

For The Year Ended June 30, 2020

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Glenn Jacobs, County Mayor



# KNOX COUNTY TENNESSEE

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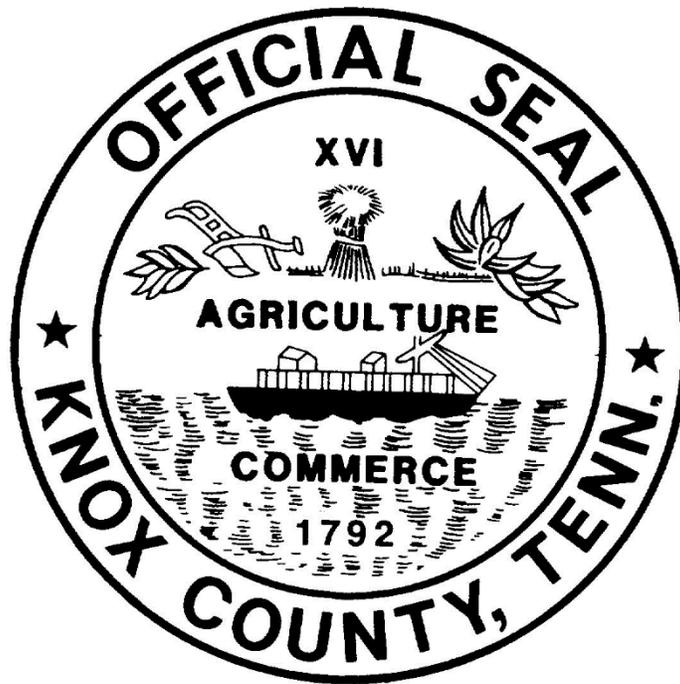


Knox County  
**Health Department**  
Every Person, A Healthy Person

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Knox County, Tennessee



**KNOX COUNTY, TENNESSEE**  
**Comprehensive Annual Financial Report**  
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## OFFICE OF COUNTY MAYOR GLENN JACOBS

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

January 29, 2021

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, 2020, 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, 2020. 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 Mayor Jacobs' achievements to date include:

- Presented \$100,000 check to Knoxville Public Safety Foundation
- Launched the All4Knox program to create a community-wide strategic plan to combat substance abuse
- Launched Read City USA – a collaborative reading initiative designed to help all children, regardless of socioeconomic background, to learn to read early and well
- Held constituent meetings and community lunches in all nine districts
- Renovated and improved the athletic fields at South Doyle Middle School
- Committed to building three new elementary schools – with work already started on one of them

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

- Funded extended contracts for some Knox County Schools librarians to keep school libraries open through the summer months
- Helped the Knox County Public Library provide 4,000 library cards to community school students
- Hosted School Mania, which provides school supplies to Knox County students
- Hosted a series of senior lunches and picnics
- Finished and opened the I.C. King Park extension and the new senior center in Farragut
- Committed to working with the state and federal governments on the responsible placement of refugees
- Bringing the Schaad Road Project into Phase II
- Creating the 44-mile Knox County Water Trail along Beaver Creek
- Replacing the Powell Boardwalk
- Creating a weekly video series to promote local businesses

***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, 2019. 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:*

Frank Strang Center  
City County Improvements/Developments  
Juvenile Court/Detention  
Health Department Renovations

*Road Construction/Improvements:*

General Road Improvements  
Schaad Road Phase II  
Emory Road & Bishop/Taggart  
Brickyard w/ Beaver Creek

*School Construction/Renovations:*

Physical Plant Upgrades  
Tech Upgrades System Wide

*School Construction/Renovations:*

HVAC Upgrades  
Modular Class Relocations

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

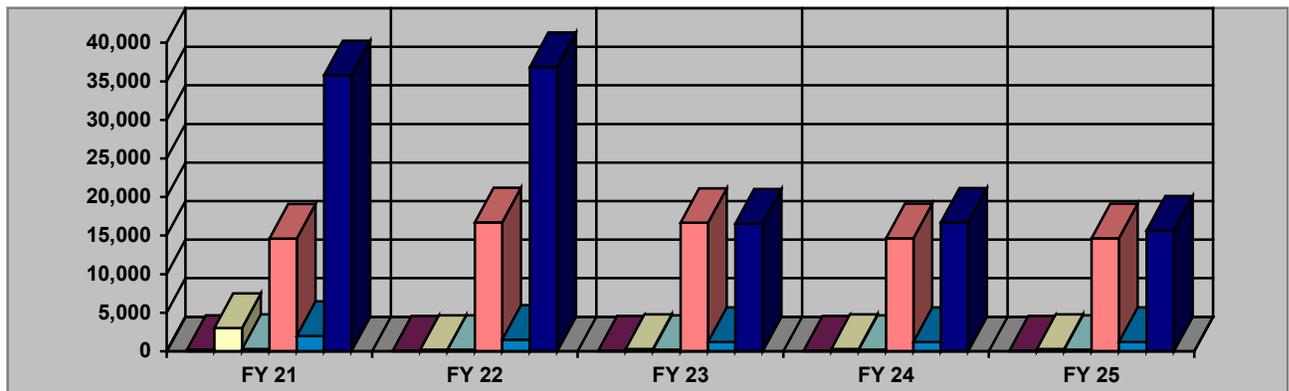
Powell Middle  
Inskip Elementary Addition

Security Upgrades  
Drive Parking Upgrades

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

Project Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
Public Libraries	\$ 207	\$ 100	\$ 100	\$ 100	\$ 100	\$ 607
Countywide Projects	3,016	200	300	300	300	4,116
Parks & Recreation	300	200	200	200	200	1,100
Engineering & Public Works	14,625	16,725	16,650	14,650	14,650	77,300
Building Improvements & Other	1,997	1,500	1,200	1,200	1,200	7,097
Schools	35,800	36,850	16,550	16,700	15,650	121,550
<b>Total – Approved Projects</b>	<b>\$ 55,945</b>	<b>\$ 55,575</b>	<b>\$ 35,000</b>	<b>\$ 33,150</b>	<b>\$ 32,100</b>	<b>\$ 211,770</b>

**Five Year Capital Plan  
(In Thousands of Dollars)**



## ABOUT KNOX COUNTY



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 2019 census demographic population data reported that 470,313 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 2019 population was reported at 187,603. It is the largest incorporated municipality in the County. Farragut, the only other municipality in the County, has an estimated population of 23,778. 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 2020 estimates, there were approximately 1,085 wholesale establishments, 1,697 retail establishments, and 8,443 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 876 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 83.1 compared to the average of all participating cities of 100. The County has over 6,330 acres of park and recreation space, with approximately 198 miles of greenways 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 2020, the Knoxville MSA ranked 33 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.

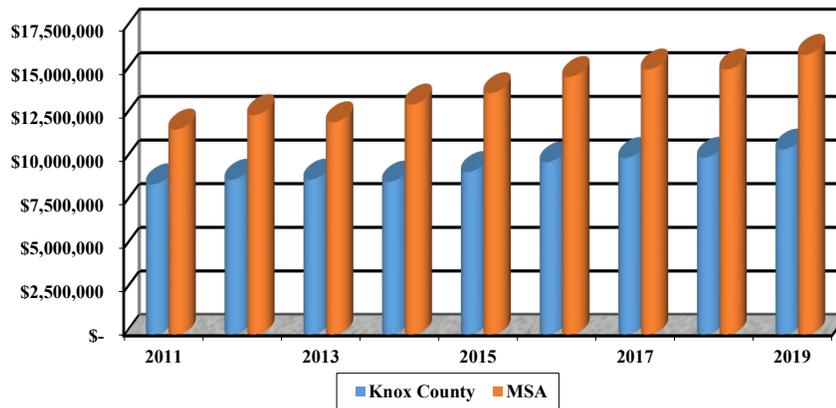
The area is also gaining a reputation as a prime location for corporate headquarters. High profile companies headquartered here in the MSA include the Tennessee Valley Authority, Jewelry Television, AC Entertainment, DeRoyal Industries, PetSafe/Radio Systems Corporation, and Regal Entertainment. Knox 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 2019 retail sales in the MSA grossed over \$16.1 billion, with approximately 66% of that total generated in Knox County.

#### RETAIL SALES

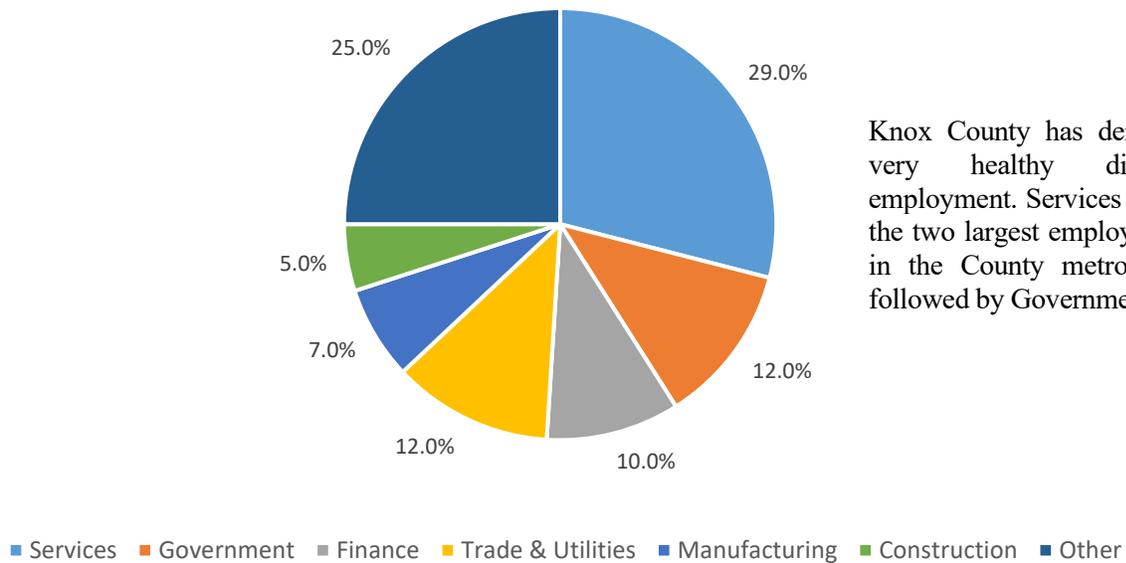
(in thousands)



### *Tourism*

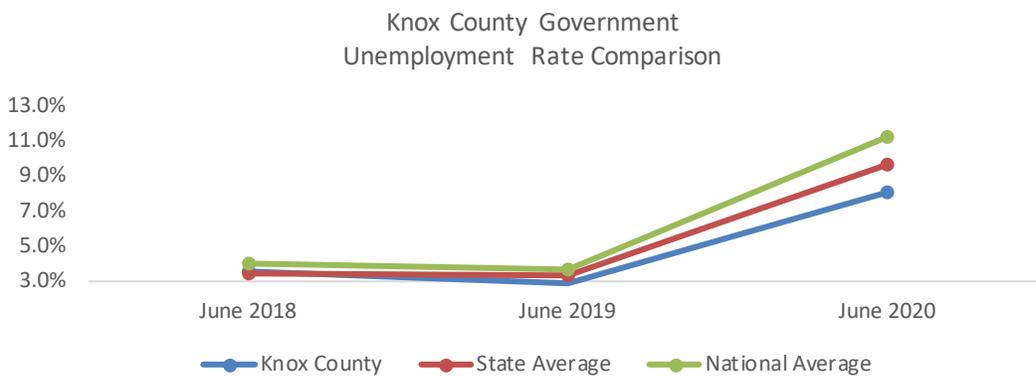
Although industry frequently is considered the core of an economic base, secondary and tertiary activities also make important contributions to economic development. The convention and tourism business contribute to the County's economic base by drawing income into the region, resulting in employment 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 12.5 million guests in 2019.

