	2.25%
Retirement Age	Pattern of retirement determined by experience study.
Mortality	Customized table based on actual experience including projection of mortality improvement using MP-2017 (static projection to 6 years beyond the valuation date)

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

C. Agent Multiple-Employer Defined Benefit Plan (Continued)

Net Pension Liability (Asset) (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-term Securities	0.00%	1%
Total		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the factors described above.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

C. Agent Multiple-Employer Defined Benefit Plan (Continued)

Net Pension Liability (Asset) (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Knox County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2017	\$ 2,766,615	\$ 2,418,617	\$ 347,998
Changes for the Year:			
Service Cost	54,971	-	54,971
Interest	201,571	-	201,571
Differences between expected and actual experience	(270,056)	-	(270,056)
Contributions - Employer	-	130,224	(130,224)
Contributions - Employees	-	57,166	(57,166)
Net Investment Income	-	205,080	(205,080)
Benefit Payments, including refunds of employee contributions	(82,602)	(82,602)	-
Administrative Expense	-	(665)	665
Net Change	(96,116)	309,203	(405,319)
Balance at June 30, 2018	\$ 2,670,499	\$ 2,727,820	\$ (57,321)

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

C. Agent Multiple-Employer Defined Benefit Plan (Continued)

Net Pension Liability (Asset) (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of Knox County Executive And Officials calculated using the discount rate of 7.25%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Knox County Executive And Official's Net Pension Liability (Asset)	<u>\$ 239,311</u>	<u>\$ (57,321)</u>	<u>\$ (310,849)</u>

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources

Pension Expense - For the year ended June 30, 2019, Knox County recognized a pension expense of \$29,122.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2019, Knox County Executive And Officials reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 134,881	\$ 180,037
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	14,605
Changes in Assumptions	45,830	-
Contributions Subsequent to the Measurement date of June 30, 2018	131,795	-
Total	<u>\$ 312,506</u>	<u>\$ 194,642</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

C. Agent Multiple-Employer Defined Benefit Plan (Continued)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2018,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30:	Amounts
2020	\$ 14,622
2021	(1,854)
2022	(21,506)
2023	(5,191)

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2019, Knox County did not report a payable outstanding. Contributions were paid to the pension plan as required for the year ended June 30, 2019.

Trend Information

The schedule of changes in the Knox County Executive And Officials Plan’s net position liability and related ratios and the schedule of Knox County Executive And Officials Plan’s contributions are presented in required supplementary information (RSI) following the notes to financial statements, and present multiyear trend information about whether the Plan’s fiduciary net position is increasing or decreasing over time relative to the total pension liability and net pension liability and whether Knox County’s contributions are in accordance with the actuarially determined amounts.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans

Teacher's Legacy Plan

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description – Teachers employed by Knox County Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan was closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Boards of Education (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained <https://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher's Legacy Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest 5 consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with 5 years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of livings adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 1/2%. A 1% COLA is granted if the CPI change is between 1/2% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions - Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary and the LEAs make employer contributions at the rate set by the Board of Trustees of TCRS as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Knox County Schools for the year ended June 30, 2019 to the Teacher Legacy Pension Plan were \$19,342,206 which is 10.46% covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. At June 30, 2019, there were 3,524 active Board participants.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher's Legacy Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets) - At June 30, 2019, Knox County Schools reported an asset of (\$24,319,977) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Knox County Schools' proportion of the net pension asset was based on Knox County Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, Knox County Schools' proportion was 6.91%. The proportion measured as of June 30, 2017 was 6.10%.

Pension Expense (Income)- For the year ended June 30, 2019, Knox County Schools recognized pension income of (\$6,303,210).

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2019, Knox County Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 4,915,896	\$ 32,809,574
Changes in Assumptions	14,363,495	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	5,293,041
Changes in Proportion of Net Pension Liability (Asset)	3,122,638	670,746
Board's Contributions Subsequent to the Measurement date of June 30, 2018	19,342,206	-
Total	\$ 41,744,235	\$ 38,773,361

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher’s Legacy Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Knox County Schools’ employer contributions of \$19,342,206, reported as pension related deferred outflows of resources subsequent to the measurement date of June 30, 2018, will be recognized as an (increase) of net pension (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30:</u>	<u>Amounts</u>
2020	\$ 5,671,923
2021	(7,108,140)
2022	(13,240,445)
2023	(1,694,671)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following assumptions applied to all periods included in the measurement:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher's Legacy Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Inflation	2.50%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%.
Investment Rate of Return	7.25%, net of investment expense, including inflation
Cost of Living Adjustments	2.25%
Mortality	Mortality rates were based on actual experience including an adjustment for some anticipated improvement

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher’s Legacy Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-term Securities	0.00%	1%
Total		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the factors described above.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher’s Legacy Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Knox County Schools’ proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25%, as well as what Knox County Schools’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Knox County Schools’ Proportionate Share of the Net Pension Liability (Asset)	\$ 187,473,702	\$ (24,319,977)	\$ (199,549,739)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2019, Knox County Schools did not report a payable since all required employer contributions were made to the pension plan before the year ended June 30, 2019.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher's Legacy Plan (Continued)

Trend Information

The schedule of Knox County Schools' proportionate share of the net pension liability (asset) in the Teacher Legacy Pension Plan and related ratios and the schedule of contributions are presented in required supplementary information (RSI) following the notes to financial statements, and present multiyear trend information about whether the School's proportionate share of the net pension liability (asset) is increasing or decreasing over time and whether the Knox County School's contributions are in accordance with the actuarially determined amounts.

Teacher Retirement Plan

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description - Teachers employed by Knox County Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with 5 years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service-related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 1/2%. A 1% COLA is granted if the CPI change is between 1/2% and 1%. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions - Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary and the LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, unless the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019 to the Teacher Retirement Plan were \$1,171,936, which is 1.94% of covered payroll. TCRS established the Stabilization Reserve Trust (SRT) during FY 2019 for the Hybrid Pension Plans. The SRT is a legal trust separate and apart from the normal Hybrid Plan Trust. The SRT is designed to specifically accumulate assets which will not be used now, but used as necessary to pay benefits in the future.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

In FY 2019, employer contributions to the SRT were \$1,199,763. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability. At June 30, 2019, there were 1,479 active Board participants.

Mandatory Defined Contribution Plan

As part of this plan, teachers hired after July 1, 2014 are required to participate in the State of Tennessee 401(k) Plan (see Note VI - G) which requires the Board to make mandatory employer contributions of 5.0% of the participant's compensation.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets) – At June 30, 2019, Knox County Schools reported an asset of (\$3,182,975) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Knox County Schools' proportion of the net pension asset was based on Knox County Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2018, Knox County Schools' proportion was 7.02%. The proportion measured as of June 30, 2017 was 6.24%.

Pension Expense (Income) – For the year ended June 30, 2019, Knox County Schools recognized pension expense of \$1,073,545.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher Retirement Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2019, Knox County Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 180,275	\$ 126,780
Changes in Assumptions	150,163	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	179,797
Changes in Proportion of Net Pension Liability (Asset)	28,605	188,848
Board's Contributions Subsequent to the Measurement date of June 30, 2018	1,171,936	-
Total	\$ 1,530,979	\$ 495,425

Knox County School's employer contributions of \$1,171,936 reported as pension related deferred outflows of resources, subsequent to the measurement date of June 30, 2018, will be recognized as an increase of net pension (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30:	Amounts
2020	\$ (36,759)
2021	(42,464)
2022	(68,091)
2023	(21,109)
2024	2,843
Thereafter	29,199

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher Retirement Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%.
Investment Rate of Return	7.25%, net of investment expense, including inflation
Cost of Living Adjustments	2.25%
Mortality	Mortality rates were based on actual experience including an adjustment for some anticipated improvement

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher Retirement Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-term Securities	0.00%	1%
Total		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based on a blending of the factors described above.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher Retirement Plan (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Knox County Schools will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Knox County Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25%, as well as what Knox County Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Knox County Schools' Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 492,090</u>	<u>\$ (3,182,975)</u>	<u>\$ (5,890,630)</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2019, Knox County Schools did not report a payable since all required employer contributions were made to the pension plan before the year ended June 30, 2019.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

D. Cost Sharing Multiple-Employer Defined Benefit Plans (Continued)

Teacher Retirement Plan (Continued)

Trend Information

The schedule of Knox County School's proportionate share of net pension liability (asset) in the Teacher Retirement Plan's and related ratios and the schedule of contributions are presented in required supplementary information (RSI) following the notes to financial statements, and present multiyear trend information about whether the School's proportionate share of the net pension liability (asset) is increasing or decreasing over time and whether the Knox County School's contributions are in accordance with the actuarially determined amounts.

E. Aggregate Pension Plans Note Disclosures

Aggregate pension plan note disclosures for all defined benefit plans as of and for the year ended June 30, 2019 was as follows:

(dollar amounts in thousands)

Defined Benefit Plan	Governmental Activities			
	Net Pension Liability (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense (Income)
Primary Government - The County:				
County DB	\$ 30,889	\$ 3,315	\$ 762	\$ 3,474
UOPP DB	66,205	37,274	4,219	11,920
TCRS - County Executive & Officials	(57)	313	195	29
	<u>97,037</u>	<u>40,902</u>	<u>5,176</u>	<u>15,423</u>
Component Unit - The Board:				
Teacher's DB	11,386	144	-	2,995
TCRS - Teacher's Legacy	(24,320)	41,744	38,773	(6,303)
TCRS - Teacher Retirement	(3,183)	1,531	495	1,074
	<u>(16,117)</u>	<u>43,419</u>	<u>39,268</u>	<u>(2,234)</u>
Totals	<u>\$ 80,920</u>	<u>\$ 84,321</u>	<u>\$ 44,444</u>	<u>\$ 13,189</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

F. Single-Employer Defined Contribution Plans

Plan provisions and contribution requirements for the defined contribution plans are established and may be amended by the Knox County Retirement and Pension Board. The powers of the Knox County Retirement and Pension Board (Pension Board) are governed by the Knox County Charter, Article VII, as amended. The Pension Board can change, or modify, each plan's employer defined contribution rates as defined by the authority granted under the Knox County Charter, Section 7.04(b). Administrative costs of the plans are paid with plan assets from the DB Plans and the Disability (OPEB) Plan. Forfeitures from the DC Plans are used to fund the employer's ADC for the Disability (OPEB) Plan.

Participant Loans – Defined Contribution Plans

Effective September 1, 2016, the Asset Accumulation Plan and STAR Plan were amended to allow for loans to active participants. Loan eligibility requirements are:

- Actively employed
- Fully vested (Asset Accumulation Plan 5 years; STAR 10 years)
- Minimum account balance of \$20,000
- Minimum loan amount - \$5,000
- Maximum loan amount – 25% of account balance up to \$50,000
- Maximum loan term may not exceed 5 years
- Only one loan permitted at any time

Employees of Knox County Schools, Charter Schools, E-911, and Metropolitan Drug Commission are not eligible.

Participant loans are reported at their unpaid principal balance plus any accrued but unpaid interest income.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

F. Single-Employer Defined Contribution Plans (Continued)

Asset Accumulation Plan

The *Asset Accumulation Plan* is a defined contribution plan established by Knox County under Section 401(a)(9) of the Internal Revenue Code. The plan covers a majority of the full time employees of the County and classified employees of the School Board. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Participation begins on the first day of employment and all eligible employees not participating in another County, Board or state retirement plan are required to participate. The plan requires all participants to contribute a minimum of 6% of compensation and the employer matching contribution is 6%. Participants are 100% vested in the employer contributions after completing five years of credited service.

At June 30, 2019, there were 4,512 active Plan members. During the year, the County's and Board's employer expense and member contributions amounted to \$9,445,064 and \$9,445,064 respectively. Non-vested forfeitures of \$673,621 were transferred to the County Disability OPEB Plan as an employer contribution as described in Note V-A.

At June 30, 2019, neither the County nor the Board reported a payable for employer contributions or participant contributions.

Voluntary 457 Plan

The Asset Accumulation Program incorporated both a 401(a) Plan and a 457(b) Plan in the Defined Contribution Plan for Knox County participants and classified Board participants. The Knox County Voluntary 457 Plan incorporates voluntary pre-tax contributions by the participant with an employer match based on length of service with the County and/or Board. The employer will match:

Years of Service	Maximum % Match
0 - 5	0%
5 - 9	2%
10 - 14	4%
15 or more	6%

The employer matching contributions for the 457 Plan are deposited into the participants 401(a) account in the Asset Accumulation or STAR Plans.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

F. Single-Employer Defined Contribution Plans (Continued)

Voluntary 457 Plan (Continued)

In January 2008, the Pension Board added two additional outside 457 vendors as investment alternatives. Knoxville Teachers Credit Union (Board employees only) and Security Benefit were added January 1, 2008 and volunteer contributions made by participants in the Asset Accumulation Plan would also be eligible for the match offered by the employer. In September 2008, Nationwide, a third 457 vendor was added to the Program. Security Benefit was terminated as a 457(b) provider as of November 2015. Each vendor prepares separate financial reports and is not included in the Knox County Voluntary 457 Plan Trust.

Effective July 1, 2008 the option of contributing to a 457(b) Plan was expanded to those active participants in the closed County Defined Benefit (DB) Plan. The employer match for the closed County DB Plan participants is a maximum of 3% of pay. Closed County DB participants are eligible for the same 457 Plans/Vendors that are offered under the Asset Accumulation Plan. Beginning July 2015, participants in UOPP and STAR were allowed to make contributions to the County's 457(b), but the County makes no matching contributions.

As of June 30, 2019, there were 842 active Plan members in the Knox County Voluntary 457(b) Plan. During the year, member contributions amounted to \$2,528,955 and the County and Board made employer contribution of \$1,740,980.

At June 30, 2019, neither the County nor the Board reported a payable for participant contributions.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

F. Single-Employer Defined Contribution Plans (Continued)

Sheriff's Total Accumulation Retirement Plan (STAR)

In November 2012, the Knox County voters approved the closing of the Uniform Officers Pension Plan (UOPP) to all new officers and to have the Pension Board design another plan for officers employed by the Knox County Sheriff's Department. Effective January 1, 2014, the UOPP Plan was closed to all new-hires or re-hires. The new officer plan is called the *Sheriff's Total Accumulation Retirement Plan (STAR)*. STAR is a Defined Contribution Plan where the officer contributes 6% of pay and the County contributes a total of 12% of pay. Vesting by the officer is 10 year cliff vesting on the first 10% employer contribution and 15 year cliff vesting on the remaining 2% employer contribution. Employees have the responsibility of investing their contribution plus the 10% employer contribution from an array of investment options. The Pension Board manages the investment of the additional 2% of the employer contributions.

At June 30, 2019, the STAR Plan had 364 active members. During the year employees contributed \$682,455 and the employer expensed \$1,156,909 for the basic 10% contribution and \$230,078 for the 2% supplemental contribution. Non-vested forfeitures of \$244,220 were transferred to the County Disability OPEB Plan as an employer contribution as described in Note V-A.

At June 30, 2019, the County reported a payable for employer contributions of \$22,053.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2019

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

G. Multiple-Employer Defined Contribution Plans

State of Tennessee 401(k) Plan - Teachers Hired Before July 1, 2014

The TCRS Teacher Legacy Defined Benefit Plan (see Note VI-D) allows Knox County Board of Education (Board) teachers and other certified personnel hired before July 1, 2014, to participate in the State of Tennessee 401(k) Plan as administered by the Tennessee Department of Treasury. Participation in this plan is optional and is 100% funded by participant's elective contributions. The Board does not make employer contributions to this plan. Plan benefits are dependent solely on amounts contributed by participants plus investment earnings. Employees are eligible to participate on the first day of employment.

At June 30, 2019 there were 97 active participants. During the year participant contributions amounted to \$869,881

At June 30, 2019, the Board did not report a payable for any outstanding participant contributions.

State of Tennessee 401(k) Plan - Teachers Hired After July 1, 2014

The TCRS Teacher Retirement Defined Benefit Plan (see Note VI -D) requires all Knox County Board of Education (Board) teachers and other certified personnel hired after July 1, 2014, to participate in the State of Tennessee 401(k) Plan as administered by the Tennessee Department of Treasury. Participation is mandatory and begins on the first day of employment. The Board is required to make mandatory employer contributions of 5.0% of the participant's compensation. Elective employee deferrals are optional but can be up to the annual maximum amount permitted by the Internal Revenue Service. Participants are 100% immediately vested in the employer contributions. Plan benefits depend solely on amounts contributed to the plan plus investment earnings.

At June 30, 2019 there were 1,479 active participants. During the year the Board employer contribution expense and participant contributions amounted to \$3,464,245 and \$1,315,542, respectively.

At June 30, 2019, the Board did not report a payable for any outstanding employer expense or participant contributions.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN THE COUNTY'S CLOSED DEFINED
BENEFIT PLAN NET PENSION LIABILITY AND RELATED RATIOS

Last Five Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

<u>Single-Employer Defined Benefit Plan</u>	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 195	\$ 135	\$ 162	\$ 176	\$ 164
Interest	4,683	4,756	4,982	5,149	5,126
Differences between Expected and Actual Experience	(430)	906	(851)	(225)	447
Changes of Assumptions	3,768	452	-	-	2,214
Benefits Payment, including Refunds of Employee Contributions	(7,249)	(7,445)	(7,539)	(7,425)	(7,817)
Net Change in Total Pension Liability	967	(1,196)	(3,246)	(2,325)	134
Total Pension Liability - Beginning of Year *	70,268	71,464	74,710	77,035	76,901
Total Pension Liability - End of Year (a)	<u>\$ 71,235</u>	<u>\$ 70,268</u>	<u>\$ 71,464</u>	<u>\$ 74,710</u>	<u>\$ 77,035</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 3,160	\$ 3,044	\$ 3,119	\$ 3,160	\$ 2,695
Contributions - Employees	86	90	96	94	109
Net Investment Income (Loss)	2,308	3,654	4,970	(419)	1,288
Other	-	-	-	-	6
Benefits Paid, including Refunds of Employee Contributions	(7,249)	(7,445)	(7,539)	(7,425)	(7,817)
Administrative Expenses	(138)	(219)	(187)	(229)	(355)
Transfers	339	(28)	(35)	(39)	(45)
Net Change in Plan Fiduciary Net Position	(1,494)	(904)	424	(4,858)	(4,119)
Plan Fiduciary Net Position, Beginning of Year	41,840	42,744	42,320	47,178	51,297
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 40,346</u>	<u>\$ 41,840</u>	<u>\$ 42,744</u>	<u>\$ 42,320</u>	<u>\$ 47,178</u>
County's Net Pension Liability - Ending (a)-(b)	<u>\$ 30,889</u>	<u>\$ 28,428</u>	<u>\$ 28,720</u>	<u>\$ 32,390</u>	<u>\$ 29,857</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.64%	59.54%	59.81%	56.65%	61.24%
Covered Payroll **	\$ 1,477	\$ 1,585	\$ 1,672	\$ 1,953	\$ 2,038
County's Net Pension Liability as a Percentage of Covered Payroll	2091.52%	1793.24%	1717.81%	1659.59%	1465.01%

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

* The liability values the January 1 data is rolled forward to June 30 using a 7.0% discounted rate.

** The covered payroll is for the twelve month period ended January 1 of each year.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN THE COUNTY'S UOPP PLAN NET PENSION
LIABILITY AND RELATED RATIOS

Last Five Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

<u>Single-Employer Defined Benefit Plan</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service Cost	\$ 2,527	\$ 2,779	\$ 3,163	\$ 3,387	\$ 3,605
Interest	15,775	14,445	13,252	12,354	11,498
Differences between Expected and Actual Experience	3,659	6,769	11,652	1,812	2,569
Changes of Assumptions	18,458	(3,184)	(2,659)	1,900	-
Benefits Payment, including Refunds of Employee Contributions	<u>(9,747)</u>	<u>(8,916)</u>	<u>(7,089)</u>	<u>(5,723)</u>	<u>(4,757)</u>
Net Change in Total Pension Liability	30,672	11,893	18,319	13,730	12,915
Total Pension Liability - Beginning of Year *	<u>219,854</u>	<u>207,961</u>	<u>189,642</u>	<u>175,912</u>	<u>162,997</u>
Total Pension Liability - End of Year (a)	<u>\$ 250,526</u>	<u>\$ 219,854</u>	<u>\$ 207,961</u>	<u>\$ 189,642</u>	<u>\$ 175,912</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 5,683	\$ 5,330	\$ 4,077	\$ 3,553	\$ 3,449
Contributions - Employees	1,306	1,351	1,579	1,620	1,654
Net Investment Income (Loss)	8,030	13,611	19,443	(214)	3,493
Benefits Paid, including Refunds of Employee Contributions	<u>(9,747)</u>	<u>(8,916)</u>	<u>(7,089)</u>	<u>(5,723)</u>	<u>(4,757)</u>
Administrative Expenses	(676)	(443)	(410)	(439)	(788)
Net Change in Plan Fiduciary Net Position	4,596	10,933	17,600	(1,203)	3,051
Plan Fiduciary Net Position, Beginning of Year	<u>179,725</u>	<u>168,792</u>	<u>151,192</u>	<u>152,395</u>	<u>149,344</u>
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 184,321</u>	<u>\$ 179,725</u>	<u>\$ 168,792</u>	<u>\$ 151,192</u>	<u>\$ 152,395</u>
County's Net Pension Liability - Ending (a)-(b)	<u>\$ 66,205</u>	<u>\$ 40,129</u>	<u>\$ 39,169</u>	<u>\$ 38,450</u>	<u>\$ 23,517</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.57%	81.75%	81.17%	79.72%	86.63%
Covered Payroll **	\$ 22,732	\$ 23,063	\$ 24,457	\$ 27,464	\$ 29,171
County's Net Pension Liability as a Percentage of Covered Payroll	291.25%	174.00%	160.16%	140.00%	80.62%

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available

* The liability values the January 1 data is rolled forward to June 30 using a 7.0% discounted rate.

** The covered payroll is for the twelve month period ended January 1 of each year

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN THE COUNTY'S TEACHER'S PLAN NET PENSION
LIABILITY AND RELATED RATIOS

Last Five Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

<u>Single-Employer Defined Benefit Plans</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Interest	\$ 4,404	\$ 4,532	\$ 4,719	\$ 4,906	\$ 5,073
Differences between Expected and Actual Experience	(862)	(690)	(775)	(937)	(821)
Changes of Assumptions	1,809	891	-	-	-
Benefits Payment, including Refunds of Employee Contributions	(6,532)	(6,587)	(6,633)	(6,655)	(6,617)
Net Change in Total Pension Liability	(1,181)	(1,854)	(2,689)	(2,686)	(2,365)
Total Pension Liability - Beginning of Year *	66,127	67,981	70,670	73,356	75,721
Total Pension Liability - End of Year (a)	<u>\$ 64,946</u>	<u>\$ 66,127</u>	<u>\$ 67,981</u>	<u>\$ 70,670</u>	<u>\$ 73,356</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 475	\$ 552	\$ 727	\$ 832	\$ 1,134
Contributions - Employees	-	-	1	4	9
Net Investment Income (Loss)	2,670	4,813	6,814	(437)	1,733
Benefits Paid, including Refunds of Employee Contributions	(6,534)	(6,587)	(6,633)	(6,655)	(6,617)
Administrative Expenses	(106)	(168)	(172)	(122)	(274)
Transfers to Other DC Plans for Disability Benefits	(339)	-	-	-	-
Net Change in Plan Fiduciary Net Position	(3,834)	(1,390)	737	(6,378)	(4,015)
Plan Fiduciary Net Position, Beginning of Year	57,394	58,784	58,047	64,425	68,440
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 53,560</u>	<u>\$ 57,394</u>	<u>\$ 58,784</u>	<u>\$ 58,047</u>	<u>\$ 64,425</u>
County's Net Pension Liability - Ending (a)-(b)	<u>\$ 11,386</u>	<u>\$ 8,733</u>	<u>\$ 9,197</u>	<u>\$ 12,623</u>	<u>\$ 8,931</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.47%	86.79%	86.47%	82.13%	87.82%
Covered Payroll **	\$ -	\$ -	\$ -	\$ -	\$ -
County's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

* The liability values the January 1 data is rolled forward to June 30 using a 7.0% discounted rate.

** The covered payroll for the Teacher's Plan is \$0 since all active employees are over Normal Retirement Age.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
SCHEDULE OF COUNTY'S CLOSED DEFINED BENEFIT PLAN
EMPLOYER PENSION CONTRIBUTIONS

Last Five Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

Single-Employer Defined Benefit Plan	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 3,153	\$ 2,956	\$ 3,119	\$ 3,111	\$ 2,660
Contributions in Relation to the Actuarially Determined Contribution	<u>3,160</u>	<u>3,044</u>	<u>3,119</u>	<u>3,160</u>	<u>2,695</u>
Contribution Deficiency (Excess)	<u>\$ (7)</u>	<u>\$ (88)</u>	<u>\$ -</u>	<u>\$ (49)</u>	<u>\$ (35)</u>
Covered Payroll *	\$ 1,585	\$ 1,672	\$ 1,953	\$ 2,038	\$ 2,407
Contributions as a Percentage of Covered Payroll	199.33%	182.08%	159.71%	155.04%	111.96%

Notes:

* Covered payroll is for the 12 month period ended January 1.

A. Valuation Date: January 1.

B. This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Measurement Dates: July 1 to June 30.

Actuarial determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Remaining Amortization Period	19 Years as of 1/1/2014
Asset Valuation Method	5-year smoothed, subject to a 10% corridor around the market value of assets
Salary Increases	Active Contributing: 2.50%; Active Not-Contributing: 3.00%
Cost of Living Increases	3.00% on the original benefit
Investment Rate of Return	7.00%, net of pension plan investment expenses
Retirement Age	Age 65 and 5 years of service
Mortality Table	Pre-retirement: 2012 IRS Table, Scale AA with 15 year projections; Post-retirement: 2008-2012 TCRS Experience, Scale AA with 2 year projections
Disability Table	Linked to the TCRS mortality for disabled lives
Distribution	100% Annuity

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
SCHEDULE OF COUNTY'S UOPP
EMPLOYER PENSION CONTRIBUTIONS

Last Five Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

<u>Single-Employer Defined Benefit Plan</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution (ADC)	\$ 5,675	\$ 5,298	\$ 4,077	\$ 3,547	\$ 3,434
Contributions in Relation to the Actuarially Determined Contribution	<u>5,683</u>	<u>5,330</u>	<u>4,077</u>	<u>3,553</u>	<u>3,449</u>
Contribution Deficiency (Excess)	<u>\$ (8)</u>	<u>\$ (32)</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (15)</u>
Covered Payroll *	\$ 23,063	\$ 24,457	\$ 27,469	\$ 29,171	\$ 30,343
Contributions as a Percentage of Covered Payroll	24.64%	23.11%	16.67%	12.94%	11.82%

Notes:

* Covered payroll is for the 12 month period ended January 1.

A. Valuation Date: January 1.

B. This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Measurement Dates: July 1 to June 30.

Actuarial determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Remaining Amortization Period	29 Years as of 1/1/2014
Asset Valuation Method	5-year smoothed, subject to a 20% corridor around the market value of assets
Salary Increases	3.00%
Cost of Living Increases	3.125%
Investment Rate of Return	7.25%, net of pension plan investment expenses
Retirement Age	Participants hired after age 40 - age 50 and 25 years of service Participants hired before age 40 - age 57 and 30 years of service
Mortality Table	Linked to the current mortality assumptions utilized by TCRS
Disability Table	As of 1/1/2018, linked to the TCRS mortality for disabled lives - 110% of standard IRS disabled mortality table (sex-distinct mortality table per RR96-7)

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
SCHEDULE OF BOARD'S EMPLOYER PENSION CONTRIBUTIONS

Last Five Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

<u>Single-Employer Defined Benefit Plan</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution (ADC)	\$ 475	\$ 552	\$ 727	\$ 832	\$ 1,134
Contributions in Relation to the Actuarially Determined Contribution	<u>475</u>	<u>552</u>	<u>727</u>	<u>832</u>	<u>1,134</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll *	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

Notes:

* Covered payroll is for the 12 month period ended January 1. The covered payroll for the Teacher's Plan is \$0 since there are no active employees.

A. Valuation Date: January 1.

B. This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Measurement Dates: July 1 to June 30.

Actuarial determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Remaining Amortization Period	19 Years as of 1/1/2014
Asset Valuation Method	5-year smoothed, subject to a 10% corridor around the market value of assets
Salary Increases	3%, but N/A for 2015+ as all actives are beyond Normal Retirement Age
Cost of Living Increases	3%
Investment Rate of Return	7.00%, net of pension plan investment expenses
Retirement Age	N/A as no active participants remain in the plan
Mortality Table	Prior to 1/1/2019 - Base Table: 2008-2012 TCRS Experience; Scale AA; projection period 2 years

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
CLOSED DEFINED BENEFIT PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years Ending June 30

Single-Employer Defined Benefit Plans	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weight Rate of Return (Loss), Net of Investment Expenses	<u>5.56%</u>	<u>8.71%</u>	<u>11.98%</u>	<u>(0.90%)</u>	<u>2.59%</u>

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
UOPP PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years Ending June 30

Single-Employer Defined Benefit Plans	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weight Rate of Return (Loss), Net of Investment Expenses	<u>4.51%</u>	<u>8.14%</u>	<u>12.92%</u>	<u>(0.14%)</u>	<u>2.34%</u>

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
TEACHER'S PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Five Fiscal Years Ending June 30

Single-Employer Defined Benefit Plans	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weight Rate of Return (Loss), Net of Investment Expenses	<u>4.93%</u>	<u>8.55%</u>	<u>12.24%</u>	<u>(0.70%)</u>	<u>2.62%</u>

Note: This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

**SCHEDULE OF CHANGES IN KNOX COUNTY EXECUTIVE AND OFFICIAL'S NET PENSION
LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE
KNOX COUNTY EXECUTIVES AND OFFICIAL'S PUBLIC PENSION PLAN OF TCRS**

Last Five Fiscal Years Ending June 30*

<u>Agent Multiple-Employer Defined Benefit Plan - TCRS</u>	2019*	2018*	2017*	2016*	2015*
Total Pension Liability					
Service Cost	\$ 54,971	\$ 34,497	\$ 45,891	\$ 38,325	\$ 52,980
Interest	201,571	170,637	157,436	142,449	134,723
Differences between Expected and Actual Experience	(270,056)	269,763	64,944	91,692	9,345
Change of Assumptions	-	91,662	-	-	-
Benefits Payment, including Refunds of Employee Contributions	(82,602)	(81,204)	(80,538)	(79,872)	(78,871)
Net Change in Total Pension Liability	(96,116)	485,355	187,733	192,594	118,177
Total Pension Liability - Beginning of Year	<u>2,766,615</u>	<u>2,281,260</u>	<u>2,093,527</u>	<u>1,900,933</u>	<u>1,782,756</u>
Total Pension Liability - End of Year (a)	<u>\$ 2,670,499</u>	<u>\$ 2,766,615</u>	<u>\$ 2,281,260</u>	<u>\$ 2,093,527</u>	<u>\$ 1,900,933</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 130,224	\$ 121,769	\$ 105,298	\$ 102,177	\$ 90,961
Contributions - Employees	57,166	56,063	48,435	47,000	42,505
Net Investment Income	205,080	241,276	52,836	57,404	256,275
Benefits Paid, including Refunds of Employee Contributions	(82,602)	(81,204)	(80,538)	(79,872)	(78,871)
Administrative Expenses	(665)	(581)	(454)	(305)	(313)
Net Change in Plan Fiduciary Net Position	309,203	337,323	125,577	126,404	310,557
Plan Fiduciary Net Position, Beginning of Year	<u>2,418,617</u>	<u>2,081,294</u>	<u>1,955,717</u>	<u>1,829,313</u>	<u>1,518,756</u>
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 2,727,820</u>	<u>\$ 2,418,617</u>	<u>\$ 2,081,294</u>	<u>\$ 1,955,717</u>	<u>\$ 1,829,313</u>
Net Pension Liability (asset) - Ending (a)-(b)	<u>\$ (57,321)</u>	<u>\$ 347,998</u>	<u>\$ 199,966</u>	<u>\$ 137,810</u>	<u>\$ 71,620</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.15%	87.42%	91.23%	93.42%	96.23%
Covered Payroll	\$ 1,143,319	\$ 1,121,264	\$ 968,701	\$ 939,994	\$ 850,101
Net Pension Liability (asset) as a Percentage of Covered Payroll	-5.01%	31.04%	20.64%	14.66%	8.42%

Notes:

* The amounts presented were determined as of June 30 of the prior year (measurement date).

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

Change of Assumptions: In 2018, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

**SCHEDULE OF KNOX COUNTY EXECUTIVE AND OFFICIAL'S EMPLOYER CONTRIBUTIONS
 BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
 KNOX COUNTY EXECUTIVE AND OFFICIAL'S**

Last Six Fiscal Years Ending June 30

<u>Agent Multiple-Employer Defined Benefit Plan</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution (ADC)	\$ 131,795	\$ 130,224	\$ 121,769	\$ 105,298	\$ 102,177	\$ 90,961
Contributions in Relation to the Actuarially Determined Contribution	<u>131,795</u>	<u>130,224</u>	<u>121,769</u>	<u>105,298</u>	<u>102,177</u>	<u>90,961</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,155,077	\$ 1,143,319	\$ 1,121,264	\$ 968,701	\$ 939,994	\$ 850,101
Contributions as a Percentage of Covered Payroll	11.41%	11.39%	10.86%	10.87%	10.87%	10.70%

Notes:

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Valuation Date: Actuarially determined contribution rates for the year ended June 30, 2019 were based on the results of the June 30, 2017 actuarial valuation. Details below are the methods and assumptions used in the June 30, 2017 actuarial valuation.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by year
Asset Valuation Method	10-year smoothed within a 20% corridor to market value
Inflation	2.5%
Salary Increases	Graded salary ranges from 8.72 to 3.44% based on age, including inflation, averaging 4.0%
Investment Rate of Return	7.25%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25%

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

SCHEDULE OF KNOX COUNTY SCHOOLS'
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER LEGACY PENSION PLAN OF TCRS

Last Five Fiscal Years Ending June 30*

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Knox County School's Proportion of the Net Pension Liability (Asset)	6.91%	6.10%	6.21%	6.26%	6.25%
Knox County School's Proportionate Share of the Net Pension Liability (Asset)	\$ (24,319,977)	\$ (1,995,550)	\$ 38,804,134	\$ 2,564,810	\$ (1,016,013)
Knox County School's Covered Payroll	\$ 242,147,658	\$ 216,664,053	\$ 224,140,267	\$ 234,393,501	\$ 245,412,756
Knox County School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(10.04%)	(0.92%)	17.31%	1.09%	(0.41%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.49%	100.14%	97.14%	99.81%	100.08%

Notes:

* The amounts presented were determined as of June 30 of the prior year (measurement date).

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Change of Assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

SCHEDULE OF KNOX COUNTY SCHOOLS' EMPLOYER CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN OF TCRS

	Last Six Fiscal Years Ending June 30					
	2019	2018 (B)	2017	2016	2015	2014
<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>						
Contractually Required Contribution	\$ 19,342,206	\$ 21,984,186	\$ 19,490,507	\$ 20,262,260	\$ 21,188,757	\$ 21,792,648
Contributions in Relation to the Contractually Required Contribution	19,342,206	21,984,186	19,490,507	20,262,260	21,188,757	21,792,648
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Knox County School's Covered Payroll	\$ 184,915,833	\$ 242,116,434	\$ 216,664,053	\$ 224,140,267	\$ 234,393,501	\$ 245,412,706
Contributions as a Percentage of Knox County School's Covered Payroll	10.46%	9.08%	9.00%	9.04%	9.04%	8.88%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes:

(A) Valuation Date: Actuarially determined contribution rates for the year ended June 30, 2019 were calculated based on the June 30, 2017 valuation.

(B) During FY 2018 Knox County Schools remitted the employer contributions for ten month contract employees in June 2018 for the July and August 2019 payroll.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

**SCHEDULE OF KNOX COUNTY SCHOOLS'
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER RETIREMENT PLAN OF TCRS**

Last Four Fiscal Year Ending June 30*

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Knox County School's Proportion of the Net Pension Liability (Asset)	7.02%	6.24%	6.43%	6.97%
Knox County School's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,182,975)	\$ (1,645,866)	\$ (668,960)	\$ (280,487)
Knox County School's Covered Payroll	\$ 61,196,108	\$ 39,855,536	\$ 28,274,452	\$ 14,486,226
Knox County School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(5.20%)	(4.13%)	(2.37)%	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	126.97%	126.81%	121.88%	127.46%

Notes:

* The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Change of Assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from and average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

SCHEDULE OF KNOX COUNTY SCHOOLS' EMPLOYER CONTRIBUTIONS
TEACHER RETIREMENT PLAN OF TCRS

Last Five Fiscal Years Ending June 30

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2019</u>	<u>2018 (B)</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>
Contractually Required Contribution	\$ 1,171,936	\$ 2,443,004	\$ 1,637,711	\$ 707,767	\$ 362,156
Contributions in Relation to the Contractually Required Contribution	<u>2,371,698</u>	<u>2,443,004</u>	<u>1,637,711</u>	<u>1,130,975</u>	<u>579,452</u>
Contribution Deficiency (Excess)	<u>\$ (1,199,762)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (423,208)</u>	<u>\$ (217,296)</u>
Knox County School's Covered Payroll	\$ 60,409,367	\$ 61,075,221	\$ 39,885,536	\$ 28,274,452	\$ 14,486,226
Contributions as a Percentage of Knox County School's Covered Payroll	1.94%	4.00%	4.11%	4.00%	4.00%

* This plan started July 1, 2014.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes:

(A) Valuation Date: Actuarially determined contribution rates for the year ended June 30, 2019 were calculated based on the June 30, 2017 valuation.

(B) During FY 2018, Knox County Schools remitted the employer contributions for ten month contract employees in June 2018 for the July and August 2018 payroll.

(C) In FY 2019 Knox County Schools placed the actuarially determined contribution rate of 1.94 percent of covered payroll into the pension plan and placed 2.06 percent of covered payroll into the Pension Stabilization Reserve Trust.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

OPEB - RETIREE HEALTHCARE PLAN
SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY AND RELATED RATIOS

Last Two Fiscal Years

(Dollar Amounts in Thousands)

<u>OPEB - Retiree Healthcare Plan</u>	2019	2018 (A)
Total OPEB Liability		
Service Cost	\$ 470	\$ 394
Interest	647	615
Differences between Expected and Actual Experience	-	77
Changes of Assumptions	(361)	923
Benefits Payment, including Refunds of Employee Contributions	(395)	(359)
Net Change in Total OPEB Liability	361	1,650
Total OPEB Liability - Beginning of Year	10,221	8,571
Total OPEB Liability - End of Year (a)	\$ 10,582	\$ 10,221
Plan Fiduciary Net Position		
Contributions - Employer	\$ 960	\$ 850
Contributions - Employer Subsidy	395	359
Benefit Payments	(395)	(359)
Net Investment Income	65	106
Administrative Expense	(59)	(49)
Net Change in Plan Fiduciary Net Position	966	907
Plan Fiduciary Net Position, Beginning of Year*	2,179	1,272
Plan Fiduciary Net Position, End of Year (b)	\$ 3,145	\$ 2,179
County's Net OPEB Liability - Ending (a) - (b)	\$ 7,437	\$ 8,042
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	29.72%	21.32%
Covered Employee Payroll **	\$ 105,467	\$ 101,900
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	7.05%	7.89%

Notes:

(A) FY2018 was the first year that GASB 75 was adopted. Additional years will be added in the future until 10 years of information is available.

* For FY2018, the beginning value shown is July 1, 2017.

** The covered employee payroll is for the 12 month period ended June 30.

Assumption Changes: A discount rate of 7.00% was for the fiscal year ending June 30, 2017.

A discount rate of 6.16% was for the fiscal year ending June 30, 2018.

A discount rate of 6.57% was for the fiscal year ending June 30, 2019.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

OPEB - RETIREE HEALTHCARE PLAN
SCHEDULE OF COUNTY'S OPEB CONTRIBUTIONS

Last Two Fiscal Years

(Dollar Amounts in Thousands)

<u>OPEB - Retiree Healthcare Plan</u>	2019	2018 (A)
Actuarially Determined Contribution (ADC)	\$ 960	\$ 874
Contributions in Relation to the Actuarially Determined Contribution	1,355	1,209
Contribution Deficiency (Excess)	\$ (395)	\$ (335)
Covered Employee Payroll*	\$ 105,467	\$ 101,900
Contributions as a Percentage of Covered Employee Payroll	1.28%	1.19%

NOTES:

* The covered employee payroll is for the 12 month period ended June 30.

(A) FY2018 was the first year that GASB 75 was adopted. Additional years will be added in the future until 10 years of information is available.

Valuation Date: January 1, 2017

Measurement Date: June 30, 2019

Actuarial determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	29 Years
Asset Valuation	Market Value
Inflation	2.5%
Healthcare Trend Rates	7.5% initially, decreasing to an ultimate rate of 4.5% in 2024
Salary Increases	3.50%
Payroll Growth	2.50%
Investment Rate of Return	6.57%
Average Assumed Retirement Age	61
Mortality Table	RP 2000 Fully Generational with Scale BB

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

OPEB - RETIREE HEALTHCARE PLAN
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN

Last Two Fiscal Years

	<u>2019</u>	<u>2018</u>
Annual Money-Weighted Rate of Return (Loss),		
Net of Investment Expenses	<u>0.27%</u>	<u>4.27%</u>

Note:

(A) FY 2018 was the first year that GASB 75 was adopted. Additional years will be added in the future until 10 years of information is available.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

OPEB - DISABILITY PLAN
SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY AND RELATED RATIOS

Last Two Fiscal Years

(Dollar Amounts in Thousands)

<u>OPEB - Disability Plan</u>	2019	2018 (A)
Total OPEB Liability		
Service Cost	\$ 230	\$ 315
Interest	252	209
Differences between Expected and Actual Experience	(36)	1,053
Changes of Assumptions	24	(618)
Benefits Payment, including Refunds of Employee Contributions	(281)	(247)
Net Change in Total OPEB Liability	189	712
Total OPEB Liability - Beginning of Year	3,502	2,790
Total OPEB Liability - End of Year (a)	\$ 3,691	\$ 3,502
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,422	\$ 1,166
Net Investment Income	(13)	165
Other	(41)	(13)
Benefit Payments	(281)	(247)
Administrative Expense	(907)	(1,351)
Net Change in Plan Fiduciary Net Position	180	(280)
Plan Fiduciary Net Position, Beginning of Year*	991	1,271
Plan Fiduciary Net Position, End of Year (b)	\$ 1,171	\$ 991
County's Net OPEB Liability - Ending (a) - (b)	\$ 2,520	\$ 2,511
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	31.73%	28.30%
Covered Employee Payroll **	\$ 178,757	\$ 170,264
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	1.41%	1.47%

Notes:

(A) FY2018 was the first year that GASB 75 was adopted. Additional years will be added in the future until 10 years of information is available.

* For FY2018, the beginning value shown is July 1, 2017.

**The covered employee payroll is for the 12 month period ended June 30

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

OPEB - DISABILITY PLAN
SCHEDULE OF COUNTY'S OPEB CONTRIBUTIONS

Last Two Fiscal Years

(Dollar Amounts in Thousands)

<u>OPEB - Disability Plan</u>	<u>2019</u>	<u>2018 (A)</u>
Actuarially Determined Contribution (ADC)	\$ 503	\$ 453
Contributions in Relation to the Actuarially Determined Contribution	<u>1,422</u>	<u>1,166</u>
Contribution Deficiency (Excess)	<u>\$ (918)</u>	<u>\$ (713)</u>
Covered Employee Payroll*	\$ 170,264	\$ 170,264
Contributions as a Percentage of Covered Employee Payroll	0.84%	0.69%

Notes:

* The covered employee payroll is for the 12 month period ended June 30.

(A) FY2018 was the first year that GASB 75 was adopted. Additional years will be added in the future until 10 years of information is available.

Valuation Date: January 1, 2019

Measurement Date: June 30, 2019

Actuarial determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Remaining Amortization Period	20 Years, as of January 1, 2014
Asset Valuation Method	5-year smoothed, subject to a 20% corridor around the market value of assets
Inflation	2.29%
Salary	3.0% for UOPP, STAR, and Closed DB active non-contributing 2.5% for Closed DB active contributing
Cost of Living Increase	None
Investment Rate of Return	7.0%
Retirement Age	Closed DB Plan - Age 65 with 5 years of credited service Asset Accumulation - Age 65 with 5 years of credited service UOPP - Age 50 with 25 years of credited service STAR - Age 57 with 10 years of credited service
Disabled Mortality	Linked to the TCRS mortality for disabled lives - 110% of standard IRS disabled mortality table (sex-distinct mortality table per RR 96-7)
Disabled Type	Closed DB - Not in Line of Duty Asset Accumulation - Not in Line of Duty UOPP - In Line of Duty STAR - In Line of Duty

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

OPEB - DISABILITY PLAN
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN

Last Two Fiscal Years

	<u>2019</u>	<u>2018</u>
Annual Money-Weighted Rate of Return (Loss),		
Net of Investment Expenses	<u>0.15%</u>	<u>11.89%</u>

Note:

(A) FY 2018 was the first year that GASB 75 was adopted. Additional years will be added in the future until 10 years of information is available.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

OPEB - CLOSED TEACHER GROUP INSURANCE PLAN
SCHEDULE OF CHANGES IN THE BOARD'S PROPORTIONATE SHARE OF COLLECTIVE
OPEB LIABILITY AND RELATED RATIOS

Last Two Fiscal Years

(Dollar Amounts in Thousands)

	2019	2018
Total OPEB Liability		
Service Cost	\$ 2,949	\$ 3,172
Interest	1,838	1,538
Differences between Expected and Actual Experience	(9,298)	-
Changes of Assumptions	1,405	(2,376)
Benefit Payments	(3,277)	(3,078)
Net Change in Total OPEB Liability	(6,383)	(744)
Total OPEB Liability - Beginning	50,308	51,052
Total OPEB Liability - Ending	\$ 43,925	\$ 50,308
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 14,726	\$ 17,348
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ 29,198	\$ 32,960
Covered Employee Payroll	\$ 242,148	\$ 216,664
Employer's Proportionate Share of Collective Total OPEB Liability as a Percentage of Covered Employee Payroll	12.06%	15.21%

Notes:

(A) There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan.

(B) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

(C) Additional years will be added in the future until 10 years of information is available.

Change of Assumptions: The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2019

OPEB - CLOSED TENNESSEE PLAN
SCHEDULE OF CHANGES IN THE BOARD'S PROPORTIONATE SHARE OF COLLECTIVE
OPEB LIABILITY AND RELATED RATIOS

Last Two Fiscal Years

(Dollar Amounts in Thousands)

Closed Tennessee OPEB Plan

	2019	2018
Total OPEB Liability		
Service Cost	\$ 289	\$ 354
Interest	507	448
Differences between Expected and Actual Experience	(2,594)	-
Changes of Assumptions	(93)	(1,338)
Benefit Payments	(520)	(500)
Net Change in Total OPEB Liability	(2,411)	(1,036)
Total OPEB Liability - Beginning	14,202	15,238
Total OPEB Liability - Ending	\$ 11,791	\$ 14,202
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	\$ 11,791	\$ 14,202
Employer's Proportionate Share of the Collective Total OPEB Liability	\$ -	\$ -
Covered Employee Payroll	\$ 242,148	\$ 216,664
Employer's Proportionate Share of Collective Total OPEB Liability as a Percentage of Covered Employee Payroll	0.00%	0.00%

Notes:

(A) There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan.

(B) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

(C) Additional years will be added in the future until 10 years of information is available.

Change of Assumptions: The discount rate was changed from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased the total OPEB liability.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the County (i.e., public safety, recreation, health and welfare, general government, etc.). These activities are funded principally by property taxes on individuals and businesses.

KNOX COUNTY, TENNESSEE**General Fund
Comparative Balance Sheets
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 14,015,561	\$ 20,531,115
Investments, at Fair Value	58,643,499	37,290,064
Receivables (Net of Allowances for Uncollectibles):		
Accounts	7,608,746	10,266,383
Local Taxes	122,480,302	119,020,111
Notes	469,000	615,000
Due from Other Funds	2,333,134	12,115,145
Inventories	392,572	240,531
Prepaid Items	195,247	123,519
Investments in Joint Venture	5,861,727	5,563,041
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 211,999,788</u>	<u>\$ 205,764,909</u>
LIABILITIES		
Accounts Payable	\$ 5,224,341	\$ 4,290,129
Accrued Liabilities	4,178,362	2,387,480
Unearned Revenue	106,606	103,607
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>9,509,309</u>	<u>6,781,216</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes and Notes Receivable	120,870,143	118,921,512
	<hr/>	<hr/>
FUND BALANCES		
Nonspendable	6,449,546	5,927,091
Restricted	2,812,084	2,417,264
Committed	3,993,667	4,874,481
Assigned	251,677	921,525
Unassigned	68,113,362	65,921,820
	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>81,620,336</u>	<u>80,062,181</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 211,999,788</u>	<u>\$ 205,764,909</u>

KNOX COUNTY, TENNESSEE

**General Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018**

	2019	2018
Revenues		
County Property Taxes	\$ 125,637,491	\$ 122,979,983
Local Option Sales Taxes	6,839,780	6,646,573
Business Taxes	10,492,518	9,681,404
Wheel Taxes	572,282	556,116
Other Local Taxes	2,686,853	2,777,092
Licenses and Permits	5,043,155	5,220,162
Fines, Forfeitures and Penalties	2,190,263	2,155,077
Charges for Current Services	8,458,108	7,692,955
Other Local Revenues	6,423,269	4,842,366
State of Tennessee	12,851,494	13,916,623
Federal Government	1,414,906	1,089,621
Other Governments and Citizen Groups	421,131	514,993
Increase in Equity Interest in Joint Venture	298,686	406,204
	<u>183,329,936</u>	<u>178,479,169</u>
Expenditures		
Current:		
General Government:		
Finance and Administration	28,444,628	24,864,270
Finance and Administration - Payments to Component Unit	5,048,874	5,253,874
Administration of Justice	20,012,386	18,758,678
Public Safety	87,148,659	83,187,863
Public Safety - Payments to Component Unit	1,191,595	1,191,595
Public Health and Welfare	23,290,607	22,147,234
Public Health and Welfare - Payments to Component Unit	166,628	166,628
Social and Cultural Services	5,231,099	5,218,606
Agricultural and Natural Resources	483,133	520,063
Other General Government	16,049,661	13,999,478
Other General Government - Payments to Component Unit	725,000	700,000
	<u>187,792,270</u>	<u>176,008,289</u>
Total Expenditures		
	<u>187,792,270</u>	<u>176,008,289</u>
Deficiency of Revenues		
Under Expenditures	(4,462,334)	2,470,880
	<u>(4,462,334)</u>	<u>2,470,880</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	12,851,638	12,022,068
Transfers to Other Funds	(6,831,149)	(9,255,801)
	<u>6,020,489</u>	<u>2,766,267</u>
Total Other Financing Sources		
	<u>6,020,489</u>	<u>2,766,267</u>
Net Change in Fund Balances	1,558,155	5,237,147
Fund Balances, July 1	80,062,181	74,825,034
	<u>80,062,181</u>	<u>74,825,034</u>
Fund Balances, June 30	\$ 81,620,336	\$ 80,062,181
	<u>\$ 81,620,336</u>	<u>\$ 80,062,181</u>

CAPITAL PROJECTS FUNDS - MAJOR

Capital Projects Funds are used to account for the acquisition and construction of major facilities other than those financed by proprietary or trust funds.

Public Improvement Fund: This fund is used to account for the County construction projects in process. These public improvement construction projects include, but are not limited to, highway projects, sewer lines, recreation facilities, public library facilities, City-County Building renovations, Knox Central facilities, and golf course improvements.

KNOX COUNTY, TENNESSEE

Public Improvement Capital Projects Fund (Major)
Comparative Balance Sheets
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,240,657	\$ -
Receivables (Net of Allowances for Uncollectibles):		
Accounts	-	1,450,104
Loans	175,000	200,000
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 6,415,657</u>	<u>\$ 1,650,104</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 1,184,702	\$ 4,712,027
Due to Other Funds	-	10,185,444
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>1,184,702</u>	<u>14,897,471</u>
 Fund Balances (Deficit):		
Restricted	5,055,955	-
Committed	175,000	-
Unassigned (Deficit)	-	(13,247,367)
	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>5,230,955</u>	<u>(13,247,367)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,415,657</u>	<u>\$ 1,650,104</u>

KNOX COUNTY, TENNESSEE**Public Improvement Capital Projects Fund (Major)
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances**

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Other Local Revenues	\$ 105,388	\$ 832,396
State of Tennessee	219,416	3,731,743
Other Governments and Citizen Groups	66	593,012
	<u>324,870</u>	<u>5,157,151</u>
Expenditures		
Capital Projects	15,555,038	23,645,303
Payments to Component Unit	39,410,750	2,000,000
Debt Issuance Costs	461,032	-
Other	2,194	37,317
	<u>55,429,014</u>	<u>25,682,620</u>
Total Expenditures		
Deficiency of Revenues Under Expenditures	<u>(55,104,144)</u>	<u>(20,525,469)</u>
Other Financing Sources (Uses)		
Long-term Bonds Issued	65,915,000	-
Premium on Long-term Debt Issued	6,867,466	-
Transfers from Other Funds	800,000	1,379,883
Transfers to Other Funds	-	(324,484)
	<u>73,582,466</u>	<u>1,055,399</u>
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	18,478,322	(19,470,070)
Fund Balances, July 1	<u>(13,247,367)</u>	<u>6,222,703</u>
Fund Balances (Deficit), June 30	<u>\$ 5,230,955</u>	<u>\$ (13,247,367)</u>

KNOX COUNTY, TENNESSEE

Public Improvement Capital Projects Fund (Major)
 Schedule of Construction Project Expenditures-
 Budget And Actual

For the Year Ended June 30, 2019

	Project Budget	Expenditures			Available
		Prior Years	Current	Total	
Expenditures					
<i>Capital Projects:</i>					
<i>Road Construction:</i>					
Bridge Replacement	8,881,782	7,643,224	1,026,766	8,669,990	211,792
Parkside Drive Extension	15,709,266	15,661,320	-	15,661,320	47,946
Karns Connector	6,243,704	5,640,370	603,334	6,243,704	-
Outlet Mall Drive/Snyder Road Connect	11,079	-	-	-	11,079
General Road Improvements	3,167,300	1,071,444	1,050,051	2,121,495	1,045,805
State Road Projects	9,562,000	8,758,170	2,554	8,760,724	801,276
Gibbs Middle School - New Road/Drives	2,458,444	2,439,225	382	2,439,607	18,837
Hardin Valley Middle School - New Road/Drive	1,336,276	929,950	-	929,950	406,326
Schaeffer Road Relocation	2,067,033	2,066,533	500	2,067,033	-
General Culvert Maintenance	719,884	369,513	194,761	564,274	155,610
Ebenezer/Gleason Intersection	2,864,084	2,864,084	-	2,864,084	-
Emory/Fairview/Thompson Road	832,400	832,400	-	832,400	-
West Beaver Creek Relocation	1,167,600	-	-	-	1,167,600
Hardin Valley /Greenland	437,460	437,460	-	437,460	-
Schaad Road Phase II	27,307,386	1,882,211	354,504	2,236,715	25,070,671
Buttermilk Road Realignment	50,000	3,250	382	3,632	46,368
Brickyard w/Beaver Creek	850,000	19,270	77,998	97,268	752,732
Andersonville/Hill/McCloud	850,000	27,399	965	28,364	821,636
Hardin Valley Transportation	172,100	-	146,540	146,540	25,560
Westland/Emory Church	417,443	212	429,786	429,998	(12,555)
TDOT Partnerships	859,312	37,358	336,312	373,670	485,642
Campbell Station Road Improvement	418,270	25,400	392,870	418,270	-
Chapman Highway Triangle	260,000	19,069	78,325	97,394	162,606
Joe Hinton Road Improvement	25,000	-	22,514	22,514	2,486
Cherahala Extension	1,500,000	-	183,379	183,379	1,316,621
Total Road Construction	88,167,823	50,727,862	4,901,923	55,629,785	32,538,038
<i>Building Renovations:</i>					
Juvenile Court/ Detention	14,768,828	14,768,828	53,743	14,822,571	(53,743)
Knox Central	2,814,548	2,739,289	125,303	2,864,592	(50,044)
Fairview Technical Center	200,500	73,538	114,741	188,279	12,221
AJ/ Dwight Kessel Garage	3,139,371	2,099,357	76,714	2,176,071	963,300
City/County Improvement	16,122,954	15,409,954	713,000	16,122,954	-
Knox County Health Renovations	11,830,466	11,566,226	107,459	11,673,685	156,781
Old Courthouse Renovation	4,158,040	3,698,935	35,662	3,734,597	423,443
Jail Improvements	1,211,550	1,198,705	28,409	1,227,114	(15,564)
Family Justice Center	308,700	191,748	88,366	280,114	28,586
Total Building Renovations	54,554,957	51,746,580	1,343,397	53,089,977	1,464,980
<i>Building Construction:</i>					
Lawson McGhee Library	1,776,286	1,592,808	110,086	1,702,894	73,392
Carter Branch Library	40,000	31,225	-	31,225	8,775
Senior Centers	101,800	102,785	2,898	105,683	(3,883)
Frank Strang Center	1,560,256	10,256	269,379	279,635	1,280,621
Safety Center (See Note on page 163)	900,000	324,484	-	324,484	575,516
Karns Senior Center	1,500,000	1,433,516	-	1,433,516	66,484
Total Building Construction:	5,878,342	3,495,074	382,363	3,877,437	2,000,905

KNOX COUNTY, TENNESSEE

Public Improvement Capital Projects Fund (Major)
 Schedule of Construction Project Expenditures-
 Budget And Actual (Continued)

For the Year Ended June 30, 2019

	Project Budget	Expenditures			Available
		Prior Years	Current	Total	
Expenditures					
<i>Other:</i>					
BMX	\$ 800,000	\$ 130,241	\$ 94,434	\$ 224,675	\$ 575,325
Knox-Blount Greenway-Phase II	456,148	71,740	91,478	163,218	292,930
Halls Park - School Link Phase II	394,294	394,294	423	394,717	(423)
Northshore Connectivity Project	100,000	-	45,729	45,729	54,271
Park Facility Improvement	1,288,622	1,188,792	99,830	1,288,622	-
Major Equipment - Three Ridges	107,500	79,876	27,250	107,126	374
Technology Upgrade - Libraries	1,250,000	662,054	6,850	668,904	581,096
Criminal Court Imaging System	400,000	339,576	-	339,576	60,424
PBA Project Management	5,215,740	4,966,679	419,304	5,385,983	(170,243)
Public Defender	87,000	76,301	-	76,301	10,699
Forensic Center Major Upgrade	20,000	15,300	-	15,300	4,700
Energy Management Project - County	16,176,571	14,004,728	-	14,004,728	2,171,843
Energy Management Project - Phase II	10,514,141	10,433,737	27,973	10,461,710	52,431
Major Equipment - Engineering & Public Works	2,273,203	1,727,860	259,748	1,987,608	285,595
Major Equipment - Information Technology	1,059,338	663,132	396,206	1,059,338	-
Major Equipment - Sheriff's Department	9,452,256	5,922,055	3,135,939	9,057,994	394,262
Major Equipment - Parks & Recreation	763,645	518,780	169,869	688,649	74,996
Major Equipment - Fire Prevention	109,385	79,893	25,535	105,428	3,957
Major Equipment - Public Library	430,370	375,607	49,396	425,003	5,367
Major Equipment - Codes Administration	160,500	111,678	27,617	139,295	21,205
Major Equipment - Solid Waste	238,850	203,850	34,396	238,246	604
Major Equipment - Circuit Court	136,044	101,975	30,734	132,709	3,335
Major Equipment - Juvenile Court	121,000	107,138	-	107,138	13,862
Major Equipment - Criminal Court	158,000	95,016	-	95,016	62,984
Major Equipment - Medical Examiner	96,000	91,616	-	91,616	4,384
Major Equipment - John Tarleton	500,000	505,320	-	505,320	(5,320)
Major Equipment - County Clerk	25,000	18,947	-	18,947	6,053
General Sessions Office Renovation	95,000	-	142,388	142,388	(47,388)
Div. Court Jury & Restroom Renovation	164,000	5,124	208,876	214,000	(50,000)
Stormwater Management	15,762,720	14,662,025	227,363	14,889,388	873,332
Geometric Improvements	4,231,173	3,303,163	253,487	3,556,650	674,523
County Sidewalk	1,820,481	1,542,920	146,246	1,689,166	131,315
ADA Transition Plan	1,100,000	951,100	244,320	1,195,420	(95,420)
Info Tech Equipment	1,244,305	1,158,783	64,113	1,222,896	21,409
Plumb Creek	430,625	383,134	47,491	430,625	-
Facility Improvements	956,541	804,499	99,011	903,510	53,031
Carter Conv. Center Expansion	1,500,000	591,735	376,373	968,108	531,892
Major Equipment - Election Comm.	2,875,598	78,970	-	78,970	2,796,628
Major Equipment - Juvenile Service Ctr.	91,000	21,737	26,774	48,511	42,489
Major Equipment - Health Dept.	94,250	95,245	-	95,245	(995)
Major Equipment - Animal Center	400,000	440,040	69,544	509,584	(109,584)
I.C. King Park Expansion	1,332,557	765,617	997,517	1,763,134	(430,577)
Public Access to Beaver Creek	50,000	-	-	-	50,000
Interagency Partnerships	335,534	16,340	185,747	202,087	133,447
I.C. King Park Turn Land	623,300	66,931	202,866	269,797	353,503
Trustee Tax Software	250,000	-	339,175	339,175	(89,175)
Property Tax Software	500,000	-	160,539	160,539	339,461
Play Structure Upgrades	250,000	-	132,469	132,469	117,531
Major Equipment - Property Assess	32,500	-	32,000	32,000	500
Major Equipment - Attorney General	30,000	-	28,345	28,345	1,655
<i>Total Other</i>	<u>86,503,191</u>	<u>67,773,548</u>	<u>8,927,355</u>	<u>76,700,903</u>	<u>9,802,288</u>
<i>Total Capital Projects</i>	<u>\$ 235,104,313</u>	<u>\$ 173,743,064</u>	<u>\$ 15,555,038</u>	<u>\$ 189,298,102</u>	<u>\$ 45,806,211</u>

DEBT SERVICE FUND - MAJOR

The Debt Service Fund is used to account for the accumulation of resources for, and related payments of, principal and interest on general long-term debt for the County and for the Knox County Board of Education, a discretely presented component unit.

KNOX COUNTY, TENNESSEE

**Debt Service Fund (Major)
Comparative Balance Sheets**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,301,192	\$ 6,513,613
Investments, at Fair Value	9,599,634	5,743,884
Receivables (Net of Allowance for Uncollectibles):		
Property Taxes	58,469,829	57,510,854
Notes	-	1,455,000
Accounts	702,829	190,540
Advance to Other Entity	2,445,000	2,445,000
TOTAL ASSETS	<u>\$ 73,518,484</u>	<u>\$ 73,858,891</u>
LIABILITIES		
Accounts Payable	\$ 38,090	\$ 8,228
TOTAL LIABILITIES	<u>38,090</u>	<u>8,228</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes and Notes Receivable	<u>58,171,544</u>	<u>57,159,758</u>
FUND BALANCES		
Restricted	2,260,493	1,221,151
Committed	13,048,357	15,469,754
TOTAL FUND BALANCES	<u>15,308,850</u>	<u>16,690,905</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 73,518,484</u>	<u>\$ 73,858,891</u>

KNOX COUNTY, TENNESSEE

Debt Service Fund (Major) Comparative Statements of Revenues, Expenditures And Changes in Fund Balances

For the Years Ended June 30, 2019 and 2018

	2019	2018
Revenues		
Property Taxes	\$ 55,101,864	\$ 54,109,537
Other Local Revenues	3,893,337	3,584,765
Payments from Component Units	13,297,034	13,774,686
Total Revenues	<u>72,292,235</u>	<u>71,468,988</u>
Expenditures		
Debt Service:		
Trustee's Commission	1,124,674	1,116,096
Principal	45,633,419	42,929,342
Interest	24,519,749	24,358,994
Other Debt Service	1,344,674	1,361,330
Refunding Bonds Issuance Costs	12,772	391,348
Total Expenditures	<u>72,635,288</u>	<u>70,157,110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(343,053)</u>	<u>1,311,878</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	195,226	195,803
Transfers to Other Funds	(1,247,000)	(125,000)
Refunding Bonds Issued	12,860,000	57,780,000
Premium on Refunding Bonds	1,127,772	3,980,220
Payment to Holders of Refunded Debt	(13,975,000)	(61,368,872)
Total Other Financing Sources (Uses)	<u>(1,039,002)</u>	<u>462,151</u>
Net Change in Fund Balances	(1,382,055)	1,774,029
Fund Balances, July 1	<u>16,690,905</u>	<u>14,916,876</u>
Fund Balances, June 30	<u>\$ 15,308,850</u>	<u>\$ 16,690,905</u>

KNOX COUNTY, TENNESSEE

Debt Service Fund (Major)
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget And Actual
 For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	
Revenues								
Property Taxes	\$ 54,521,000	\$ 54,521,000	\$ 55,101,864	\$ 580,864	\$ 54,329,000	\$ 54,109,537	\$ (219,463)	
Other Local Revenues	2,257,726	2,257,726	3,893,337	1,635,611	2,396,393	3,584,765	1,188,372	
Payments from Component Units	13,297,034	13,297,034	13,297,034	-	13,774,686	13,774,686	-	
Total Revenues	70,075,760	70,075,760	72,292,235	2,216,475	70,500,079	71,468,988	968,909	
Expenditures								
Debt Service:								
Trustee's Commission	1,100,000	1,100,000	1,124,674	(24,674)	1,100,000	1,116,096	(16,096)	
Principal	45,279,142	45,679,142	45,633,419	45,723	43,948,044	42,929,342	1,018,702	
Interest	28,123,858	27,723,858	24,519,749	3,204,109	28,451,956	24,358,994	4,092,962	
Other Debt Service	2,000,000	2,000,000	1,344,674	655,326	2,000,000	1,361,330	638,670	
Refunding Bonds Issuance Costs	-	12,772	12,772	-	391,348	391,348	-	
Total Expenditures	76,503,000	76,515,772	72,635,288	3,880,484	75,891,348	70,157,110	5,734,238	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,427,240)	(6,440,012)	(343,053)	6,096,959	(5,391,269)	1,311,878	6,703,147	
Other Financing Sources (Uses)								
Transfers from Other Funds	195,226	195,226	195,226	-	195,803	195,803	-	
Transfers to Other Funds	(1,247,000)	(1,247,000)	(1,247,000)	-	(125,000)	(125,000)	-	
Refunding Bonds Issued	-	12,860,000	12,860,000	-	57,780,000	57,780,000	-	
Premium on Refunding Bonds	-	1,127,772	1,127,772	-	3,980,220	3,980,220	-	
Payment to Holders of Refunded Debt	-	(13,975,000)	(13,975,000)	-	(61,368,872)	(61,368,872)	-	
Total Other Financing Sources (Uses)	(1,051,774)	(1,039,002)	(1,039,002)	-	462,151	462,151	-	
Net Change in Fund Balances	(7,479,014)	(7,479,014)	(1,382,055)	6,096,959	(4,929,118)	1,774,029	6,703,147	
Fund Balances, July 1	16,690,905	16,690,905	16,690,905	-	14,916,876	14,916,876	-	
Fund Balances, June 30	\$ 9,211,891	\$ 9,211,891	\$ 15,308,850	\$ 6,096,959	\$ 9,987,758	\$ 16,690,905	\$ 6,703,147	

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Constitutional Officers Fund: This fund is used to account for revenues and expenditures associated with the administrative functions of the Constitutional Officers.

State, Federal and Other Grants Fund: This fund is used to account for most State and Federal grant revenues.

Governmental Library Fund: This fund accounts for the operation of the law library that is available to the public but is used primarily by attorneys practicing in the courts. User fees are charged by the Governmental Library.

Public Library Fund: This fund is used to account for the operation of the County-wide public library system.

Solid Waste Fund: This fund is used to account for solid waste and recycling activities.

Hotel/Motel Tax Fund: This fund accounts for the collection and use of the amusement tax to promote tourism and related economic activity in the County.

Drug Control Fund: This fund was established pursuant to an amendment of Tennessee Code Annotated Section 39-17-420. This fund is used to account for drug control activities restricted for drug enforcement, drug education and non-recurring general law enforcement expenditures. This fund is primarily funded from the receipt of fines and costs related to drug enforcement cases.

Engineering and Public Works Fund: This fund is used to account for the County's share of the State gasoline and motor fuel taxes that are utilized to maintain non-state roads within the county.

CAPITAL PROJECTS FUND

ADA Construction Capital Projects Fund: This fund is used to account for construction activity related to the Americans with Disabilities Act.