***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 2020, the seasonally adjusted unemployment rates for the County, state and nation stood at 8.1%, 9.6% and 11.2%, respectively. The County’s rate, like the State and National rate, saw a large increase in unemployment due to the COVID-19 pandemic. The County’s rate remained lower than the State and National average.



**Per Capita Income**

In 2019, Knox County’s per capita income was \$51,758. This represents an increase of 2.4 percent compared to 2018.

## ***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 2020 adopted budget provided for a moderate increase (5.1%) 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 \$22.1 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, 2020 of \$646,221,518 is \$44,964,950 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, 2019. This was the twenty-fourth 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-fifth consecutive time, the GFOA Award for Distinguished Budget Presentation for its 2020 Annual Operating Budget. In qualifying for the award,

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

the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

The County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR award) for the fiscal year ended June 30, 2019. The award represents a significant achievement by the County. Each eligible report is reviewed by judges who evaluate the report based on the following categories: reader appeal, understandability, distribution methods, creativity, and other elements. Having now received all three of GFOA's financial awards the County achieved Triple Crown status.

*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  
Chief Financial Officer



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

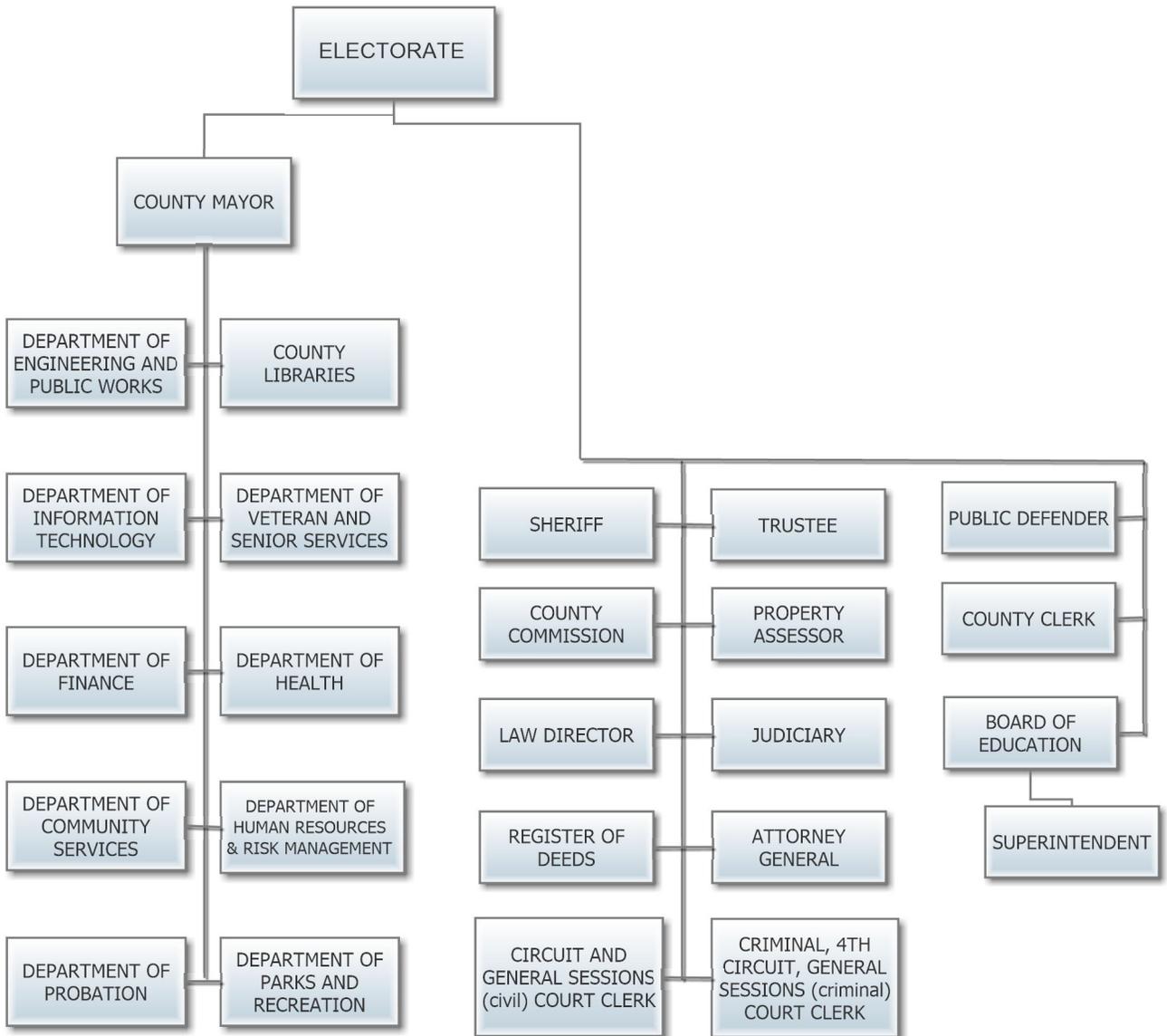
June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



**KNOX COUNTY, TENNESSEE**  
**COUNTY ORGANIZATIONAL STRUCTURE**  
 As of June 30, 2020





**KNOX COUNTY, TENNESSEE**  
**ROSTER OF ELECTED OFFICIALS AND OTHERS**  
As of June 30, 2020

**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  
Matt Warren

**Finance Director:**

Chris Caldwell, MBA, CCFO

**Pension Board:**

Brad Anders  
Chris Caldwell (Proxy for Glenn Jacobs,  
Chairman)  
Jennifer Hemmelgarn  
Larsen Jay  
Gabe Mullinax  
Hugh Nystrom , Vice Chairman  
Janet Samar  
Randy Smith

**Retirement Office:**

Jennifer Schroeder, 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, 2020 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 2.3% of total assets and deferred outflows, 8.7% of net position and 0.1% 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 0.9% of total assets and deferred outflows, 0.6% of net position and 0.9% 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, 2020, 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 xvii through xxxiv 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 141 through 161 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 January 29, 2021, 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 January 29, 2021, 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  
January 29, 2021

**Knox County, Tennessee**  
**Management's Discussion and Analysis (Unaudited)**  
June 30, 2020

As management of the Knox County Government, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal years ended June 30, 2020 and 2019. 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-x 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 \$26,811,666 (deficit net position). This amount includes a negative \$279,162,030 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 an increase of \$13,939,976. Total net position for the Primary Government (governmental and business-type activities) increased by \$13,889,507.
- The Primary Government's governmental funds reported total fund balances of \$142,403,579, an increase of \$19,990,046 for the fiscal year.
- The Knox County Government's total bonded debt at the end of the year totaled \$646,221,518, an increase of 1.1% compared to the prior year total of \$639,470,799. Of the current year total, \$373,155,577 pertains to County general government activities and \$273,065,941 pertains to the Knox County Board of Education component unit. Bond principal paid in the current year totaled \$85,989,281 and debt issued totaled \$92,740,000.
- 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.

**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.

**Knox County, Tennessee**  
**Management's Discussion and Analysis (Unaudited)**  
June 30, 2020

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

**Knox County, Tennessee**  
**Management's Discussion and Analysis (Unaudited)**  
June 30, 2020

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/fy063020.pdf](https://www.knoxcounty.org/finance/pdfs/budget_report_citizenry/fy063020.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.

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

**Knox County, Tennessee**  
**Management's Discussion and Analysis (Unaudited)**  
June 30, 2020

**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 13-140 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 141-161 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and the individual fund statements are presented on pages 162-199. Combining and individual fund statements for proprietary funds can be found on pages 200-219 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Knox County Primary Government**  
**Net Position - Governmental Activities**

	<b>June 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>Variance</b>
Current and Other Assets	\$ 390,936,814	\$ 362,445,145	\$ 28,491,669
Capital Assets	584,316,952	590,592,020	(6,275,068)
Total Assets	<u>975,253,766</u>	<u>953,037,165</u>	<u>22,216,601</u>
Deferred Outflows of Resources	84,026,835	67,328,716	16,698,119
Other Liabilities	128,686,839	124,366,115	4,320,724
Long-term Liabilities Outstanding	770,214,487	755,718,870	14,495,617
Total Liabilities	<u>898,901,326</u>	<u>880,084,985</u>	<u>18,816,341</u>
Deferred Inflows of Resources	187,190,941	181,032,538	6,158,403
Net Position:			
Net Investment in Capital Assets	239,026,759	236,006,482	3,020,277
Restricted	13,323,605	11,744,112	1,579,493
Unrestricted (Deficit)	(279,162,030)	(288,502,236)	9,340,206
Total Net Position (Deficit)	<u>\$ (26,811,666)</u>	<u>\$ (40,751,642)</u>	<u>\$ 13,939,976</u>

**Knox County, Tennessee**  
**Management's Discussion and Analysis (Unaudited)**  
June 30, 2020

**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 \$279,162,030 reflects a positive change of \$9,340,206 compared to the prior year unrestricted net position deficit of \$288,502,236.

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

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Net Investment in Capital Assets	\$ 239,026,759	\$ 236,006,482	\$ 3,020,277
Restricted:			
Debt Service	3,649,437	2,260,493	1,388,944
Public Health and Welfare	2,464,532	2,217,610	246,922
Public Safety	3,713,299	3,656,671	56,628
Social and Cultural Services	1,881,425	1,955,845	(74,420)
Other Purposes	<u>1,614,912</u>	<u>1,653,493</u>	<u>(38,581)</u>
Total Restricted Net Position	<u>13,323,605</u>	<u>11,744,112</u>	<u>1,579,493</u>
Unrestricted (Deficit):	<u>(279,162,030)</u>	<u>(288,502,236)</u>	<u>9,340,206</u>
Total Net Position (Deficit)	<u>\$ (26,811,666)</u>	<u>\$ (40,751,642)</u>	<u>\$ 13,939,976</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, 2020 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 statements.

**Knox County, Tennessee**  
**Management's Discussion and Analysis (Unaudited)**  
June 30, 2020

At June 30, 2020, the amount of bonds, capital leases and loans issued by the County on behalf of the Board still outstanding was \$283,139,277, compared to the prior year amount of \$292,253,109. 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 \$3,977,247 in 2020 and a positive unrestricted net position of \$3,750,873 in 2019.

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 governmental activities of the primary government.

**Governmental activities.** Governmental activities increased the Knox County Primary Government's net position by \$13,939,976 in 2020. This amount results mainly from decreased expenses related to the County's spending freezes due to the uncertainties surrounding the COVID-19 pandemic. The County also experienced an increase in general revenues and an increase in grants and contributions. Public Health and Welfare received nearly \$4 million in CARES Act grants.

The following table shows the changes in the Statement of Activities for the Primary Government-Governmental Activities for the fiscal years ended June 30, 2020 and 2019.