KNOX COUNTY, TENNESSEE**Combining Balance Sheet
Nonmajor Governmental Funds**June 30, 2019

	Special Revenue Funds	ADA Construction Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 17,909,380	\$ 647,000	\$ 18,556,380
Receivables (Net of Allowance for Uncollectibles):			
Accounts	7,319,854	-	7,319,854
Taxes	1,064,557	-	1,064,557
Notes	810,057	-	810,057
Inventories	63,388	-	63,388
Prepaid Items	16,235	-	16,235
TOTAL ASSETS	\$ 27,183,471	\$ 647,000	\$ 27,830,471
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 2,434,630	\$ -	\$ 2,434,630
Accrued Liabilities	1,267,602	-	1,267,602
Due to Other Funds	2,245,942	-	2,245,942
Unearned Revenue	1,628,905	-	1,628,905
TOTAL LIABILITIES	7,577,079	-	7,577,079
Fund Balances:			
Nonspendable	79,623	-	79,623
Restricted	6,671,535	-	6,671,535
Committed	7,997,316	647,000	8,644,316
Assigned	4,857,918	-	4,857,918
TOTAL FUND BALANCES	19,606,392	647,000	20,253,392
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,183,471	\$ 647,000	\$ 27,830,471

KNOX COUNTY, TENNESSEE

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

	Special Revenue Funds	ADA Construction Capital Project Fund	Total Nonmajor Governmental Funds
Revenues			
Local Option Sales Taxes	\$ 8,926,532	\$ -	\$ 8,926,532
Lodging Taxes	8,816,132	-	8,816,132
Wheel Taxes	11,838,462	-	11,838,462
Other Local Taxes	2,094,127	-	2,094,127
Fines, Forfeitures and Penalties	477,771	-	477,771
Charges for Current Services	28,916,023	-	28,916,023
Other Local Revenues	1,356,532	-	1,356,532
State of Tennessee	12,642,338	-	12,642,338
Federal Government	7,655,484	-	7,655,484
Other Governments and Citizen Groups	577,514	-	577,514
Total Revenues	83,300,915	-	83,300,915
Expenditures			
Current:			
Finance and Administration	8,761,551	-	8,761,551
Administration of Justice	10,609,343	-	10,609,343
Public Safety	2,082,881	-	2,082,881
Public Health and Welfare	14,020,644	-	14,020,644
Social and Cultural Services	14,484,298	-	14,484,298
Other General Government	9,357,728	-	9,357,728
Engineering and Public Works	16,744,661	-	16,744,661
Total Expenditures	76,061,106	-	76,061,106
Excess (Deficiency) of Revenues Over Expenditures	7,239,809	-	7,239,809
Other Financing Sources (Uses)			
Transfers from Other Funds	5,750,623	647,000	6,397,623
Transfers to Other Funds	(13,426,638)	-	(13,426,638)
Total Other Financing Sources (Uses)	(7,676,015)	647,000	(7,029,015)
Net Change in Fund Balances	(436,206)	647,000	210,794
Fund Balances, July 1, Restated	20,042,598	-	20,042,598
Fund Balances, June 30	\$ 19,606,392	\$ 647,000	\$ 20,253,392

KNOX COUNTY, TENNESSEE

**Combining Balance Sheet
Nonmajor Special Revenue Funds**

June 30, 2019

	Constitutional Officers	Federal, State And Other Grants	Governmental Library	Public Library	Solid Waste	Hotel/Motel Tax	Drug Control	Engineering & Public Works	Total Nonmajor Special Revenue Funds
ASSETS									
Cash and Cash Equivalents	\$ 7,103,860	\$ 385,781	\$ 13,987	\$ 1,625,679	\$ 1,299,268	\$ 2,263,118	\$ 2,834,704	\$ 2,382,983	\$ 17,909,380
Receivables (Net of Allowance for Uncollectibles):									
Accounts	-	2,990,241	31,564	992,167	134,221	1,586,125	5,430	1,580,106	7,319,854
Taxes	-	-	-	-	-	-	-	1,064,557	1,064,557
Notes	-	810,057	-	-	-	-	-	-	810,057
Inventories	-	63,388	-	-	-	-	-	-	63,388
Prepaid Items	-	4,207	-	12,028	-	-	-	-	16,235
TOTAL ASSETS	\$ 7,103,860	\$ 4,253,674	\$ 45,551	\$ 2,629,874	\$ 1,433,489	\$ 3,849,243	\$ 2,840,134	\$ 5,027,646	\$ 27,183,471
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$ -	\$ 279,398	\$ 6,521	\$ 45,905	\$ 47,459	\$ 1,985,855	\$ 9,158	\$ 60,334	\$ 2,434,630
Accrued Liabilities	-	300,605	607	346,964	117,149	-	-	502,277	1,267,602
Due to Other Funds	2,245,942	-	-	-	-	-	-	-	2,245,942
Unearned Revenue	-	1,628,905	-	-	-	-	-	-	1,628,905
TOTAL LIABILITIES	2,245,942	2,208,908	7,128	392,869	164,608	1,985,855	9,158	562,611	7,577,079
Fund Balances:									
Nonspendable	-	67,595	-	12,028	-	-	-	-	79,623
Restricted	-	1,977,171	-	-	-	1,863,388	2,830,976	-	6,671,535
Committed	-	-	38,423	2,224,977	1,268,881	-	-	4,465,035	7,997,316
Assigned	4,857,918	-	-	-	-	-	-	-	4,857,918
TOTAL FUND BALANCES	4,857,918	2,044,766	38,423	2,237,005	1,268,881	1,863,388	2,830,976	4,465,035	19,606,392
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,103,860	\$ 4,253,674	\$ 45,551	\$ 2,629,874	\$ 1,433,489	\$ 3,849,243	\$ 2,840,134	\$ 5,027,646	\$ 27,183,471

KNOX COUNTY, TENNESSEE

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019**

	Constitutional Officers	Federal, State And Other Grants	Governmental Library	Public Library	Solid Waste	Hotel/Motel Tax	Drug Control	Engineering & Public Works	Total Nonmajor Special Revenue Funds
Revenues									
Local Option Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,600,000	\$ -	\$ -	\$ 6,326,532	\$ 8,926,532
Lodging Taxes	-	-	-	-	-	8,816,132	-	-	8,816,132
Wheel Taxes	-	-	-	11,838,462	-	-	-	-	11,838,462
Other Local Taxes	-	-	58,101	-	-	-	-	2,036,026	2,094,127
Fines, Forfeitures and Penalties	-	58,672	-	-	-	-	415,499	3,600	477,771
Charges for Current Services	28,009,956	603,510	3,120	299,437	-	-	-	-	28,916,023
Other Local Revenues	138,486	342,465	232	133,364	549,697	-	41,788	150,500	1,356,532
State of Tennessee	-	5,191,353	-	45,500	525,959	-	-	6,879,526	12,642,338
Federal Government	-	7,623,554	-	6,400	-	-	25,530	-	7,655,484
Other Governments and Citizen Groups	-	526,786	30,000	20,728	-	-	-	-	577,514
Total Revenues	28,148,442	14,346,340	91,453	12,343,891	3,675,656	8,816,132	482,817	15,396,184	83,300,915
Expenditures									
Current:									
Finance and Administration	8,761,551	-	-	-	-	-	-	-	8,761,551
Administration of Justice	7,656,248	2,838,287	114,808	-	-	-	-	-	10,609,343
Public Safety	-	1,462,770	-	-	-	-	620,111	-	2,082,881
Public Health and Welfare	-	9,090,112	-	-	4,930,532	-	-	-	14,020,644
Social and Cultural Services	-	446,945	-	14,037,353	-	-	-	-	14,484,298
Other General Government	-	1,324,842	-	-	-	8,032,886	-	-	9,357,728
Engineering and Public Works	-	66,141	-	-	-	-	-	16,678,520	16,744,661
Total Expenditures	16,417,799	15,229,097	114,808	14,037,353	4,930,532	8,032,886	620,111	16,678,520	76,061,106
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,730,643	(882,757)	(23,355)	(1,693,462)	(1,254,876)	783,246	(137,294)	(1,282,336)	7,239,809
Other Financing Sources (Uses)									
Transfers from Other Funds	-	682,905	17,718	1,750,000	1,200,000	-	-	2,100,000	5,750,623
Transfers to Other Funds	(12,251,638)	-	-	-	-	(500,000)	-	(675,000)	(13,426,638)
Total Other Financing Sources (Uses)	(12,251,638)	682,905	17,718	1,750,000	1,200,000	(500,000)	-	1,425,000	(7,676,015)
Net Change in Fund Balances	(520,995)	(199,852)	(5,637)	56,538	(54,876)	283,246	(137,294)	142,664	(436,206)
Fund Balances, July 1, Restated	5,378,913	2,244,618	44,060	2,180,467	1,323,757	1,580,142	2,968,270	4,322,371	20,042,598
Fund Balances, June 30	\$ 4,857,918	\$ 2,044,766	\$ 38,423	\$ 2,237,005	\$ 1,268,881	\$ 1,863,388	\$ 2,830,976	\$ 4,465,035	\$ 19,606,392

KNOX COUNTY, TENNESSEE

Constitutional Officers' Special Revenue Fund

Combining Balance Sheets

June 30, 2019

(With Comparative Totals for June 30, 2018)

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Totals	
							2019	2018
ASSETS								
Cash and Cash Equivalents	\$ 485,007	\$ 2,582,273	\$ 636,241	\$ 2,180,505	\$ 605,685	\$ 614,149	\$ 7,103,860	\$ 6,984,947
TOTAL ASSETS	\$ 485,007	\$ 2,582,273	\$ 636,241	\$ 2,180,505	\$ 605,685	\$ 614,149	\$ 7,103,860	\$ 6,984,947
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to Other Funds	\$ 907,323	\$ 1,013,719	\$ -	\$ -	\$ -	\$ 324,900	\$ 2,245,942	\$ 1,802,788
TOTAL LIABILITIES	907,323	1,013,719	-	-	-	324,900	2,245,942	1,802,788
Fund Balances (Deficit):								
Assigned (Deficit)	(422,316)	1,568,554	636,241	2,180,505	605,685	289,249	4,857,918	5,182,159
TOTAL LIABILITIES AND FUND BALANCES	\$ 485,007	\$ 2,582,273	\$ 636,241	\$ 2,180,505	\$ 605,685	\$ 614,149	\$ 7,103,860	\$ 6,984,947

KNOX COUNTY, TENNESSEE

**Constitutional Officers' Special Revenue Fund
Combining Schedule of Revenues, Expenditures
And Changes in Fund Balances**

For the Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Totals	
							2019	2018
Revenues								
Charges for Services	\$ 9,849,732	\$ 6,657,648	\$ 1,681,586	\$ 5,719,867	\$ 1,337,895	\$ 2,763,228	\$ 28,009,956	\$ 27,128,980
Investment Revenue	1,637	105,678	-	-	737	30,434	138,486	19,672
Total Revenues	9,851,369	6,763,326	1,681,586	5,719,867	1,338,632	2,793,662	28,148,442	27,148,652
Expenditures								
Current:								
Finance and Administration:	2,211,398	4,582,737	-	-	-	1,967,416	8,761,551	8,340,061
Administration of Justice:	-	-	1,630,855	4,867,883	1,157,510	-	7,656,248	7,137,112
Total Expenditures	2,211,398	4,582,737	1,630,855	4,867,883	1,157,510	1,967,416	16,417,799	15,477,173
Excess of Revenues Over Expenditures	7,639,971	2,180,589	50,731	851,984	181,122	826,246	11,730,643	11,671,479
Other Financing Uses								
Transfers to Other Funds	(7,921,303)	(1,986,044)	(25,000)	(1,300,000)	(193,694)	(825,597)	(12,251,638)	(12,022,068)
Net Change in Fund Balances	(281,332)	194,545	25,731	(448,016)	(12,572)	649	(520,995)	(350,589)
Fund Balances, July 1, Restated	(140,984)	1,374,009	610,510	2,628,521	618,257	288,600	5,378,913	5,532,748
Fund Balances (Deficit), June 30	\$ (422,316)	\$ 1,568,554	\$ 636,241	\$ 2,180,505	\$ 605,685	\$ 289,249	\$ 4,857,918	\$ 5,182,159

KNOX COUNTY, TENNESSEE

**Federal, State and Other Grants Fund
Comparative Balance Sheets**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 385,781	\$ -
Receivables (Net of Allowances for Uncollectibles):		
Accounts	2,990,241	3,697,398
Notes	810,057	939,743
Inventories	63,388	70,629
Prepaid Items	4,207	10,891
TOTAL ASSETS	<u>\$ 4,253,674</u>	<u>\$ 4,718,661</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 279,398	\$ 284,428
Accrued Liabilities	300,605	173,189
Due to Other Funds	-	79,753
Unearned Revenue	1,628,905	1,936,673
TOTAL LIABILITIES	<u>2,208,908</u>	<u>2,474,043</u>
 Fund Balances:		
Nonspendable	67,595	81,520
Restricted	1,977,171	2,163,098
TOTAL FUND BALANCES	<u>2,044,766</u>	<u>2,244,618</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,253,674</u>	<u>\$ 4,718,661</u>

KNOX COUNTY, TENNESSEE

Federal, State and Other Grants Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Fines, Forfeitures, and Penalties	\$ 58,672	\$ 44,190
Charges for Current Services	603,510	863,389
Other Local Revenues	342,465	380,934
State of Tennessee	5,191,353	5,639,736
Federal Government	7,623,554	8,151,280
Other Governmental and Citizen Groups	<u>526,786</u>	<u>590,772</u>
Total Revenues	<u>14,346,340</u>	<u>15,670,301</u>
Expenditures		
Current:		
General Government:		
Administration of Justice	2,838,287	3,480,278
Public Safety	1,462,770	1,297,393
Public Health and Welfare	9,090,112	9,418,607
Social and Cultural Services	446,945	331,784
Other General Government	1,324,842	1,732,465
Engineering and Public Works	<u>66,141</u>	<u>622,206</u>
Total Expenditures	<u>15,229,097</u>	<u>16,882,733</u>
Deficiency of Revenues		
Under Expenditures	<u>(882,757)</u>	<u>(1,212,432)</u>
Other Financing Sources		
Transfers from Other Funds	<u>682,905</u>	<u>1,152,861</u>
Net Change in Fund Balances	(199,852)	(59,571)
Fund Balances, July 1	<u>2,244,618</u>	<u>2,304,189</u>
Fund Balances, June 30	<u>\$ 2,044,766</u>	<u>\$ 2,244,618</u>

KNOX COUNTY, TENNESSEE

**Federal, State and Other Grants Fund
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget And Actual
For the Years Ended June 30, 2019 and 2018**

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Charges for Current Services	\$ 160,000	\$ 270,295	\$ 367,919	\$ 97,624	\$ 388,046	\$ 394,683	\$ 6,637
Other Local Revenues	-	-	68,068	68,068	135,374	68,532	(66,842)
Federal Government	-	260,277	368,376	108,099	905,273	349,433	(555,840)
Total Revenues	160,000	530,572	804,363	273,791	1,428,693	812,648	(616,045)
Expenditures							
Current:							
General Government:							
Personal Services	-	806,919	727,555	79,364	1,349,012	685,145	663,867
Employee Benefits	-	268,822	249,284	19,538	406,541	252,130	154,411
Contracted Services	145,334	135,078	104,144	30,934	525,011	151,800	373,211
Supplies and Materials	-	70,707	46,791	23,916	101,922	65,657	36,265
Other Charges	14,666	82,734	82,734	-	150,040	83,198	66,842
Capital Outlay	-	-	-	-	99,992	-	99,992
Total Expenditures	160,000	1,364,260	1,210,508	153,752	2,632,518	1,237,930	1,394,588
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(833,688)	(406,145)	427,543	(1,203,825)	(425,282)	778,543
Other Financing Sources							
Transfers from Other Funds	-	260,064	400,000	139,936	36,300	400,000	363,700
Net Change in Fund Balances	-	(573,624)	(6,145)	567,479	(1,167,525)	(25,282)	1,142,243
Fund Balances, July 1	99,023	99,023	99,023	-	124,305	124,305	-
Fund Balances, June 30	\$ 99,023	\$ (474,601)	\$ 92,878	\$ 567,479	\$ (1,043,220)	\$ 99,023	\$ 1,142,243
Reconciliation of Fund Balances (Budget Basis) to Fund Balances (GAAP Basis):							
Fund Balances (Budget Basis)			\$ 92,878			\$ 99,023	
Entity Difference:							
Unbudgeted Funds			1,951,888			2,145,595	
Fund Balances (GAAP Basis)			<u>\$ 2,044,766</u>			<u>\$ 2,244,618</u>	

KNOX COUNTY, TENNESSEE

**Governmental Library Fund
Comparative Balance Sheets**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 13,987	\$ 17,684
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>31,564</u>	<u>32,202</u>
TOTAL ASSETS	<u><u>\$ 45,551</u></u>	<u><u>\$ 49,886</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 6,521	\$ 5,237
Accrued Liabilities	<u>607</u>	<u>589</u>
TOTAL LIABILITIES	<u>7,128</u>	<u>5,826</u>
 Fund Balances:		
Committed	<u>38,423</u>	<u>44,060</u>
TOTAL FUND BALANCES	<u>38,423</u>	<u>44,060</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 45,551</u></u>	<u><u>\$ 49,886</u></u>

KNOX COUNTY, TENNESSEE

**Governmental Library Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018**

	2019	2018
Revenues		
Litigation Tax	\$ 58,101	\$ 59,586
Charges for Current Services	3,120	3,445
Other Local Revenues	232	160
Other Governments and Citizens Groups	30,000	30,000
Total Revenues	91,453	93,191
Expenditures		
Current:		
General Government:		
Administration of Justice	114,808	112,686
Deficiency of Revenues Under Expenditures	(23,355)	(19,495)
Other Financing Sources		
Transfers from Other Funds	17,718	20,000
Net Change in Fund Balances	(5,637)	505
Fund Balances, July 1	44,060	43,555
Fund Balances, June 30	\$ 38,423	\$ 44,060

KNOX COUNTY, TENNESSEE

**Governmental Library Fund
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget and Actual
For the Years Ended June 30, 2019 and 2018**

	2019				2018			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	
Revenues								
Litigation Tax	\$ 62,200	\$ 62,201	\$ 58,101	\$ (4,100)	\$ 57,800	\$ 59,586	\$ 1,786	
Charges for Current Services	4,750	4,750	3,120	(1,630)	4,750	3,445	(1,305)	
Other Local Revenues	342	342	232	(110)	342	160	(182)	
Other Governments and Citizens Groups	30,000	30,000	30,000	-	30,000	30,000	-	
Total Revenues	97,292	97,293	91,453	(5,840)	92,892	93,191	299	
Expenditures								
Current:								
General Government:								
Administration of Justice:								
Personal Services	26,947	26,963	26,963	-	26,240	26,236	4	
Employee Benefits	3,681	3,697	3,696	1	3,582	3,581	1	
Contracted Services	7,250	5,949	5,916	33	6,770	6,762	8	
Supplies and Materials	72,514	76,379	76,224	155	74,135	74,133	2	
Other Charges	1,900	2,021	2,009	12	2,165	1,974	191	
Total Expenditures	112,292	115,009	114,808	201	112,892	112,686	206	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(17,716)	(23,355)	(5,639)	(20,000)	(19,495)	505	
Other Financing Sources								
Transfers from Other Funds	15,000	17,718	17,718	-	20,000	20,000	-	
Net Change in Fund Balances	-	2	(5,637)	(5,639)	-	505	505	
Fund Balances, July 1	44,060	44,060	44,060	-	43,555	43,555	-	
Fund Balances, June 30	\$ 44,060	\$ 44,062	\$ 38,423	\$ (5,639)	\$ 43,555	\$ 44,060	\$ 505	

KNOX COUNTY, TENNESSEE

Public Library Fund
Comparative Balance Sheets
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,625,679	\$ 1,338,314
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	992,167	1,048,500
Prepaid Items	<u>12,028</u>	<u>11,899</u>
TOTAL ASSETS	<u><u>\$ 2,629,874</u></u>	<u><u>\$ 2,398,713</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 45,905	\$ 31,050
Accrued Liabilities	<u>346,964</u>	<u>187,196</u>
TOTAL LIABILITIES	<u>392,869</u>	<u>218,246</u>
Fund Balances:		
Nonspendable	12,028	11,899
Committed	<u>2,224,977</u>	<u>2,168,568</u>
TOTAL FUND BALANCES	<u>2,237,005</u>	<u>2,180,467</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,629,874</u></u>	<u><u>\$ 2,398,713</u></u>

KNOX COUNTY, TENNESSEE

Public Library Fund Comparative Statements of Revenues, Expenditures And Changes in Fund Balances

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Wheel Taxes	\$ 11,838,462	\$ 11,504,043
Charges for Current Services	299,437	313,901
Other Local Revenues	133,364	165,476
State of Tennessee	45,500	45,500
Federal Government	6,400	6,400
Other Governments and Citizens Groups	<u>20,728</u>	<u>19,410</u>
Total Revenues	<u>12,343,891</u>	<u>12,054,730</u>
Expenditures		
Current:		
General Government:		
Social and Cultural Services	<u>14,037,353</u>	<u>13,418,991</u>
Deficiency of Revenues Under Expenditures	<u>(1,693,462)</u>	<u>(1,364,261)</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	<u>1,750,000</u>	<u>1,650,000</u>
Net Change in Fund Balances	56,538	285,739
Fund Balances, July 1	<u>2,180,467</u>	<u>1,894,728</u>
Fund Balances, June 30	<u>\$ 2,237,005</u>	<u>\$ 2,180,467</u>

KNOX COUNTY, TENNESSEE

**Public Library Fund
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget And Actual
For the Years Ended June 30, 2019 and 2018**

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Wheel Taxes	\$ 11,400,000	\$ 11,400,000	\$ 11,838,462	\$ 438,462	\$ 11,040,000	\$ 11,504,043	\$ 464,043
Charges for Current Services	330,000	330,000	299,437	(30,563)	310,000	313,901	3,901
Other Local Revenues	167,000	167,000	133,364	(33,636)	152,000	165,476	13,476
State of Tennessee	45,500	45,500	45,500	-	45,500	45,500	-
Federal Government	6,400	6,400	6,400	-	6,400	6,400	-
Other Governments and Citizens Groups	-	-	20,728	20,728	-	19,410	19,410
Total Revenues	11,948,900	11,948,900	12,343,891	394,991	11,553,900	12,054,730	500,830
Expenditures							
Current:							
General Government:							
Social and Cultural Services:							
Personal Services	7,368,593	7,496,933	7,488,096	8,837	7,125,988	7,095,835	30,153
Employee Benefits	2,407,250	2,414,681	2,401,142	13,539	2,272,425	2,260,439	11,986
Contracted Services	1,339,991	1,206,844	1,105,824	101,020	1,295,490	1,083,950	211,540
Supplies and Materials	1,956,452	2,017,581	1,979,314	38,267	1,982,046	1,900,730	81,316
Other Charges	886,614	902,614	900,908	1,706	909,840	909,419	421
Capital Outlay	-	163,300	162,069	1,231	168,750	168,618	132
Total Expenditures	13,958,900	14,201,953	14,037,353	164,600	13,754,539	13,418,991	335,548
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,010,000)	(2,253,053)	(1,693,462)	559,591	(2,200,639)	(1,364,261)	836,378
Other Financing Sources (Uses)							
Transfers from Other Funds	1,850,000	1,850,000	1,750,000	(100,000)	1,850,000	1,650,000	(200,000)
Net Change in Fund Balances	(160,000)	(403,053)	56,538	459,591	(350,639)	285,739	636,378
Fund Balances, July 1	2,180,467	2,180,467	2,180,467	-	1,894,728	1,894,728	-
Fund Balances, June 30	\$ 2,020,467	\$ 1,777,414	\$ 2,237,005	\$ 459,591	\$ 1,544,089	\$ 2,180,467	\$ 636,378

KNOX COUNTY, TENNESSEE

**Solid Waste Fund
Comparative Balance Sheets
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,299,268	\$ 1,205,613
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>134,221</u>	<u>178,137</u>
TOTAL ASSETS	<u><u>\$ 1,433,489</u></u>	<u><u>\$ 1,383,750</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 47,459	\$ 25,732
Accrued Liabilities	<u>117,149</u>	<u>34,261</u>
TOTAL LIABILITIES	<u>164,608</u>	<u>59,993</u>
Fund Balances:		
Committed	<u>1,268,881</u>	<u>1,323,757</u>
TOTAL FUND BALANCES	<u>1,268,881</u>	<u>1,323,757</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,433,489</u></u>	<u><u>\$ 1,383,750</u></u>

KNOX COUNTY, TENNESSEE

Solid Waste Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Local Option Sales Taxes	\$ 2,600,000	\$ 2,500,000
Fines, Forfeitures, and Penalties	-	1,514
Other Local Revenues	549,697	660,380
State of Tennessee	<u>525,959</u>	<u>496,496</u>
Total Revenues	<u>3,675,656</u>	<u>3,658,390</u>
Expenditures		
Current:		
General Government:		
Public Health and Welfare	<u>4,930,532</u>	<u>4,436,246</u>
Deficiency of Revenues Under Expenditures	<u>(1,254,876)</u>	<u>(777,856)</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	<u>1,200,000</u>	<u>800,000</u>
Net Change in Fund Balances	(54,876)	22,144
Fund Balances, July 1	<u>1,323,757</u>	<u>1,301,613</u>
Fund Balances, June 30	<u>\$ 1,268,881</u>	<u>\$ 1,323,757</u>

KNOX COUNTY, TENNESSEE

**Solid Waste Fund
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget And Actual
For the Years Ended June 30, 2019 and 2018**

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Local Option Sales Taxes	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -
Fines, Forfeitures, and Penalties	-	-	-	-	55,000	1,514	(53,486)
Other Local Revenues	475,000	526,946	549,697	22,751	350,000	660,380	310,380
State of Tennessee	480,000	480,000	525,959	45,959	474,563	496,496	21,933
Total Revenues	3,555,000	3,606,946	3,675,656	68,710	3,379,563	3,658,390	278,827
Expenditures							
Current:							
Public Health and Welfare:							
Other Public Health and Welfare:							
Personal Services	926,434	1,001,717	1,001,717	-	918,800	918,796	4
Employee Benefits	377,354	407,695	407,693	2	354,311	354,300	11
Contracted Services	2,555,568	3,121,247	3,077,124	44,123	2,713,194	2,713,082	112
Supplies and Materials	51,105	72,311	72,310	1	94,510	94,090	420
Other Charges	294,409	294,409	293,762	647	292,260	292,030	230
Litter and Trash Collection:							
Personal Services	110,107	36,117	36,117	-	36,391	36,391	-
Employee Benefits	68,791	12,639	12,482	157	4,415	4,415	-
Contracted Services	2,250	20,836	20,836	-	5,203	5,203	-
Supplies and Materials	12,500	8,492	8,491	1	17,940	17,939	1
Total Expenditures	4,398,518	4,975,463	4,930,532	44,931	4,437,024	4,436,246	778
Excess (Deficiency) of Revenues Over (Under) Expenditures	(843,518)	(1,368,517)	(1,254,876)	113,641	(1,057,461)	(777,856)	279,605
Other Financing Sources (Uses)							
Transfers from Other Funds	675,000	1,200,000	1,200,000	-	910,250	800,000	(110,250)
Net Change in Fund Balances	(168,518)	(168,517)	(54,876)	113,641	(147,211)	22,144	169,355
Fund Balances, July 1	1,323,757	1,323,757	1,323,757	-	1,301,613	1,301,613	-
Fund Balances, June 30	\$ 1,155,239	\$ 1,155,240	\$ 1,268,881	\$ 113,641	\$ 1,154,402	\$ 1,323,757	\$ 169,355

KNOX COUNTY, TENNESSEE

**Hotel/Motel Tax Fund
Comparative Balance Sheets
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,263,118	\$ 2,004,083
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>1,586,125</u>	<u>1,584,276</u>
TOTAL ASSETS	<u>\$ 3,849,243</u>	<u>\$ 3,588,359</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	<u>\$ 1,985,855</u>	<u>\$ 2,008,217</u>
TOTAL LIABILITIES	<u>1,985,855</u>	<u>2,008,217</u>
Fund Balances:		
Restricted	<u>1,863,388</u>	<u>1,580,142</u>
TOTAL FUND BALANCES	<u>1,863,388</u>	<u>1,580,142</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,849,243</u>	<u>\$ 3,588,359</u>

KNOX COUNTY, TENNESSEE

Hotel/Motel Tax Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Lodging Taxes	\$ 8,816,132	\$ 8,294,714
Expenditures		
Current:		
General Government:		
Other General Government	8,032,886	8,102,631
Excess of Revenues Over Expenditures	783,246	192,083
Other Financing Uses		
Transfers to Other Funds	(500,000)	-
Net Change in Fund Balances	283,246	192,083
Fund Balances, July 1	1,580,142	1,388,059
Fund Balances, June 30	<u>\$ 1,863,388</u>	<u>\$ 1,580,142</u>

KNOX COUNTY, TENNESSEE

**Hotel/Motel Tax Fund
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget and Actual
For the Years Ended June 30, 2019 and 2018**

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Lodging Taxes	\$ 8,000,000	\$ 8,405,886	\$ 8,816,132	\$ 410,246	\$ 8,000,000	\$ 8,294,714	\$ 294,714
Expenditures							
Current:							
General Government:							
Other General Government:	7,400,000	7,935,886	8,032,886	(97,000)	8,175,690	8,102,631	73,059
Excess of Revenues Over Expenditures	600,000	470,000	783,246	313,246	(175,690)	192,083	367,773
Other Financing Uses							
Transfers to Other Funds	(600,000)	(600,000)	(500,000)	100,000	(474,310)	-	474,310
Net Change in Fund Balances	-	(130,000)	283,246	413,246	(650,000)	192,083	842,083
Fund Balances, July 1	1,580,142	1,580,142	1,580,142	-	1,388,059	1,388,059	-
Fund Balances, June 30	\$ 1,580,142	\$ 1,450,142	\$ 1,863,388	\$ 413,246	\$ 738,059	\$ 1,580,142	\$ 842,083

KNOX COUNTY, TENNESSEE

**Drug Control Fund
Comparative Balance Sheets**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,834,704	\$ 2,965,324
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>5,430</u>	<u>7,695</u>
TOTAL ASSETS	<u><u>\$ 2,840,134</u></u>	<u><u>\$ 2,973,019</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	<u>\$ 9,158</u>	<u>\$ 4,749</u>
TOTAL LIABILITIES	<u>9,158</u>	<u>4,749</u>
 Fund Balances:		
Restricted	<u>2,830,976</u>	<u>2,968,270</u>
TOTAL FUND BALANCES	<u>2,830,976</u>	<u>2,968,270</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,840,134</u></u>	<u><u>\$ 2,973,019</u></u>

KNOX COUNTY, TENNESSEE

Drug Control Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Fines, Forfeitures, and Penalties	\$ 415,499	\$ 1,069,585
Other Local Revenues	41,788	56,681
Federal Government	<u>25,530</u>	<u>50,054</u>
Total Revenues	<u>482,817</u>	<u>1,176,320</u>
Expenditures		
Current:		
General Government:		
Public Safety	<u>620,111</u>	<u>1,056,574</u>
Total Expenditures	<u>620,111</u>	<u>1,056,574</u>
Net Change in Fund Balance	(137,294)	119,746
Fund Balances, July 1	<u>2,968,270</u>	<u>2,848,524</u>
Fund Balances, June 30	<u><u>\$ 2,830,976</u></u>	<u><u>\$ 2,968,270</u></u>

KNOX COUNTY, TENNESSEE

**Drug Control Fund
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget And Actual
For the Years Ended June 30, 2019 and 2018**

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Fines, Forfeitures, and Penalties	\$ 734,500	\$ 734,500	\$ 415,499	\$ (319,001)	\$ 649,500	\$ 1,069,585	\$ 420,085
Other Local Revenues	128,000	128,000	41,788	(86,212)	128,000	56,681	(71,319)
Federal Government	-	-	25,530	25,530	-	50,054	50,054
Total Revenues	862,500	862,500	482,817	(379,683)	777,500	1,176,320	398,820
Expenditures							
Current:							
General Government:							
Public Safety:							
Contracted Services	261,000	288,474	269,657	18,817	345,270	223,010	122,260
Supplies and Materials	286,500	339,974	241,359	98,615	231,500	140,131	91,369
Other Charges	15,000	15,000	14,625	375	15,000	20,264	(5,264)
Capital Outlay	300,000	328,603	94,470	234,133	260,000	673,169	(413,169)
Total Expenditures	862,500	972,051	620,111	351,940	851,770	1,056,574	(204,804)
Net Change in Fund Balance	-	(109,551)	(137,294)	(27,743)	(74,270)	119,746	194,016
Fund Balances, July 1	2,968,270	2,968,270	2,968,270	-	2,848,524	2,848,524	-
Fund Balances, June 30	\$ 2,968,270	\$ 2,858,719	\$ 2,830,976	\$ (27,743)	\$ 2,774,254	\$ 2,968,270	\$ 194,016

KNOX COUNTY, TENNESSEE

Engineering & Public Works Fund

Comparative Balance Sheets

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,382,983	\$ 2,910,051
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	1,580,106	2,581,695
Sales Tax Receivable	<u>1,064,557</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,027,646</u>	<u>\$ 5,491,746</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 60,334	\$ 1,016,921
Accrued Liabilities	<u>502,277</u>	<u>152,454</u>
TOTAL LIABILITIES	<u>562,611</u>	<u>1,169,375</u>
 Fund Balances:		
Committed	<u>4,465,035</u>	<u>4,322,371</u>
TOTAL FUND BALANCES	<u>4,465,035</u>	<u>4,322,371</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,027,646</u>	<u>\$ 5,491,746</u>

KNOX COUNTY, TENNESSEE

**Engineering & Public Works Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances**

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Local Option Sales Taxes	\$ 6,326,532	\$ 6,094,302
Other Local Taxes	2,036,026	2,025,512
Fines, Forfeitures, and Penalties	3,600	21,250
Other Local Revenues	150,500	132,800
State of Tennessee	<u>6,879,526</u>	<u>6,500,728</u>
Total Revenues	<u>15,396,184</u>	<u>14,774,592</u>
Expenditures		
Current:		
Engineering & Public Works	<u>16,678,520</u>	<u>15,852,035</u>
Total Expenditures	<u>16,678,520</u>	<u>15,852,035</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,282,336)	(1,077,443)
Other Financing Sources (Uses)		
Transfers from Other Funds	2,100,000	2,125,000
Transfers to Other Funds	<u>(675,000)</u>	<u>(570,883)</u>
Total Other Financing Sources (Uses)	<u>1,425,000</u>	<u>1,554,117</u>
Net Change in Fund Balances	142,664	476,674
Fund Balances, July 1	<u>4,322,371</u>	<u>3,845,697</u>
Fund Balances, June 30	<u>\$ 4,465,035</u>	<u>\$ 4,322,371</u>

KNOX COUNTY, TENNESSEE

**Engineering & Public Works Fund
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget And Actual
For the Years Ended June 30, 2019 and 2018**

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Local Option Sales Taxes	\$ 5,682,946	\$ 6,113,697	\$ 6,326,532	\$ 212,835	\$ 5,580,946	\$ 6,094,302	\$ 513,356
Other Local Taxes	2,050,000	2,050,000	2,036,026	(13,974)	2,050,000	2,025,512	(24,488)
Fines, Forfeitures and Penalties	15,000	15,000	3,600	(11,400)	6,000	21,250	15,250
Other Local Revenues	-	-	150,500	150,500	35,000	132,800	97,800
State of Tennessee	6,711,000	6,711,000	6,879,526	168,526	6,069,865	6,500,728	430,863
Total Revenues	14,458,946	14,889,697	15,396,184	506,487	13,741,811	14,774,592	1,032,781
Expenditures							
Current:							
Engineering & Public Works:							
Administration:							
Personal Services	1,974,441	2,326,354	2,268,806	57,548	1,859,988	1,859,980	8
Employee Benefits	623,813	728,960	728,960	-	580,388	580,387	1
Contracted Services	164,101	90,714	90,714	-	142,418	142,414	4
Supplies and Materials	38,500	66,448	62,806	3,642	51,364	51,363	1
Other Charges	648,500	668,064	667,848	216	308,430	308,249	181
Highways and Bridge Maintenance:							
Personal Services	3,330,061	3,311,907	3,311,700	207	3,191,173	3,191,171	2
Employee Benefits	1,403,702	1,328,908	1,328,908	-	1,299,303	1,299,303	-
Contracted Services	1,075,650	1,012,081	983,714	28,367	1,203,782	1,177,717	26,065
Supplies and Materials	5,151,900	5,509,145	5,509,145	-	5,659,476	5,497,576	161,900
Other Charges	538,250	538,432	538,432	-	538,585	538,585	-
Capital Outlay	-	417,919	46,699	371,220	-	-	-
Various Highway:							
Personal Services	500,725	445,675	442,878	2,797	493,233	493,233	-
Employee Benefits	193,733	160,925	160,925	-	189,468	189,468	-
Contracted Services	212,614	201,614	181,887	19,727	236,491	233,722	2,769
Supplies and Materials	97,975	999,350	275,411	723,939	821,643	136,052	685,591
Other Charges	79,687	79,687	79,687	-	79,687	79,687	-
Capital Outlay	-	-	-	-	73,128	73,128	-
Total Expenditures	16,033,652	17,886,183	16,678,520	1,207,663	16,728,557	15,852,035	876,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,574,706)	(2,996,486)	(1,282,336)	1,714,150	(2,986,746)	(1,077,443)	1,909,303
Other Financing Sources (Uses)							
Transfer From Other Funds	2,100,000	2,100,000	2,100,000	-	2,600,000	2,125,000	(475,000)
Transfer To Other Funds	(675,000)	(675,000)	(675,000)	-	(570,885)	(570,883)	2
Total Other Financing Sources (Uses)	1,425,000	1,425,000	1,425,000	-	2,029,115	1,554,117	(474,998)
Net Change in Fund Balances	(149,706)	(1,571,486)	142,664	1,714,150	(957,631)	476,674	1,434,305
Fund Balances, July 1	4,322,371	4,322,371	4,322,371	-	3,845,697	3,845,697	-
Fund Balances, June 30	\$ 4,172,665	\$ 2,750,885	\$ 4,465,035	\$ 1,714,150	\$ 2,888,066	\$ 4,322,371	\$ 1,434,305

KNOX COUNTY, TENNESSEE

**ADA Construction Capital Projects Fund
Comparative Balance Sheets**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 647,000	\$ -
TOTAL ASSETS	<u>\$ 647,000</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Liabilities:	\$ -	\$ -
Fund Balances:		
Committed	<u>647,000</u>	<u>-</u>
TOTAL FUND BALANCE	<u>647,000</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 647,000</u>	<u>\$ -</u>

KNOX COUNTY, TENNESSEE

ADA Construction Capital Projects Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Local Taxes	\$ -	\$ -
Expenditures		
Capital Projects	-	-
Excess of Revenues Over Expenditures	-	-
Other Financing Sources (Uses)		
Transfers from Other Funds	647,000	-
Net Change in Fund Balances	647,000	-
Fund Balances, July 1	-	-
Fund Balances, June 30	<u>\$ 647,000</u>	<u>\$ -</u>

NONMAJOR ENTERPRISE FUND

Enterprise Funds account for operations that provide services primarily to the general public on a user charge basis.

Three Ridges Golf Course Fund: This fund accounts for the operations of the Three Ridges Golf Course.

KNOX COUNTY, TENNESSEE

Three Ridges Golf Course Fund
Comparative Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Accounts Receivable	\$ 14,745	\$ 7,370
Inventories	<u>81,357</u>	<u>69,774</u>
TOTAL CURRENT ASSETS	<u>96,102</u>	<u>77,144</u>
Capital Assets:		
Capital Assets (Net of Accumulated Depreciation)	<u>455,210</u>	<u>489,551</u>
TOTAL ASSETS	<u>551,312</u>	<u>566,695</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	14,037	23,788
Accrued Liabilities	11,770	10,878
Due to Other Funds	87,192	43,434
Compensated Absences Payable	<u>34,061</u>	<u>31,044</u>
TOTAL CURRENT LIABILITIES	<u>147,060</u>	<u>109,144</u>
Noncurrent Liabilities:		
Compensated Absences Payable	<u>-</u>	<u>14,609</u>
TOTAL LIABILITIES	<u>147,060</u>	<u>123,753</u>
NET POSITION		
Investment in Capital Assets	455,210	489,551
Unrestricted (Deficit)	<u>(50,958)</u>	<u>(46,609)</u>
TOTAL NET POSITION	<u><u>\$ 404,252</u></u>	<u><u>\$ 442,942</u></u>

KNOX COUNTY, TENNESSEE

**Three Ridges Golf Course Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position**

For the Years Ended June 30, 2019 and 2018

	2019	2018
	<u> </u>	<u> </u>
Operating Revenues		
Golf Fees	\$ 401,975	\$ 394,532
Cart and Range Fees	231,734	230,429
Pro Shop	108,973	108,142
Snack Bar	76,874	81,734
	<u> </u>	<u> </u>
Total Operating Revenues	819,556	814,837
	<u> </u>	<u> </u>
Operating Expenses		
Personal Services	410,713	398,472
Employee Benefits	103,809	109,280
Contracted Services	196,788	161,591
Supplies and Materials	362,629	385,999
Other Charges	84,966	80,536
Workers' Compensation Claims		
Depreciation	46,591	45,133
	<u> </u>	<u> </u>
Total Operating Expenses	1,205,496	1,181,011
	<u> </u>	<u> </u>
Operating Income (Loss)	(385,940)	(366,174)
	<u> </u>	<u> </u>
Income (Loss) before Other Revenues and Transfers	(385,940)	(366,174)
	<u> </u>	<u> </u>
Capital Contributions and Transfers		
Capital Contributions	27,250	44,876
Transfers from Other Funds	320,000	320,000
	<u> </u>	<u> </u>
Total Capital Contributions and Transfers	347,250	364,876
	<u> </u>	<u> </u>
Change in Net Position	(38,690)	(1,298)
	<u> </u>	<u> </u>
Net Position, July 1	442,942	444,240
	<u> </u>	<u> </u>
Net Position, June 30	\$ 404,252	\$ 442,942
	<u> </u>	<u> </u>

KNOX COUNTY, TENNESSEE

Three Ridges Golf Course Fund
Comparative Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 812,181	\$ 809,747
Payments to Vendors	(621,959)	(611,196)
Payments to Employees	(525,222)	(518,552)
	<u>(335,000)</u>	<u>(320,001)</u>
Net Cash Provided (Used) by Operating Activities		
	<u>(335,000)</u>	<u>(320,001)</u>
Cash Flows Used by Capital and Related Financing Activities		
Transfers from Other Funds	320,000	320,000
Capital Contributions	27,250	44,876
Acquisition and Construction of Capital Assets	(12,250)	(44,875)
	<u>335,000</u>	<u>320,001</u>
Net Cash Used by Capital and Related Financing Activities		
	<u>335,000</u>	<u>320,001</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - Beginning of Year	-	-
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (385,940)	\$ (366,174)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	46,591	45,133
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(7,375)	(5,090)
(Increase) in Inventory	(11,583)	2,056
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(8,859)	5,862
Increase (Decrease) in Due to Other Funds	43,758	8,546
Increase in Compensated Absences Payable	(11,592)	(10,334)
	<u>(11,592)</u>	<u>(10,334)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (335,000)</u>	<u>\$ (320,001)</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one of the County's departments or agencies to other departments or agencies and to the County's various discretely presented component units and joint ventures.

Vehicle Service Center Fund: This fund is used to account for gasoline and maintenance services for County vehicles.

Mailroom Fund: This fund is used to account for central mailroom services for the County.

Employee Benefits Fund: This fund is used to account for the payment of retiree medical premiums, employee retirement, life insurance, other payroll related expenses, and unemployment claims.

Self Insurance Fund: This fund is used to account for the payment of workers compensation and general liability claims against the County.

Building Operations Fund: This fund is used to account for all maintenance services for Knox Central buildings.

Technical Support Service Fund: This fund accounts for technical support and technical repairs associated with electronic data processing.

Self Insurance Healthcare: This fund is used to account for the payment of health insurance claims.

KNOX COUNTY, TENNESSEE

Combining Statement of Net Position

Internal Service Funds

June 30, 2019

	Vehicle Service Center	Mailroom	Employee Benefits	Self Insurance	Building Operations	Technical Support Service	Self Insurance Healthcare	Total
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 323,911	\$ 139,536	\$ 198,049	\$ 20,522,293	\$ 5,121,918	\$ 54,021	\$ 16,152,238	\$ 42,511,966
Receivables:								
Accounts	12,630	-	589,910	-	674,834	-	968,472	2,245,846
Inventories	59,789	32,878	-	-	-	-	-	92,667
Prepaid Items	-	-	4,000	-	14,887	-	-	18,887
TOTAL CURRENT ASSETS	396,330	172,414	791,959	20,522,293	5,811,639	54,021	17,120,710	44,869,366
Capital Assets:								
Machinery and Equipment	223,258	-	-	-	-	585,936	-	809,194
Accumulated Depreciation	(146,048)	-	-	-	-	(566,636)	-	(712,684)
Capital Assets (Net of Accumulated Depreciation)	77,210	-	-	-	-	19,300	-	96,510
TOTAL ASSETS	473,540	172,414	791,959	20,522,293	5,811,639	73,321	17,120,710	44,965,876
LIABILITIES								
Current liabilities:								
Accounts Payable	83,525	6,102	127,304	38,637	295,437	70	365,151	916,226
Accrued Liabilities	14,862	2,022	293,777	13,844	-	10,248	-	334,753
Claims Liabilities	-	-	-	17,984,345	-	-	1,666,280	19,650,625
Compensated Absences Payable	57,319	8,384	35,683	52,343	-	35,097	-	188,826
TOTAL CURRENT LIABILITIES	155,706	16,508	456,764	18,089,169	295,437	45,415	2,031,431	21,090,430
Noncurrent Liabilities:								
Compensated Absences Payable	6,369	932	3,965	5,816	-	3,900	-	20,982
TOTAL LIABILITIES	162,075	17,440	460,729	18,094,985	295,437	49,315	2,031,431	21,111,412
NET POSITION								
Investment in Capital Assets	77,210	-	-	-	-	19,300	-	96,510
Unrestricted (Deficit)	234,255	154,974	331,230	2,427,308	5,516,202	4,706	15,089,279	23,757,954
TOTAL NET POSITION	\$ 311,465	\$ 154,974	\$ 331,230	\$ 2,427,308	\$ 5,516,202	\$ 24,006	\$ 15,089,279	\$ 23,854,464

KNOX COUNTY, TENNESSEE

**Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds**

For the Year Ended June 30, 2019

	Vehicle Service Center	Mailroom	Employee Benefits	Self Insurance	Building Operations	Technical Support Service	Self Insurance Healthcare	Total
Operating Revenues								
Charges for Services	\$ 2,659,243	\$ 259,866	\$ 37,069,764	\$ 6,601,472	\$ 11,680,046	\$ 317,775	\$ 32,597,590	\$ 91,185,756
Operating Expenses								
Cost of Services	2,679,517	345,979	2,379,515	1,339,670	11,212,856	731,078	2,570,187	21,258,802
Depreciation and Amortization	20,881	-	-	-	-	32,173	-	53,054
Medical Claims	-	-	238,942	-	-	-	25,052,756	25,291,698
Retirement Contributions	-	-	33,549,864	-	-	-	-	33,549,864
VWRP Employee Benefits	-	-	70,723	-	-	-	-	70,723
OPEB 35% Retiree Healthcare Contributions	-	-	640,042	-	-	-	-	640,042
Other Employee Benefits	-	-	923,443	-	-	-	-	923,443
Worker's Compensation & Other Claims	-	-	-	4,010,177	-	-	-	4,010,177
Other Expenses	172,031	-	-	48,895	-	371	-	221,297
Total Operating Expenses	2,872,429	345,979	37,802,529	5,398,742	11,212,856	763,622	27,622,943	86,019,100
Operating Income (Loss)	(213,186)	(86,113)	(732,765)	1,202,730	467,190	(445,847)	4,974,647	5,166,656
Income (Loss) before Transfers	(213,186)	(86,113)	(732,765)	1,202,730	467,190	(445,847)	4,974,647	5,166,656
Transfers								
Transfers from Other Funds	477,359	51,941	-	-	-	411,000	-	940,300
Change in Net Position	264,173	(34,172)	(732,765)	1,202,730	467,190	(34,847)	4,974,647	6,106,956
Total Net Position, July 1	47,292	189,146	1,063,995	1,224,578	5,049,012	58,853	10,114,632	17,747,508
Total Net Position, June 30	\$ 311,465	\$ 154,974	\$ 331,230	\$ 2,427,308	\$ 5,516,202	\$ 24,006	\$ 15,089,279	\$ 23,854,464

KNOX COUNTY, TENNESSEE

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Vehicle Service Center	Mailroom	Employee Benefits	Self Insurance	Building Operations	Technical Support Service	Self Insurance Healthcare	Total
Operating Activities								
Cash Received from Interfund Services Provided	\$ 2,660,325	\$ 259,866	\$ 36,700,517	\$ 6,978,981	\$ 11,005,212	\$ 317,775	\$ 31,958,821	\$ 89,881,497
Cash Paid to Employees	(565,242)	(71,287)	(597,315)	(555,593)	-	(287,715)	-	(2,077,152)
Cash Paid for Goods and Services	(2,020,682)	(251,895)	(1,693,502)	(4,299,929)	(11,191,600)	(631,135)	(2,570,188)	(22,658,931)
Cash Paid on Behalf of Employees	(215,136)	(32,089)	(35,369,895)	(157,734)	-	(89,152)	(25,114,671)	(60,978,677)
Net Cash Provided by (Used in) Operating Activities	<u>(140,735)</u>	<u>(95,405)</u>	<u>(960,195)</u>	<u>1,965,725</u>	<u>(186,388)</u>	<u>(690,227)</u>	<u>4,273,962</u>	<u>4,166,737</u>
Noncapital Financing Activities								
Transfers from Other Funds	477,359	51,941	-	-	-	411,000	-	940,300
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>477,359</u>	<u>51,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,000</u>	<u>-</u>	<u>940,300</u>
Capital and Related Financing Activities								
Acquisition and Construction of Capital Assets	(12,713)	-	-	-	-	-	-	(12,713)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>323,911</u>	<u>(43,464)</u>	<u>(960,195)</u>	<u>1,965,725</u>	<u>(186,388)</u>	<u>(279,227)</u>	<u>4,273,962</u>	<u>5,094,324</u>
Cash and Cash Equivalents								
Beginning of Year	<u>-</u>	<u>183,000</u>	<u>1,158,244</u>	<u>18,556,568</u>	<u>5,308,306</u>	<u>333,248</u>	<u>11,878,276</u>	<u>37,417,642</u>
End of Year	<u>\$ 323,911</u>	<u>\$ 139,536</u>	<u>\$ 198,049</u>	<u>\$ 20,522,293</u>	<u>\$ 5,121,918</u>	<u>\$ 54,021</u>	<u>\$ 16,152,238</u>	<u>\$ 42,511,966</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities								
Operating Income (Loss)	\$ (213,186)	\$ (86,113)	\$ (732,765)	\$ 1,202,730	\$ 467,190	\$ (445,847)	\$ 4,974,647	\$ 5,166,656
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	20,881	-	-	-	-	32,174	-	53,055
Change in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	1,082	-	(369,247)	80	(674,834)	-	(638,770)	(1,681,689)
Decrease in Due from Component Units	-	-	-	377,429	-	-	-	377,429
Decrease in Inventories	36,491	11,178	-	-	-	-	-	47,669
(Increase) Decrease in Prepaid Items	-	-	18,367	-	(433)	-	2,440	20,374
Increase (Decrease) in Accounts Payable and Accrued Liabilities	15,313	(20,097)	130,996	8,317	21,689	(284,015)	354,883	227,086
Increase (Decrease) in Due to Other Funds	(3,726)	-	-	-	-	-	-	(3,726)
Increase (Decrease) in Compensated Absences	2,410	(373)	(7,546)	4,815	-	7,461	-	6,767
Increase (Decrease) in Claims Liabilities	-	-	-	372,354	-	-	(419,238)	(46,884)
Total Adjustments	<u>72,451</u>	<u>(9,292)</u>	<u>(227,430)</u>	<u>762,995</u>	<u>(653,578)</u>	<u>(244,380)</u>	<u>(700,685)</u>	<u>(999,919)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (140,735)</u>	<u>\$ (95,405)</u>	<u>\$ (960,195)</u>	<u>\$ 1,965,725</u>	<u>\$ (186,388)</u>	<u>\$ (690,227)</u>	<u>\$ 4,273,962</u>	<u>\$ 4,166,737</u>

KNOX COUNTY, TENNESSEE

Vehicle Service Center Fund
Comparative Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 323,911	\$ -
Accounts Receivable	12,630	13,712
Inventories	<u>59,789</u>	<u>96,280</u>
TOTAL CURRENT ASSETS	<u>396,330</u>	<u>109,992</u>
Capital Assets:		
Machinery and Equipment	223,258	210,545
Accumulated Depreciation	<u>(146,048)</u>	<u>(125,167)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>77,210</u>	<u>85,378</u>
TOTAL ASSETS	<u>473,540</u>	<u>195,370</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	83,525	68,440
Accrued Liabilities	14,862	14,634
Due to Other Funds	-	3,726
Compensated Absences	<u>57,319</u>	<u>55,150</u>
TOTAL CURRENT LIABILITIES	<u>155,706</u>	<u>141,950</u>
Noncurrent Liabilities:		
Compensated Absences	<u>6,369</u>	<u>6,128</u>
TOTAL LIABILITIES	<u>162,075</u>	<u>148,078</u>
NET POSITION		
Investment in Capital Assets	77,210	85,378
Unrestricted (Deficit)	<u>234,255</u>	<u>(38,086)</u>
TOTAL NET POSITION	<u>\$ 311,465</u>	<u>\$ 47,292</u>

KNOX COUNTY, TENNESSEE

Vehicle Service Center Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Charges for Services	<u>\$ 2,659,243</u>	<u>\$ 2,398,478</u>
Operating Expenses		
Cost of Services	2,679,517	2,451,569
Depreciation and Amortization	20,881	20,151
Other Expenses	<u>172,031</u>	<u>172,004</u>
Total Operating Expenses	<u>2,872,429</u>	<u>2,643,724</u>
Loss before Transfers	<u>(213,186)</u>	<u>(245,246)</u>
Transfers		
Transfers from Other Funds	<u>477,359</u>	<u>275,000</u>
Change in Net Position	264,173	29,754
Net Position, July 1	<u>47,292</u>	<u>17,538</u>
Net Position, June 30	<u><u>\$ 311,465</u></u>	<u><u>\$ 47,292</u></u>

KNOX COUNTY, TENNESSEE

Mailroom Fund
Comparative Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 139,536	\$ 183,000
Inventories	32,878	44,056
	<u>172,414</u>	<u>227,056</u>
TOTAL ASSETS		
	<u>172,414</u>	<u>227,056</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	6,102	26,243
Accrued Liabilities	2,022	1,978
Compensated Absences	8,384	8,720
	<u>16,508</u>	<u>36,941</u>
TOTAL CURRENT LIABILITIES		
	<u>16,508</u>	<u>36,941</u>
Noncurrent Liabilities:		
Compensated Absences	932	969
	<u>17,440</u>	<u>37,910</u>
TOTAL LIABILITIES		
	<u>17,440</u>	<u>37,910</u>
NET POSITION		
Unrestricted	<u>\$ 154,974</u>	<u>\$ 189,146</u>

KNOX COUNTY, TENNESSEE

Mailroom Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Charges for Services	<u>\$ 259,866</u>	<u>\$ 225,345</u>
Operating Expenses		
Cost of Services	<u>345,979</u>	<u>395,135</u>
Income (Loss) before Transfers	<u>(86,113)</u>	<u>(169,790)</u>
Transfers		
Transfers from Other Funds	<u>51,941</u>	<u>52,121</u>
Change in Net Position	(34,172)	(117,669)
Net Position, July 1	<u>189,146</u>	<u>306,815</u>
Net Position, June 30	<u><u>\$ 154,974</u></u>	<u><u>\$ 189,146</u></u>

KNOX COUNTY, TENNESSEE

Employee Benefits Fund
Comparative Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 198,049	\$ 1,158,244
Accounts Receivable	589,910	220,663
Prepaid Items	<u>4,000</u>	<u>22,367</u>
TOTAL ASSETS	<u>791,959</u>	<u>1,401,274</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	127,304	85,594
Accrued Liabilities	293,777	204,491
Compensated Absences	<u>35,683</u>	<u>42,475</u>
TOTAL CURRENT LIABILITIES	<u>456,764</u>	<u>332,560</u>
Noncurrent Liabilities:		
Compensated Absences	<u>3,965</u>	<u>4,719</u>
TOTAL LIABILITIES	<u>460,729</u>	<u>337,279</u>
NET POSITION		
Unrestricted	<u>\$ 331,230</u>	<u>\$ 1,063,995</u>

KNOX COUNTY, TENNESSEE

**Employee Benefits Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position**

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Charges for Services	<u>\$ 37,069,764</u>	<u>\$ 35,099,013</u>
Operating Expenses		
Finance and Administration:		
Cost of Services	2,379,515	2,138,172
Medical Claims	238,942	205,125
Retirement Contributions	33,549,864	31,743,067
VWRP Employee Benefits	70,723	17,924
OPEB 35% Retiree Healthcare Contributions	640,042	850,000
Other Employee Benefits	<u>923,443</u>	<u>809,115</u>
Total Operating Expenses	<u>37,802,529</u>	<u>35,763,403</u>
Loss before Transfers	<u>(732,765)</u>	<u>(664,390)</u>
Transfers		
Transfers from Other Funds	<u>-</u>	<u>1,450,000</u>
Change in Net Position	(732,765)	785,610
Net Position, July 1	<u>1,063,995</u>	<u>278,385</u>
Net Position, June 30	<u>\$ 331,230</u>	<u>\$ 1,063,995</u>

KNOX COUNTY, TENNESSEE

Self Insurance Fund
Comparative Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 20,522,293	\$ 18,556,568
Accounts Receivable	-	80
Due from Component Units	-	377,429
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	<u>20,522,293</u>	<u>18,934,077</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	38,637	30,901
Accrued Liabilities	13,844	13,263
Claims Liability	17,984,345	17,611,991
Compensated Absences	52,343	48,010
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	<u>18,089,169</u>	<u>17,704,165</u>
Noncurrent Liabilities:		
Compensated Absences	5,816	5,334
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>18,094,985</u>	<u>17,709,499</u>
NET POSITION (DEFICIT)		
Unrestricted	<u>\$ 2,427,308</u>	<u>\$ 1,224,578</u>

KNOX COUNTY, TENNESSEE

Self Insurance Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Charges for Services	<u>\$ 6,601,472</u>	<u>\$ 6,610,849</u>
Operating Expenses		
Cost of Services	1,339,670	1,338,717
Workers' Compensation & Other Claims	4,010,177	6,407,802
Other Expenses	<u>48,895</u>	<u>346,340</u>
Total Operating Expenses	<u>5,398,742</u>	<u>8,092,859</u>
Income (Loss) before Transfers	<u>1,202,730</u>	<u>(1,482,010)</u>
Transfers		
Transfers From Other Funds	<u>-</u>	<u>3,450,000</u>
Total Transfers	<u>-</u>	<u>3,450,000</u>
Change in Net Position	1,202,730	1,967,990
Net Position (Deficit), July 1	<u>1,224,578</u>	<u>(743,412)</u>
Net Position (Deficit), June 30	<u><u>\$ 2,427,308</u></u>	<u><u>\$ 1,224,578</u></u>

KNOX COUNTY, TENNESSEE

Building Operations Fund
Comparative Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 5,121,918	\$ 5,308,306
Accounts Receivable	674,834	-
Prepaid Items	<u>14,887</u>	<u>14,454</u>
TOTAL CURRENT ASSETS	<u>5,811,639</u>	<u>5,322,760</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>295,437</u>	<u>273,748</u>
TOTAL CURRENT LIABILITIES	<u>295,437</u>	<u>273,748</u>
NET POSITION		
Unrestricted	<u><u>\$ 5,516,202</u></u>	<u><u>\$ 5,049,012</u></u>

KNOX COUNTY, TENNESSEE

Building Operations Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Charges for Services	<u>\$ 11,680,046</u>	<u>\$ 10,758,255</u>
Operating Expenses		
Cost of Services	<u>11,212,856</u>	<u>10,496,483</u>
Total Operating Expenses	<u>11,212,856</u>	<u>10,496,483</u>
Income (Loss) before Transfers	<u>467,190</u>	<u>261,772</u>
Transfers		
Transfers to Other Funds	<u>-</u>	<u>(2,050,000)</u>
Change in Net Position	467,190	(1,788,228)
Net Position, July 1	<u>5,049,012</u>	<u>6,837,240</u>
Net Position, June 30	<u><u>\$ 5,516,202</u></u>	<u><u>\$ 5,049,012</u></u>

KNOX COUNTY, TENNESSEE

Technical Support Service Fund
Comparative Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 54,021	\$ 333,248
TOTAL CURRENT ASSETS	<u>54,021</u>	<u>333,248</u>
Capital Assets:		
Machinery and Equipment	585,936	585,936
Accumulated Depreciation	<u>(566,636)</u>	<u>(534,462)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>19,300</u>	<u>51,474</u>
TOTAL ASSETS	<u>73,321</u>	<u>384,722</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	70	285,862
Accrued Liabilities	10,248	8,471
Compensated Absences	<u>35,097</u>	<u>28,382</u>
TOTAL CURRENT LIABILITIES	<u>45,415</u>	<u>322,715</u>
Noncurrent Liabilities:		
Compensated Absences	<u>3,900</u>	<u>3,154</u>
TOTAL LIABILITIES	<u>49,315</u>	<u>325,869</u>
NET POSITION		
Investment in Capital Assets	19,300	51,474
Unrestricted	<u>4,706</u>	<u>7,379</u>
TOTAL NET POSITION	<u>\$ 24,006</u>	<u>\$ 58,853</u>

KNOX COUNTY, TENNESSEE

Technical Support Service Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Charges for Services	<u>\$ 317,775</u>	<u>\$ 317,775</u>
Operating Expenses		
Cost of Services	731,078	935,227
Depreciation and Amortization	32,173	62,266
Other Expense	<u>371</u>	<u>371</u>
Total Operating Expenses	<u>763,622</u>	<u>997,864</u>
Income (Loss) before Transfers	<u>(445,847)</u>	<u>(680,089)</u>
Transfers		
Transfers from Other Funds	<u>411,000</u>	<u>305,500</u>
Change in Net Position	(34,847)	(374,589)
Net Position, July 1	<u>58,853</u>	<u>433,442</u>
Net Position, June 30	<u><u>\$ 24,006</u></u>	<u><u>\$ 58,853</u></u>

KNOX COUNTY, TENNESSEE

Self Insurance Healthcare Fund
Comparative Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 16,152,238	\$ 11,878,276
Accounts Receivable	968,472	329,702
Prepaid Items	-	2,440
	<u>17,120,710</u>	<u>12,210,418</u>
TOTAL ASSETS		
	<u>17,120,710</u>	<u>12,210,418</u>
LIABILITIES		
Liabilities:		
Accounts Payable	365,151	10,268
Claims Liability	1,666,280	2,085,518
	<u>2,031,431</u>	<u>2,095,786</u>
TOTAL LIABILITIES		
	<u>2,031,431</u>	<u>2,095,786</u>
NET POSITION		
Unrestricted	<u>\$ 15,089,279</u>	<u>\$ 10,114,632</u>

KNOX COUNTY, TENNESSEE

Self Insurance Healthcare Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Charges for Services	<u>\$ 32,597,590</u>	<u>\$ 31,527,571</u>
Operating Expenses		
Cost of Services	2,570,187	2,514,979
Medical Claims	<u>25,052,756</u>	<u>26,438,751</u>
Total Operating Expenses	<u>27,622,943</u>	<u>28,953,730</u>
Income (Loss) before Transfers	<u>4,974,647</u>	<u>2,573,841</u>
Transfers		
Transfers To Other Funds	<u>-</u>	<u>(850,000)</u>
Change in Net Position	4,974,647	1,723,841
Net Position, July 1	<u>10,114,632</u>	<u>8,390,791</u>
Net Position, June 30	<u><u>\$ 15,089,279</u></u>	<u><u>\$ 10,114,632</u></u>

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the County in a trustee capacity. Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

PENSION, RETIREMENT AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS

Closed Defined Benefit Plan: This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees covered under the County's closed defined benefit plan.

Uniformed Officers Pension Plan: This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees covered under the County's Uniformed Officers Pension Plan closed defined benefit plan.

Asset Accumulation Plan: This fund is used to account for the accumulation of resources for retirement benefit payments to qualified employees covered under the County's defined contribution plan.

Sheriff's Total Accumulation Retirement Plan: This fund is used to account for the accumulation of resources for retirement benefit payments to qualified employees covered under the County Sheriff's Total Accumulation Retirement Plan defined contribution plan.

Voluntary 457 Plan: This fund is used to account for the accumulation of resources for retirement benefit payments to qualified employees who have chosen to participate in the County's supplemental defined contribution plan.

Employee Disability Plan: This fund is used to provide resources should an employee become disabled prior to retirement (defined benefit OPEB plan). Eligible employees must also be participants in one of the defined benefit or defined contribution plans.

Retiree Healthcare Plan: This fund is used to provide post-retirement health care benefits for County retirees and their dependents (defined benefit OPEB plan).

Medical Expense Retirement Plan: This fund is used to account for the accumulation of resources for retiree healthcare benefit payments to qualified employees covered under the County's defined contribution asset accumulation plan. This plan assists employees in planning and investing for anticipated medical expenses upon retirement (defined contribution OPEB plan).

AGENCY FUNDS

Municipal Sales Tax Fund: This fund accounts for the local sales tax levied by local municipalities. These funds are collected by the State of Tennessee and remitted to the County for distribution to the municipalities.

Subdivision Bonds: This fund accounts for the receipt and distribution of funds held by the County from subdivision developers pending completion of road and hydrology requirements.

External Agencies Fund: This fund accounts for the cash of several external agencies and County joint ventures held by the County Trustee on their behalf.

Constitutional Officers: The various elected officials use this fund to account for the receipt and disbursement of funds on behalf of state agencies and/or other funds.

KNOX COUNTY, TENNESSEE
Combining Statement of Fiduciary Net Position
Pension, Retirement and Other Post-Employment Benefit Trust Funds
June 30, 2019

	Closed Defined Benefit Plan	Uniformed Officers Pension Plan	Asset Accumulation Plan	Sheriff's Total Accumulation Retirement Plan	Voluntary 457 Plan	Employee Disability Plan	Retiree Healthcare Plan	Medical Expense Retirement Plan	Total
ASSETS									
Cash and Cash equivalents	\$ 8,792	\$ 221,755	\$ 130,475	\$ 42,690	\$ -	\$ -	\$ -	\$ -	\$ 403,712
Investments, at Fair Value:									
Mutual Funds	40,360,877	184,172,326	249,569,046	4,101,652	18,814,411	794,842	2,235,700	4,099,085	504,147,939
Collective Investment Trusts	-	-	18,185,552	155,582	1,357,442	244,675	694,806	1,171,860	21,809,917
Investments, at Contract Value:									
Guaranteed Investment Contracts	-	-	74,717,882	1,510,572	5,061,992	75,905	214,489	465,190	82,046,030
Total Investments	40,360,877	184,172,326	342,472,480	5,767,806	25,233,845	1,115,422	3,144,995	5,736,135	608,003,886
Receivables:									
Employer Contributions	-	-	-	20,834	-	-	-	-	20,834
Notes Receivable from Participants	-	-	2,633,344	-	-	-	-	-	2,633,344
Receivable from Other Plans	-	-	-	-	-	173,165	-	-	173,165
Total Receivables	-	-	2,633,344	20,834	-	173,165	-	-	2,827,343
Total Assets	40,369,669	184,394,081	345,236,299	5,831,330	25,233,845	1,288,587	3,144,995	5,736,135	611,234,941
LIABILITIES									
Accounts Payable - Administrative Expenses	23,576	72,707	-	-	-	117,624	-	-	213,907
Accounts Payable - To Other Plans	-	-	130,475	42,690	-	-	-	-	173,165
Total Liabilities	23,576	72,707	130,475	42,690	-	117,624	-	-	387,072
NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS	<u>\$ 40,346,093</u>	<u>\$ 184,321,374</u>	<u>\$ 345,105,824</u>	<u>\$ 5,788,640</u>	<u>\$ 25,233,845</u>	<u>\$ 1,170,963</u>	<u>\$ 3,144,995</u>	<u>\$ 5,736,135</u>	<u>\$ 610,847,869</u>

KNOX COUNTY, TENNESSEE
Combining Statement of Changes in Fiduciary Net Position
Pension, Retirement and Other Post-Employment Benefit Trust Funds
For the Year Ended June 30, 2019

	Closed Defined Benefit Plan	Uniformed Officers Pension Plan	Asset Accumulation Plan	Sheriff's Total Accumulation Retirement Plan	Voluntary 457 Plan	Employee Disability Plan	Retiree Healthcare Plan	Medical Expense Retirement Plan	Total
ADDITIONS									
Contributions:									
Employer	\$ 3,159,971	\$ 5,682,790	\$ 11,186,044	\$ 1,385,768	\$ -	\$ 503,685	\$ 960,062	\$ 97,227	\$ 22,975,547
Employees	86,069	1,306,058	9,445,064	682,454	2,528,955	-	-	202,449	14,251,049
Rollovers	-	-	1,189,140	1,691	483,349	-	-	-	1,674,180
Total Contributions	3,246,040	6,988,848	21,820,248	2,069,913	3,012,304	503,685	960,062	299,676	38,900,776
Investment Income (Loss):									
Interest and Dividend Income	2,028,801	9,775,982	3,275,365	42,350	236,061	53,786	64,730	322,437	15,799,512
Interest on Notes Receivable from Participants	-	-	110,093	-	-	-	-	-	110,093
Net Appreciation (Depreciation) in Fair Value of Investments	292,012	(1,675,934)	9,218,551	118,160	730,418	(66,405)	-	(179,712)	8,437,090
Total Investment Income (Loss)	2,320,813	8,100,048	12,604,009	160,510	966,479	(12,619)	64,730	142,725	24,346,695
Less Investment Expenses	(8,291)	(64,902)	-	-	-	-	-	-	(73,193)
Net Investment Income (Loss)	2,312,522	8,035,146	12,604,009	160,510	966,479	(12,619)	64,730	142,725	24,273,502
Other:									
Transfers from Other Plans	-	-	40,755	-	-	917,840	-	-	958,595
Other Addition	338,832	-	-	-	-	-	-	-	338,832
Total Other	338,832	-	40,755	-	-	917,840	-	-	1,297,427
Total Additions	5,897,394	15,023,994	34,465,012	2,230,423	3,978,783	1,408,906	1,024,792	442,401	64,471,705
DEDUCTIONS									
Benefits and Refunds	7,246,943	9,747,276	20,234,647	121,576	1,568,293	281,313	-	583,805	39,783,853
Administrative Expenses	144,140	680,334	72,012	-	3,852	906,567	58,881	14	1,865,800
Transfers to Other Plans	-	-	673,620	244,220	-	40,755	-	-	958,595
Total Deductions	7,391,083	10,427,610	20,980,279	365,796	1,572,145	1,228,635	58,881	583,819	42,608,248
CHANGE IN NET POSITION	(1,493,689)	4,596,384	13,484,733	1,864,627	2,406,638	180,271	965,911	(141,418)	21,863,457
NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS, BEGINNING OF YEAR									
	41,839,782	179,724,990	331,621,091	3,924,013	22,827,207	990,692	2,179,084	5,877,553	588,984,412
NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS, END OF YEAR									
	\$ 40,346,093	\$ 184,321,374	\$ 345,105,824	\$ 5,788,640	\$ 25,233,845	\$ 1,170,963	\$ 3,144,995	\$ 5,736,135	\$ 610,847,869

KNOX COUNTY, TENNESSEE

**Comparative Statements of Fiduciary Net Position
Pension Trust Fund - Closed Defined Benefit Plan**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 8,792</u>	<u>\$ 3,317,859</u>
Investments, at Fair Value:		
Mutual Funds	<u>40,360,877</u>	<u>38,342,527</u>
Total Investments	<u>40,360,877</u>	<u>38,342,527</u>
Receivables:		
Receivables for Investments Sold	-	228,145
Accrued Interest and Dividends	<u>-</u>	<u>17</u>
Total Receivable	<u>-</u>	<u>228,162</u>
Total Assets	<u>40,369,669</u>	<u>41,888,548</u>
LIABILITIES		
Accounts Payable - Administrative Expenses	<u>23,576</u>	<u>48,766</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 40,346,093</u></u>	<u><u>\$ 41,839,782</u></u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position