**Knox County, Tennessee**  
**Management's Discussion and Analysis (Unaudited)**  
June 30, 2020

**Knox County Primary Government**  
**Governmental Activities**

	Year Ended June 30,		
	2020	2019	Variance
Program Revenues:			
Charges for Services	\$ 47,936,990	\$ 49,203,024	\$ (1,266,034)
Operating Grants and Contributions	26,916,372	22,934,361	3,982,011
Capital Grants and Contributions	6,548,486	6,215,851	332,635
General Revenues			
Local Taxes	234,015,191	232,926,223	1,088,968
Payments from Component Units	13,220,461	15,412,297	(2,191,836)
Intergovernmental Revenues	16,133,150	12,841,469	3,291,681
Other General Revenues	7,972,239	6,984,070	988,169
Total Revenues	352,742,889	346,517,295	6,225,594
Expenses:			
Finance and Administration	39,060,713	42,393,875	(3,333,162)
Administration of Justice	29,577,327	31,566,137	(1,988,810)
Public Safety	103,392,117	99,394,187	3,997,930
Public Health and Welfare	36,605,343	38,237,450	(1,632,107)
Social and Cultural Services	22,086,229	22,500,037	(413,808)
Agricultural and Natural Resources	488,941	483,133	5,808
Other General Government	23,937,272	22,292,787	1,644,485
Engineering & Public Works	32,611,211	33,709,187	(1,097,976)
Debt Service	27,521,163	26,095,623	1,425,540
Payments to Component Units	23,222,597	46,542,847	(23,320,250)
Total Expenses	338,502,913	363,215,263	(24,712,350)
Excess (Deficiency) of Revenues over (under)			
Expenses before Transfers	14,239,976	(16,697,968)	30,937,944
Transfers to Other Funds	(300,000)	(320,000)	20,000
Change in Net Position	13,939,976	(17,017,968)	30,957,944
Net Position, July 1 (Deficit)	(40,751,642)	(23,733,674)	(17,017,968)
Net Position, June 30 (Deficit)	\$ (26,811,666)	\$ (40,751,642)	\$ 13,939,976

**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. However, there was a slight decrease in the current year due to the pandemic. Program revenues include operating grants, which consist largely of grants received from the federal and

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state governments. The current year revenues consist of various amounts received for government functions. The increase in operating grants and contributions is due mainly to new grants from the CARES Act. Program revenues also include capital grants and contributions. During the current year the County received \$6,548,486 contributions from developers related to road projects compared to \$5,857,850 in the prior year.

**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 growing 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. In 2020, combined property and sales tax revenue was \$199,569,475. The 2019 corresponding total was \$196,425,849, for a net increase of \$3,143,626. 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. 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 decrease in the amounts paid to the Board applicable to debt issued by the Primary Government on behalf of the Board of \$23,610,750. 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 most categories decreased due to spending freezes surrounding the pandemic. Increases were experienced in public safety 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 sales and snack bar sales. The County's general fund made a transfer of \$300,000 in the current year to the golf course for additional support. The change in net position of \$(50,469) for the golf course includes the effects of depreciation, a noncash expense, totaling \$37,677. Of the ending net position, \$417,533 was invested in capital assets, with the remaining deficit amount of \$63,750 unrestricted. These amounts reflect the results of ordinary business operations.

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**Net Position-Primary Government-Business-type Activities**

	June 30,		Variance
	2020	2019	
Current and Other Assets	\$ 19,321	\$ 8,910	\$ 10,411
Capital Assets	417,533	455,210	(37,677)
<b>Total Assets</b>	<b>436,854</b>	<b>464,120</b>	<b>(27,266)</b>
Current Liabilities	63,382	59,868	3,514
Noncurrent Liabilities	19,689	-	19,689
<b>Total Liabilities</b>	<b>83,071</b>	<b>59,868</b>	<b>23,203</b>
Net Position:			
Invested in Capital Assets	417,533	455,210	(37,677)
Unrestricted (Deficit)	(63,750)	(50,958)	(12,792)
<b>Total Net Position</b>	<b>\$ 353,783</b>	<b>\$ 404,252</b>	<b>\$ (50,469)</b>

**Primary Government-Business-type Activities**

	Year Ended June 30,		Variance
	2020	2019	
Program Revenues:			
Charges for Services	\$ 956,820	\$ 819,556	\$ 137,264
Expenses:			
Operating Expenses	1,307,289	1,205,496	101,793
Operating Income (Loss)	(350,469)	(385,940)	35,471
Capital Contributions and Transfers:			
Capital Contributions	-	27,250	(27,250)
Transfer from Other Funds	300,000	320,000	(20,000)
Total Capital Contributions and Transfers	300,000	347,250	(47,250)
Change in Net Position	(50,469)	(38,690)	(11,779)
Net Position, July 1	404,252	442,942	(38,690)
<b>Net Position, June 30</b>	<b>\$ 353,783</b>	<b>\$ 404,252</b>	<b>\$ (50,469)</b>

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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**

	<b>June 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>Variance</b>
	<hr/>	<hr/>	<hr/>
Nonspendable	\$ 6,873,273	\$ 6,529,169	\$ 344,104
Restricted	32,481,004	16,800,067	15,680,937
Committed	25,897,919	25,861,340	36,579
Assigned	4,568,494	5,109,595	(541,101)
Unassigned	<hr/> 72,582,889	<hr/> 68,113,362	<hr/> 4,469,527
 Total Fund Balances	 <hr/> <hr/> \$ 142,403,579	 <hr/> <hr/> \$ 122,413,533	 <hr/> <hr/> \$ 19,990,046

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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 \$142,403,579, an increase of \$19,990,046 in comparison with the prior year total of \$122,413,533. 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 39.8% of actual expenditures compared to 36.3% 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**

	<b>June 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>Variance</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Nonspendable	\$ 6,805,381	\$ 6,449,546	\$ 355,835
Restricted	2,956,169	2,812,084	144,085
Committed	5,200,000	3,993,667	1,206,333
Assigned	695,016	251,677	443,339
Unassigned	<u>72,582,889</u>	<u>68,113,362</u>	<u>4,469,527</u>
 Total Fund Balances	 <u>\$ 88,239,455</u>	 <u>\$ 81,620,336</u>	 <u>\$ 6,619,119</u>

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 \$6,252,282 to be applied to the current year budget. As the current year result of operations was a decrease in fund balance of \$413,256, the fund experienced a positive variance of \$5,839,026 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**

	<b>June 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>Variance</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Restricted	\$ 3,649,437	\$ 2,260,493	\$ 1,388,944
Committed	<u>11,246,157</u>	<u>13,048,357</u>	<u>(1,802,200)</u>
 Total Fund Balances	 <u>\$ 14,895,594</u>	 <u>\$ 15,308,850</u>	 <u>\$ (413,256)</u>

The Public Improvement Capital Projects Fund experienced a net increase in fund balance in 2020, 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**

	<b>June 30,</b>		
	<b>2020</b>	<b>2019</b>	<b>Variance</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Restricted	\$ 19,157,399	\$ 5,055,955	\$ 14,101,444
Committed	<u>150,000</u>	<u>175,000</u>	<u>(25,000)</u>
 Total Fund Balance	 <u>\$ 19,307,399</u>	 <u>\$ 5,230,955</u>	 <u>\$ 14,076,444</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 2020 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 \$2,343,807 and increase of \$1,642,189, respectively. During FY 2020 the self-insurance fund experienced a decrease in worker’s compensation liability expense by \$1,454,579, which was due to lower than expected claims activity for the year. The self-insurance healthcare fund’s increase in net position was mainly due to a reduction in cost of services and holding claims expense steady during the year. 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**

	<b>June 30,</b>		
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>Variance</b></u>
Net Position - All ISF	<u>\$ 28,340,062</u>	<u>\$ 23,854,464</u>	<u>\$ 4,485,598</u>
Charges for Services	<u>\$ 86,420,364</u>	<u>\$ 91,185,756</u>	<u>\$ (4,765,392)</u>
Change in Net Position as a % of			
Charges for Services	5.2%	6.7%	

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The total fund balance of the County’s General Fund increased by \$6,619,119 during 2020, compared to last year’s \$1,558,155 increase. The General Fund’s original budget planned for a net use of fund balance for the year of \$2,322,465. Therefore, the actual total fund balance of \$88,239,455 was \$8,941,584 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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Local Taxes	\$ 147,222,969	\$ 147,724,138	\$ 501,169
State of Tennessee	11,037,534	16,609,050	5,571,516
Federal Government	1,386,919	2,080,003	693,084
Other	21,980,374	22,511,033	530,659
Equity Interest in Joint Venture	-	408,316	408,316
<b>Total Revenues</b>	<b><u>\$ 181,627,796</u></b>	<b><u>\$ 189,332,540</u></b>	<b><u>\$ 7,704,744</u></b>
Finance and Administration	\$ 33,773,653	\$ 32,699,879	\$ 1,073,774
Administration of Justice	21,134,974	20,015,623	1,119,351
Public Safety	89,874,905	88,622,008	1,252,897
Public Health and Welfare	21,188,416	18,412,051	2,776,365
Social and Cultural Services	6,181,251	5,893,413	287,838
Agricultural and Natural Resources	643,834	488,941	154,893
Other General Government	16,685,603	16,402,264	283,339
<b>Total Expenditures</b>	<b><u>\$ 189,482,636</u></b>	<b><u>\$ 182,534,179</u></b>	<b><u>\$ 6,948,457</u></b>

The largest item affecting the variance in total revenues was a \$5,571,516 increase over budget in actual revenues from the State of Tennessee. This consisted mainly from an increase of \$1,202,436 in the Hall income tax, \$730,067 increase in excise tax related to banks, \$467,000 reimbursement from the Election Commission and \$1,068,533 increase from the Prisoner Board to the Sheriff's department. 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. The General Fund budget was adopted in amounts intended to provide funds for essential services. Actual expenditures were substantially less than the budget in most categories due to the spending freezes put in place with the uncertainties related to the effects of the COVID-19 pandemic. The expenditure variances were mostly in a reduction in salaries and benefits from employee furloughs and the reclassification of expenditures that qualified for federal grants offsetting the effects of the pandemic.

Differences in expenditures between the original budget and the final amended budget were within the normal course of County business and totaled a net \$1,683,571 decrease in the total budget. Included in the decrease were normal adjustments to appropriations for category changes in most departments. Several other adjustments were made within the departments to reduce salaries in anticipation of the reduced revenue estimates related to the pandemic. 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**

	<b>Year Ended June 30, 2020</b>		
	<b>Original</b>	<b>Final</b>	<b>Variance</b>
Local Taxes	\$ 147,158,250	\$ 147,222,969	\$ 64,719
State of Tennessee	10,820,458	11,037,534	217,076
Federal Government	1,386,919	1,386,919	-
Other	21,626,095	21,980,374	354,279
Total Revenues	\$ 180,991,722	\$ 181,627,796	\$ 636,074
Finance and Administration	\$ 34,129,421	\$ 33,773,653	\$ 355,768
Administration of Justice	21,001,623	21,134,974	(133,351)
Public Safety	93,452,355	89,874,905	3,577,450
Public Health and Welfare	22,336,995	21,188,416	1,148,579
Social and Cultural Services	6,341,610	6,181,251	160,359
Agricultural and Natural Resources	640,914	643,834	(2,920)
Other General Government	13,263,289	16,685,603	(3,422,314)
Total Expenditures	\$ 191,166,207	\$ 189,482,636	\$ 1,683,571

**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, 2020, of \$1,025,402,889, which compares to the prior year total of \$1,046,797,997. 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 \$21,395,108 or 2.04%, 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, Powell Middle School upgrades and HVAC upgrades (Board); the County focused mainly on the Frank Strang Center, renovations at the Health Department, 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, 2020 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 increase in the current year capital asset additions can be found mainly in the infrastructure category. In the prior year the Karns Connector project was completed for approximately \$6M. 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 to minimize the burden on County taxpayers resulting from additional debt issuances.