Pension Trust Fund - Closed Defined Benefit Plan

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employer	\$ 3,159,971	\$ 3,044,132
Employees	86,069	89,707
Total Contributions	<u>3,246,040</u>	<u>3,133,839</u>
Investment Income (Loss):		
Interest and Dividend Income	2,028,801	387,350
Net Appreciation (Depreciation) in Fair Value of Investments	<u>292,012</u>	<u>3,378,299</u>
Total Investment Income (Loss)	2,320,813	3,765,649
Less Investment Expenses	<u>(8,291)</u>	<u>(111,163)</u>
Net Investment Income (Loss)	<u>2,312,522</u>	<u>3,654,486</u>
Other:		
Transfers from Other Plans	<u>338,832</u>	<u>-</u>
Total Additions	<u>5,897,394</u>	<u>6,788,325</u>
DEDUCTIONS		
Benefits and Refunds	7,246,943	7,444,896
Administrative Expenses	144,140	218,540
Transfers to Other Plans	<u>-</u>	<u>29,330</u>
Total Deductions	<u>7,391,083</u>	<u>7,692,766</u>
CHANGE IN NET POSITION	(1,493,689)	(904,441)
NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>41,839,782</u>	<u>42,744,223</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR	<u>\$ 40,346,093</u>	<u>\$ 41,839,782</u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Fiduciary Net Position
Pension Trust Fund - Uniformed Officers Pension Plan**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 221,755</u>	<u>\$ 13,787,084</u>
Investments, at Fair Value:		
Mutual Funds	<u>184,172,326</u>	<u>165,100,029</u>
Total Investments	<u>184,172,326</u>	<u>165,100,029</u>
Receivables:		
Receivable for Investments Sold	-	951,045
Accrued Interest and Dividends	<u>-</u>	<u>28</u>
Total Receivables	<u>-</u>	<u>951,073</u>
Total Assets	<u>184,394,081</u>	<u>179,838,186</u>
LIABILITIES		
Accounts Payable - Administrative Expenses	<u>72,707</u>	<u>113,196</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 184,321,374</u></u>	<u><u>\$ 179,724,990</u></u>

KNOX COUNTY, TENNESSEE**Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Uniformed Officers Pension Plan
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employer	\$ 5,682,790	\$ 5,329,975
Employees	<u>1,306,058</u>	<u>1,350,946</u>
Total Contributions	<u>6,988,848</u>	<u>6,680,921</u>
Investment Income (Loss):		
Interest and Dividend Income	9,775,982	1,545,850
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(1,675,934)</u>	<u>12,418,664</u>
Total Investment Income	8,100,048	13,964,514
Less Investment Expenses	<u>(64,902)</u>	<u>(353,657)</u>
Net Investment Income (Loss)	<u>8,035,146</u>	<u>13,610,857</u>
Total Additions	<u>15,023,994</u>	<u>20,291,778</u>
DEDUCTIONS		
Benefits and Refunds	9,747,276	8,915,702
Administrative Expenses	<u>680,334</u>	<u>442,395</u>
Total Deductions	<u>10,427,610</u>	<u>9,358,097</u>
CHANGE IN NET POSITION	4,596,384	10,933,681
NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>179,724,990</u>	<u>168,791,309</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR	<u>\$ 184,321,374</u>	<u>\$ 179,724,990</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Fiduciary Net Position Pension Trust Fund - Asset Accumulation Plan June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 130,475</u>	<u>\$ 229,121</u>
Investments, at Fair Value:		
Mutual Funds	249,569,046	239,136,903
Collective Investment Trusts	18,185,552	18,551,068
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>74,717,882</u>	<u>71,022,400</u>
Total Investments	<u>342,472,480</u>	<u>328,710,371</u>
Receivables:		
Notes Receivable from Participants	<u>2,633,344</u>	<u>2,898,513</u>
Total Receivables	<u>2,633,344</u>	<u>2,898,513</u>
Total Assets	<u>345,236,299</u>	<u>331,838,005</u>
LIABILITIES		
Accounts Payable - To Other Plans	<u>130,475</u>	<u>216,914</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS	<u><u>\$ 345,105,824</u></u>	<u><u>\$ 331,621,091</u></u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Asset Accumulation Plan
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employer	\$ 11,186,044	\$ 10,695,238
Employees	9,445,064	9,005,693
Rollovers	1,189,140	628,589
	<u>21,820,248</u>	<u>20,329,520</u>
Investment Income (Loss):		
Interest and Dividend Income	3,275,365	2,668,200
Interest on Notes Receivable from Participants	110,093	123,773
Net Appreciation (Depreciation) in Fair Value of Investments	9,218,551	22,168,367
	<u>12,604,009</u>	<u>24,960,340</u>
Other Additions:		
Transfers from Other Plans	40,755	38,839
	<u>34,465,012</u>	<u>45,328,699</u>
DEDUCTIONS		
Benefits and Refunds	20,234,647	20,051,368
Administrative Expenses	72,012	66,780
Transfer to Other Plans	673,620	380,787
	<u>20,980,279</u>	<u>20,498,935</u>
CHANGE IN NET POSITION	13,484,733	24,829,764
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, BEGINNING OF YEAR	<u>331,621,091</u>	<u>306,791,327</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, END OF YEAR	<u>\$ 345,105,824</u>	<u>\$ 331,621,091</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Fiduciary Net Position Pension Trust Fund - Sheriff's Total Accumulation Retirement Plan June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 42,690	\$ 141,877
Investments, at Fair Value:		
Mutual Funds	4,101,652	2,835,655
Collective Investment Trusts	155,582	96,417
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>1,510,572</u>	<u>991,941</u>
Total Investments	<u>5,767,806</u>	<u>3,924,013</u>
Receivables:		
Employer Contributions	<u>20,834</u>	<u>-</u>
Total Receivables	<u>20,834</u>	<u>-</u>
Total Assets	<u>5,831,330</u>	<u>4,065,890</u>
LIABILITIES		
Accounts Payable - to Other Plans	<u>42,690</u>	<u>141,877</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS	<u><u>\$ 5,788,640</u></u>	<u><u>\$ 3,924,013</u></u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Sheriff's Total Accumulation Retirement Plan
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,385,768	\$ 1,115,839
Employees	682,454	557,921
Rollovers	1,691	-
	<u>2,069,913</u>	<u>1,673,760</u>
Total Contributions		
Investment Income:		
Interest and Dividend Income	42,350	23,445
Net Appreciation in Fair Value of Investments	118,160	218,652
	<u>160,510</u>	<u>242,097</u>
Net Investment Income		
Total Additions	<u>2,230,423</u>	<u>1,915,857</u>
DEDUCTIONS		
Benefits and Refunds	121,576	127,380
Transfers to Other Plans	244,220	255,547
	<u>365,796</u>	<u>382,927</u>
Total Deductions		
CHANGE IN NET POSITION	1,864,627	1,532,930
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, BEGINNING OF YEAR	<u>3,924,013</u>	<u>2,391,083</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, END OF YEAR	<u>\$ 5,788,640</u>	<u>\$ 3,924,013</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Fiduciary Net Position
Pension Trust Fund - Voluntary 457 Plan
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Investments, at Fair Value:		
Mutual Funds	\$ 18,814,411	\$ 17,046,495
Collective Investment Trusts	1,357,442	1,303,566
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>5,061,992</u>	<u>4,477,146</u>
Total Assets	<u>25,233,845</u>	<u>22,827,207</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS	<u>\$ 25,233,845</u>	<u>\$ 22,827,207</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Voluntary 457 Plan
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employee	\$ 2,528,955	\$ 2,434,893
Rollovers	483,349	231,348
	<u>3,012,304</u>	<u>2,666,241</u>
Investment Income (Loss):		
Interest and Dividend Income	236,061	186,661
Net Appreciation (Depreciation) in Fair Value of Investments	730,418	1,533,133
	<u>966,479</u>	<u>1,719,794</u>
Net Investment Income (Loss)		
	<u>3,978,783</u>	<u>4,386,035</u>
DEDUCTIONS		
Benefits and Refunds	1,568,293	1,675,718
Administrative Expense	3,852	3,599
	<u>1,572,145</u>	<u>1,679,317</u>
CHANGE IN NET POSITION	2,406,638	2,706,718
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, BEGINNING OF YEAR	<u>22,827,207</u>	<u>20,120,489</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, END OF YEAR	<u>\$ 25,233,845</u>	<u>\$ 22,827,207</u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Fiduciary Net Position
Other Employee Benefit Trust Fund - Employee Disability Plan**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Investments, at Fair Value:		
Mutual Funds	\$ 794,842	\$ 540,341
Collective Investment Trusts	244,675	176,266
Investments, at Contract Value:		
Guaranteed Investment Contracts	75,905	54,887
	<u>1,115,422</u>	<u>771,494</u>
Receivables:		
Receivable from Other Plans	173,165	358,791
	<u>173,165</u>	<u>358,791</u>
Total Assets	<u>1,288,587</u>	<u>1,130,285</u>
LIABILITIES		
Accounts Payable - Administrative Expenses	<u>117,624</u>	<u>139,593</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS	<u>\$ 1,170,963</u>	<u>\$ 990,692</u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Changes in Fiduciary Net Position
Other Employee Benefit Trust Fund - Employee Disability Plan
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employer	\$ 503,685	\$ 530,180
Investment Income (Loss):		
Interest and Dividend Income	53,786	64,473
Net Depreciation in Fair Value of Investments	(66,405)	100,892
Net Investment Income (Loss)	(12,619)	165,365
Other Additions:		
Transfers From Other Plans	917,840	636,334
Total Additions	1,408,906	1,331,879
DEDUCTIONS		
Benefits and Refunds	281,313	247,446
Administrative Expenses	906,567	1,354,788
Transfers to Other Plans	40,755	9,509
Total Deductions	1,228,635	1,611,743
CHANGE IN NET POSITION	180,271	(279,864)
NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR	990,692	1,270,556
NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR	\$ 1,170,963	\$ 990,692

KNOX COUNTY, TENNESSEE

**Comparative Statements of Fiduciary Net Position
Other Employee Benefit Trust Fund - Retiree Healthcare Plan
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Investments, at Fair Value:		
Mutual Funds	\$ 2,235,700	\$ 1,524,232
Collective Investment Trusts	694,806	499,245
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>214,489</u>	<u>155,607</u>
Total Assets	<u>3,144,995</u>	<u>2,179,084</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS	<u>\$ 3,144,995</u>	<u>\$ 2,179,084</u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Changes in Fiduciary Net Position
Other Employee Benefit Trust Fund - Retiree Healthcare Plan**

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employer	\$ 960,062	\$ 850,000
Investment Income (Loss):		
Interest and Dividend Income	64,730	106,070
Total Additions	<u>1,024,792</u>	<u>956,070</u>
DEDUCTIONS		
Administrative Expenses	<u>58,881</u>	<u>49,321</u>
Total Deductions	<u>58,881</u>	<u>49,321</u>
CHANGE IN NET POSITION	965,911	906,749
NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR	<u>2,179,084</u>	<u>1,272,335</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR	<u>\$ 3,144,995</u>	<u>\$ 2,179,084</u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Fiduciary Net Position
Pension Trust Fund - Medical Expense Retirement Plan
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Investments, at Fair Value:		
Mutual Funds	\$ 4,099,085	\$ 4,193,230
Collective Investment Trusts	1,171,860	1,263,523
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>465,190</u>	<u>420,800</u>
Total Assets	<u>5,736,135</u>	<u>5,877,553</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS	<u>\$ 5,736,135</u>	<u>\$ 5,877,553</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Medical Expense Retirement Plan
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employer	\$ 97,227	\$ 107,729
Employees	<u>202,449</u>	<u>212,345</u>
Total Contributions	<u>299,676</u>	<u>320,074</u>
Investment Income (Loss):		
Interest and Dividend Income	322,437	230,304
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(179,712)</u>	<u>300,287</u>
Net Investment Income (Loss)	<u>142,725</u>	<u>530,591</u>
Total Additions	<u>442,401</u>	<u>850,665</u>
DEDUCTIONS		
Benefits and Refunds	583,805	689,016
Administrative Expenses	<u>14</u>	<u>-</u>
Total Deductions	<u>583,819</u>	<u>689,016</u>
CHANGE IN NET POSITION	(141,418)	161,649
NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR	<u>5,877,553</u>	<u>5,715,904</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR	<u>\$ 5,736,135</u>	<u>\$ 5,877,553</u>

KNOX COUNTY, TENNESSEE

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2019

(With Comparative Totals for June 30, 2018)

	Municipal Sales Tax	Subdivision Bonds	External Agencies	Constitutional Officers	Totals	
					2019	Restated 2018
ASSETS						
Cash and Cash Equivalents	\$ 4,101,945	\$ 973,146	\$ 3,482,300	\$ 24,200,484	\$ 32,757,875	\$ 30,278,012
Receivables:						
Accounts	8,542,099	-	-	886,786	9,428,885	8,978,800
TOTAL ASSETS	\$ 12,644,044	\$ 973,146	\$ 3,482,300	\$ 25,087,270	\$ 42,186,760	\$ 39,256,812
LIABILITIES						
Accounts Payable	\$ 12,644,044	\$ -	\$ -	\$ -	\$ 12,644,044	\$ 8,198,569
Accrued Liabilities	-	973,146	3,482,300	-	4,455,446	5,669,785
Due to Other Governments	-	-	-	7,819,331	7,819,331	7,356,308
Due to Litigants, Heirs and Others	-	-	-	17,267,939	17,267,939	18,032,150
TOTAL LIABILITIES	\$ 12,644,044	\$ 973,146	\$ 3,482,300	\$ 25,087,270	\$ 42,186,760	\$ 39,256,812

KNOX COUNTY, TENNESSEE

Combining Statement of Changes in Fiduciary Assets and Liabilities Agency Funds

For the Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	Restated June 30, 2018	Additions	Deductions	June 30, 2019
<u>Municipal Sales Tax Fund</u>				
Assets:				
Cash and Cash Equivalents	\$ -	\$ 4,101,945	\$ -	\$ 4,101,945
Accounts Receivable	8,198,569	47,684,805	47,341,275	8,542,099
Total Assets	<u>\$ 8,198,569</u>	<u>\$ 51,786,750</u>	<u>\$ 47,341,275</u>	<u>\$ 12,644,044</u>
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 8,198,569	\$ 51,786,750	\$ 47,341,275	\$ 12,644,044
<u>Subdivision Bonds</u>				
Assets:				
Cash and Cash Equivalents	\$ 1,026,646	\$ 221,000	\$ 274,500	\$ 973,146
Accounts Receivable	78,000	-	78,000	-
Total Assets	<u>\$ 1,104,646</u>	<u>\$ 221,000</u>	<u>\$ 352,500</u>	<u>\$ 973,146</u>
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,104,646	\$ 221,000	\$ 352,500	\$ 973,146
<u>External Agencies Fund</u>				
Assets:				
Cash and Cash Equivalents	\$ 4,565,139	\$ 52,566,587	\$ 53,649,426	\$ 3,482,300
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 4,565,139	\$ 52,566,587	\$ 53,649,426	\$ 3,482,300
<u>Constitutional Officers Fund</u>				
Assets:				
Cash and Cash Equivalents	\$ 24,686,227	\$ 105,023,636	\$ 105,509,379	\$ 24,200,484
Accounts Receivable	702,231	886,786	702,231	886,786
Total Assets	<u>\$ 25,388,458</u>	<u>\$ 105,910,422</u>	<u>\$ 106,211,610</u>	<u>\$ 25,087,270</u>
Liabilities:				
Due to Others	\$ 25,388,458	\$ 105,910,422	\$ 106,211,610	\$ 25,087,270
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$ 30,278,012	\$ 161,913,168	\$ 159,433,305	\$ 32,757,875
Accounts Receivable	8,978,800	48,571,591	48,121,506	9,428,885
Total Assets	<u>\$ 39,256,812</u>	<u>\$ 210,484,759</u>	<u>\$ 207,554,811</u>	<u>\$ 42,186,760</u>
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 13,868,354	\$ 104,574,337	\$ 101,343,201	\$ 17,099,490
Due to Others	25,388,458	105,910,422	106,211,610	25,087,270
Total Liabilities	<u>\$ 39,256,812</u>	<u>\$ 210,484,759</u>	<u>\$ 207,554,811</u>	<u>\$ 42,186,760</u>

KNOX COUNTY, TENNESSEE
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2019

	Nonmajor Component Units			Total Nonmajor Component Units
	Knox County Emergency Communications District	Knox County Development Corporation	Knox County Railroad Authority	
Assets				
Cash and Cash Equivalents	\$ 18,743,051	\$ 14,681,658	\$ 11,280	\$ 33,435,989
Accounts Receivable	42,313	391,111	-	433,424
Land Held for Resale	-	29,082,591	-	29,082,591
Prepaid Items	123,869	32,161	-	156,030
Capital Assets:				
Land and Construction in Process	56,089	-	-	56,089
Other Capital Assets, Net of Accumulated Depreciation	15,722,237	4,036	-	15,726,273
Total Assets	<u>34,687,559</u>	<u>44,191,557</u>	<u>11,280</u>	<u>78,890,396</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	1,461,847	-	-	1,461,847
Liabilities				
Accounts Payable and Accrued Liabilities	529,616	1,770,912	-	2,300,528
Unearned Revenue	-	3,708	-	3,708
Other Long-term Obligations:				
Due in Less than One Year	351,149	-	-	351,149
Due in More than One Year	209,551	450,000	-	659,551
Total Liabilities	<u>1,090,316</u>	<u>2,224,620</u>	<u>-</u>	<u>3,314,936</u>
Net Position				
Investment in Capital Assets	15,778,326	4,036	-	15,782,362
Restricted for:				
Other Purposes	-	95,122	-	95,122
Unrestricted	19,280,764	41,867,779	11,280	61,159,823
Total Net Position	<u>\$ 35,059,090</u>	<u>\$ 41,966,937</u>	<u>\$ 11,280</u>	<u>\$ 77,037,307</u>

KNOX COUNTY, TENNESSEE

**Combining Statement of Activities
Nonmajor Component Units
For the Year Ended June 30, 2019**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Component Units</u>			<u>Total Nonmajor Component Units</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>The District</u>	<u>The Corporation</u>	<u>KCRA</u>	
Knox County Emergency Communications District	\$ 9,803,630	\$ 7,268,513	\$ -	\$ 48,000	\$ (2,487,117)	\$ -	\$ -	\$ (2,487,117)
Knox County Development Corporation	1,019,503	493,792	-	-	-	(525,711)	-	(525,711)
Knox County Railroad Authority	2,000	-	-	-	-	-	(2,000)	(2,000)
Total component units	<u>\$ 10,825,133</u>	<u>\$ 7,762,305</u>	<u>\$ -</u>	<u>\$ 48,000</u>	<u>(2,487,117)</u>	<u>(525,711)</u>	<u>(2,000)</u>	<u>(3,014,828)</u>
General Revenues:								
Investment Revenue					431,965	392,103	-	824,068
Payments from Primary Government					1,358,223	725,000	-	2,083,223
Other Revenues					2,026	-	-	2,026
Other Governments and Citizens Groups					-	101,290	-	101,290
Grants and Contributions Not Restricted for Specific Programs					1,719,140	-	-	1,719,140
Total General Revenues					<u>3,511,354</u>	<u>1,218,393</u>	<u>-</u>	<u>4,729,747</u>
Change in Net Position					1,024,237	692,682	(2,000)	1,714,919
Net Position, July 1					34,034,853	41,274,255	13,280	75,322,388
Net Position, June 30					<u>\$ 35,059,090</u>	<u>\$ 41,966,937</u>	<u>\$ 11,280</u>	<u>\$ 77,037,307</u>

KNOX COUNTY, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
For the Year Ended June 30, 2019

Governmental Activities, Payable through Debt Service Fund: Description of Indebtedness	Original Issue Amount	Interest Rate	Issuance Date	Last Maturity Date	Outstanding 7/1/2018	Transactions FY 2019:			Outstanding 6/30/2019
						Debt Issued	Principal Payments	Principal Refunded	
<u>Bonds Payable:</u>									
General Obligation, Series 2003	\$ 72,000,000	Variable Rate Swap to 3.95%	10/1/2003	6/1/2029	\$ 47,350,000	\$ -	\$ 3,125,000	\$ -	\$ 44,225,000
General Obligation Refunding, Series 2004	34,550,000	4.00 - 5.25%	11/18/2004	4/1/2020	10,400,000	-	5,400,000	-	5,000,000
General Obligation, Series 2004	70,000,000	Variable Rate Swap to 3.40%	9/23/2004	6/1/2029	52,900,000	-	3,600,000	-	49,300,000
General Obligation Refunding, Series 2005A	47,610,000	3.569 - 5.00%	5/10/2005	5/1/2021	16,915,000	-	5,365,000	-	11,550,000
General Obligation, Series 2005	77,000,000	Variable Rate Swap to 3.89%	8/18/2015	6/1/2034	58,500,000	-	2,375,000	-	56,125,000
General Obligation, Series 2007	69,000,000	Variable Rate	6/27/2007	6/1/2034	69,000,000	-	-	-	69,000,000
General Obligation, Series 2008	40,000,000	Variable Rate	11/4/2008	6/1/2029	26,660,000	-	1,875,000	-	24,785,000
General Obligation, Series 2010A (Taxable Build America Bonds)	16,000,000	1.10 - 5.75%	6/24/2010	6/1/2035	15,550,000	-	275,000	-	15,275,000
General Obligation Refunding, Series 2010B	30,115,000	2.00 - 5.00%	10/30/2010	4/1/2035	1,800,000	-	700,000	-	1,100,000
General Obligation Refunding, Series 2010C	32,560,000	2.00 - 4.00%	10/8/2010	4/1/2024	16,610,000	-	2,635,000	13,975,000	-
General Obligation, Series 2010D (Taxable Build America Bonds)	17,000,000	1.125 - 6.00%	12/15/2010	6/1/2035	16,725,000	-	50,000	-	16,675,000
General Obligation, Qualified School Construction Bonds Series 2010	29,236,000	0.00%	10/7/2010	7/1/2027	16,770,080	-	1,824,281	-	14,945,799
General Obligation, Series 2012	35,905,000	2.0 - 4.0%	3/15/2012	4/1/2032	12,300,000	-	720,000	-	11,580,000
General Obligation, Series 2013	39,075,000	2.0 - 4.25%	9/10/2013	6/1/2035	3,200,000	-	1,575,000	-	1,625,000
General Obligation, Series 2014A	30,040,000	2.125 - 5.00%	10/30/2014	6/1/2036	27,390,000	-	1,830,000	-	25,560,000
General Obligation Refunding, Series 2014B	56,840,000	.25 - 3.23%	10/30/2014	6/1/2027	44,435,000	-	3,090,000	-	41,345,000
General Obligation Refunding, Series 2015	16,020,000	5.00%	3/25/2015	4/1/2019	4,325,000	-	4,325,000	-	-
General Obligation, Series 2016	35,900,000	1.0 - 5.0%	4/15/2016	6/1/2036	33,225,000	-	1,500,000	-	31,725,000
General Obligation, Series 2017	90,265,000	3.0 - 5.0%	5/1/2017	6/1/2037	87,730,000	-	2,975,000	-	84,755,000
General Obligation Refunding, Series 2017B	57,780,000	2.0 - 5.0%	12/1/2017	6/1/2035	57,780,000	-	-	-	57,780,000
General Obligation, Series 2018	33,165,000	4.0 - 5.0%	7/24/2018	6/1/2038	-	33,165,000	1,655,000	-	31,510,000
General Obligation/Refunding, Series 2019	45,610,000	2.75 - 5.0%	5/15/2019	4/1/2038	-	45,610,000	-	-	45,610,000
Total Bonds Payable through Debt Service Fund					\$ 619,565,080	\$ 78,775,000	\$ 44,894,281	\$ 13,975,000	\$ 639,470,799
<u>Loan Payable:</u>									
Energy Efficient Schools Initiative Loan (State of Tennessee) Loan Payable through Debt Service Fund	\$ 5,007,192	0.75%	11/2/2011	7/1/2024	\$ 2,594,665	\$ -	\$ 418,428	\$ -	\$ 2,176,237
<u>Capital Leases Payable:</u>									
Master Lease Agreement	\$ 13,182,024	2.19%	4/15/2013	2/1/2028	\$ 9,213,670	\$ -	\$ 833,709	\$ -	\$ 8,379,961
Lease Financing Agreement	14,872,404	3.10%	5/30/2014	8/1/2030	13,150,230	-	682,033	-	12,468,197
Equipment Lease/Purchase Contract (Qualified Energy Conservation Bond Allocation from State of Tennessee)	12,450,000	4.87%	6/30/2015	12/1/2036	11,815,246	-	320,710	-	11,494,536
Total Capital Leases Payable through Debt Service Fund					\$ 34,179,146	\$ -	\$ 1,836,452	\$ -	\$ 32,342,694

KNOX COUNTY, TENNESSEE

Knox County Primary Government and Board of Education
 Schedule of Debt Service Requirements
 General Bonded Debt
 June 30, 2019

Fiscal Year Ending June 30,	\$72,000,000 General Obligation Series 2003		\$34,550,000 General Obligation Refunding Series 2004		\$70,000,000 General Obligation Series 2004		\$47,610,000 General Obligation Refunding Series 2005A		\$77,000,000 General Obligation Series 2005		\$69,000,000 General Obligation Series 2007		\$40,000,000 General Obligation Series 2008		\$16,000,000 Build America Bonds Series 2010A		\$30,115,000 Refunding Bonds Series 2010B		\$17,000,000 Build America Bonds Series 2010D	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 3,300,000	\$ 1,990,125	\$ 5,000,000	\$ 250,000	\$ 3,810,000	\$ 1,972,000	\$ 5,630,000	\$ 577,500	\$ 2,500,000	\$ 2,525,625	\$ -	\$ 3,450,000	\$ 1,970,000	\$ 1,239,250	\$ 525,000	\$ 821,888	\$ 1,100,000	\$ 55,000	\$ 250,000	\$ 922,063
2021	3,525,000	1,841,625	-	-	4,030,000	1,819,600	5,920,000	296,000	2,625,000	2,413,125	-	3,450,000	2,070,000	1,140,750	625,000	798,000	-	-	250,000	911,750
2022	3,750,000	1,683,000	-	-	4,260,000	1,658,400	-	-	1,075,000	2,295,000	-	3,450,000	2,175,000	1,037,250	725,000	769,563	-	-	500,000	900,500
2023	3,975,000	1,514,250	-	-	4,500,000	1,488,000	-	-	1,000,000	2,246,625	-	3,450,000	2,280,000	928,500	725,000	736,575	-	-	500,000	878,000
2024	4,225,000	1,335,375	-	-	4,760,000	1,308,000	-	-	1,050,000	2,201,625	-	3,450,000	2,395,000	814,500	700,000	703,588	-	-	500,000	855,500
2025	4,500,000	1,145,250	-	-	5,020,000	1,117,600	-	-	1,100,000	2,154,375	-	3,450,000	2,515,000	694,750	650,000	671,738	-	-	500,000	833,000
2026	4,775,000	942,750	-	-	5,300,000	916,800	-	-	1,150,000	2,104,875	-	3,450,000	2,640,000	569,000	1,225,000	642,163	-	-	500,000	810,500
2027	5,075,000	727,875	-	-	5,580,000	704,800	-	-	1,175,000	2,053,125	6,475,000	3,450,000	2,775,000	437,000	100,000	575,400	-	-	1,300,000	785,500
2028	5,375,000	499,500	-	-	5,870,000	481,600	-	-	1,225,000	2,000,250	7,675,000	3,126,250	2,910,000	298,250	100,000	569,850	-	-	1,350,000	714,000
2029	5,725,000	257,625	-	-	6,170,000	246,800	-	-	1,275,000	1,945,125	8,075,000	2,742,500	3,055,000	152,750	100,000	564,300	-	-	1,400,000	639,750
2030	-	-	-	-	-	-	-	-	7,750,000	1,887,750	8,450,000	2,338,750	-	-	1,075,000	558,750	-	-	1,450,000	562,750
2031	-	-	-	-	-	-	-	-	8,050,000	1,539,000	8,900,000	1,916,250	-	-	1,075,000	499,088	-	-	1,500,000	483,000
2032	-	-	-	-	-	-	-	-	8,375,000	1,176,750	9,325,000	1,471,250	-	-	1,175,000	437,275	-	-	1,575,000	400,500
2033	-	-	-	-	-	-	-	-	8,700,000	799,875	9,800,000	1,005,000	-	-	1,275,000	369,713	-	-	1,625,000	306,000
2034	-	-	-	-	-	-	-	-	9,075,000	408,375	10,300,000	515,000	-	-	1,375,000	296,400	-	-	1,700,000	208,500
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,825,000	218,025	-	-	1,775,000	106,500
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 44,225,000	\$ 11,937,375	\$ 5,000,000	\$ 250,000	\$49,300,000	\$11,713,600	\$11,550,000	\$ 873,500	\$56,125,000	\$27,751,500	\$69,000,000	\$40,715,000	\$24,785,000	\$ 7,312,000	\$15,275,000	\$ 9,232,316	\$ 1,100,000	\$ 55,000	\$16,675,000	\$10,317,813

continued

KNOX COUNTY, TENNESSEE

Knox County Primary Government and Board of Education
 Schedule of Debt Service Requirements
 General Bonded Debt (Continued)
 June 30, 2019

Fiscal Year	\$29,236,000		\$35,905,000		\$39,075,000		\$30,040,000		\$56,840,000		\$35,900,000		\$90,265,000		\$57,780,000		\$33,165,000		\$45,610,000		Totals	
Ending June 30,	Qualified School Construction Bonds Series 2010		General Obligation Bonds Series 2012		General Obligation Bonds Series 2013		General Obligation Bonds Series 2014A		Refunding Bonds Series 2014B		General Obligation Bonds Series 2016		General Obligation Bonds Series 2017		Refunding Bonds Series 2017B		General Obligation Bonds Series 2018		G.O. and Refunding Bonds Series 2019			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,824,281	\$ 1,417,361	\$ 735,000	\$ 327,200	\$ 1,625,000	\$ 48,750	\$ 1,920,000	\$ 847,162	\$ 3,140,000	\$ 1,131,586	\$ 2,100,000	\$ 1,065,626	\$ 3,120,000	\$ 3,412,425	\$ -	\$ 2,041,610	\$ 1,660,000	\$ 1,426,400	\$ 3,760,000	\$ 1,705,440	\$ 43,969,281	\$ 27,227,011
2021	1,824,281	1,417,361	750,000	297,800	-	-	1,170,000	751,162	5,995,000	1,065,646	2,175,000	960,626	3,275,000	3,256,425	1,985,000	2,041,610	1,660,000	1,343,400	3,755,000	1,754,906	41,634,281	25,559,786
2022	1,824,281	1,417,361	780,000	282,800	-	-	1,230,000	692,662	6,105,000	925,364	1,425,000	922,563	3,440,000	3,092,675	3,020,000	1,942,360	1,660,000	1,260,400	3,980,000	1,567,156	35,949,281	23,897,054
2023	1,824,281	1,417,361	800,000	267,200	-	-	1,260,000	661,912	6,245,000	770,296	1,475,000	851,313	3,615,000	2,920,675	3,205,000	1,791,360	1,660,000	1,177,400	4,210,000	1,368,156	37,274,281	22,467,623
2024	1,824,281	1,417,361	825,000	249,200	-	-	1,285,000	635,138	6,340,000	602,930	1,525,000	777,563	3,790,000	2,739,925	3,365,000	1,631,110	1,660,000	1,094,400	3,440,000	1,157,656	37,684,281	20,973,871
2025	1,824,281	1,417,361	850,000	228,575	-	-	1,315,000	603,013	6,510,000	420,338	1,575,000	701,313	3,985,000	2,550,425	3,480,000	1,462,860	1,660,000	1,011,400	3,415,000	985,656	36,899,281	19,447,654
2026	1,824,281	1,417,361	875,000	205,200	-	-	1,350,000	573,425	6,675,000	223,086	1,625,000	622,563	4,180,000	2,351,175	3,595,000	1,288,860	1,660,000	928,400	3,148,000	914,906	38,859,281	17,961,064
2027	2,003,856	1,417,361	900,000	178,950	-	-	1,380,000	539,675	335,000	10,820	1,675,000	590,063	4,390,000	2,142,175	3,915,000	1,109,110	1,660,000	845,400	1,560,000	840,656	40,298,856	16,407,910
2028	171,976	139,589	950,000	151,950	-	-	1,425,000	498,275	-	-	1,750,000	544,000	4,615,000	1,922,675	3,995,000	1,030,810	1,660,000	762,400	1,640,000	762,656	40,711,976	13,502,055
2029	-	-	1,000,000	123,450	-	-	1,470,000	455,525	-	-	1,800,000	495,874	4,795,000	1,738,075	3,930,000	940,923	1,660,000	679,400	1,725,000	680,656	42,180,000	11,662,753
2030	-	-	1,000,000	93,450	-	-	1,515,000	411,425	-	-	1,875,000	446,374	5,035,000	1,498,325	4,190,000	847,584	1,660,000	596,400	1,810,000	594,406	35,810,000	9,835,964
2031	-	-	1,040,000	63,450	-	-	1,560,000	358,400	-	-	1,950,000	390,124	5,285,000	1,246,575	4,365,000	679,985	1,660,000	530,000	1,885,000	522,006	37,270,000	8,227,878
2032	-	-	1,075,000	32,250	-	-	1,615,000	303,800	-	-	2,000,000	331,624	5,445,000	1,088,025	4,460,000	557,765	1,660,000	463,600	1,955,000	446,606	38,660,000	6,709,445
2033	-	-	-	-	-	-	1,675,000	247,275	-	-	2,075,000	271,624	5,610,000	924,675	4,465,000	428,425	1,655,000	397,200	2,010,000	392,844	39,030,000	5,142,631
2034	-	-	-	-	-	-	1,735,000	188,650	-	-	2,150,000	209,374	5,775,000	756,375	4,715,000	292,578	1,655,000	331,000	2,070,000	332,544	40,550,000	3,538,796
2035	-	-	-	-	-	-	1,795,000	127,925	-	-	2,225,000	142,187	5,950,000	583,125	4,955,000	151,127	1,655,000	264,800	2,130,000	273,031	24,310,000	1,866,720
2036	-	-	-	-	-	-	1,860,000	65,100	-	-	2,325,000	72,656	6,130,000	404,625	-	-	1,655,000	198,600	2,195,000	209,131	14,165,000	950,112
2037	-	-	-	-	-	-	-	-	-	-	-	-	6,320,000	205,400	-	-	1,655,000	132,400	2,260,000	143,281	10,235,000	481,081
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,655,000	66,200	2,325,000	72,657	3,980,000	138,857
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 14,945,799	\$ 11,478,477	\$ 11,580,000	\$ 2,501,475	\$ 1,625,000	\$ 48,750	\$ 25,560,000	\$ 7,960,524	\$ 41,345,000	\$ 5,150,066	\$ 31,725,000	\$ 9,395,467	\$ 84,755,000	\$ 32,833,775	\$ 57,780,000	\$ 18,238,077	\$ 31,510,000	\$ 13,509,200	\$ 45,610,000	\$ 14,724,350	\$ 639,470,799	\$ 235,998,265

KNOX COUNTY, TENNESSEE

**Knox County Primary Government
Schedule of Debt Service Requirements
General Bonded Debt
June 30, 2019**

Fiscal Year Ending June 30,	\$40,000,000 General Obligation Series 2003		\$14,337,717 General Obligation Refunding Series 2004		\$46,000,000 General Obligation Series 2004		\$29,083,377 General Obligation Refunding Series 2005A		\$50,000,000 General Obligation Series 2005		\$50,450,000 General Obligation Series 2007		\$26,000,000 General Obligation Series 2008		\$1,000,000 Build America Bonds Series 2010A		\$30,115,000 Refunding Bonds Series 2010B		\$17,000,000 Build America Bonds Series 2010D		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	1,843,733	1,103,336	2,074,923	102,983	2,503,714	1,295,886	3,524,181	358,113	1,623,377	1,640,016	-	2,522,500	1,280,500	805,512	32,813	51,368	1,100,000	55,000	250,000	922,063	
2021	1,953,000	1,021,007	-	-	2,648,286	1,195,737	3,701,333	183,552	1,704,545	1,566,964	-	2,522,500	1,345,500	741,487	39,062	49,876	-	-	250,000	911,750	
2022	2,064,367	933,064	-	-	2,799,429	1,089,806	-	-	698,052	1,490,260	-	2,522,500	1,413,750	674,212	45,312	48,098	-	-	500,000	900,500	
2023	1,978,567	839,508	-	-	2,957,143	977,829	-	-	649,351	1,458,847	-	2,522,500	1,482,000	603,525	45,312	46,036	-	-	500,000	878,000	
2024	2,097,367	740,339	-	-	3,128,000	859,543	-	-	681,818	1,429,627	-	2,522,500	1,556,750	529,425	43,750	43,974	-	-	500,000	855,500	
2025	2,225,050	634,933	-	-	3,298,857	734,423	-	-	714,286	1,398,945	-	2,522,500	1,634,750	451,587	40,625	41,984	-	-	500,000	833,000	
2026	2,353,433	522,666	-	-	3,482,857	602,469	-	-	746,753	1,366,802	-	2,522,500	1,716,000	369,850	76,562	40,135	-	-	500,000	810,500	
2027	2,489,317	403,538	-	-	3,666,857	463,154	-	-	762,987	1,333,198	4,734,257	2,522,500	1,803,750	284,050	6,250	35,963	-	-	1,300,000	785,500	
2028	2,487,500	276,925	-	-	3,857,429	316,480	-	-	795,455	1,298,864	5,611,649	2,285,787	1,891,500	193,862	6,250	35,616	-	-	1,350,000	714,000	
2029	2,638,332	142,829	-	-	4,054,570	162,183	-	-	827,922	1,263,068	5,904,112	2,005,205	1,985,750	99,287	6,250	35,269	-	-	1,400,000	639,750	
2030	-	-	-	-	-	-	-	-	5,032,468	1,225,812	6,178,297	1,709,999	-	-	67,187	34,922	-	-	1,450,000	562,750	
2031	-	-	-	-	-	-	-	-	5,227,273	999,351	6,507,319	1,401,084	-	-	67,187	31,194	-	-	1,500,000	483,000	
2032	-	-	-	-	-	-	-	-	5,438,312	764,123	6,818,062	1,075,718	-	-	73,437	27,330	-	-	1,575,000	400,500	
2033	-	-	-	-	-	-	-	-	5,649,351	519,399	7,165,362	734,815	-	-	79,687	23,108	-	-	1,625,000	306,000	
2034	-	-	-	-	-	-	-	-	5,892,857	265,179	7,530,942	376,547	-	-	85,937	18,525	-	-	1,700,000	208,500	
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	239,062	13,626	-	-	1,775,000	106,500	
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 22,130,666	\$ 6,618,145	\$ 2,074,923	\$ 102,983	\$32,397,142	\$ 7,697,510	\$ 7,225,514	\$ 541,665	\$36,444,807	\$18,020,455	\$50,450,000	\$29,769,155	\$16,110,250	\$ 4,752,797	\$ 954,683	\$ 577,024	\$ 1,100,000	\$ 55,000	\$16,675,000	\$10,317,813	

continued

KNOX COUNTY, TENNESSEE

Knox County Primary Government
 Schedule of Debt Service Requirements
 General Bonded Debt (Continued)
 June 30, 2019

Fiscal Year Ending June 30,	\$17,090,000 General Obligation Bonds Series 2012		\$20,962,906 General Obligation Bonds Series 2013		\$15,505,000 General Obligation Bonds Series 2014A		\$52,810,000 Refunding Bonds Series 2014B		\$16,515,000 General Obligation Bonds Series 2016		\$31,680,000 General Obligation Bonds Series 2017		\$42,420,000 Refunding Bonds Series 2017B		\$24,177,185 General Obligation Bonds Series 2018		\$25,670,000 G.O. and Refunding Bonds Series 2019		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	285,000	126,550	871,778	26,153	1,305,000	402,256	3,140,000	1,131,586	1,310,000	464,782	1,095,000	1,197,575	-	1,491,545	1,210,135	1,039,841	1,630,000	934,022	25,080,154	15,671,087
2021	295,000	115,150	-	-	525,000	337,006	5,995,000	1,065,646	1,360,000	399,282	1,150,000	1,142,825	1,210,000	1,491,545	1,210,135	979,335	1,585,000	982,575	24,971,861	14,706,237
2022	300,000	109,250	-	-	550,000	310,756	6,105,000	925,364	580,000	375,481	1,205,000	1,085,325	2,210,000	1,431,045	1,210,135	918,828	1,665,000	903,325	21,346,045	13,717,814
2023	310,000	103,250	-	-	565,000	297,006	6,245,000	770,296	600,000	346,481	1,270,000	1,025,075	2,330,000	1,320,545	1,210,135	858,321	1,750,000	820,075	21,892,508	12,867,294
2024	320,000	96,275	-	-	575,000	285,000	6,340,000	602,930	620,000	316,481	1,330,000	961,575	2,445,000	1,204,045	1,210,135	797,814	1,840,000	732,575	22,687,820	11,977,603
2025	330,000	88,275	-	-	590,000	270,625	6,510,000	420,338	640,000	285,481	1,400,000	895,075	2,520,000	1,081,795	1,210,135	737,308	920,000	640,575	22,533,703	11,036,844
2026	340,000	79,200	-	-	605,000	257,350	6,675,000	223,086	665,000	253,481	1,465,000	825,075	2,590,000	955,795	1,210,135	676,801	965,000	594,575	23,390,740	10,100,285
2027	345,000	69,000	-	-	620,000	242,225	335,000	10,820	685,000	240,181	1,540,000	751,825	2,870,000	826,295	1,210,135	616,294	1,015,000	546,325	23,383,553	9,130,868
2028	365,000	58,650	-	-	640,000	223,625	-	-	710,000	221,344	1,620,000	674,825	2,945,000	768,895	1,210,135	555,787	1,065,000	495,575	24,554,918	8,120,235
2029	390,000	47,700	-	-	660,000	204,425	-	-	735,000	201,818	1,685,000	610,025	2,870,000	702,633	1,210,135	495,281	1,120,000	442,325	25,487,071	7,051,798
2030	390,000	36,000	-	-	680,000	184,625	-	-	760,000	181,606	1,765,000	525,775	3,125,000	634,469	1,210,135	434,774	1,175,000	386,325	21,833,087	5,917,057
2031	400,000	24,300	-	-	700,000	160,825	-	-	790,000	158,806	1,855,000	437,525	3,250,000	509,470	1,210,135	386,368	1,225,000	339,325	22,731,914	4,931,248
2032	410,000	12,300	-	-	725,000	136,325	-	-	815,000	135,106	1,910,000	381,875	3,335,000	418,470	1,210,135	337,963	1,270,000	290,325	23,579,946	3,980,035
2033	-	-	-	-	750,000	110,950	-	-	850,000	110,656	1,970,000	324,575	3,445,000	321,755	1,206,490	289,558	1,305,000	255,400	24,045,890	2,996,216
2034	-	-	-	-	780,000	84,700	-	-	875,000	85,156	2,025,000	265,475	3,520,000	220,128	1,206,490	241,298	1,345,000	216,250	24,961,226	1,981,758
2035	-	-	-	-	805,000	57,400	-	-	900,000	57,812	2,090,000	204,725	3,755,000	114,527	1,206,490	193,038	1,385,000	177,581	12,155,552	925,209
2036	-	-	-	-	835,000	29,225	-	-	950,000	29,688	2,150,000	142,025	-	-	1,206,490	144,779	1,425,000	136,031	6,566,490	481,748
2037	-	-	-	-	-	-	-	-	-	-	2,220,000	72,150	-	-	1,206,490	96,519	1,470,000	93,281	4,896,490	261,950
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,206,490	48,260	1,515,000	47,344	2,721,490	95,604
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 4,480,000	\$ 965,900	\$ 871,778	\$ 26,153	\$ 11,910,000	\$ 3,594,324	\$ 41,345,000	\$ 5,150,066	\$ 13,845,000	\$ 3,863,642	\$ 29,745,000	\$ 11,523,325	\$ 42,420,000	\$ 13,492,957	\$ 22,970,695	\$ 9,848,167	\$ 25,670,000	\$ 9,033,809	\$ 378,820,458	\$ 135,950,890

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Schedule of Debt Service Requirements
General Bonded Debt
June 30, 2019**

Fiscal Year Ending June 30,	\$32,000,000 General Obligation Series 2003		\$20,212,283 General Obligation Refunding Series 2004		\$24,000,000 General Obligation Series 2004		\$18,526,623 General Obligation Refunding Series 2005A		\$27,000,000 General Obligation Series 2005		\$18,550,000 General Obligation Series 2007		\$14,000,000 General Obligation Series 2008		\$15,000,000 Build America Bonds Series 2010A		\$29,236,000 Qualified School Construction Bonds Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,456,267	\$ 886,789	\$ 2,925,077	\$ 147,017	\$ 1,306,286	\$ 676,114	\$ 2,105,819	\$ 219,387	\$ 876,623	\$ 885,609	\$ -	\$ 927,500	\$ 689,500	\$ 433,738	\$ 492,187	\$ 770,520	\$ 1,824,281	\$ 1,417,361
2021	1,572,000	820,618	-	-	1,381,714	623,863	2,218,667	112,448	920,455	846,161	-	927,500	724,500	399,263	585,938	748,124	1,824,281	1,417,361
2022	1,685,633	749,936	-	-	1,460,571	568,594	-	-	376,948	804,740	-	927,500	761,250	363,038	679,688	721,465	1,824,281	1,417,361
2023	1,996,433	674,742	-	-	1,542,857	510,171	-	-	350,649	787,778	-	927,500	798,000	324,975	679,688	690,539	1,824,281	1,417,361
2024	2,127,633	595,036	-	-	1,632,000	448,457	-	-	368,182	771,998	-	927,500	838,250	285,075	656,250	659,614	1,824,281	1,417,361
2025	2,274,950	510,317	-	-	1,721,143	383,177	-	-	385,714	755,430	-	927,500	880,250	243,163	609,375	629,754	1,824,281	1,417,361
2026	2,421,567	420,084	-	-	1,817,143	314,331	-	-	403,247	738,073	-	927,500	924,000	199,150	1,148,438	602,028	1,824,281	1,417,361
2027	2,585,683	324,337	-	-	1,913,143	241,646	-	-	412,013	719,927	1,740,743	927,500	971,250	152,950	93,750	539,437	2,003,856	1,417,361
2028	2,887,500	222,575	-	-	2,012,571	165,120	-	-	429,545	701,386	2,063,351	840,463	1,018,500	104,388	93,750	534,234	171,976	139,589
2029	3,086,668	114,796	-	-	2,115,430	84,617	-	-	447,078	682,057	2,170,888	737,295	1,069,250	53,463	93,750	529,031	-	-
2030	-	-	-	-	-	-	-	-	2,717,532	661,938	2,271,703	628,751	-	-	1,007,813	523,828	-	-
2031	-	-	-	-	-	-	-	-	2,822,727	539,649	2,392,681	515,166	-	-	1,007,813	467,894	-	-
2032	-	-	-	-	-	-	-	-	2,936,688	412,627	2,506,938	395,532	-	-	1,101,563	409,945	-	-
2033	-	-	-	-	-	-	-	-	3,050,649	280,476	2,634,638	270,185	-	-	1,195,313	346,605	-	-
2034	-	-	-	-	-	-	-	-	3,182,143	143,196	2,769,058	138,453	-	-	1,289,063	277,875	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,585,938	204,399	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 22,094,334	\$ 5,319,230	\$ 2,925,077	\$ 147,017	\$ 16,902,858	\$ 4,016,090	\$ 4,324,486	\$ 331,835	\$ 19,680,193	\$ 9,731,045	\$ 18,550,000	\$ 10,945,845	\$ 8,674,750	\$ 2,559,203	\$ 14,320,317	\$ 8,655,292	\$ 14,945,799	\$ 11,478,477

continued

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Schedule of Debt Service Requirements
General Bonded Debt (Continued)
June 30, 2019**

Fiscal Year Ending June 30,	\$18,815,000 General Obligation Bonds Series 2012		\$18,112,094 General Obligation Bonds Series 2013		\$14,535,000 General Obligation Bonds Series 2014A		\$19,385,000 General Obligation Bonds Series 2016		\$58,585,000 General Obligation Bonds Series 2017		\$15,360,000 Refunding Bonds Series 2017B		\$8,987,815 General Obligation Bonds Series 2018		\$19,940,000 G.O. and Refunding Bonds Series 2019		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 450,000	\$ 200,650	\$ 753,222	\$ 22,597	\$ 615,000	\$ 444,906	\$ 790,000	\$ 600,844	\$ 2,025,000	\$ 2,214,850	\$ -	\$ 550,065	\$ 449,865	\$ 386,559	2,130,000	771,418	\$ 18,889,127	\$ 11,555,924
2021	455,000	182,650	-	-	645,000	414,156	815,000	561,344	2,125,000	2,113,600	775,000	550,065	449,865	364,065	2,170,000	772,331	16,662,420	10,853,549
2022	480,000	173,550	-	-	680,000	381,906	845,000	547,082	2,235,000	2,007,350	810,000	511,315	449,865	341,572	2,315,000	663,831	14,603,236	10,179,240
2023	490,000	163,950	-	-	695,000	364,906	875,000	504,832	2,345,000	1,895,600	875,000	470,815	449,865	319,079	2,460,000	548,081	15,381,773	9,600,329
2024	505,000	152,925	-	-	710,000	350,138	905,000	461,082	2,460,000	1,778,350	920,000	427,065	449,865	296,586	1,600,000	425,081	14,996,461	8,996,268
2025	520,000	140,300	-	-	725,000	332,388	935,000	415,832	2,585,000	1,655,350	960,000	381,065	449,865	274,092	495,000	345,081	14,365,578	8,410,810
2026	535,000	126,000	-	-	745,000	316,075	960,000	369,082	2,715,000	1,526,100	1,005,000	333,065	449,865	251,599	520,000	320,331	15,468,541	7,860,779
2027	555,000	109,950	-	-	760,000	297,450	990,000	349,882	2,850,000	1,390,350	1,045,000	282,815	449,865	229,106	545,000	294,331	16,915,303	7,277,042
2028	585,000	93,300	-	-	785,000	274,650	1,040,000	322,656	2,995,000	1,247,850	1,050,000	261,915	449,865	206,613	575,000	267,081	16,157,058	5,381,820
2029	610,000	75,750	-	-	810,000	251,100	1,065,000	294,056	3,110,000	1,128,050	1,060,000	238,290	449,865	184,119	605,000	238,331	16,692,929	4,610,955
2030	610,000	57,450	-	-	835,000	226,800	1,115,000	264,768	3,270,000	972,550	1,065,000	213,115	449,865	161,626	635,000	208,081	13,976,913	3,918,907
2031	640,000	39,150	-	-	860,000	197,575	1,160,000	231,318	3,430,000	809,050	1,115,000	170,515	449,865	143,632	660,000	182,681	14,538,086	3,296,630
2032	665,000	19,950	-	-	890,000	167,475	1,185,000	196,518	3,535,000	706,150	1,125,000	139,295	449,865	125,637	685,000	156,281	15,080,054	2,729,410
2033	-	-	-	-	925,000	136,325	1,225,000	160,968	3,640,000	600,100	1,160,000	106,670	448,510	107,642	705,000	137,444	14,984,110	2,146,415
2034	-	-	-	-	955,000	103,950	1,275,000	124,218	3,750,000	490,900	1,195,000	72,450	448,510	89,702	725,000	116,294	15,588,774	1,557,038
2035	-	-	-	-	990,000	70,525	1,325,000	84,375	3,860,000	378,400	1,200,000	36,600	448,510	71,762	745,000	95,450	12,154,448	941,511
2036	-	-	-	-	1,025,000	35,875	1,375,000	42,968	3,980,000	262,600	-	-	448,510	53,821	770,000	73,100	7,598,510	468,364
2037	-	-	-	-	-	-	-	-	4,100,000	133,250	-	-	448,510	35,881	790,000	50,000	5,338,510	219,131
2038	-	-	-	-	-	-	-	-	-	-	-	-	448,510	17,940	810,000	25,313	1,258,510	43,253
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 7,100,000	\$ 1,535,575	\$ 753,222	\$ 22,597	\$ 13,650,000	\$ 4,366,200	\$ 17,880,000	\$ 5,531,825	\$ 55,010,000	\$ 21,310,450	\$ 15,360,000	\$ 4,745,120	\$ 8,539,305	\$ 3,661,033	\$ 19,940,000	\$ 5,690,541	\$ 260,650,341	\$ 100,047,375

KNOX COUNTY, TENNESSEE

***Schedule of Salaries and Insurance Coverage of Principal Elected Officials
For the year ended June 30, 2019***

OFFICIAL	AUTHORIZATION FOR SALARY	SALARY PAID DURING YEAR	POLICY AMOUNT	INSURANCE COMPANY
Assessor of Property	Section 8-24-102 (k), T.C.A.	\$ 151,593	\$ 400,000	Hiscox Insurance
Attorney General	Section 8-6-104, T.C.A.	\$ 14,648	N/A	N/A
Circuit and Civil Sessions Court Clerk *	Section 8-24-102 (k), T.C.A.	\$ 145,001	\$ 400,000	Hiscox Insurance
County Clerk *	Section 8-24-102 (k), T.C.A.	\$ 132,520	\$ 400,000	Hiscox Insurance
County Mayor *	Section 8-24-102, T.C.A.	\$ 176,358	\$ 400,000	Hiscox Insurance
Criminal and Fourth Circuit Court Clerk	Section 8-24-102 (k), T.C.A.	\$ 145,001	\$ 400,000	Hiscox Insurance
Law Director	Section 3.08, Knox County Charter	\$ 176,360	N/A	N/A
Register of Deeds *	Section 8-24-102 (k), T.C.A.	\$ 161,007	\$ 400,000	Hiscox Insurance
Sheriff *	Section 8-24-102 (j), T.C.A.	\$ 166,752	\$ 100,000	Hartford Fire Insurance
Trustee	Section 8-24-102 (k), T.C.A.	\$ 131,819	\$ 17,431,456	Hartford Fire & Hiscox Insurance

* Includes salaries for both incoming and outgoing Elected Officials.

DISCRETELY PRESENTED COMPONENT UNIT KNOX COUNTY BOARD OF EDUCATION

This section presents combining and individual fund financial statements for the Knox County Board of Education (the Board), a discretely presented component unit. The Board uses a general fund, a capital projects fund, three special revenue funds, a pension trust fund, and an agency fund. This section also includes the Statement of Net Position and Statement of Activities for the Board and its discretely presented component unit, the Great Schools Partnership.

MAJOR FUNDS

GENERAL FUND

General Purpose School Fund: This fund is used to account for general operations of the Board. Major funding is provided through local tax levies and state education funds.

CAPITAL PROJECTS FUND

School Construction Fund: This fund is used to account for building construction and renovations of the Board.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

School Federal Projects Fund: This fund is used to account for restricted federal revenues that must be expended on specific education programs.

School General Projects Fund: This fund is used to account for state, local and federal pass-through revenues which must be expended on specific education programs.

Central Cafeteria Fund: This fund is used to account for the cafeteria operations in each of the individual schools. The primary sources of funding are federal and state revenues for the school lunch program and sales to students and adults.

FIDUCIARY FUND

Pension Trust Fund – Teacher’s Plan: This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees covered under the Board’s defined benefit plan for certificated teachers.

AGENCY FUND

Internal School Fund: This fund accounts for the activity related to individual public school funds held in an agency capacity since these funds legally belong to students.

Knox County Board of Education

Statement of Net Position

June 30, 2019

	Board of Education	Component Unit	
	Total -- Governmental Activities	Great Schools Partnership	Total Component Unit
Assets			
Cash and Cash Equivalents	\$ 23,219,436	\$ 1,645,951	\$ 24,865,387
Investments	14,135,021	3,602,118	17,737,139
Accounts Receivable	15,222,633	679,864	15,902,497
Local Taxes Receivable, net	135,685,691	-	135,685,691
Inventories	2,444,725	-	2,444,725
Prepaid Items	438,120	18,925	457,045
Other Assets	-	1,000	1,000
Net Pension Asset	27,502,952	-	27,502,952
Capital Assets:			
Land and Construction in Process	23,725,060	-	23,725,060
Other Capital Assets, Net of Accumulated Depreciation	416,208,579	34,766	416,243,345
Total Assets	658,582,217	5,982,624	664,564,841
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	43,418,763	-	43,418,763
Deferred Outflows Related to Other Post-Employment Benefits	3,182,055	-	3,182,055
Total Deferred Inflows of Resources	46,600,818	-	46,600,818
Liabilities			
Accounts Payable and Accrued Liabilities	39,546,277	331,917	39,878,194
Unearned Revenue	344,431	-	344,431
Self-insurance Liability	2,585,688	-	2,585,688
Noncurrent Liabilities Due in More Than One Year:			
Net Pension Liability	11,385,729	-	11,385,729
Other Post-Employment Benefits Obligation	29,197,772	-	29,197,772
Other Long-term Obligations:			
Due in Less than One Year	5,004,362	-	5,004,362
Due in More than One Year	21,060,083	3,335,000	24,395,083
Total Liabilities	109,124,342	3,666,917	112,791,259
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	39,268,786	-	39,268,786
Deferred Inflows Related to Other Post-Employment Benefits	6,908,585	-	6,908,585
Deferred Inflows of Property Taxes	105,742,455	-	105,742,455
Total Deferred Outflows of Resources	151,919,826	-	151,919,826
Net Position (Deficit)			
Investment in Capital Assets	436,055,537	34,766	436,090,303
Net Investment in Capital Assets	(34,413)	-	(34,413)
Restricted for:			
Education Purposes	10,428,934	120,399	10,549,333
Capital Purposes-Education	5,493,284	-	5,493,284
Unrestricted (Deficit)	(7,804,475)	2,160,542	(5,643,933)
Total Net Position	\$ 444,138,867	\$ 2,315,707	\$ 446,454,574

Knox County Board of Education

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Education Governmental Activities	Component Unit The Partnership
Knox County Board of Education:						
Governmental activities:						
Education	\$ 562,102,175	\$ 14,737,649	\$ 64,940,609	\$ -	\$ (482,423,917)	\$ (482,423,917)
Education - Payment to Primary Government	15,412,297	-	-	-	(15,412,297)	(15,412,297)
Total primary government	\$ 577,514,472	\$ 14,737,649	\$ 64,940,609	\$ -	(497,836,214)	(497,836,214)
Component unit:						
Great Schools Partnership	\$ 6,083,632	\$ -	\$ 3,520,392	\$ -		\$ (2,563,240)
Great Schools Partnership - Payment to Knox County Board of Education	392,220	-	-	-		(392,220)
Total component unit	\$ 6,475,852	\$ -	\$ 3,520,392	\$ -		(2,955,460)
General Revenues:						
Property Taxes				102,449,449	-	102,449,449
Sales Taxes				157,968,631	-	157,968,631
Wheel Taxes				1,719,672	-	1,719,672
Other Local Taxes				1,038,560	-	1,038,560
Interest Income				724,327	156,354	880,681
Miscellaneous				325,712	11,556	337,268
State of Tennessee Basic Education Program				222,386,625	-	222,386,625
Payments from Knox County Primary Government				41,492,750	2,966,874	44,459,624
Intergovernmental Revenues				2,483,663	-	2,483,663
Payments from Component Unit				392,220	-	392,220
Total General Revenues				530,981,609	3,134,784	534,116,393
Change in Net Position				33,145,395	179,324	33,324,719
Net Position, July 1				410,993,472	2,136,383	413,129,855
Net Position, June 30				\$ 444,138,867	\$ 2,315,707	\$ 446,454,574

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit

Knox County Board of Education

Balance Sheet

Governmental Funds

June 30, 2019

	General Purpose School	School Construction Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,520,303	\$ 7,498,390	\$ 11,200,743	\$ 23,219,436
Investments, at Fair Value	14,135,021	-	-	14,135,021
Receivables (Net of Allowance for Uncollectibles):				
Accounts	8,393,565	-	6,829,068	15,222,633
Local Taxes	135,685,691	-	-	135,685,691
Due from Other Funds	7,339,248	-	355,188	7,694,436
Inventories	1,048,501	-	1,396,224	2,444,725
Prepaid Items	424,075	-	14,045	438,120
TOTAL ASSETS	\$ 171,546,404	\$ 7,498,390	\$ 19,795,268	\$ 198,840,062
LIABILITIES				
Accounts Payable	\$ 2,401,681	\$ 2,005,106	\$ 1,055,212	\$ 5,461,999
Accrued Liabilities	33,993,098	-	91,180	34,084,278
Due to Other Funds	355,188	-	7,339,248	7,694,436
Unearned Revenue	-	-	344,431	344,431
TOTAL LIABILITIES	36,749,967	2,005,106	8,830,071	47,585,144
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes and Other Receivable	108,300,636	-	-	108,300,636
FUND BALANCES				
Nonspendable	1,472,576	-	1,410,269	2,882,845
Restricted	1,365,910	5,493,284	9,063,024	15,922,218
Committed	-	-	492,904	492,904
Assigned	943,455	-	-	943,455
Unassigned (Deficit)	22,713,860	-	(1,000)	22,712,860
TOTAL FUND BALANCES	26,495,801	5,493,284	10,965,197	42,954,282
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 171,546,404	\$ 7,498,390	\$ 19,795,268	\$ 198,840,062

KNOX COUNTY, TENNESSEE
Discretely Presented Component Unit
Knox County Board of Education
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Ending Fund Balance - Governmental Funds	\$	42,954,282
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		439,933,639
The net pension asset is not available to pay for current-period expenditures and, therefore, is not reported as an asset in the fund financial statements.		27,502,952
Deferred outflows related to pensions (\$43,418,763) and deferred outflows related to other postemployment benefits (\$3,182,055) increase the amount of net position reported in the statement of net position, but are not reported as assets in the funds. Similarly, deferred inflows related to pensions (\$39,268,786) and deferred inflows related to other postemployment benefits (\$6,908,585) decrease the amount of net position reported in the statements of net position, but are not reported as liabilities in the funds.		423,447
Certain revenues will be collected after year-end but not within the period considered available to pay current period expenditures. Therefore, these amounts were deferred in the fund financial statements but have been recognized under the accrual basis.		2,558,181
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated Absences	\$	17,170,608
Capital Lease Obligation		3,912,515
Termination Benefits		4,981,322
Self-insurance Liability		2,585,688
Other Post-Employment Benefits Liability		29,197,772
Net Pension Liability		11,385,729
		(69,233,634)
Net Position of Governmental Activities	\$	444,138,867

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit

Knox County Board of Education

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2019

	General Purpose School	School Construction Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 102,501,659	\$ -	\$ -	\$ 102,501,659
Local Option Sales Taxes	157,968,631	-	-	157,968,631
Wheel Tax	1,719,672	-	-	1,719,672
Other Local Taxes	1,038,560	-	-	1,038,560
Licenses and Permits	34,627	-	-	34,627
Charges for Current Services	486,473	-	7,966,893	8,453,366
Other Local Revenues	4,677,941	100,000	4,405,402	9,183,343
State of Tennessee	227,710,124	-	4,343,428	232,053,552
Federal Government	671,598	-	54,171,155	54,842,753
Other Governments and Citizen Groups	18,449	-	288,168	306,617
Interest Earned	724,327	-	-	724,327
Payments from Primary Government	2,082,000	39,410,750	-	41,492,750
Payment from Component Unit	-	-	392,220	392,220
Total Revenues	499,634,061	39,510,750	71,567,266	610,712,077
Expenditures				
Current:				
Education	483,483,293	-	73,614,507	557,097,800
Capital Outlay	-	16,371,117	-	16,371,117
Payments to Primary Government	13,297,034	-	-	13,297,034
Total Expenditures	496,780,327	16,371,117	73,614,507	586,765,951
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,853,734	23,139,633	(2,047,241)	23,946,126
Other Financing Sources (Uses)				
Transfers from Other Funds	19,759	-	2,173,659	2,193,418
Transfers to Other Funds	(1,814,639)	-	(378,779)	(2,193,418)
Total Other Financing Sources (Uses)	(1,794,880)	-	1,794,880	-
Net Change in Fund Balances	1,058,854	23,139,633	(252,361)	23,946,126
Fund Balances (Deficit), July 1	25,436,947	(17,646,349)	11,217,558	19,008,156
Fund Balances, June 30	\$ 26,495,801	\$ 5,493,284	\$ 10,965,197	\$ 42,954,282

KNOX COUNTY, TENNESSEE
Discretely Presented Component Unit
Knox County Board of Education
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds		\$ 23,946,126
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$28,095,971) exceeded capital outlays (\$16,606,964) in the current period.		(11,489,007)
Certain revenues will be collected after year-end but not within the period considered available to pay current period expenditures. Therefore, these amounts were recognized as revenues in the statement of activities but were not reported as revenues in the fund financial statements.		2,558,181
Amounts reported as fund revenues that met the criteria for revenue recognition under the full accrual method of accounting in the preceding fiscal year have been excluded from the current year statement of activities.		(2,610,391)
Certain assets, liabilities, deferred inflows, and deferred outflows accounted for using the economic resources focus and accrual basis of accounting are reported in the Statement of Net Position but are not reported in the fund financial statements, which encompasses only items that are accounted using current financial resources measurement and modified accrual basis of accounting. These amounts do not provide or require the use of current financial resources and, therefore, are not reflected in the revenues or expenditures of governmental funds:		
Increase (decrease) in assets and deferred outflows:		
Net Pension Asset	\$ 23,861,586	
Deferred Outflows Related to Other Post-Employment Benefits	1,100,751	
Deferred Outflows Related to Pensions	(1,021,217)	23,941,120
(Increase) decrease in liabilities and deferred inflows:		
Self-insurance Liability	866,020	
Termination Benefits	(4,981,322)	
Other Post-Employment Benefits Liability	3,762,005	
Net Pension Liability	(2,652,474)	
Deferred Inflows Related to Pensions	3,036,584	
Deferred Inflows Related to Other Post-Employment Benefits	(4,750,310)	
Compensated Absences Liability	1,256,088	
Capital Lease Liability	262,775	(3,200,634)
Change in Net Position of Governmental Activities		<u>\$ 33,145,395</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
General Fund - General Purpose School
Comparative Balance Sheets
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 4,520,303	\$ 6,051,788
Investments, at Fair Value	14,135,021	21,429,308
Receivables (Net of Allowance for Uncollectibles):		
Accounts	8,393,565	33,643,856
Local Taxes	135,685,691	106,996,033
Due from Other Funds	7,339,248	20,744,442
Prepaid Items	424,075	1,044,397
Inventories	1,048,501	867,959
TOTAL ASSETS	<u>\$ 171,546,404</u>	<u>\$ 190,777,783</u>
 LIABILITIES		
Accounts Payable	\$ 2,401,681	\$ 4,580,229
Accrued Liabilities	33,993,098	53,931,278
Due to Other Funds	355,188	15,352
Due to Primary Government	-	377,429
TOTAL LIABILITIES	<u>36,749,967</u>	<u>58,904,288</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes and Other Receivable	<u>108,300,636</u>	<u>106,436,548</u>
 FUND BALANCES		
Nonspendable	1,472,576	1,912,356
Restricted	1,365,910	-
Committed	-	4,725,881
Assigned	943,455	1,566,416
Unassigned	22,713,860	17,232,294
TOTAL FUND BALANCES	<u>26,495,801</u>	<u>25,436,947</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 171,546,404</u>	<u>\$ 190,777,783</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
General Fund - General Purpose School
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenues		
Property Taxes	\$ 102,501,659	\$ 100,650,102
Local Option Sales Taxes	157,968,631	151,819,824
Wheel Tax	1,719,672	1,671,093
Other Local Taxes	1,038,560	1,065,230
Licenses and Permits	34,627	33,193
Charges for Current Services	486,473	809,822
Other Local Revenues	4,677,941	3,079,505
State of Tennessee	227,710,124	215,884,959
Federal Government	671,598	649,194
Other Governments and Citizen Groups	18,449	7,153
Interest Earned	724,327	452,473
Payment from Primary Government	2,082,000	2,652,000
	<u>499,634,061</u>	<u>478,774,548</u>
Total Revenues		
Expenditures		
Current:		
Education	483,483,293	463,993,372
Payments to Primary Government	13,297,034	13,774,686
	<u>496,780,327</u>	<u>477,768,058</u>
Total Expenditures		
Excess of Revenues Over Expenditures	<u>2,853,734</u>	<u>1,006,490</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	19,759	1,828,986
Transfers to Other Funds	(1,814,639)	(2,516,711)
	<u>(1,794,880)</u>	<u>(687,725)</u>
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	1,058,854	318,765
Fund Balances, July 1	<u>25,436,947</u>	<u>25,118,182</u>
Fund Balances, June 30	<u>\$ 26,495,801</u>	<u>\$ 25,436,947</u>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -
 Knox County Board of Education
 General Fund - General Purpose School
 Comparative Schedules of Revenues, Expenditures
 and Changes in Fund Balances - Budget and Actual
 For the Years Ended June 30, 2019 and 2018

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Property Taxes	\$ 102,715,000	\$ 102,715,000	\$ 102,501,659	\$ (213,341)	\$ 102,366,000	\$ 100,650,102	\$ (1,715,898)
Local Option Sales Taxes	149,810,000	157,310,000	157,968,631	658,631	151,814,000	151,819,824	5,824
Wheel Tax	1,650,000	1,650,000	1,719,672	69,672	1,600,000	1,671,093	71,093
Other Local Taxes	1,080,000	1,080,000	1,038,560	(41,440)	1,080,000	1,065,230	(14,770)
Licenses and Permits	35,000	35,000	34,627	(373)	35,000	33,193	(1,807)
Charges for Current Services	677,000	685,532	486,473	(199,059)	861,162	809,822	(51,340)
Other Local Revenues	1,540,000	3,293,018	4,677,941	1,384,923	2,808,016	3,079,505	271,489
State of Tennessee	222,575,000	226,102,000	226,073,473	(28,527)	214,800,000	214,169,176	(630,824)
Federal Government	566,000	566,000	671,598	105,598	526,000	649,194	123,194
Other Governments and Citizen Groups	-	15,510	18,449	2,939	1,500	7,153	5,653
Interest Earned	240,000	240,000	724,327	484,327	-	452,473	452,473
Payments from Primary Government	2,082,000	2,082,000	2,082,000	-	2,652,000	2,652,000	-
Total Revenues	482,970,000	495,774,060	497,997,410	2,223,350	478,543,678	477,058,765	(1,484,913)
Expenditures							
Current:							
Education:							
Personal Services	309,743,024	316,547,140	316,257,731	289,409	310,610,224	310,483,454	126,770
Employee Benefits	88,431,682	90,436,694	88,969,412	1,467,282	83,705,328	83,656,709	48,619
Contracted Services	31,738,160	32,162,392	30,432,151	1,730,241	29,965,207	28,887,094	1,078,113
Supplies and Materials	24,368,930	30,451,888	29,791,076	660,812	24,674,817	24,164,506	510,311
Other Charges	14,826,615	15,409,422	15,147,771	261,651	14,333,535	14,215,183	118,352
Capital Outlay	342,554	1,532,789	1,248,501	284,288	1,725,588	870,643	854,945
Payments to Primary Government	13,357,035	13,357,035	13,297,034	60,001	13,630,593	13,774,686	(144,093)
Total Expenditures	482,808,000	499,897,360	495,143,676	4,753,684	478,645,292	476,052,275	2,593,017
Excess (Deficiency) of Revenues Over (Under) Expenditures	162,000	(4,123,300)	2,853,734	6,977,034	(101,614)	1,006,490	1,108,104
Other Financing Sources (Uses)							
Transfers from Other Funds	1,560,000	-	19,759	19,759	1,815,000	1,828,986	13,986
Transfers to Other Funds	(1,722,000)	(1,719,000)	(1,814,639)	(95,639)	(2,513,655)	(2,516,711)	(3,056)
Total Other Financing Sources (Uses)	(162,000)	(1,719,000)	(1,794,880)	(75,880)	(698,655)	(687,725)	10,930
Net Change in Fund Balances	-	(5,842,300)	1,058,854	6,901,154	(800,269)	318,765	1,119,034
Fund Balances, July 1	25,436,947	25,436,947	25,436,947	-	25,118,182	25,118,182	-
Fund Balances, June 30	\$ 25,436,947	\$ 19,594,647	\$ 26,495,801	\$ 6,901,154	\$ 24,317,913	\$ 25,436,947	\$ 1,119,034

Note: The revenue and expenditure totals in this statement do not include \$1,636,651 for FY '19 and \$1,715,783 for FY '18 of non-cash on-behalf payments that are not included in the budget.