**Knox County Primary Government**  
**Governmental Activities Capital Assets**

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Beginning Balance, July 1	\$ 1,087,909,251	\$ 1,072,255,707	\$ 15,653,544
Current Year Change	<u>19,390,096</u>	<u>15,653,544</u>	<u>3,736,552</u>
Capital Assets	1,107,299,347	1,087,909,251	19,390,096
Less: Accumulated Depreciation	<u>522,982,395</u>	<u>497,317,231</u>	<u>25,665,164</u>
Ending Balance, June 30	<u><u>\$ 584,316,952</u></u>	<u><u>\$ 590,592,020</u></u>	<u><u>\$ (6,275,068)</u></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 \$646,221,518, compared to \$639,470,799 at the end of 2019. All the bonded debt was backed by the full faith and credit of the County government. In the current year \$273,065,941 of the total is outstanding debt which the government issued on behalf of the Board for school purposes. The remaining \$373,155,577 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.

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**Knox County Government's**  
**Bonded Debt Changes**

<b>FY 2020:</b>	<b>Primary</b>		
<b>Rollforward of Debt:</b>	<b>Government</b>	<b>Board</b>	<b>Total</b>
Beginning Balance	\$ 378,820,458	\$ 260,650,341	\$ 639,470,799
Principal Paid	(46,622,024)	(39,367,257)	(85,989,281)
Proceeds From Debt Issuances	40,957,143	51,782,857	92,740,000
Ending Balance - Bonds	<u>\$ 373,155,577</u>	<u>\$ 273,065,941</u>	<u>\$ 646,221,518</u>

<b>FY 2019:</b>	<b>Primary</b>		
<b>Rollforward of Debt:</b>	<b>Government</b>	<b>Board</b>	<b>Total</b>
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>

Knox County's total bonded debt increased by \$6,750,719 or 1.1% 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. Part of the increase was due to refinancing some capital leases to bonds which also explains the decrease in other debt shown in the table below.

**Other Debt Changes During**

<b>FY 2020:</b>	<b>Primary</b>		
<b>Rollforward of Debt:</b>	<b>Government</b>	<b>Board</b>	<b>Total</b>
Beginning Balance	\$ 55,989,443	\$ 3,912,515	\$ 59,901,958
Additions	9,350,848	10,512,924	19,863,772
Deductions	(24,606,722)	(273,481)	(24,880,203)
Ending Balance	<u>\$ 40,733,569</u>	<u>\$ 14,151,958</u>	<u>\$ 54,885,527</u>

<b>FY 2019:</b>	<b>Primary</b>		
<b>Rollforward of Debt:</b>	<b>Government</b>	<b>Board</b>	<b>Total</b>
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>

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

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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, 2020.

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 \$646,221,518. This translates to approximately \$1,374.02 per capita. This compares to the FY 2019 per capita amount of \$1,374.35.

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 242-248.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The unemployment rate for Knox County for June 2020 was 8.1%, compared to the unemployment rate of 2.9% for June 2019. For comparison, the state's average rate was 9.6% for June 2020, and 3.4% for June 2019. The national unemployment averages were 11.2% for June 2020 and 3.7% for June 2019. The current year high unemployment rates are a direct result of the economic shut down related to the pandemic.
- The General Fund budget adopted for 2021 reflects a budget totaling \$194,332,352. The budget anticipates using \$4.9 million from fund balance.
- The property tax rate for FY 2021 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/2020\\_2021\\_budget/FY2021\\_Adopted\\_Budget-detail.pdf](https://www.knoxcounty.org/finance/pdfs/2020_2021_budget/FY2021_Adopted_Budget-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](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, 2020

	Primary Government			Component Units		Total Reporting Unit
	Governmental Activities	Business-type Activities	Total	Knox County Board of Education	Nonmajor Component Units	
<b>Assets</b>						
Cash and Cash Equivalents	\$ 123,039,815	\$ -	\$ 123,039,815	\$ 22,865,025	\$ 27,238,737	\$ 173,143,577
Investments, at Fair Value	44,044,349	-	44,044,349	25,904,743	-	69,949,092
Accounts Receivable	26,127,244	6,177	26,133,421	19,043,231	97,462	45,274,114
Local Taxes Receivable, net	186,998,119	-	186,998,119	140,135,106	-	327,133,225
Loans Receivable	1,037,374	-	1,037,374	-	-	1,037,374
Internal Balances	58,204	(58,204)	-	-	-	-
Due from Primary Government	-	-	-	409,907	-	409,907
Advances to Other Governments	2,425,000	-	2,425,000	-	-	2,425,000
Inventories	441,317	71,348	512,665	2,536,019	-	3,048,684
Land Held for Resale	-	-	-	-	35,677,928	35,677,928
Prepaid Items	309,636	-	309,636	510,399	137,390	957,425
Other Assets	-	-	-	1,000	-	1,000
Net Pension Asset	185,713	-	185,713	59,973,994	550,445	60,710,152
Equity Interest in Joint Venture	6,270,043	-	6,270,043	-	-	6,270,043
Capital Assets:						
Land and Construction in Process	116,714,363	880	116,715,243	24,274,781	1,441,203	142,431,227
Other Capital Assets, Net of Accumulated Depreciation	467,602,589	416,653	468,019,242	400,741,454	14,210,966	882,971,662
<b>Total Assets</b>	<b>975,253,766</b>	<b>436,854</b>	<b>975,690,620</b>	<b>696,395,659</b>	<b>79,354,131</b>	<b>1,751,440,410</b>
<b>Deferred Outflows of Resources</b>						
Deferred Outflows Related to Pensions	53,697,890	-	53,697,890	38,035,701	51,846	91,785,437
Deferred Outflows Related to Other Post-Employment Benefits	1,037,077	-	1,037,077	5,012,231	-	6,049,308
Deferred Outflows of Unamortized Amount on Refundings	4,204,407	-	4,204,407	-	-	4,204,407
Deferred Outflows of Hedging Derivatives	25,087,461	-	25,087,461	-	-	25,087,461
<b>Total Deferred Outflows of Resources</b>	<b>84,026,835</b>	<b>-</b>	<b>84,026,835</b>	<b>43,047,932</b>	<b>51,846</b>	<b>127,126,613</b>
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	16,057,036	38,886	16,095,922	43,123,059	1,490,804	60,709,785
Due to Component Units	409,907	-	409,907	-	-	409,907
Unearned Revenue	1,718,959	-	1,718,959	568,773	3,764	2,291,496
Accrued Interest	2,672,437	-	2,672,437	-	-	2,672,437
Self-insurance Liability	18,922,980	-	18,922,980	2,527,055	-	21,450,035
Fair Value of Interest Rate Swap Derivatives	32,090,607	-	32,090,607	-	-	32,090,607
Noncurrent Liabilities Due in More Than One Year:						
Net Pension Liability	121,292,160	-	121,292,160	15,036,000	-	136,328,160
Net Other Post-Employment Benefits Liability	6,211,127	-	6,211,127	29,575,244	-	35,786,371
Other Long-term Obligations:						
Due in Less than One Year	56,814,913	24,496	56,839,409	8,165,812	394,638	65,399,859
Due in More than One Year	642,711,200	19,689	642,730,889	32,527,364	736,532	675,994,785
<b>Total Liabilities</b>	<b>898,901,326</b>	<b>83,071</b>	<b>898,984,397</b>	<b>131,523,307</b>	<b>2,625,738</b>	<b>1,033,133,442</b>
<b>Deferred Inflows of Resources</b>						
Deferred Inflows Related to Pensions	4,489,130	-	4,489,130	52,185,031	-	56,674,161
Deferred Inflows Related to Other Post-Employment Benefits	3,395,782	-	3,395,782	8,793,496	-	12,189,278
Deferred Inflows of Unamortized Amount on Refundings	904,664	-	904,664	-	-	904,664
Deferred Inflows of Property Taxes and Other Receivables	178,401,365	-	178,401,365	108,023,964	3,086	286,428,415
<b>Total Deferred Inflows of Resources</b>	<b>187,190,941</b>	<b>-</b>	<b>187,190,941</b>	<b>169,002,491</b>	<b>3,086</b>	<b>356,196,518</b>
<b>Net Position</b>						
Investment in Capital Assets	-	417,533	417,533	421,388,007	15,652,169	437,457,709
Net Investment in Capital Assets (see note below)	239,026,759	-	239,026,759	(10,806)	-	(44,123,324)
Restricted for:						
Debt Service	3,649,437	-	3,649,437	-	-	3,649,437
Public Health and Welfare Purposes	2,464,532	-	2,464,532	-	-	2,464,532
Public Safety Purposes	3,713,299	-	3,713,299	-	-	3,713,299
Education Purposes	-	-	-	10,600,175	-	10,600,175
Capital Purposes-Education	-	-	-	12,343,758	-	12,343,758
Social and Cultural Purposes	1,881,425	-	1,881,425	-	-	1,881,425
Other Purposes	1,614,912	-	1,614,912	-	83,122	1,698,034
Unrestricted (see note below)	(279,162,030)	(63,750)	(279,225,780)	(5,403,341)	61,041,862	59,552,018
<b>Total Net Position (Deficit)</b>	<b>\$ (26,811,666)</b>	<b>\$ 353,783</b>	<b>\$ (26,457,883)</b>	<b>\$ 438,917,793</b>	<b>\$ 76,777,153</b>	<b>\$ 489,237,063</b>

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 \$283,139,277 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 \$283,139,277 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, 2020

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	
<b>Primary government:</b>										
Governmental activities:										
Finance and Administration	\$ 39,060,713	\$ 24,317,270	\$ 957,337	\$ -	\$ (13,786,106)		\$ (13,786,106)			\$ (13,786,106)
Finance and Administration-Payment to Component Unit	5,333,874	-	-	-	(5,333,874)		(5,333,874)			(5,333,874)
Administration of Justice	29,577,327	9,857,384	709,223	-	(19,010,720)		(19,010,720)			(19,010,720)
Public Safety	103,392,117	5,544,054	3,130,480	-	(94,717,583)		(94,717,583)			(94,717,583)
Public Safety-Payment to Component Unit	1,191,595	-	-	-	(1,191,595)		(1,191,595)			(1,191,595)
Public Health and Welfare	36,605,343	7,124,729	12,345,382	-	(17,135,232)		(17,135,232)			(17,135,232)
Public Health and Welfare-Payment to Component Unit	166,628	-	-	-	(166,628)		(166,628)			(166,628)
Social and Cultural Services	22,086,229	603,244	568,159	-	(20,914,826)		(20,914,826)			(20,914,826)
Agricultural and Natural Resources	488,941	-	250,000	-	(238,941)		(238,941)			(238,941)
Other General Government	23,937,272	306,041	1,651,556	-	(21,979,675)		(21,979,675)			(21,979,675)
Other General Government-Payment to Component Unit	730,500	-	-	-	(730,500)		(730,500)			(730,500)
Engineering and Public Works	32,611,211	184,268	7,304,235	6,548,486	(18,574,222)		(18,574,222)			(18,574,222)
Education - Payment to Component Unit	15,800,000	-	-	-	(15,800,000)		(15,800,000)			(15,800,000)
Debt Service - Interest and Fees	27,521,163	-	-	-	(27,521,163)		(27,521,163)			(27,521,163)
<b>Total governmental activities</b>	<b>338,502,913</b>	<b>47,936,990</b>	<b>26,916,372</b>	<b>6,548,486</b>	<b>(257,101,065)</b>		<b>(257,101,065)</b>			<b>(257,101,065)</b>
Business-type activities:										
Three Ridges Golf Course	1,307,289	956,820	-	-	-	\$ (350,469)	(350,469)			(350,469)
<b>Total primary government</b>	<b>\$ 339,810,202</b>	<b>\$ 48,893,810</b>	<b>\$ 26,916,372</b>	<b>\$ 6,548,486</b>	<b>(257,101,065)</b>	<b>(350,469)</b>	<b>(257,451,534)</b>			<b>(257,451,534)</b>
<b>Component units:</b>										
Board of Education	\$ 614,346,388	\$ 9,541,097	\$ 73,280,896	\$ 74,959			\$ (531,449,436)	\$ -		(531,449,436)
Nonmajor Component Units	11,992,603	6,932,698	-	48,000			-	(5,011,905)		(5,011,905)
<b>Total component units</b>	<b>\$ 626,338,991</b>	<b>\$ 16,473,795</b>	<b>\$ 73,280,896</b>	<b>\$ 122,959</b>			<b>(531,449,436)</b>	<b>(5,011,905)</b>		<b>(536,461,341)</b>
<b>General Revenues:</b>										
Property Taxes					182,568,574	-	182,568,574	103,878,545	-	286,447,119
Sales Taxes					17,000,901	-	17,000,901	163,255,052	-	180,255,953
Lodging Taxes					7,095,209	-	7,095,209	-	-	7,095,209
Business Taxes					10,809,938	-	10,809,938	-	-	10,809,938
Wheel Taxes					12,252,460	-	12,252,460	1,697,739	-	13,950,199
Other Local Taxes					4,288,109	-	4,288,109	787,312	-	5,075,421
Investment Revenue					4,934,060	-	4,934,060	577,442	567,449	6,078,951
Payments from Component Units					13,220,461	-	13,220,461	-	-	13,220,461
Payments from Primary Government					-	-	-	21,133,874	2,088,723	23,222,597
Intergovernmental Revenues					16,133,150	-	16,133,150	2,269,013	-	18,402,163
Other Revenues					939,691	-	939,691	-	275,139	1,214,830
Other Governments and Citizens Groups					309,730	-	309,730	-	101,300	411,030
Miscellaneous					1,788,758	-	1,788,758	89,248	-	1,878,006
Grants and Contributions Not Restricted for Specific Programs					-	-	-	-	1,719,140	1,719,140
State of Tennessee - Basic Education Program					-	-	-	230,224,430	-	230,224,430
<b>Transfers</b>					<b>(300,000)</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>271,041,041</b>	<b>300,000</b>	<b>271,341,041</b>	<b>523,912,655</b>	<b>4,751,751</b>	<b>800,005,447</b>
Change in Net Position					13,939,976	(50,469)	13,889,507	(7,536,781)	(260,154)	6,092,572
Net Position (Deficit), July 1					(40,751,642)	404,252	(40,347,390)	446,454,574	77,037,307	483,144,491
Net Position (Deficit), June 30					<b>\$ (26,811,666)</b>	<b>\$ 353,783</b>	<b>\$ (26,457,883)</b>	<b>\$ 438,917,793</b>	<b>\$ 76,777,153</b>	<b>\$ 489,237,063</b>

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

**KNOX COUNTY, TENNESSEE**

**Balance Sheet  
Governmental Funds**

June 30, 2020

	<b>General</b>	<b>Capital Projects Public Improvement</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 45,145,773	\$ -	\$ 10,705,265	\$ 18,233,056	\$ 74,084,094
Investments, at Fair Value	18,758,662	25,285,687	-	-	44,044,349
Receivables, (Net):					
Accounts	12,379,832	152,497	1,222,745	11,566,588	25,321,662
Local Taxes	125,803,630	-	59,981,124	1,213,365	186,998,119
Notes and Loans	318,000	150,000	-	569,374	1,037,374
Due from Other Funds	12,789,251	-	-	2,650,444	15,439,695
Advances to Other Entity	-	-	2,425,000	-	2,425,000
Inventories	335,745	-	-	64,243	399,988
Prepaid Items	199,593	-	-	3,649	203,242
Investments in Joint Venture	6,270,043	-	-	-	6,270,043
<b>TOTAL ASSETS</b>	<b>\$ 222,000,529</b>	<b>\$ 25,588,184</b>	<b>\$ 74,334,134</b>	<b>\$ 34,300,719</b>	<b>\$ 356,223,566</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 4,791,558	\$ 2,294,702	\$ 11,098	\$ 3,385,407	\$ 10,482,765
Accrued Liabilities	2,482,786	-	-	598,549	3,081,335
Due to Other Funds	2,649,904	3,986,083	-	8,744,964	15,380,951
Due to Component Units	409,907	-	-	-	409,907
Unearned Revenue	108,291	-	-	1,610,668	1,718,959
<b>TOTAL LIABILITIES</b>	<b>10,442,446</b>	<b>6,280,785</b>	<b>11,098</b>	<b>14,339,588</b>	<b>31,073,917</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Taxes and Notes Receivable	123,318,628	-	59,427,442	-	182,746,070
<b>FUND BALANCES</b>					
Nonspendable	6,805,381	-	-	67,892	6,873,273
Restricted	2,956,169	19,157,399	3,649,437	6,717,999	32,481,004
Committed	5,200,000	150,000	11,246,157	9,301,762	25,897,919
Assigned	695,016	-	-	3,873,478	4,568,494
Unassigned	72,582,889	-	-	-	72,582,889
<b>TOTAL FUND BALANCES</b>	<b>88,239,455</b>	<b>19,307,399</b>	<b>14,895,594</b>	<b>19,961,131</b>	<b>142,403,579</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 222,000,529</b>	<b>\$ 25,588,184</b>	<b>\$ 74,334,134</b>	<b>\$ 34,300,719</b>	<b>\$ 356,223,566</b>

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

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## KNOX COUNTY, TENNESSEE

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

June 30, 2020

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

Ending Fund Balance - Governmental Funds	\$	142,403,579	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		584,252,784	
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.		185,713	
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.		28,340,062	
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	\$	646,221,518	
Unamortized Bond Premium		27,832,348	
Fair Value of Interest Rate Swaps, net		7,003,146	
Loans Payable		1,754,661	
Accrued Interest		2,672,437	
Capital Lease Obligations		11,146,559	
Net Pension Liability		121,292,160	
Net Other Post-Employment Benefits Liability		6,211,127	
Compensated Absences		12,354,351	(836,488,307)
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.			4,344,705
Deferred outflows 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 decrease the amount of net position reported in the statement of net position, but are not reported as liabilities in the funds.			
Deferred Outflows Related to Pensions		53,697,890	
Deferred Outflows Related to Other Post-employment Benefits		1,037,077	
Deferred Outflows Related to Unamortized Amount on Refundings		4,204,407	
Deferred Inflows Related to Pensions		(4,489,130)	
Deferred Inflows Related to Other Post-employment Benefits		(3,395,782)	
Deferred Inflows Related to Unamortized Amount on Refundings		(904,664)	50,149,798
Net Position of Governmental Activities	\$		<u><u>(26,811,666)</u></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**

**Governmental Funds**

For the Year Ended June 30, 2020

	<b>General</b>	<b>Capital Projects Public Improvement</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
County Property Taxes	\$ 126,640,655	\$ -	\$ 55,802,383	\$ -	\$ 182,443,038
Local Option Sales Taxes	7,672,552	-	-	9,328,349	17,000,901
Lodging Taxes	-	-	-	7,095,209	7,095,209
Business Taxes	10,809,938	-	-	-	10,809,938
Wheel Taxes	564,983	-	-	11,687,477	12,252,460
Other Local Taxes	2,036,010	-	-	2,252,099	4,288,109
Licenses and Permits	5,340,198	-	-	-	5,340,198
Fines, Forfeitures and Penalties	2,313,421	-	-	307,882	2,621,303
Charges for Current Services	7,829,148	-	-	27,499,893	35,329,041
Other Local Revenues	4,315,058	-	2,275,656	2,018,886	8,609,600
Investment Revenue	1,916,267	-	1,635,652	133,514	3,685,433
State of Tennessee	16,609,050	250,000	-	11,575,499	28,434,549
Federal Government	2,080,003	313,707	-	12,130,107	14,523,817
Other Governments and Citizen Groups	796,941	-	-	231,464	1,028,405
Payments from Component Units	-	-	11,072,668	-	11,072,668
Increase in Equity Interest in Joint Venture	408,316	-	-	-	408,316
<b>Total Revenues</b>	<b>189,332,540</b>	<b>563,707</b>	<b>70,786,359</b>	<b>84,260,379</b>	<b>344,942,985</b>
<b>Expenditures</b>					
Current:					
Finance and Administration	27,366,005	-	-	9,693,408	37,059,413
Finance and Administration - Payments to Component Unit	5,333,874	-	-	-	5,333,874
Administration of Justice	20,015,623	-	-	8,584,901	28,600,524
Public Safety	87,430,413	-	-	1,738,602	89,169,015
Public Safety - Payments to Component Unit	1,191,595	-	-	-	1,191,595
Public Health and Welfare	18,245,423	-	-	17,379,361	35,624,784
Public Health and Welfare - Payments to Component Unit	166,628	-	-	-	166,628
Social and Cultural Services	5,893,413	-	-	13,408,162	19,301,575
Agricultural and Natural Resources	488,941	-	-	-	488,941
Other General Government	15,671,764	-	-	9,601,058	25,272,822
Other General Government - Payments to Component Unit	730,500	-	-	-	730,500
Engineering and Public Works	-	-	-	15,899,714	15,899,714
Education - Payment to Component Unit	-	15,800,000	-	-	15,800,000
Debt Issuance Costs	-	210,558	-	-	210,558
Capital Projects	-	14,989,272	-	143,696	15,132,968
Debt Service					
Trustee's Commission	-	-	1,155,161	-	1,155,161
Principal	-	-	44,738,834	-	44,738,834
Interest	-	-	25,284,411	-	25,284,411
Other Debt Service	-	-	1,716,689	-	1,716,689
Refunding Bonds Issuance Costs	-	-	350,374	-	350,374
<b>Total Expenditures</b>	<b>182,534,179</b>	<b>30,999,830</b>	<b>73,245,469</b>	<b>76,448,902</b>	<b>363,228,380</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>6,798,361</b>	<b>(30,436,123)</b>	<b>(2,459,110)</b>	<b>7,811,477</b>	<b>(18,285,395)</b>
<b>Other financing sources (uses)</b>					
Transfers from Other Funds	11,647,080	4,225,000	1,695,480	4,468,342	22,035,902
Transfers to Other Funds	(11,826,322)	-	-	(12,572,080)	(24,398,402)
Long-term Bonds Issued	-	37,230,000	-	-	37,230,000
Premium on Long-term Debt Issued	-	3,057,567	-	-	3,057,567
Refunding Bonds Issued	-	-	55,510,000	-	55,510,000
Premium on Refunding Bonds	-	-	6,293,281	-	6,293,281
Payment to Holders of Refunded Debt	-	-	(61,452,907)	-	(61,452,907)
<b>Total Other Financing Sources (Uses)</b>	<b>(179,242)</b>	<b>44,512,567</b>	<b>2,045,854</b>	<b>(8,103,738)</b>	<b>38,275,441</b>
<b>Net Change in Fund Balances</b>	<b>6,619,119</b>	<b>14,076,444</b>	<b>(413,256)</b>	<b>(292,261)</b>	<b>19,990,046</b>
<b>Fund Balances, July 1</b>	<b>81,620,336</b>	<b>5,230,955</b>	<b>15,308,850</b>	<b>20,253,392</b>	<b>122,413,533</b>
<b>Fund Balances, June 30</b>	<b>\$ 88,239,455</b>	<b>\$ 19,307,399</b>	<b>\$ 14,895,594</b>	<b>\$ 19,961,131</b>	<b>\$ 142,403,579</b>