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School Construction Capital Projects Fund
Comparative Balance Sheets
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 7,498,390	\$ -
TOTAL ASSETS	<u>\$ 7,498,390</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 2,005,106	\$ 4,089,381
Due to Other Funds	<u>-</u>	<u>13,556,968</u>
TOTAL LIABILITIES	<u>2,005,106</u>	<u>17,646,349</u>
Fund Balances:		
Restricted	5,493,284	-
Unassigned (Deficit)	<u>-</u>	<u>(17,646,349)</u>
TOTAL FUND BALANCES (DEFICIT)	<u>5,493,284</u>	<u>(17,646,349)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,498,390</u>	<u>\$ -</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School Construction Capital Projects Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenues		
Other Local Revenues	\$ 100,000	\$ 44,053
Interest Earned	-	9,856
Other Governments and Citizen Groups	-	-
Debt Proceeds Received from Primary Government	<u>39,410,750</u>	<u>2,000,000</u>
Total Revenues	<u>39,510,750</u>	<u>2,053,909</u>
Expenditures		
Capital Projects	<u>16,371,117</u>	<u>43,739,003</u>
Total Expenditures	<u>16,371,117</u>	<u>43,739,003</u>
Net Change in Fund Balance	23,139,633	(41,685,094)
Fund Balances (Deficit), July 1	<u>(17,646,349)</u>	<u>24,038,745</u>
Fund Balances (Deficit), June 30	<u><u>\$ 5,493,284</u></u>	<u><u>\$ (17,646,349)</u></u>

KNOX COUNTY, TENNESSEE

*Discretely Presented Component Unit -
Knox County Board of Education
School Construction Capital Projects Fund
Schedule of Construction Project Expenditures -
Budget and Actual*

For the year ended June 30, 2019

	Project Budget	Expenditures			Available
		Prior Years	Current	Total	
Expenditures					
<i>Capital Projects:</i>					
<i>School Renovation:</i>					
Physical Plant Upgrades	\$ 5,656,112	\$ -	\$ 3,239,444	\$ 3,239,444	\$ 2,416,668
Foundation Stabilization	250,000	-	208,050	208,050	41,950
Powell Middle	2,735,829	1,124,829	484,349	1,609,178	1,126,651
Ball Camp ES Addition/Renovation	5,366,907	5,366,907	-	5,366,907	-
Pond Gap Elementary	9,450,000	8,912,120	517,047	9,429,167	20,833
CTE Magnet High	3,785,000	3,656,459	-	3,656,459	128,541
Energy Management Project IIIC	15,034,925	15,108,053	-	15,108,053	(73,128)
Security Upgrades	9,975,000	8,143,896	1,467,121	9,611,017	363,983
Tech Upgrades Systemwide	1,046,876	547,675	459,102	1,006,777	40,099
School Accessibility	300,000	20,737	39,967	60,704	239,296
HVAC Upgrades	6,602,345	4,337,593	1,870,334	6,207,927	394,418
Roofing Upgrades	5,149,655	3,417,272	640,803	4,058,075	1,091,580
Rule Warehouse Construction	132,231	124,292	-	124,292	7,939
Land Acquisition	350,000	340,024	1,507	341,531	8,469
BEP Growth Mod Class Relocation	2,132,391	1,112,865	1,010,605	2,123,470	8,921
Drive Parking Upgrades	950,000	494,992	516,191	1,011,183	(61,183)
Hardin Valley Middle School	34,501,351	37,469,251	254,973	37,724,224	(3,222,873)
Gibbs Middle School	30,000,000	25,417,936	128,505	25,546,441	4,453,559
Env. Testing & Rem.	500,000	-	185,913	185,913	314,087
Inskip Elementary Addition	6,500,000	1,654,024	4,297,238	5,951,262	548,738
Major Equipment Purchases	1,010,750	-	1,010,750	1,010,750	-
Analysis/Design: Tipton St. Road	50,000	-	8,300	8,300	41,700
Cafeteria Upgrades	3,000,000	-	18,687	18,687	2,981,313
North Central Elem Solution	30,000	-	12,231	12,231	17,769
South Doyle High School - Library Upgrade	223,000	236,097	-	236,097	(13,097)
<i>Total Capital Projects:</i>	<u>\$ 144,732,372</u>	<u>\$ 117,485,022</u>	<u>\$ 16,371,117</u>	<u>\$ 133,856,139</u>	<u>\$ 10,876,233</u>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit

Knox County Board of Education

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2019

	School Federal Projects	School General Projects	Central Cafeteria	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 842,647	\$ 10,358,096	\$ 11,200,743
Receivables (Net of Allowance for Uncollectibles):				
Accounts	6,162,136	666,132	800	6,829,068
Due from Other Funds	1,424	-	353,764	355,188
Inventories	-	780,529	615,695	1,396,224
Prepaid Items	1,000	13,045	-	14,045
TOTAL ASSETS	\$ 6,164,560	\$ 2,302,353	\$ 11,328,355	\$ 19,795,268
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 304,028	\$ 167,061	\$ 584,123	\$ 1,055,212
Accrued Liabilities	-	-	91,180	91,180
Due to Other Funds	5,857,251	826,988	655,009	7,339,248
Unearned Revenue	-	21,826	322,605	344,431
TOTAL LIABILITIES	6,161,279	1,015,875	1,652,917	8,830,071
Fund Balances:				
Nonspendable	1,000	793,574	615,695	1,410,269
Restricted	3,281	-	9,059,743	9,063,024
Committed	-	492,904	-	492,904
Unassigned (Deficit)	(1,000)	-	-	(1,000)
TOTAL FUND BALANCES	3,281	1,286,478	9,675,438	10,965,197
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,164,560	\$ 2,302,353	\$ 11,328,355	\$ 19,795,268

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit

Knox County Board of Education

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2019

	School Federal Projects	School General Projects	Central Cafeteria	Total Nonmajor Governmental Funds
Revenues				
Charges for Current Services	\$ -	\$ 2,223,306	\$ 5,743,587	\$ 7,966,893
Other Local Revenues	-	4,095,899	309,503	4,405,402
State of Tennessee	-	4,090,334	253,094	4,343,428
Federal Government	34,088,332	-	20,082,823	54,171,155
Other Governments and Citizen Groups	-	288,168	-	288,168
Payment from Component Unit	-	392,220	-	392,220
Total Revenues	34,088,332	11,089,927	26,389,007	71,567,266
Expenditures				
Education	33,754,882	13,137,670	26,721,955	73,614,507
Total Expenditures	33,754,882	13,137,670	26,721,955	73,614,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	333,450	(2,047,743)	(332,948)	(2,047,241)
Other Financing Sources (Uses)				
Transfers from Other Funds	28,851	2,144,808	-	2,173,659
Transfers to Other Funds	(359,020)	(19,759)	-	(378,779)
Total Other Financing Sources (Uses)	(330,169)	2,125,049	-	1,794,880
Net Change in Fund Balances	3,281	77,306	(332,948)	(252,361)
Fund Balances, July 1	-	1,209,172	10,008,386	11,217,558
Fund Balances, June 30	\$ 3,281	\$ 1,286,478	\$ 9,675,438	\$ 10,965,197

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School Federal Projects Fund
Comparative Balance Sheets
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Receivables (Net of Allowance for Uncollectibles):		
Accounts	\$ 6,162,136	\$ 6,046,201
Due From Other Funds	1,424	-
Prepaid Items	<u>1,000</u>	<u>20,953</u>
TOTAL ASSETS	<u><u>\$ 6,164,560</u></u>	<u><u>\$ 6,067,154</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 304,028	\$ 466,566
Due to Other Funds	<u>5,857,251</u>	<u>5,600,588</u>
TOTAL LIABILITIES	<u>6,161,279</u>	<u>6,067,154</u>
 Fund Balances:		
Nonspendable	1,000	20,953
Restricted	3,281	-
Unassigned (Deficit)	<u>(1,000)</u>	<u>(20,953)</u>
TOTAL FUND BALANCES	<u>3,281</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 6,164,560</u></u>	<u><u>\$ 6,067,154</u></u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School Federal Projects Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenues		
State of Tennessee	\$ -	\$ 124,686
Federal Government	<u>34,088,332</u>	<u>33,580,050</u>
Total Revenues	<u>34,088,332</u>	<u>33,704,736</u>
Expenditures		
Current:		
Education	<u>33,754,882</u>	<u>33,291,458</u>
Total Expenditures	<u>33,754,882</u>	<u>33,291,458</u>
Excess of Revenues Over Expenditures	<u>333,450</u>	<u>413,278</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	28,851	32,346
Transfers to Other Funds	<u>(359,020)</u>	<u>(445,624)</u>
Total Other Financing Uses	<u>(330,169)</u>	<u>(413,278)</u>
Net Change in Fund Balances	3,281	-
Fund Balances, July 1	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 3,281</u>	<u>\$ -</u>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -
 Knox County Board of Education
 School Federal Projects Fund
 Comparative Schedules of Revenues, Expenditures
 and Changes in Fund Balances - Budget and Actual
 For the Years Ended June 30, 2019 and 2018

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
State of Tennessee	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 124,686	\$ (314)
Federal Government	-	40,764,609	34,088,332	(6,676,277)	39,175,648	33,580,050	(5,595,598)
Total Revenues	-	40,764,609	34,088,332	(6,676,277)	39,300,648	33,704,736	(5,595,912)
Expenditures							
Current:							
Education:							
Personal Services	-	23,828,112	21,296,136	2,531,976	23,071,469	21,681,082	1,390,387
Employee Benefits	-	6,862,753	5,830,955	1,031,798	6,330,466	5,741,095	589,371
Contracted Services	-	1,344,018	997,809	346,209	1,034,993	901,417	133,576
Supplies and Materials	-	3,051,035	1,851,024	1,200,011	2,728,272	1,507,148	1,221,124
Other Charges	-	3,446,882	2,524,965	921,917	3,287,277	2,003,309	1,283,968
Capital Outlay	-	1,977,539	1,253,993	723,546	2,428,287	1,457,407	970,880
Total Expenditures	-	40,510,339	33,754,882	6,755,457	38,880,764	33,291,458	5,589,306
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	254,270	333,450	79,180	419,884	413,278	(6,606)
Other Financing Sources (Uses)							
Transfer from Other Funds	-	104,750	28,851	(75,899)	25,740	32,346	6,606
Transfer to Other Funds	-	(359,020)	(359,020)	-	(445,624)	(445,624)	-
Total Other Financing Sources (Uses)	-	(254,270)	(330,169)	(75,899)	(419,884)	(413,278)	6,606
Net Change in Fund Balances	-	-	3,281	3,281	-	-	-
Fund Balances, July 1	-	-	-	-	-	-	-
Fund Balances, June 30	\$ -	\$ -	\$ 3,281	\$ 3,281	\$ -	\$ -	\$ -

Note - Budgets are adopted throughout the year as grants are approved. See Note II. A.

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School General Projects Fund
Comparative Balance Sheets
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 842,647	\$ 1,655,941
Receivables (Net of Allowance for Uncollectibles):		
Accounts	666,132	590,729
Prepaid Items	13,045	575
Inventories	780,529	296,940
TOTAL ASSETS	<u><u>\$ 2,302,353</u></u>	<u><u>\$ 2,544,185</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 167,061	\$ 124,644
Due to Other Funds	826,988	1,210,369
Unearned Revenue	21,826	-
TOTAL LIABILITIES	<u>1,015,875</u>	<u>1,335,013</u>
 Fund Balances:		
Nonspendable	793,574	297,515
Committed	492,904	911,657
TOTAL FUND BALANCES	<u>1,286,478</u>	<u>1,209,172</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,302,353</u></u>	<u><u>\$ 2,544,185</u></u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School General Projects Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenues		
Charges for Current Services	\$ 2,223,306	\$ 1,007,431
Other Local Revenues	4,095,899	4,281,266
State of Tennessee	4,090,334	2,843,536
Other Governments and Citizens Groups	288,168	396,250
Payments from Component Unit	392,220	242,234
	<u>11,089,927</u>	<u>8,770,717</u>
Expenditures		
Current:		
Education	<u>13,137,670</u>	<u>11,686,177</u>
Deficiency of Revenues Under Expenditures	<u>(2,047,743)</u>	<u>(2,915,460)</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	2,144,808	2,929,989
Transfers to Other Funds	<u>(19,759)</u>	<u>(268,978)</u>
Total Other Financing Sources	<u>2,125,049</u>	<u>2,661,011</u>
Net Change in Fund Balances	77,306	(254,449)
Fund Balances, July 1	<u>1,209,172</u>	<u>1,463,621</u>
Fund Balances, June 30	<u>\$ 1,286,478</u>	<u>\$ 1,209,172</u>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -
 Knox County Board of Education
 School General Projects Fund
 Comparative Schedules of Revenues, Expenditures
 and Changes in Fund Balances - Budget and Actual
 For the Years Ended June 30, 2019 and 2018

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Charges for Current Services	\$ -	\$ 2,178,252	\$ 2,223,306	\$ 45,054	\$ 922,464	\$ 1,007,431	\$ 84,967
Other Local Revenues	-	6,198,788	4,095,899	(2,102,889)	8,007,828	4,281,266	(3,726,562)
State of Tennessee	-	4,241,031	4,090,334	(150,697)	3,132,373	2,843,536	(288,837)
Payments from Component Unit	-	-	392,220	392,220	-	242,234	242,234
Other Governments and Citizens Groups	-	711,207	288,168	(423,039)	623,760	396,250	(227,510)
Total Revenues	-	13,329,278	11,089,927	(2,239,351)	12,686,425	8,770,717	(3,915,708)
Expenditures							
Current:							
Education:							
Personal Services	-	4,263,373	4,180,372	83,001	4,814,161	4,749,378	64,783
Employee Benefits	-	1,225,152	1,257,757	(32,605)	1,263,614	1,304,053	(40,439)
Contracted Services	-	510,918	415,246	95,672	264,848	200,158	64,690
Supplies and Materials	-	7,062,085	5,483,911	1,578,174	7,787,488	4,508,206	3,279,282
Other Charges	-	898,229	611,510	286,719	863,765	731,870	131,895
Capital Outlay	-	1,342,209	1,188,874	153,335	568,531	192,512	376,019
Total Expenditures	-	15,301,966	13,137,670	2,164,296	15,562,407	11,686,177	3,876,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,972,688)	(2,047,743)	(75,055)	(2,875,982)	(2,915,460)	(39,478)
Other Financing Sources (Uses)							
Transfers from Other Funds	-	1,333,020	2,144,808	811,788	2,018,279	2,929,989	911,710
Transfers to Other Funds	-	(22,259)	(19,759)	2,500	(46,000)	(268,978)	(222,978)
Total Other Financing Sources (Uses)	-	1,310,761	2,125,049	814,288	1,972,279	2,661,011	688,732
Net Change in Fund Balances	-	(661,927)	77,306	739,233	(903,703)	(254,449)	649,254
Fund Balances, July 1	1,209,172	1,209,172	1,209,172	-	1,463,621	1,463,621	-
Fund Balances, June 30	\$ 1,209,172	\$ 547,245	\$ 1,286,478	\$ 739,233	\$ 559,918	\$ 1,209,172	\$ 649,254

Note - Budgets are adopted throughout the year as grants are approved. See Note II. A.

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Central Cafeteria Fund
Comparative Balance Sheets
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	\$ 10,358,096	\$ 8,141,390
Receivables (Net of Allowance for Uncollectibles):		
Accounts	800	2,108,716
Due from Other Funds	353,764	15,352
Inventories	<u>615,695</u>	<u>685,468</u>
TOTAL ASSETS	<u>\$ 11,328,355</u>	<u>\$ 10,950,926</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 584,123	\$ 166,100
Accrued Liabilities	91,180	78,253
Due to Other Funds	655,009	376,517
Unearned Revenue	<u>322,605</u>	<u>321,670</u>
TOTAL LIABILITIES	<u>1,652,917</u>	<u>942,540</u>
Fund Balances:		
Nonspendable	615,695	685,468
Restricted	<u>9,059,743</u>	<u>9,322,918</u>
TOTAL FUND BALANCES	<u>9,675,438</u>	<u>10,008,386</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,328,355</u>	<u>\$ 10,950,926</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Central Cafeteria Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenues		
Charges for Current Services	\$ 5,743,587	\$ 5,133,578
Other Local Revenues	309,503	669,055
State of Tennessee	253,094	251,547
Federal Government	<u>20,082,823</u>	<u>21,205,534</u>
Total Revenues	<u>26,389,007</u>	<u>27,259,714</u>
Expenditures		
Current:		
Education:		
Food Service	<u>26,721,955</u>	<u>24,839,392</u>
Excess of Revenues Over Expenditures	<u>(332,948)</u>	<u>2,420,322</u>
Other Financing Uses		
Transfers to Other Funds	<u>-</u>	<u>(1,560,008)</u>
Net Change in Fund Balances	(332,948)	860,314
Fund Balances, July 1	<u>10,008,386</u>	<u>9,148,072</u>
Fund Balances, June 30	<u>\$ 9,675,438</u>	<u>\$ 10,008,386</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Central Cafeteria Fund
Comparative Schedules of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
For the Years Ended June 30, 2019 and 2018**

	2019				2018		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Charges for Current Services	\$ 6,015,000	\$ 6,015,000	\$ 5,743,587	\$ (271,413)	\$ 5,375,000	\$ 5,133,578	\$ (241,422)
Other Local Revenues	310,000	310,000	309,503	(497)	403,000	669,055	266,055
State of Tennessee	250,000	250,000	253,094	3,094	250,000	251,547	1,547
Federal Government	20,110,000	20,110,000	20,082,823	(27,177)	22,542,000	21,205,534	(1,336,466)
Total Revenues	26,685,000	26,685,000	26,389,007	(295,993)	28,570,000	27,259,714	(1,310,286)
Expenditures							
Current:							
Education:							
Food Service:							
Personal Services	8,600,000	8,600,000	8,539,637	60,363	8,702,000	8,498,729	203,271
Employee Benefits	2,527,000	2,600,000	2,581,189	18,811	2,616,500	2,484,996	131,504
Contracted Services	1,872,000	1,787,000	1,490,846	296,154	1,122,000	975,871	146,129
Supplies & Materials	12,731,000	12,008,428	11,493,471	514,957	14,261,832	11,750,085	2,511,747
Other Charges	805,000	1,567,000	1,566,675	325	217,500	184,205	33,295
Capital Outlay	150,000	1,340,837	1,050,137	290,700	1,280,036	945,506	334,530
Total Expenditures	26,685,000	27,903,265	26,721,955	1,181,310	28,199,868	24,839,392	3,360,476
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,218,265)	(332,948)	885,317	370,132	2,420,322	2,050,190
Other Financing Uses							
Transfers to Other Funds	-	-	-	-	(1,560,000)	(1,560,008)	(8)
Net Change in Fund Balances	-	(1,218,265)	(332,948)	885,317	(1,189,868)	860,314	2,050,182
Fund Balances, July 1	10,008,386	10,008,386	10,008,386	-	9,148,072	9,148,072	-
Fund Balances, June 30	\$ 10,008,386	\$ 8,790,121	\$ 9,675,438	\$ 885,317	\$ 7,958,204	\$ 10,008,386	\$ 2,050,182

KNOX COUNTY, TENNESSEE
Discretely Presented Component Unit
Knox County Board of Education
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 10,254,895
Investments, at Fair Value:		
Mutual Funds	53,582,549	-
Total Investments	53,582,549	-
Total Assets	53,582,549	10,254,895
LIABILITIES		
Accounts Payable and Accrued Liabilities	-	9,375
Accounts Payable - Administrative Expenses	21,733	-
Liability for Student Activities	-	10,245,520
Total Liabilities	21,733	\$ 10,254,895
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 53,560,816	

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Comparative Statements of Fiduciary Net Position
Pension Trust Fund - Teacher's Plan (Defined Benefit Plan)**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 4,766,847</u>
Investments, at Fair Value:		
Mutual Funds	<u>53,582,549</u>	<u>52,340,105</u>
Receivables:		
Receivable for Investments Sold	-	328,149
Accrued Interest and Dividends	<u>-</u>	<u>24</u>
Total Receivables	<u>-</u>	<u>328,173</u>
Total Assets	<u>53,582,549</u>	<u>57,435,125</u>
LIABILITIES		
Accounts Payable - Administrative Expenses	<u>21,733</u>	<u>41,277</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS		
	<u><u>\$ 53,560,816</u></u>	<u><u>\$ 57,393,848</u></u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Teacher's Plan (Defined Benefit Plan)
For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions:		
Employer	\$ 475,234	\$ 551,669
Total Contributions	<u>475,234</u>	<u>551,669</u>
Investment Income (Loss):		
Interest and Dividend Income	2,964,472	498,870
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(266,734)</u>	<u>4,439,558</u>
Total Investment Income (Loss)	2,697,738	4,938,428
Less Investment Expense	<u>(27,267)</u>	<u>(125,872)</u>
Net Investment Income (Loss)	<u>2,670,471</u>	<u>4,812,556</u>
Total Additions	<u>3,145,705</u>	<u>5,364,225</u>
DEDUCTIONS		
Benefits and Refunds	6,533,586	6,587,091
Administrative Expenses	106,319	168,064
Transfers to Other Plans	<u>338,832</u>	<u>-</u>
Total Deductions	<u>6,978,737</u>	<u>6,755,155</u>
CHANGE IN NET POSITION	(3,833,032)	(1,390,930)
NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>57,393,848</u>	<u>58,784,778</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR	<u>\$ 53,560,816</u>	<u>\$ 57,393,848</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Internal School Funds**

Comparative Statements of Changes in Fiduciary Assets and Liabilities

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets and Liabilities, July 1	\$ 10,607,110	\$ 10,139,558
Additions	19,976,194	21,531,259
Deductions	<u>(20,337,784)</u>	<u>(21,063,707)</u>
Assets and Liabilities, June 30	<u>\$ 10,245,520</u>	<u>\$ 10,607,110</u>

STATISTICAL SECTION (Unaudited)

This part of Knox County Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Knox County's overall financial health.

Contents	Page
Financial Trends	280-288
<i>These schedules contain trend information to help the reader understand how Knox County Government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	289-292
<i>These schedules contain information to help the reader assess Knox County Government's most significant local revenue source, the property tax.</i>	
Debt Capacity	293-295
<i>These schedules present information to help the reader assess the affordability of Knox County Government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	296-297
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Knox County Government's financial activities take place.</i>	
Operating Information	298-300
<i>These schedules contain service and infrastructure data to help the reader understand how the information in Knox County Government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

KNOX COUNTY, TENNESSEE

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary government										
Governmental activities										
Net investment in capital assets	\$ 292,183,224	\$ 281,020,672	\$ 276,642,614	\$ 290,649,727	\$ 284,908,028	\$ 267,497,791	\$ 267,670,250	\$ 262,771,208	\$ 269,818,927	\$ 236,006,482
Restricted	27,202,060	23,180,877	30,030,542	9,075,310	15,250,562	8,583,223	9,000,894	9,090,050	10,349,925	11,744,112
Unrestricted	(234,271,029)	(252,750,590)	(243,862,381)	(224,499,180)	(247,035,437)	(262,043,799)	(259,493,264)	(311,592,681)	(304,099,280)	(288,502,236)
Total primary governmental activities net position	\$ 85,114,255	\$ 51,450,959	\$ 62,810,775	\$ 75,225,857	\$ 53,123,153	\$ 14,037,215	\$ 17,177,880	\$ (39,731,423)	\$ (23,930,428)	\$ (40,751,642)
Business-type activities										
Three Ridges Golf Course										
Investment in capital assets	\$ 832,590	\$ 718,674	\$ 634,436	\$ 503,880	\$ 453,946	\$ 568,919	\$ 509,820	\$ 489,809	\$ 489,551	\$ 455,210
Unrestricted	304,278	301,122	215,757	99,523	73,842	18,491	2,719	(45,569)	(46,609)	(50,958)
Total business-type activities net position	\$ 1,136,868	\$ 1,019,796	\$ 850,193	\$ 603,403	\$ 527,788	\$ 587,410	\$ 512,539	\$ 444,240	\$ 442,942	\$ 404,252
Component units										
Investment in capital assets	\$ 316,329,152	\$ 340,624,791	\$ 356,215,731	\$ 397,859,173	\$ 412,116,052	\$ 411,265,432	\$ 407,165,376	\$ 426,604,984	\$ 461,226,296	\$ 451,838,252
Restricted	13,121,345	26,094,913	16,457,515	32,705,925	19,608,463	7,845,805	8,503,912	32,804,551	9,565,733	16,137,739
Unrestricted	44,027,622	62,159,294	103,278,242	59,856,270	51,357,504	(3,452,157)	23,021,644	33,422,590	17,660,214	55,515,890
Total component units activities net position	\$ 373,478,119	\$ 428,878,998	\$ 475,951,488	\$ 490,421,368	\$ 483,082,019	\$ 415,659,080	\$ 438,690,932	\$ 492,832,125	\$ 488,452,243	\$ 523,491,881
Total reporting unit activities net position	\$ 459,729,242	\$ 481,349,753	\$ 539,612,456	\$ 566,250,628	\$ 536,732,960	\$ 430,283,705	\$ 456,381,351	\$ 453,544,942	\$ 464,964,757	\$ 483,144,491

Note: See Note IV.H for Restatements to beginning balances included here in 2018.

It was not considered practicable to reflect the portion of these prior period adjustments applicable to the previous years prior to 2018 shown herein.

Knox County implemented GASB Statement Number 68 in fiscal year 2015.

Knox County implemented GASB Statement Number 75 in fiscal year 2018.

KNOX COUNTY, TENNESSEE

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Primary government:										
Governmental activities:										
Finance and Administration	\$ 42,195,745	\$ 35,025,924	\$ 31,753,114	\$ 30,903,236	\$ 30,943,555	\$ 36,112,276	\$ 36,885,718	\$ 37,614,449	\$ 38,288,802	\$ 42,393,875
Finance and Administration - payment to component unit	3,823,874	3,823,874	3,823,874	6,653,874	6,753,874	6,553,874	9,553,874	5,603,874	5,253,874	5,048,874
Administration of Justice	15,691,782	24,277,040	22,434,728	22,734,428	23,299,693	24,414,379	25,571,043	26,713,176	30,358,240	31,566,137
Public Safety	74,109,826	72,135,474	72,565,353	73,855,455	77,888,346	82,717,157	88,917,847	90,286,734	92,113,909	99,394,187
Public Safety - payment to component unit	326,200	326,200	326,200	326,200	326,200	326,200	485,002	856,322	1,191,595	1,191,595
Public Health and Welfare	38,366,594	33,731,246	32,546,227	32,492,041	33,693,888	33,739,935	34,280,078	36,369,021	36,918,889	38,237,450
Public Health and Welfare - payment to component unit	256,628	256,628	256,628	256,628	211,628	166,628	166,628	166,628	166,628	166,628
Social and Cultural Services	21,594,069	21,140,636	19,036,194	19,130,136	19,921,048	20,521,029	21,782,470	24,626,710	21,717,942	22,500,037
Agricultural and Natural Resources	413,675	380,453	365,774	435,231	519,433	470,977	490,451	518,339	520,063	483,133
Other General Government	16,893,864	20,252,535	24,717,611	22,832,602	23,803,616	23,802,139	28,462,563	22,918,688	26,252,797	22,292,787
Other General Government - payment to component unit	-	-	-	675,000	600,000	600,000	625,000	665,000	700,000	725,000
Engineering & Public Works	24,009,373	24,045,860	21,964,447	23,555,325	25,155,488	26,515,062	26,950,361	30,849,914	34,327,784	33,709,187
Engineering & Public Works - payment to component unit	-	-	-	-	-	-	-	-	-	-
Education - payment to component unit	29,586,094	50,924,958	13,578,202	28,092,391	38,763,934	24,271,315	19,385,000	80,718,536	5,407,868	39,410,750
Debt Service - interest and fees	25,524,229	28,885,417	28,193,240	26,688,921	25,205,819	22,801,729	23,272,301	23,918,523	25,918,382	26,095,623
Debt Service - other	-	-	-	-	745,863	-	-	-	-	-
Total governmental activities	292,791,953	315,206,245	271,561,592	288,631,468	307,832,385	303,012,700	316,828,336	381,825,914	319,136,773	363,215,263
Business-type activities:										
Three Ridges Golf Course	961,678	1,044,409	1,147,603	1,124,565	937,604	1,000,090	1,063,627	1,137,700	1,181,011	1,205,496
Total primary government expenses	\$ 293,753,631	\$ 316,250,654	\$ 272,709,195	\$ 289,756,033	\$ 308,769,989	\$ 304,012,790	\$ 317,891,963	\$ 382,963,614	\$ 320,317,784	\$ 364,420,759
Component units:										
Board of Education	\$ 480,162,339	\$ 481,991,842	\$ 503,634,777	\$ 526,960,365	\$ 560,610,890	\$ 525,410,160	\$ 529,205,667	\$ 545,621,091	\$ 556,728,759	\$ 583,598,104
Nonmajor Component Units	6,708,481	6,656,575	6,461,195	7,194,181	7,397,708	7,538,326	9,131,983	10,332,635	10,576,258	10,825,133
Total component units expenses	\$ 486,870,820	\$ 488,648,417	\$ 510,095,972	\$ 534,154,546	\$ 568,008,598	\$ 532,948,486	\$ 538,337,650	\$ 555,953,726	\$ 567,305,017	\$ 594,423,237
Total reporting unit expenses	\$ 780,624,451	\$ 804,899,071	\$ 782,805,167	\$ 823,910,579	\$ 876,778,587	\$ 836,961,276	\$ 856,229,613	\$ 938,917,340	\$ 887,622,801	\$ 958,843,996

Note: Knox County implemented GASB Statement Number 75 in fiscal year 2018.

Note: Knox County implemented GASB Statement Number 68 in fiscal year 2015.

Note: See Note IV.H related to prior period adjustments in 2018. It was not considered practicable to show the effects of those adjustments on years prior to 2018.

Continued

KNOX COUNTY, TENNESSEE

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
Primary government:										
Governmental activities:										
Charges for Services:										
Finance and Administration	\$ 19,541,913	\$ 19,359,362	\$ 21,247,575	\$ 21,290,699	\$ 20,581,958	\$ 20,505,947	\$ 32,374,363	\$ 22,201,488	\$ 22,983,398	\$ 23,139,167
Administration of Justice	9,990,310	10,101,442	10,129,539	10,382,380	10,042,760	9,774,864	2,908,229	11,398,813	11,035,260	11,007,055
Public Safety	1,330,976	1,439,718	4,478,725	2,759,919	3,305,146	4,012,396	4,680,091	5,500,881	6,110,734	6,367,212
Public Health and Welfare	4,050,480	4,244,236	4,705,246	4,997,021	5,834,345	6,163,000	6,854,390	7,310,677	7,467,973	7,512,402
Social and Cultural Services	1,117,171	880,631	949,557	950,683	885,537	778,733	771,108	890,986	816,249	762,846
Other General Government	85,295	689,972	592,251	290,846	282,845	298,127	303,569	318,940	280,504	260,242
Engineering & Public Works	652,250	436,570	758,766	883,998	267,125	122,259	142,101	473,550	154,050	154,100
Operating grants and contributions	16,546,478	18,111,952	13,941,943	14,465,074	15,068,332	22,712,505	21,710,980	21,644,878	27,856,773	22,934,361
Capital grants and contributions	-	-	-	-	-	-	-	-	3,440,398	6,215,851
Total governmental activities	53,314,873	55,263,883	56,803,602	56,020,620	56,268,048	64,367,831	69,744,831	69,740,213	80,145,339	78,353,236
Business-type activities:										
Three Ridges Golf Course	918,056	927,337	978,000	877,775	861,989	798,212	788,756	759,401	814,837	819,556
Capital grants and contributions	-	-	-	-	-	-	-	35,000	44,876	27,250
Total business-type activities	918,056	927,337	978,000	877,775	861,989	798,212	788,756	794,401	859,713	846,806
Total primary government program revenues	\$ 54,232,929	\$ 56,191,220	\$ 57,781,602	\$ 56,898,395	\$ 57,130,037	\$ 65,166,043	\$ 70,533,587	\$ 70,534,614	\$ 81,005,052	\$ 79,200,042
Component units:										
Charges for Services:										
Board of Education	\$ 14,558,045	\$ 16,621,446	\$ 15,778,275	\$ 16,681,836	\$ 15,155,847	\$ 14,073,126	\$ 18,407,724	\$ 14,437,600	\$ 13,724,007	\$ 14,737,649
Nonmajor Component Units	6,209,957	6,132,513	6,457,347	6,499,035	6,078,468	6,035,939	6,533,341	6,912,184	7,168,044	7,762,305
Operating grants and contributions	75,166,748	82,127,060	75,304,345	70,894,629	68,863,832	71,924,758	71,824,933	72,648,463	67,449,517	68,509,001
Capital grants and contributions	-	-	-	747,638	883,814	-	-	-	4,515,483	-
Total component units program revenues	\$ 95,934,750	\$ 104,881,019	\$ 97,539,967	\$ 94,823,138	\$ 90,981,961	\$ 92,033,823	\$ 96,765,998	\$ 93,998,247	\$ 92,857,051	\$ 91,008,955
Total reporting unit program revenues	\$ 150,167,679	\$ 161,072,239	\$ 155,321,569	\$ 151,721,533	\$ 148,111,998	\$ 157,199,866	\$ 167,299,585	\$ 164,532,861	\$ 173,862,103	\$ 170,208,997
Net (expenses)/revenues										
Primary government activities	\$ (239,520,702)	\$ (260,059,434)	\$ (214,927,593)	\$ (232,857,638)	\$ (251,639,952)	\$ (238,846,747)	\$ (247,358,376)	\$ (312,429,000)	\$ (239,312,732)	\$ (285,220,717)
Component units	(390,936,070)	(383,767,398)	(412,556,005)	(439,331,408)	(477,026,637)	(440,914,663)	(441,571,652)	(461,955,479)	(474,447,966)	(503,414,282)
Total net (expenses) revenues for reporting unit	\$ (630,456,772)	\$ (643,826,832)	\$ (627,483,598)	\$ (672,189,046)	\$ (728,666,589)	\$ (679,761,410)	\$ (688,930,028)	\$ (774,384,479)	\$ (713,760,698)	\$ (788,634,999)

Note: Knox County implemented GASB Statement Number 75 in fiscal year 2018.