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, 2020

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

Net Change in Fund Balances - Total Governmental Funds		\$ 19,990,046	
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 (\$27,747,420) exceeded capital outlays (\$20,401,998) in the current period.			(7,345,422)
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.			1,102,696
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.			4,344,705
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.			(4,219,169)
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 principal payments (\$107,606,992) exceeded debt proceeds (\$92,740,000) by this amount.			14,866,992
Expenses reported in the statement of activities include a reduction in expenses applicable to the amortization of bond premium of \$2,391,360. In addition, the refunding of bonds payable resulted in a reduction in expenses due to the reduction of bond premium applicable to the refunded bonds of \$597,651. These amounts do not provide current financial resources and, therefore, are not reported as expenditures in governmental funds.			2,989,011
Debt issued at a premium provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position.			(9,350,848)
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.			(1,039,761)
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.			4,485,598
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	\$ 128,392		
Deferred Outflows Related to Deferred Amount on Refundings	(754,394)		
Deferred Outflows Related to Pensions	12,796,403		
Deferred Outflows Related to Other Post-employment Benefits	(266,432)		
		<u>11,903,969</u>	
(Increase) decrease in liabilities and deferred inflows:			
Accrued Interest	(56,205)		
Net Pension Liability	(24,197,334)		
Deferred Inflows Related to Pensions	686,144		
Deferred Inflows Related to Deferred Amount on Refundings	(460,398)		
Net Other Post-Employment Benefit Liability	3,745,982		
Deferred Inflows Related to Other Post-employment Benefits	(2,805,302)		
Compensated Absences Liability	(700,728)		
		<u>(23,787,841)</u>	
Change in Net Position of Governmental Activities		\$	<u><u>13,939,976</u></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, 2020**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
County Property Taxes	\$ 127,210,500	\$ 127,210,500	\$ 126,640,655	\$ (569,845)
Local Option Sales Taxes	7,261,000	7,261,000	7,672,552	411,552
Business Taxes	9,500,000	9,500,000	10,809,938	1,309,938
Wheel Taxes	567,000	567,000	564,983	(2,017)
Other Local Taxes	2,619,750	2,684,469	2,036,010	(648,459)
Licenses and Permits	4,953,223	4,953,223	5,340,198	386,975
Fines, Forfeitures and Penalties	1,813,300	2,081,040	2,313,421	232,381
Charges for Current Services	8,166,146	8,228,486	7,829,148	(399,338)
Other Local Revenues	4,418,668	4,427,498	4,315,058	(112,440)
Investment Revenue	1,600,000	1,600,000	1,916,267	316,267
State of Tennessee	10,820,458	11,037,534	16,609,050	5,571,516
Federal Government	1,386,919	1,386,919	2,080,003	693,084
Other Governments and Citizen Groups	674,758	690,127	796,941	106,814
Increase in Equity Interest in Joint Venture	-	-	408,316	408,316
<b>Total Revenues</b>	<u>180,991,722</u>	<u>181,627,796</u>	<u>189,332,540</u>	<u>7,704,744</u>
<b>Expenditures</b>				
Current:				
Finance and Administration	29,695,547	28,439,779	27,366,005	1,073,774
Finance and Administration - Payments to Component Unit	4,433,874	5,333,874	5,333,874	-
Administration of Justice	21,001,623	21,134,974	20,015,623	1,119,351
Public Safety	92,260,760	88,683,310	87,430,413	1,252,897
Public Safety - Payments to Component Unit	1,191,595	1,191,595	1,191,595	-
Public Health and Welfare	22,170,367	21,021,788	18,245,423	2,776,365
Public Health and Welfare - Payments to Component Unit	166,628	166,628	166,628	-
Social and Cultural Services	6,341,610	6,181,251	5,893,413	287,838
Agricultural and Natural Resources	640,914	643,834	488,941	154,893
Other General Government	12,532,789	15,955,103	15,671,764	283,339
Other General Government - Payments to Component Unit	730,500	730,500	730,500	-
<b>Total Expenditures</b>	<u>191,166,207</u>	<u>189,482,636</u>	<u>182,534,179</u>	<u>6,948,457</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(10,174,485)</u>	<u>(7,854,840)</u>	<u>6,798,361</u>	<u>14,653,201</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	12,985,000	12,985,000	11,647,080	(1,337,920)
Transfers to Other Funds	(5,132,980)	(11,831,515)	(11,826,322)	5,193
<b>Total Other Financing Sources</b>	<u>7,852,020</u>	<u>1,153,485</u>	<u>(179,242)</u>	<u>(1,332,727)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (2,322,465)</u>	<u>\$ (6,701,355)</u>	6,619,119	<u>\$ 13,320,474</u>
Fund Balances, July 1			<u>81,620,336</u>	
Fund Balances, June 30			<u>\$ 88,239,455</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, 2020

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ -	\$ 48,955,721
Receivables:		
Accounts	6,177	805,582
Inventories	71,348	41,329
Prepaid Items	-	106,394
<b>TOTAL CURRENT ASSETS</b>	<b>77,525</b>	<b>49,909,026</b>
<b>Capital Assets:</b>		
Capital Assets (Net of Accumulated Depreciation)	417,533	64,168
<b>TOTAL ASSETS</b>	<b>495,058</b>	<b>49,973,194</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	23,936	2,323,564
Accrued Liabilities	14,950	169,372
Due to Other Funds	58,204	540
Claims Liability	-	18,922,980
Compensated Absences Payable	24,496	205,841
<b>TOTAL CURRENT LIABILITIES</b>	<b>121,586</b>	<b>21,622,297</b>
<b>Noncurrent Liabilities:</b>		
Compensated Absences Payable	19,689	10,835
<b>TOTAL LIABILITIES</b>	<b>141,275</b>	<b>21,633,132</b>
<b>NET POSITION</b>		
Investment in Capital Assets	417,533	64,168
Unrestricted	(63,750)	28,275,894
<b>TOTAL NET POSITION</b>	<b>\$ 353,783</b>	<b>\$ 28,340,062</b>

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

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KNOX COUNTY, TENNESSEE

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020

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	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>		
Charges for Services	\$ 956,820	\$ 86,420,364
<b>Operating Expenses</b>		
Cost of Services	1,194,925	20,469,696
Depreciation and Amortization	37,677	32,342
Medical Claims	-	25,264,192
Retirement Contributions	-	33,479,698
OPEB 35% Health Contributions	-	960,062
Other Employee Benefits	-	1,047,278
Worker's Compensation & Other Claims	-	2,555,598
Other Expenses	74,687	188,400
Total Operating Expenses	1,307,289	83,997,266
<b>Operating Income (Loss)</b>	(350,469)	2,423,098
<b>Transfers</b>		
Transfers from Other Funds	300,000	2,062,500
<b>Change in Net Position</b>	(50,469)	4,485,598
<b>Total Net Position, July 1</b>	404,252	23,854,464
<b>Total Net Position, June 30</b>	\$ 353,783	\$ 28,340,062

*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, 2020

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Operating Activities</b>		
Cash Received from Customers	\$ 965,388	\$ -
Cash Received from Interfund Services Provided	-	87,860,630
Cash Paid to Employees	(543,338)	(2,003,967)
Cash Paid for Goods and Services	(722,050)	(20,980,202)
Cash Paid on Behalf of Employees	-	(60,495,206)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(300,000)</b>	<b>4,381,255</b>
<b>Noncapital Financing Activities</b>		
Transfers from Other Funds	300,000	2,062,500
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	-	6,443,755
<b>Cash and Cash Equivalents</b>		
<b>Beginning of Year</b>	-	42,511,966
<b>End of Year</b>	\$ -	\$ 48,955,721
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Income (Loss)	\$ (350,469)	\$ 2,423,098
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	37,677	32,342
Change in Assets and Liabilities:		
Increase in Accounts Receivable	8,568	1,440,264
(Increase) Decrease in Inventories	10,009	51,338
Decrease in Prepaid Items	-	(87,507)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	13,079	1,241,957
Increase (Decrease) in Due to Other Funds	(28,988)	540
Increase (Decrease) in Compensated Absences	10,124	6,868
(Decrease) in Claims Liabilities	-	(727,645)
Total Adjustments	50,469	1,958,157
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (300,000)</b>	<b>\$ 4,381,255</b>

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



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**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, 2020

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**ADDITIONS**

Contributions:	
Employer	\$ 25,147,261
Employees	14,473,504
Rollovers	<u>556,114</u>
Total Contributions	<u>40,176,879</u>
Investment Income (Loss):	
Interest and Dividend Income	14,964,239
Interest on Notes Receivable from Participants	85,946
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(10,351,756)</u>
Total Investment Income	4,698,429
Less Investment Expenses	<u>(54,760)</u>
Net Investment Income	<u>4,643,669</u>
Other:	
Transfers from Other Plans	<u>683,085</u>
Total Additions	<u>45,503,633</u>

**DEDUCTIONS**

Benefits and Refunds	46,399,113
Administrative Expenses	2,282,295
Transfers to Other Plans	<u>683,085</u>
Total Deductions	<u>49,364,493</u>

**CHANGE IN NET POSITION** (3,860,860)

**NET POSITION - RESTRICTED  
FOR PENSION, OPEB, AND RETIREMENT  
BENEFITS, BEGINNING OF YEAR** 610,847,869

**NET POSITION - RESTRICTED  
FOR PENSION, OPEB, AND RETIREMENT  
BENEFITS, END OF YEAR** \$ 606,987,009

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

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KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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 2019 – 2020 school year was 59,577 with a full time equivalent average daily attendance of 56,912. During the previous year, the full time equivalent average daily membership was 58,970 with a full time equivalent average daily attendance of 55,536.

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, 2020*

**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, 2020*

**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. In July 2021 the Partnership and the supporting organizations will merge into the Knox Education Foundation.

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, 2020*

**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, 2020*

**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, 2020*

**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, 2020*

**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, 2020*

**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 fair 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, 2020*

**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 1<sup>st</sup>, 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 1<sup>st</sup> 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 30<sup>th</sup>.

Property taxes receivable are also reported as of June 30<sup>th</sup> 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 30<sup>th</sup>. 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, 2020*

**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 balances of supplies and materials inventories 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, 2020*

**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, 2020*

**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, 2020*

**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, 2020*

**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, 2020*

**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, 2020*

**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/fy063020.pdf](https://knoxcounty.org/finance/pdfs/budget_report_citizenry/fy063020.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, 2020*

**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, 2020 include \$541,808 for the County's General Fund and \$557,894 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, 2020:

Fund	Original Budget	Revisions	Final Budget
Governmental Funds:			
General Fund	\$ 196,299,187	\$ 5,014,964	\$ 201,314,151
Special Revenue Funds:			
State, Federal and Other Grants	160,000	2,388,068	2,548,068
Governmental Library	117,979	154	118,133
Public Library	14,512,265	255,283	14,767,548
Solid Waste	4,440,000	311,887	4,751,887
Hotel/Motel Tax	8,600,000	285,000	8,885,000
Drug Control	647,500	-	647,500
Engineering & Public Works	17,940,279	1,594,054	19,534,333
Total Special Revenue Funds	46,418,023	4,834,446	51,252,469
Debt Service Fund	77,100,000	61,803,281	138,903,281
Total - Governmental Funds	\$ 319,817,210	\$ 71,652,691	\$ 391,469,901

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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	\$ 506,652,000	\$ 7,293,794	\$ 513,945,794
Special Revenue Fund:			
Central Cafeteria	27,310,000	1,026,800	28,336,800
Total - the Board	<u>\$ 533,962,000</u>	<u>\$ 8,320,594</u>	<u>\$ 542,282,594</u>

Remaining supplemental appropriations primarily represent funds designated during the previous fiscal year, encumbrances outstanding at June 30, 2019 reappropriated during fiscal year 2020, 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, 2020*

**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, 2020*

**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 Governmental 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	\$ 176,016		\$ 486,206	
Certificates of Deposit held greater than 90 days	758,819		-	
Collective Investment Trusts	-		21,191,282	
Mutual Funds	-		546,899,258	
Fixed Income Securities				
U.S. Treasuries	14,086,410	0.651	-	
Federal Agency Mortgage Backed Securities	3,011,850	0.487	-	
Federal Agency Debt Securities	9,602,591	0.470	-	
Municipal Bonds	35,965,142	0.704	-	
Total Fixed Income Securities	<u>62,665,993</u>		<u>-</u>	
Investments, at Contract Value				
Guaranteed Investment Contracts	-		83,500,383	
Total Investments	<u>\$ 63,600,828</u>		<u>\$ 652,077,129</u>	

The Pension Board investments are allocated to the County's and Board's pension trust funds of \$604,335,543 and \$47,741,586, respectively. The Pension Board investments include the Post-Retirement Incentive Medical Trust (Retiree Healthcare Plan) 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, 2020*

**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 fair 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, 2020 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, 2020, 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.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

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:

	<u>Primary Government Governmental Activities</u>	<u>Standard &amp; Poor's and Moody's Credit Ratings</u>	
	Fair Value		
U.S. Treasuries	\$ 14,086,410	Aaa	Moody's
Federal Agency Mortgage Backed Securities	3,011,850	AA+	S&P
Federal Agency Debt Securities	8,333,209	AA+	S&P
Federal Agency Debt Securities	1,269,382	Aaa	Moody's
Municipal Bonds	2,962,705	AAA	S&P
Municipal Bonds	4,253,622	Aaa	Moody's
Municipal Bonds	799,638	Aa3	Moody's
Municipal Bonds	428,481	Aa1	Moody's
Municipal Bonds	4,170,036	AA+	S&P
Municipal Bonds	4,265,635	AA-	S&P
Municipal Bonds	15,472,590	AA	S&P
Municipal Bonds	1,325,110	A1	Moody's
Municipal Bonds	1,778,025	A+	S&P
Municipal Bonds	509,300	A	S&P
Total Fixed Income Securities	<u>\$ 62,665,993</u>		

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

***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:

- 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, 2020*

**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, 2020 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	\$ 14,086,410	\$ 14,086,410	\$ -	\$ -
Fixed Government Agency	12,614,441	-	12,614,441	-
Municipal Bonds	35,965,142	-	35,965,142	-
Total Debt Securities by Fair Value Level	62,665,993	14,086,410	48,579,583	-
Interest-earning Investment Contracts - Certificates of Deposit	758,819	-	758,819	-
Total Investment by Fair Value Level	\$ 63,424,812	\$ 14,086,410	\$ 49,338,402	\$ -

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 at Fair Value	\$ 546,899,258	\$ 546,899,258	\$ -	\$ -
Investments Measured at NAV	21,191,282			
Total Investments Measured at Fair Value	\$ 568,090,540			

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020*

**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>\$ 21,191,282</u>	Daily	12 Months

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, 2020*

**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. 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 of investments and interest and dividend income. Interest income is recognized when earned. 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 where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies 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 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, 2020*

**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.

U.S. 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.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**TCRS Stabilization Reserve Trust (Continued)**

At June 30, 2020, the Board had the following investments held by the TCRS Stabilization Reserve Trust on its behalf.

Investment by Fair Value Level	Fair Value 6-30-20	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	\$ 892,372	\$ 892,372	\$ -	\$ -
Canadian Equity	57,571	57,571	-	-
Developed Market				
International Equity	345,434	345,434	-	-
Emerging Market				
International Equity	115,145	115,145	-	-
U.S. Fixed Income	575,724	-	575,724	-
Real Estate	287,862	-	-	287,862
Short-term Securities	28,786	-	28,786	-
Total Investments by Fair Value Level	2,302,894	\$ 1,410,522	\$ 604,510	\$ 287,862
Investments Measured at NAV	575,724			
Total Investments Measured at Fair Value	\$ 2,878,618			

KNOX COUNTY, TENNESSEE  
Notes to Financial Statements  
June 30, 2020

**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/2020/ag19091.pdf>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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	\$127,652,781	\$60,875,153	\$ -	\$ 1,213,365	\$ -	\$ -	\$189,741,299	\$ -
Accounts	12,379,832	1,222,745	152,497	11,566,588	805,582	6,177	26,133,421	11,494,489
Gross Receivables	140,032,613	62,097,898	152,497	12,779,953	805,582	6,177	215,874,720	11,494,489
Less: Allowances for Uncollectibles	(1,849,151)	(894,029)	-	-	-	-	(2,743,180)	-
Net Total Receivables	\$138,183,462	\$61,203,869	\$ 152,497	\$12,779,953	\$ 805,582	\$ 6,177	\$213,131,540	\$11,494,489

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

<b><u>Component Units:</u></b>	<u>Government-wide Totals</u>			
	<u>The Board</u>	<u>The Partnership</u>	<u>The District</u>	<u>The Corporation</u>
Receivables:				
Taxes	\$ 141,800,990	\$ -	\$ -	\$ -
Accounts	18,348,718	714,508	312	97,150
Gross Receivables	160,149,708	714,508	312	97,150
Less: Allowances for Uncollectibles	(1,665,883)	(19,995)	-	-
Net Total Receivables	\$ 158,483,825	\$ 694,513	\$ 312	\$ 97,150

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables (Continued)**

The General Fund has the following note receivable at June 30, 2020:

- (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, 2020, \$318,000 remained outstanding.

The County's Public Improvement Fund has the following loan receivable at June 30, 2020:

- (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, 2020, \$150,000 remained outstanding.

The State, Federal and Other Grants Special Revenue Fund had \$569,374 of notes receivable at June 30, 2020. 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, 2020*

**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. Of the \$6,000,000 total advanced, CAC has repaid \$3,575,000, leaving an outstanding balance of \$2,425,000 as of June 30, 2020.

**C. Capital Assets**

Activity in the County's and the Component Unit's capital assets for the fiscal year ended June 30, 2020 was the following:

**Primary Government**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 108,455,567	\$ 1,463,631	\$ -	\$ 109,919,198
Construction in Progress	6,490,045	8,136,491	7,831,371	6,795,165
Total Capital Assets, not being depreciated	114,945,612	9,600,122	7,831,371	116,714,363
Capital Assets being depreciated:				
Buildings	240,951,979	3,001,042	-	243,953,021
Land Improvements	27,002,497	2,975,188	-	29,977,685
Machinery and Equipment	73,561,263	6,453,050	2,130,863	77,883,450
Intangible Assets	12,753,425	263,355	82,578	12,934,202
Infrastructure	618,694,475	7,142,151	-	625,836,626
Total Capital Assets being depreciated	972,963,639	19,834,786	2,213,441	990,584,984
Less Accumulated Depreciation for:				
Buildings	125,320,643	5,483,648	-	130,804,291
Land Improvements	19,166,377	973,994	-	20,140,371
Machinery and Equipment	49,019,411	5,320,172	2,032,020	52,307,563
Intangible Assets	11,946,928	336,065	82,578	12,200,415
Infrastructure	291,863,872	15,665,883	-	307,529,755
Total Accumulated Depreciation	497,317,231	27,779,762	2,114,598	522,982,395
Total Capital Assets being depreciated, net	475,646,408	(7,944,976)	98,843	467,602,589
Governmental Activities Capital Assets, net	\$ 590,592,020	\$ 1,655,146	\$ 7,930,214	\$ 584,316,952

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
<b>Three Ridges Golf Course:</b>				
Capital Assets, not being depreciated:				
Land	\$ 880	\$ -	\$ -	\$ 880
Total Capital Assets, not being depreciated	880	-	-	880
Capital Assets being depreciated:				
Buildings	754,503	-	-	754,503
Land Improvements	66,463	-	-	66,463
Machinery and Equipment	521,360	-	6,000	515,360
Intangible Assets	25,448	-	-	25,448
Total Capital Assets being depreciated	1,367,774	-	6,000	1,361,774
Less Accumulated Depreciation for:				
Buildings	502,326	14,828	-	517,154
Land Improvements	66,463	-	-	66,463
Machinery and Equipment	319,207	22,849	6,000	336,056
Intangible Assets	25,448	-	-	25,448
Total Accumulated Depreciation	913,444	37,677	6,000	945,121
Total Capital Assets being depreciated, net	454,330	(37,677)	-	416,653
Business-type Activities Capital Assets, net	\$ 455,210	\$ (37,677)	\$ -	\$ 417,533

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

Finance and Administration	\$ 2,001,300
Administration of Justice	976,803
Public Safety	3,770,030
Public Health and Welfare	980,559
Social and Cultural Services	2,784,654
Other General Government	650,685
Engineering & Public Works	16,615,731
Total Depreciation Expense - Governmental Activities	<u>\$ 27,779,762</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

**Component Unit – the Board**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 23,184,098	\$ 295,732	\$ -	\$ 23,479,830
Construction in Progress	540,962	2,869,826	2,615,837	794,951
<b>Total Capital Assets, not being depreciated</b>	<b>23,725,060</b>	<b>3,165,558</b>	<b>2,615,837</b>	<b>24,274,781</b>
Capital Assets being depreciated:				
Buildings	632,456,375	3,213,251	-	635,669,626
Land Improvements	15,796,471	652,462	-	16,448,933
Machinery and Equipment	120,662,237	3,263,066	102,000	123,823,303
Intangible Assets	2,399,318	20,052	-	2,419,370
Infrastructure	4,767,386	629,200	-	5,396,586
<b>Total Capital Assets being depreciated</b>	<b>776,081,787</b>	<b>7,778,031</b>	<b>102,000</b>	<b>783,757,818</b>
Less Accumulated Depreciation for:				
Buildings	267,039,830	15,140,229	-	282,180,059
Land Improvements	4,279,826	1,119,604	-	5,399,430
Machinery and Equipment	86,206,461	6,806,619	102,000	92,911,080
Intangible Assets	2,166,669	83,318	-	2,249,987
Infrastructure	180,422	138,656	-	319,078
<b>Total Accumulated Depreciation</b>	<b>359,873,208</b>	<b>23,288,426</b>	<b>102,000</b>	<b>383,059,634</b>
<b>Total Capital Assets being depreciated, net</b>	<b>416,208,579</b>	<b>(15,510,395)</b>	<b>-</b>	<b>400,698,184</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 439,933,639</b>	<b>\$ (12,344,837)</b>	<b>\$ 2,615,837</b>	<b>\$ 424,972,965</b>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, 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	\$ 2,866,589
	Public Improvement	3,986,083
	State, Federal and Other Grants	5,878,375
	Three Ridges Golf Course	58,204
Total Major Governmental Funds		<u>12,789,251</u>