Note: Knox County implemented GASB Statement Number 68 in fiscal year 2015.

Note: See Note IV.H related to prior period adjustments in 2018. It was not considered practicable to show the effects of those adjustments on years prior to 2018.

Continued

KNOX COUNTY, TENNESSEE

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Primary government:										
Governmental activities:										
Taxes										
Property taxes	\$ 134,655,757	\$ 142,138,781	\$ 139,862,073	\$ 144,007,522	\$ 145,415,011	\$ 166,869,259	\$ 170,481,050	\$ 172,140,229	\$ 177,170,109	\$ 180,659,537
Sales taxes	9,708,315	10,433,188	11,076,254	11,815,046	11,133,979	12,650,210	11,960,270	12,761,525	15,240,875	15,766,312
Lodging taxes	4,830,079	5,152,412	5,696,181	5,547,738	5,860,554	6,602,861	7,993,988	7,993,966	8,294,714	8,816,132
Business taxes	6,332,408	7,347,327	7,782,614	8,709,692	7,566,636	8,210,298	9,301,725	9,535,521	9,681,404	10,492,518
Wheel taxes	10,471,856	10,937,485	10,835,470	10,936,500	11,448,102	11,421,728	11,552,326	11,909,088	12,060,159	12,410,744
Other local taxes	4,669,629	4,620,907	2,935,940	4,942,341	4,970,986	5,000,245	5,102,439	5,032,357	4,862,190	4,780,980
Investment revenue	(1,678,577)	3,204,476	(4,260,317)	7,779,556	2,248,955	2,201,014	702,349	5,884,298	6,248,527	4,906,718
Other revenues	38,280,459	38,088,691	54,072,973	50,760,348	47,499,852	31,022,620	32,287,205	30,181,532	30,113,083	29,190,083
Contracts - other governments and citizens	294,120	1,236,916	96,628	264,452	728,102	381,842	296,117	308,350	428,174	352,694
Miscellaneous	517,094	3,118,883	667,645	262,735	966,103	828,323	746,701	1,443,103	1,176,215	788,341
Transfers	-	-	-	-	-	(250,000)	(200,000)	(275,000)	(320,000)	(320,000)
Total governmental activities	208,081,140	226,279,066	228,765,461	245,025,930	237,838,280	244,938,400	250,224,170	256,914,969	264,955,450	267,844,059
Business-type activities:										
Transfers	-	-	-	-	-	250,000	200,000	275,000	320,000	320,000
Total primary government	\$ 208,081,140	\$ 226,279,066	\$ 228,765,461	\$ 245,025,930	\$ 237,838,280	\$ 245,188,400	\$ 250,424,170	\$ 257,189,969	\$ 265,275,450	\$ 268,164,059
Component units:										
Taxes										
Property taxes	\$ 106,737,074	\$ 112,371,639	\$ 110,866,194	\$ 113,862,764	\$ 115,339,172	\$ 97,227,919	\$ 98,932,121	\$ 99,362,165	\$ 100,682,583	\$ 102,449,449
Sales taxes	114,769,928	119,973,142	128,588,400	127,612,963	128,518,755	136,469,187	144,321,391	146,399,387	151,819,824	157,968,631
Wheel taxes	1,494,272	1,525,119	1,501,397	1,515,396	1,561,822	1,607,094	1,600,726	1,650,161	1,671,093	1,719,672
Other local taxes	1,065,154	1,006,769	1,039,271	1,019,405	1,073,324	1,033,373	1,082,452	1,083,847	1,065,230	1,038,560
Investment revenue	120,512	132,360	42,669	166,662	229,295	286,000	498,372	501,758	946,448	1,704,749
Payments from component units	-	-	-	-	-	2,162,546	-	-	-	-
Payments from primary government	33,992,796	55,331,660	17,984,904	36,044,093	46,655,636	31,918,017	30,215,504	88,148,301	12,719,965	46,542,847
Intergovernmental and Other revenues	1,420,641	1,372,773	1,475,328	1,913,690	1,369,610	2,822,218	2,309,611	2,090,702	5,834,968	2,485,689
Contracts - other governments and citizens	1,719,140	1,719,140	1,719,140	78,725	90,080	5,658,174	368,295	96,520	2,787,924	101,290
Miscellaneous	109,577	4	503,211	377,361	219,340	122,317	88,892	110,930	388,502	337,268
Grants and Contributions Not Restricted for Specific Programs	139,899,700	145,735,671	161,206,791	171,210,229	175,368,140	176,444,300	185,186,140	1,719,140	1,719,140	1,719,140
State of Tennessee - Basic Education Program	-	-	-	-	-	-	-	197,263,894	210,692,256	222,386,625
Total component units	\$ 401,328,794	\$ 439,168,277	\$ 424,927,305	\$ 453,801,288	\$ 470,425,174	\$ 455,751,145	\$ 464,603,504	\$ 538,426,805	\$ 490,327,933	\$ 538,453,920
Total reporting unit	\$ 609,409,934	\$ 665,447,343	\$ 653,692,766	\$ 698,827,218	\$ 708,263,454	\$ 700,939,545	\$ 715,027,674	\$ 795,616,774	\$ 755,603,383	\$ 806,617,979
Change in Net Position										
Primary government activities	\$ (31,439,562)	\$ (33,780,368)	\$ 13,837,868	\$ 12,168,292	\$ (13,801,672)	\$ 6,341,653	\$ 3,065,794	\$ (55,239,031)	\$ 25,962,718	\$ (17,056,658)
Component units activities	10,392,724	55,400,879	12,371,300	14,469,880	(6,601,463)	14,836,482	23,031,852	76,471,326	15,879,967	35,039,638
Total reporting unit	\$ (21,046,838)	\$ 21,620,511	\$ 26,209,168	\$ 26,638,172	\$ (20,403,135)	\$ 21,178,135	\$ 26,097,646	\$ 21,232,295	\$ 41,842,685	\$ 17,982,980

Note: Knox County implemented GASB Statement Number 75 in fiscal year 2018.

Note: Knox County implemented GASB Statement Number 68 in fiscal year 2015.

Note: See Note IV.H related to prior period adjustments in 2018. It was not considered practicable to show the effects of those adjustments on years prior to 2018.

KNOX COUNTY, TENNESSEE

**Primary Government Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)**

Fiscal Year	Property Tax	Sales Tax	Lodging Tax	Business Tax	Wheel Tax	Other Local Tax	Total
2010	\$ 134,655,757	\$ 9,708,315	\$ 4,830,079	\$ 6,332,408	\$ 10,471,856	\$ 4,669,629	\$ 170,668,044
2011	142,138,781	10,433,188	5,152,412	7,347,327	10,937,485	4,620,907	180,630,100
2012	139,862,073	11,076,254	5,696,181	7,782,614	10,835,470	2,935,940	178,188,532
2013	144,007,522	11,815,046	5,547,738	8,709,692	10,936,500	4,942,341	185,958,839
2014	145,415,011	11,133,979	5,860,554	7,566,636	11,448,102	4,970,986	186,395,268
2015	166,869,259	12,650,210	6,602,861	8,210,298	11,421,728	5,000,245	210,754,601
2016	170,481,050	11,960,270	7,993,988	9,301,725	11,552,326	5,102,439	216,391,798
2017	172,140,229	12,761,525	7,993,966	9,535,521	11,909,088	5,032,357	219,372,686
2018	177,170,109	15,240,875	8,294,714	9,681,404	12,060,159	4,862,190	227,309,451
2019	180,659,537	15,766,312	8,816,132	10,492,518	12,410,744	4,780,980	232,926,223

KNOX COUNTY, TENNESSEE

Component Units Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Wheel Tax	Other Local Tax	Total
2010	\$ 106,737,074	\$ 114,769,928	\$ 1,494,272	\$ 1,065,154	\$ 224,066,428
2011	112,371,639	119,973,142	1,525,119	1,006,769	234,876,669
2012	110,866,194	128,588,400	1,501,397	1,039,271	241,995,262
2013	113,862,764	127,612,963	1,515,396	1,019,405	244,010,528
2014	115,339,172	128,518,755	1,561,822	1,073,324	246,493,073
2015	97,227,919	136,469,187	1,607,094	1,033,373	236,337,573
2016	98,932,121	144,321,391	1,600,726	1,082,452	245,936,690
2017	99,362,165	146,399,387	1,650,161	1,083,847	248,495,560
2018	100,682,583	151,819,824	1,671,093	1,065,230	255,238,730
2019	102,449,449	157,968,631	1,719,672	1,038,560	263,176,312

KNOX COUNTY, TENNESSEE

Reporting Unit Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Lodging Tax	Business Tax	Wheel Tax	Other Local Tax	Total
2010	\$ 241,392,831	\$ 124,478,243	\$ 4,830,079	\$ 6,332,408	\$ 11,966,128	\$ 5,734,783	\$ 394,734,472
2011	254,510,420	130,406,330	5,152,412	7,347,327	12,462,604	5,627,676	415,506,769
2012	250,728,267	139,664,654	5,696,181	7,782,614	12,336,867	3,975,211	420,183,794
2013	257,870,286	139,428,009	5,547,738	8,709,692	12,451,896	5,961,746	429,969,367
2014	260,754,183	139,652,734	5,860,554	7,566,636	13,009,924	6,044,310	432,888,341
2015	264,097,178	149,119,397	6,602,861	8,210,298	13,028,822	6,033,618	447,092,174
2016	269,413,171	156,281,661	7,993,988	9,301,725	13,153,052	6,184,891	462,328,488
2017	271,502,394	159,160,912	7,993,966	9,535,521	13,559,249	6,116,204	467,868,246
2018	277,852,692	167,060,699	8,294,714	9,681,404	13,731,252	5,927,420	482,548,181
2019	283,108,986	173,734,943	8,816,132	10,492,518	14,130,416	5,819,540	496,102,535

KNOX COUNTY, TENNESSEE

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	\$ 8,382,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	43,415,759	-	-	-	-	-	-	-	-	-
Nonspendable	-	5,880,449	6,182,114	7,249,342	6,760,134	5,933,564	5,962,005	5,628,804	5,927,091	6,449,546
Restricted	-	2,212,749	2,787,302	2,798,061	2,557,432	2,426,638	2,450,091	2,381,149	2,417,264	2,812,084
Committed	-	9,294	5,596,444	3,675,473	2,342,583	4,405,300	2,297,348	2,525,359	4,874,481	3,993,667
Assigned	-	957,967	465,211	1,089,640	1,401,378	1,130,360	789,441	387,963	921,525	251,677
Unassigned	-	43,521,876	44,259,130	51,452,742	53,026,996	55,853,075	60,783,057	63,901,759	65,921,820	68,113,362
Total general fund	<u>\$ 51,797,913</u>	<u>\$ 52,582,335</u>	<u>\$ 59,290,201</u>	<u>\$ 66,265,258</u>	<u>\$ 66,088,523</u>	<u>\$ 69,748,937</u>	<u>\$ 72,281,942</u>	<u>\$ 74,825,034</u>	<u>\$ 80,062,181</u>	<u>\$ 81,620,336</u>
All other governmental funds										
Reserved	\$ 22,514,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue constitutional officers	2,387,038	-	-	-	-	-	-	-	-	-
Capital projects public improvement	(4,050,370)	-	-	-	-	-	-	-	-	-
Debt service	15,753,733	-	-	-	-	-	-	-	-	-
Other governmental funds	6,658,756	-	-	-	-	-	-	-	-	-
Nonspendable	-	5,910,592	5,776,505	5,762,434	3,953,715	3,958,516	114,681	104,525	93,419	79,623
Restricted	-	20,968,128	27,243,240	6,277,249	12,693,130	18,807,905	12,528,271	12,681,604	7,932,661	13,987,983
Committed	-	22,133,322	23,331,278	25,942,402	29,062,822	27,427,505	31,353,805	21,979,815	23,328,510	21,867,673
Assigned	-	-	2,199,988	3,657,378	3,986,924	4,490,319	5,226,787	5,532,748	5,182,159	4,857,918
Unassigned	-	-	-	-	-	-	-	-	(13,247,367)	-
Total all other governmental funds	<u>\$ 43,263,453</u>	<u>\$ 49,012,042</u>	<u>\$ 58,551,011</u>	<u>\$ 41,639,463</u>	<u>\$ 49,696,591</u>	<u>\$ 54,684,245</u>	<u>\$ 49,223,544</u>	<u>\$ 40,298,692</u>	<u>\$ 23,289,382</u>	<u>\$ 40,793,197</u>

GASB Statement Number 54 implemented in fiscal year 2011.

KNOX COUNTY, TENNESSEE

Changes in Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 171,522,503	\$ 178,306,446	\$ 182,423,476	\$ 186,718,795	\$ 187,406,586	\$ 210,705,075	\$ 216,489,866	\$ 219,996,778	\$ 227,228,862	\$ 233,006,041
Licenses and permits	3,252,786	3,342,613	3,586,182	3,701,844	3,827,598	4,214,130	4,415,268	4,893,377	5,220,162	5,043,155
Fines, forfeitures and penalties	3,428,205	2,247,102	2,814,573	3,635,407	2,949,034	3,209,888	3,530,766	3,455,831	3,291,616	2,668,034
Charges for current services	26,838,941	26,977,222	27,430,317	30,445,612	31,070,318	31,212,825	35,719,504	35,342,852	36,002,670	37,374,131
Other local revenues	4,787,595	8,660,028	8,570,876	10,503,513	8,535,982	7,897,144	8,949,632	9,599,313	10,675,630	11,778,526
State of Tennessee	18,913,035	16,997,956	18,284,332	19,339,165	18,137,895	23,753,472	22,036,568	23,647,475	30,330,826	24,224,383
Federal government	9,290,911	12,117,880	11,120,469	10,233,153	11,238,152	11,797,202	10,245,233	9,378,719	9,297,355	10,559,255
Other governments and citizen groups	640,110	1,669,274	1,454,345	1,103,013	723,019	646,219	1,210,967	592,769	1,748,187	998,711
Investment earnings	174,952	1,037,903	2,111,750	2,214,606	2,023,800	15,686	18,121	-	-	-
Payments from component units	26,432,876	26,227,344	36,728,191	32,601,668	31,929,023	10,000,000	13,022,088	12,870,448	13,774,686	13,297,034
Increase in equity interest in joint venture	-	349,085	331,142	918,162	-	-	-	-	406,204	298,686
Total revenues	265,281,914	277,932,853	294,855,653	301,414,938	297,841,407	303,451,641	315,638,013	319,777,562	337,976,198	339,247,956
Expenditures										
Finance and administration	40,628,916	33,375,623	31,446,206	30,320,994	30,536,305	32,274,270	32,919,977	33,562,156	33,204,331	37,206,179
Finance and administration - payments to component unit	3,823,874	3,823,874	3,823,874	6,653,874	6,753,874	6,553,874	9,553,874	5,603,874	5,253,874	5,048,874
Administration of justice	13,060,783	23,761,351	21,973,316	22,221,820	22,787,276	23,901,527	25,031,458	25,941,874	29,488,754	30,621,729
Public safety	72,519,183	72,338,730	71,190,474	72,956,418	74,958,904	77,669,646	81,167,409	82,951,081	85,541,830	89,231,140
Public safety - payments to component unit	326,200	326,200	326,200	326,200	326,200	326,200	485,002	856,322	1,191,595	1,191,595
Public health and welfare	37,113,902	32,481,343	31,426,565	31,366,064	32,819,696	32,936,876	33,506,591	35,506,558	36,013,476	37,355,729
Public health and welfare - payments to component unit	256,628	256,628	256,628	211,628	211,628	166,628	166,628	166,628	166,628	166,628
Social and cultural services	18,490,914	18,082,432	16,594,500	16,367,637	17,294,876	17,763,250	19,111,368	19,095,258	18,969,381	19,715,397
Agricultural and natural resources	413,675	380,453	365,774	435,231	519,433	470,977	490,451	518,339	520,063	483,133
Other general government	14,871,749	19,777,716	18,887,075	20,439,302	21,365,998	22,879,165	23,518,670	24,743,043	23,860,502	25,365,505
Other general government - payments to component unit	-	-	-	600,000	600,000	600,000	625,000	665,000	700,000	725,000
Engineering & Public Works	11,875,623	11,736,732	10,498,407	10,873,216	11,782,056	12,203,508	13,454,304	14,825,664	16,474,241	16,744,661
Decrease in equity interest in joint venture	528,848	-	-	493,210	-	931,800	153,036	180,513	-	-
Debt proceeds paid to component unit	14,822,428	29,004,906	13,578,202	13,182,024	38,763,934	24,271,315	19,385,000	70,750,000	2,000,000	-
Debt issuance cost	247,856	441,307	106,387	-	745,863	209,442	196,957	481,587	-	461,032
Payments to component unit	-	-	-	-	-	-	-	9,968,536	-	39,410,750
Capital Outlay	22,814,409	8,975,940	8,146,618	29,757,038	18,415,728	18,251,855	26,594,126	29,382,609	23,645,303	15,555,038
Debt Service:										
Principal	31,080,467	34,695,467	35,615,702	37,766,083	40,630,308	43,975,347	44,203,336	43,456,544	42,929,342	45,633,419
Interest	22,292,340	25,297,513	25,888,063	24,982,926	23,577,780	20,716,774	20,742,805	21,369,057	24,358,994	24,519,749
Other charges	3,691,792	3,955,168	3,399,500	2,517,892	2,308,689	2,987,837	2,608,420	2,597,903	2,868,774	2,482,120
Total expenditures	308,859,587	318,711,383	293,523,491	320,423,347	344,891,758	339,090,291	353,914,412	422,622,546	347,187,088	391,917,678
Excess (deficiency) of revenues over (under) expenditures	(43,577,673)	(40,778,530)	1,332,162	(19,008,409)	(47,050,351)	(35,638,650)	(38,276,399)	(102,844,984)	(9,210,890)	(52,669,722)
Other financing sources (uses)										
Transfers in	25,795,690	9,942,342	16,198,023	17,216,767	15,910,827	12,166,476	15,138,360	16,369,595	19,345,615	20,244,487
Transfers out	(26,010,479)	(9,882,229)	(18,439,226)	(21,326,873)	(21,240,907)	(12,810,239)	(17,334,687)	(19,180,797)	(22,298,236)	(21,504,787)
Capital lease proceeds	11,651,171	-	-	13,182,024	14,872,404	12,450,000	-	-	-	-
Refunding bonds issued	4,550,000	62,675,000	21,505,000	-	-	72,860,000	-	-	57,780,000	12,860,000
Bonds issued	16,000,000	46,236,000	14,400,000	-	39,075,000	30,040,000	35,900,000	90,265,000	-	65,915,000
Loan issued	-	-	-	-	5,962,500	-	-	-	-	-
Premium on debt issued	207,763	2,458,913	1,367,889	-	350,920	1,484,442	2,206,016	8,436,587	-	6,867,466
Premium on refunding bonds	-	-	-	-	-	1,716,531	-	-	3,980,220	1,127,772
Payments to holders of refunded debt	(4,620,000)	(64,118,485)	(22,469,358)	-	-	(74,181,478)	-	-	(61,368,872)	(13,975,000)
Notes issued	-	-	5,000,000	-	-	-	-	-	-	-
Total other financing sources (uses)	27,574,145	47,311,541	17,562,328	9,071,918	54,930,744	43,725,732	35,909,689	95,890,385	(2,561,273)	71,534,938
Net change in fund balances	\$ (16,003,528)	\$ 6,533,011	\$ 18,894,490	\$ (9,936,491)	\$ 7,880,393	\$ 8,087,082	\$ (2,366,710)	\$ (6,954,599)	\$ (11,772,163)	\$ 18,865,216
Debt service as a percentage of noncapital expenditures	18.71%	19.74%	21.93%	20.75%	19.67%	20.16%	19.92%	16.44%	20.67%	18.60%

KNOX COUNTY, TENNESSEE

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Tax Years
(Unaudited)**

Lien Date January 1 (See Note)	Real Property		Personal Property	Public Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2009	\$ 6,358,243,198	\$ 2,886,901,200	\$ 555,839,420	\$ 278,517,456	\$ 10,079,501,274	2.36	\$ 34,787,969,365	28.97%
2010	6,293,093,819	3,097,030,834	530,130,578	263,158,114	10,183,413,345	2.36	35,162,877,671	28.96%
2011	6,337,175,739	3,190,912,532	536,664,800	272,395,481	10,337,148,552	2.36	35,612,785,749	29.03%
2012	6,399,446,723	3,281,312,762	586,781,514	269,579,260	10,537,120,259	2.36	36,755,304,285	28.67%
2013	6,451,266,717	3,492,130,886	614,695,320	271,557,298	10,829,650,221	2.36	37,588,675,791	28.81%
2014	6,523,049,465	3,559,988,339	635,273,978	277,646,472	10,995,958,254	2.32	38,201,668,654	28.78%
2015	6,602,696,134	3,637,719,125	620,960,725	281,892,638	11,143,268,622	2.32	38,620,160,562	28.85%
2016	6,700,559,582	3,690,273,187	651,131,361	277,926,658	11,319,890,788	2.32	39,239,178,315	28.85%
2017	7,373,429,810	4,267,355,177	695,854,574	268,585,449	12,605,225,010	2.12	43,516,263,954	28.97%
2018	7,523,672,601	4,322,284,142	720,467,161	272,720,518	12,839,144,422	2.12	44,362,901,349	28.94%

Source: Knox County, Tennessee Trustee Department.

Notes: Assessment rates are set by Tennessee State Law as follows:

Real Property: Residential and Farm at 25% of value
Commercial and Industrial at 40% of value
Personal property at 30% of value
Public Utilities at 55% of value (Railroads 40%)

The lien date of January 1 represents the date that the legal claim to the taxable property is recognized. The related property tax revenue is levied for the subsequent fiscal year.

KNOX COUNTY, TENNESSEE

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)**

	Year Taxes Are Payable									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Knox County Direct Rates										
General	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.96	\$ 0.96	\$ 0.97	\$ 0.97	\$ 0.89	\$ 0.89
Debt Service	0.31	0.31	0.31	0.31	0.30	0.48	0.47	0.47	0.43	0.43
Schools	1.08	1.08	1.08	1.08	1.06	0.88	0.88	0.88	0.80	0.80
Total direct rate	2.36	2.36	2.36	2.36	2.32	2.32	2.32	2.32	2.12	2.12
City of Knoxville Rates	2.46	2.46	2.46	2.46	2.39	2.73	2.73	2.73	2.46	2.46
Total direct & overlapping rates	<u>\$ 4.82</u>	<u>\$ 4.82</u>	<u>\$ 4.82</u>	<u>\$ 4.82</u>	<u>\$ 4.71</u>	<u>\$ 5.05</u>	<u>\$ 5.05</u>	<u>\$ 5.05</u>	<u>\$ 4.58</u>	<u>\$ 4.58</u>

Sources: *Knox County, Tennessee.*
City of Knoxville, Tennessee.

KNOX COUNTY, TENNESSEE

**Principal Property Taxpayers
Tax Year 2018 and Nine Years Ago
(Unaudited)**

<u>Taxpayer</u>	Tax Year 2018			Tax Year 2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Metro Knoxville	\$ 43,509,960	1	0.34%	\$ -	-	-
AT&T Mobility	37,408,183	2	0.29%	24,327,660	4	0.24%
Verion Wireless	33,833,898	3	0.26%	31,934,336	2	0.32%
West Town Mall	28,557,440	4	0.22%	26,700,440	3	0.27%
Bellsouth Telecommunications	26,618,578	5	0.21%	70,245,679	1	0.71%
UPS, Inc.	18,552,099	6	0.14%	-	-	-
Exedy America Corp	17,949,927	7	0.14%	-	-	-
Comcast of the South - Main Office	17,533,463	8	0.14%	-	-	-
Pilot Travel Centers	17,332,830	9	0.13%	-	-	-
Quarry Trail	16,717,240	10	0.13%	-	-	-
Tennessee Holding LLC	-	-	-	20,044,440	5	0.20%
Behringer Harvard Riverview, LLC	-	-	-	17,413,400	6	0.17%
Knoxville Center	-	-	-	14,828,040	7	0.15%
Parkside Drive LLC	-	-	-	12,721,600	8	0.13%
Concord Telephone Exchange	-	-	-	12,644,595	9	0.13%
Sprintcom, Inc. DBA/Sprint	-	-	-	11,844,797	10	0.12%
Totals	\$ 258,013,618		2.01%	\$ 242,704,987		2.44%

Source: Knox County, Tennessee Trustee Department.

KNOX COUNTY, TENNESSEE

**Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)
(Unaudited)**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 237,357	\$ 225,027	94.8%	\$ 12,062	\$ 237,089	99.9%
2011	239,957	229,048	95.5%	10,562	239,610	99.9%
2012	243,681	234,476	96.2%	8,769	243,245	99.8%
2013	248,461	239,800	96.5%	8,171	247,971	99.8%
2014	251,063	243,512	97.0%	6,953	250,465	99.8%
2015	254,969	246,882	96.8%	7,410	254,292	99.7%
2016	258,454	252,031	97.5%	5,498	257,529	99.6%
2017	262,550	255,343	97.3%	5,803	261,146	99.5%
2018	267,173	260,044	97.3%	4,741	264,785	99.1%
2019	272,068	264,935	97.4%	941	265,876	97.7%

Source: Knox County, Tennessee Trustee Department.

KNOX COUNTY, TENNESSEE

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)
(Unaudited)**

Fiscal Year	Primary Government		Component Units	Total Reporting Unit	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds and Loans	Capital Leases	Capital Leases			
2010	\$ 650,194	\$ 11,651	\$ 23,124	\$ 684,969	4.46%	\$ 1,582
2011	696,097	-	-	696,097	4.10%	1,593
2012	679,172	-	-	679,172	3.74%	1,540
2013	640,593	13,182	-	653,775	3.54%	1,472
2014	647,604	27,245	-	674,849	3.50%	1,506
2015	637,325	38,931	4,903	681,159	3.37%	1,510
2016	628,029	37,571	4,670	670,270	3.17%	1,470
2017	680,334	35,921	4,428	720,683	3.24%	1,560
2018	638,368	34,179	4,175	676,722	3.04% (2)	1,455
2019	663,118	32,343	3,913	699,374	3.14% (2)	1,504 (2)

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 296 for personal income and population data.

(2) Estimated, schedule will be updated when the information becomes available.

KNOX COUNTY, TENNESSEE

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)
(Unaudited)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2010	\$ 613,971	1.75%	1,418
2011	691,186	1.94%	1,583
2012	669,016	1.82%	1,518
2013	631,616	1.68%	1,422
2014	632,397	1.66%	1,412
2015	630,512	1.63%	1,397
2016	623,116	1.59%	1,366
2017	677,324	1.56%	1,467
2018	635,773	1.43%	1,366
2019	660,942	1.49% (3)	1,420 (3)

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 289 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 296.

(3) Estimated, schedule will be updated when the information becomes available.

KNOX COUNTY, TENNESSEE

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019

(amounts expressed in thousands)

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 695,460	100.00%	\$ 695,460
Subtotal, direct debt	<u>695,460</u>		<u>695,460</u>
City of Knoxville overlapping debt	58,062	100.00%	58,062
Town of Farragut overlapping debt	-	100.00%	-
Subtotal, overlapping debt	<u>58,062</u>		<u>58,062</u>
Total direct and overlapping debt	<u>\$ 753,522</u>		<u>\$ 753,522</u>

Note: Percentage of overlap based on assessed property values.

KNOX COUNTY, TENNESSEE

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Population (3)	Personal Income (amounts expressed in thousands) (1)	Per Capita Personal Income (1)	Median Age (3)	School Enrollment (3)	Unemployment Rate (2)
2010	432,972	\$ 16,089,189	\$ 37,148	37.2	113,848	7.8%
2011	436,653	16,994,073	38,894	37.3	108,109	7.6%
2012	440,705	18,149,825	41,127	37.2	111,190	6.7%
2013	444,194	18,466,333	41,533	37.3	111,661	7.3%
2014	447,939	19,297,297	43,012	37.3	112,176	6.3%
2015	451,321	20,241,530	44,849	37.4	112,467	5.3%
2016	456,114	21,121,133	46,305	37.4	114,029	3.2%
2017	461,860	22,243,142	48,160	37.5	115,849	3.7%
2018	465,289	22,243,142 (4)	48,160 (4)	37.6	115,849 (4)	3.6%
2019	465,289 (4)	22,243,142 (4)	48,160 (4)	37.6 (4)	115,849 (4)	3.6%

Data sources:

(1) Bureau of Economic Analysis, Regional Economic Accounts, Bearfacts.

(2) Tennessee Department of Labor and Workforce Development.

(3) US Census Bureau/American FactFinders.

(4) Estimated, schedule will be updated when the information becomes available.

KNOX COUNTY, TENNESSEE

**Principal Employers
Calendar Year 2018 and Nine Years Ago
(Unaudited)**

Employer (1)	2018			2009		
	Employees (2)	Rank	Percentage of Total Knoxville MSA Employment (3)	Employees (2)	Rank	Percentage of Total Knoxville MSA Employment (3)
U.S. Department of Energy, Oak Ridge Operations	12,387	1	3.03%	13,182	1	4.02%
Covenant Health	10,419	2	2.55%	8,982	3	2.74%
Knox County Public Schools	8,082	3	1.98%	8,382	4	2.56%
The University of Tennessee	6,689	4	1.64%	11,901	2	3.63%
Walmart Stores	5,998	5	1.47%	5,330	5	1.63%
University Health System	5,547	6	1.36%	3,724	8	1.14%
DENSO Mfg	5,000	7	1.22%	-		-
The Dollywood Company	4,000	8	0.98%	-		-
Clayton Homes	3,662	9	0.90%	-		-
K-VA-T Food Stores	3,487	10	0.85%	4,118	7	1.26%
Mercy Health Partners	-		-	4,368	6	1.33%
State of Tennessee, Regional Office	-		-	3,709	9	1.13%
Knox County Government	-		-	3,055	10	0.93%
Total	65,271		15.98%	66,751		20.37%

(1) Based on employers in the Knoxville area which includes Anderson, Blount, Grainger, Jefferson, Knox, Loudon, Monroe, Roane, Sevier and Union Counties.

(2) Greater Knoxville Chamber of Commerce.

(3) Tennessee Department of Labor and Workforce Development.

KNOX COUNTY, TENNESSEE

**Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years
(Unaudited)**

Full-time Equivalent Employees by Function

Function	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	534	521	503	504	508	529	547	552	549	553
Public safety	975	1013	1025	1037	1038	1041	1054	1063	1040	1069
Public health and welfare	324	320	310	291	283	286	298	306	290	294
Highways	117	114	114	116	113	115	117	116	118	123
Social, cultural, and recreation	190	203	194	197	197	200	200	202	198	204
Total	<u><u>2,140</u></u>	<u><u>2,171</u></u>	<u><u>2,146</u></u>	<u><u>2,145</u></u>	<u><u>2,139</u></u>	<u><u>2,171</u></u>	<u><u>2,216</u></u>	<u><u>2,239</u></u>	<u><u>2,195</u></u>	<u><u>2,243</u></u>

Source: Knox County Budget.

KNOX COUNTY, TENNESSEE

**Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)**

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sheriff (1)										
Arrests	29,833	29,557	25,571	25,533	24,969	23,400	23,498	11,722	10,802	*
Accidents	3,441	3,190	3,080	2,793	2,903	2,861	3,097	3,131	3,365	*
Incidents	32,258	32,319	32,414	30,949	30,707	29,653	28,960	31,366	30,868	*
Health services (2)										
Community Health:										
Presentations performed by Community Health Division	-	-	-	-	-	-	-	-	-	119
Attendees at Community Health Presentations	-	-	-	-	-	-	-	-	-	2,667
Air Quality:										
Compliance evaluations/complaint investigations conducted	-	-	-	-	-	-	-	-	-	752
Environmental Health:										
Inspections on food establishments, mobile food units, childcare facilities, school cafeterias conducted	-	-	-	-	-	-	-	-	-	2,786
Communicable and Environmental Disease:										
Reportable disease investigations conducted	-	-	-	-	-	-	-	-	-	7,564
Health Services:										
Patient encounters	-	-	-	-	-	-	-	-	-	83,048
Vaccines administered	-	-	-	-	-	-	-	-	-	34,487
Dental Services:										
Patient encounters	-	-	-	-	-	-	-	-	-	4,768
Children served through school-based sealant program	-	-	-	-	-	-	-	-	-	1,671
Emergency Preparedness:										
Outreach events	-	-	-	-	-	-	-	-	-	30
Regional exercises	-	-	-	-	-	-	-	-	-	4
Epidemiology data reports	-	-	-	-	-	-	-	-	-	6
Engineering & public works (2)										
Street resurfacing (miles)	44	13	17	22	21	12	25	48	50	27
Road maintenance service orders processed	2,687	2,829	1,973	2,876	2,563	2,302	2,653	2,560	2,471	2,872
Litter reduction from right of way (miles)	830	1,046	637	839	1,035	906	1,040	766	749	779
Parks & recreation (2)										
Number of park shelter reservations	3,000	3,500	3,800	4,500	5,500	6,000	7,000	4,875	4,854	5,467
Total all participants on all teams	30,000	30,000	37,000	37,000	40,000	60,000	22,750	39,668	32,135	31,026
Total number of attendees at events	20,500	21,500	90,000	125,084	160,000	170,000	63,600	114,801	101,792	104,076

* Information not yet available.

(1) Information kept by calendar year.

(2) Information kept by fiscal year.

NOTE: Knox County Health Department changed operating indicators by function in FY19 from those previously reported due to program changes.

Source: Knox County, Tennessee Sheriff, Health, Engineering & Public Works and the Parks & Recreation Departments.

KNOX COUNTY, TENNESSEE

**Capital Asset Statistics by Function
Last Ten Fiscal Years
(Unaudited)**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Sheriff										
Detention Facility	1	1	1	1	1	1	1	1	1	1
DUI Facility	1	1	1	1	1	1	1	1	1	1
Penal Farm	1	1	1	1	1	1	1	1	1	1
Fleet Services	1	1	1	1	1	1	1	1	1	1
Training Facility	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	9	9	9	9	9	9	9	9
K-9 Training Facility	-	-	-	-	-	-	-	-	-	1
Engineering & Public Works										
Streets (lane miles)	2,033	2,089	2,107	2,107	2,230	2,236	2,241	2,244	2,248	2,256
Bridges	142	142	142	142	143	143	143	143	145	148
Traffic signals	59	64	65	68	70	73	75	76	81	81
Parks & Recreation										
Parks acreage	3,296	3,296	3,347	3,347	2,600	2,025	2,169	2,169	2,169	2,176
Parks	49	49	50	51	49	48	48	48	48	49
Spray pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	7	7	7	7	13	13	13	13	13	13

Source: Knox County, Tennessee Public Safety, Engineering & Public Works and the Parks & Recreation Departments.