Receivable Fund	Payable Fund	Amount
<u>Nonmajor Special Revenue Funds:</u>		
State, Federal and Other Grants	General	2,649,904
	Self Insurance Risk Mgmt	540
Total Nonmajor Governmental Funds		<u>2,650,444</u>
Total Governmental Funds		<u>\$ 15,439,695</u>

***Due to/from Other Funds - The Board:***

Receivable Fund	Payable Fund	Amount
<u>Major Funds:</u>		
General - General Purpose School	General	\$ 409,907
	School Federal Projects	13,504,789
	School General Projects	946,581
	School Construction	2,456,650
	Central Cafeteria	655,331
		<u>17,973,258</u>
<u>Nonmajor Special Revenue Funds:</u>		
Central Cafeteria	General Purpose School	<u>378,625</u>
Total Board of Education		<u>\$ 18,351,883</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, is as follows:

***Primary Government:***

Transfers - In	Transfers - Out	Amount
<u>Major Funds:</u>		
General	Constitutional Officers - Special Revenue	\$ 11,647,080
Debt Service	General	1,695,480
Public Improvement	General	<u>4,225,000</u>
Total Major Governmental Funds		<u>17,567,560</u>
<u>Nonmajor Governmental Funds:</u>		
<u>Special Revenue Funds:</u>		
State, Federal and Other Grants	General	440,842
Governmental Library	General	37,500
Public Library	General	540,000
Solid Waste	General	475,000
	Engineering & Public Works	<u>925,000</u>
		1,400,000
Air Quality	General	400,000
Engineering & Public Works	General	<u>1,650,000</u>
Total Nonmajor Special Revenue Funds		<u>4,468,342</u>
Total Governmental Funds		<u><u>\$ 22,035,902</u></u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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	\$ 375,000
Mailroom	General	87,500
Employee Benefits	General	800,000
Building Operations	General	500,000
Technical Support	General	300,000
Total Internal Service Funds		<u>\$ 2,062,500</u>
<u>Enterprise Fund:</u>		
Three Ridges Golf Course	General	\$ 300,000
Total Enterprise Fund		<u>\$ 300,000</u>

In addition, payments of \$2,315,367 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
Special Revenue Funds (Nonmajor):		
General Purpose School	School General Projects	\$ 87,000
School General Projects	General Purpose School	1,698,456
	School Federal Projects	1,605,783
		<u>3,304,239</u>
School Federal Projects	General Purpose School	53,252
Total Board of Education		<u>\$ 3,444,491</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Transfers and Similar Transactions (Continued)**

***Transactions between Primary Government and Component Units:***

Revenues and Other Sources	Expenses/Expenditures and Other Uses	Amount
Primary Government - Debt Service (Major Fund)	Component Unit - the Board, General Purpose School	\$ 11,072,668
Total Primary Government		<u>\$ 11,072,668</u>
Component Unit - General Purpose School	Primary Government - General	\$ 1,932,000
Component Unit - School Construction	Primary Government - General	800,000
Total Component Unit - BOE	Primary Government - Public Improvement	<u>15,800,000</u>
		18,532,000
Component Unit - Great Schools Partnership	Primary Government - General	<u>2,601,874</u>
Component Unit - The District	Primary Government - General	<u>1,358,223</u>
Component Unit - The Corporation	Primary Government - General	<u>730,500</u>
Total Component Units		<u>\$ 23,222,597</u>

***Transactions between the Board and its Component Unit:***

Revenues and Other Sources	Expenses/Expenditures and Other Uses	Amount
The Board, School General Projects	Component Unit, Great Schools Partnership	<u>\$ 423,745</u>

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 2020 payments totaling \$2,147,793 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, 2020*

**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	\$ 108,291
Primary Government - Nonmajor Funds:	
<u>Federal, State, and Other Grant Funds:</u>	
Unexpended grant funds	1,610,668
Total - Primary Government	\$ 1,718,959
<u>School General Projects:</u>	
Unexpended grant funds	\$ 24,000
<u>Central Cafeteria:</u>	
Unearned revenue	544,773
Total Component Unit - the Board	\$ 568,773

**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	\$ 2,929,268	\$ -
Taxes receivable, applicable to subsequent fiscal year	120,071,360	120,071,360
Notes receivable, applicable to subsequent fiscal year	318,000	318,000
	123,318,628	120,389,360
<u>Debt Service Fund:</u>		
Taxes receivable, delinquent	1,415,437	-
Taxes receivable, applicable to subsequent fiscal year	58,012,005	58,012,005
	59,427,442	58,012,005
Total - Primary Government	\$ 182,746,070	\$ 178,401,365
Component Unit - the Board - Major Fund		
<u>General Purpose School:</u>		
Taxes receivable, delinquent	\$ 2,634,087	\$ -
Taxes receivable, applicable to subsequent fiscal year	107,929,312	107,929,312
Accounts receivable, applicable to subsequent fiscal year	94,652	94,652
Total Component Unit - the Board	\$ 110,658,051	\$ 108,023,964

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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>
2021	\$ 878,551	\$ 425,004
2022	891,198	425,004
2023	903,967	425,004
2024	916,859	425,004
2025	929,873	425,004
2026-2030	4,848,879	2,125,020
2031-2035	5,192,622	212,502
2036-2037	1,620,667	-
Total Minimum Lease Payments	\$ 16,182,616	\$ 4,462,542
Less: Amounts Representing Interest	<u>(5,036,057)</u>	<u>(823,508)</u>
Present Value of Minimum Lease Payments	<u>\$ 11,146,559</u>	<u>\$ 3,639,034</u>

As of June 30, 2020 assets recorded under capital leases totaled \$18,307,010 (\$879,609 land, and \$17,427,401 buildings and improvements). Related accumulated amortization totaled \$4,620,731. Amortization of assets recorded under capital leases is included with depreciation expense.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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
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>\$ 1,754,661</u>	<u>\$ 27,554</u>	<u>\$ 1,782,215</u>

In addition, in May 2020, the Schools entered into a direct borrowing loan agreement with a vendor for the purchase of computer equipment for instructional purposes. The total borrowed of \$10,512,924 is to be repaid in three annual installments of \$3,504,308 ending in FY 2023. As of June 30, 2020 the remaining balance was \$10,512,924.

The Partnership has reported non-capital related loans payable of \$4,040,121, of which \$3,335,000 due in more than one year. The remainder of \$705,121 consists of loan funding received under the Paycheck Protection Program from the Small Business Administration as authorized under the CARES Act. The Partnership was notified that the loans had been forgiven subsequent to June 30, 2020.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

	Interest Rate	Last Maturity Date	Principal Balance
<b>Governmental Activities:</b>			
General Obligation - Series 2003	Variable Rate Swap to 3.95%	6/1/2029	\$ 20,286,933
General Obligation - Series 2004	Variable Rate Swap to 3.40%	6/1/2029	29,893,428
General Obligation - Refunding Series 2005A	3.569-5.00%	5/1/2021	3,701,333
General Obligation - Series 2005	Variable Rate Swap to 3.89%	6/1/2034	34,821,430
General Obligation - Series 2007	Variable Rate (0.13% at 6/30/20)	6/1/2034	50,450,000
General Obligation - Series 2008	Variable Rate (0.18% at 6/30/20)	6/1/2029	14,829,750
General Obligation - Series 2014A	2.125 - 5.00%	6/1/2036	10,605,000
General Obligation - Refunding Series 2014B	0.25 - 3.23%	6/1/2027	38,205,000
General Obligation - Series 2016	1.0 - 5.0%	6/1/2036	12,535,000
General Obligation - Series 2017	3.0 - 5.0%	6/1/2037	28,650,000
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	21,760,560
General Obligation - Series 2019	2.75 - 5.0%	4/1/2038	24,040,000
General Obligation - Series 2019B	2.375 - 5.0%	6/1/2040	21,430,000
General Obligation - Refunding Series 2020B	1.875 - 5.0%	6/1/2035	19,527,143
Total Bonded Debt to be repaid by Governmental Activities			<u>373,155,577</u>
<b>The Board:</b>			
General Obligation - Series 2003	Variable Rate Swap to 3.95%	6/1/2029	20,638,067
General Obligation - Series 2004	Variable Rate Swap to 3.40%	6/1/2029	15,596,572
General Obligation - Refunding Series 2005A	3.569-5.00%	5/1/2021	2,218,667
General Obligation - Series 2005	Variable Rate Swap to 3.89%	6/1/2034	18,803,570
General Obligation - Series 2007	Variable Rate (0.13% at 6/30/20)	6/1/2034	18,550,000
General Obligation - Series 2008	Variable Rate (0.18% at 6/30/20)	6/1/2029	7,985,250
General Obligation - Qualified School Construction Bonds - Series 2010	.0% (1)	7/1/2027	13,121,518
General Obligation - Series 2014A	2.125 - 5.00%	6/1/2036	13,035,000
General Obligation - Series 2016	1.0 - 5.0%	6/1/2036	17,090,000
General Obligation - Series 2017	3.0 - 5.0%	6/1/2037	52,985,000
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	8,089,440
General Obligation - Series 2019	2.75 - 5.0%	4/1/2038	17,810,000
General Obligation - Series 2019B	2.375 - 5.0%	6/1/2040	15,800,000
General Obligation - Refunding Series 2020A	1.5 - 5.0%	8/1/2030	17,420,000
General Obligation - Refunding Series 2020B	1.875 - 5.0%	6/1/2035	18,562,857
Total Bonded Debt to be repaid by the Board			<u>273,065,941</u>
Total Bonded Debt			<u>\$ 646,221,518</u>

(1) 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.

**KNOX COUNTY, TENNESSEE**  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

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	
2021	43,609,281	27,115,585	70,724,866	40,800,036	29,924,830	70,724,866
2022	38,319,281	25,106,816	63,426,097	36,119,132	27,306,965	63,426,097
2023	39,854,281	23,526,848	63,381,129	35,820,034	27,561,095	63,381,129
2024	40,474,281	21,873,333	62,347,614	35,717,307	26,630,307	62,347,614
2025	39,914,281	20,178,341	60,092,622	34,608,828	25,483,794	60,092,622
2026 - 2030	214,265,113	70,731,118	284,996,231	162,499,017	122,497,214	284,996,231
2031 - 2035	189,620,000	25,770,744	215,390,744	128,237,681	87,153,063	215,390,744
2036 - 2040	40,165,000	2,587,408	42,752,408	22,394,487	20,357,921	42,752,408
<b>Total</b>	<b>\$ 646,221,518</b>	<b>\$ 216,890,193</b>	<b>\$ 863,111,711</b>	<b>\$ 496,196,522</b>	<b>\$ 366,915,189</b>	<b>\$ 863,111,711</b>

The total bonded debt service requirements to be repaid by the County and the Board include interest of \$123,040,945 and \$93,849,248, respectively, for a total of \$216,890,193.

***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, 2020:

	Balance July 1	Additions	Deductions	Balance June 30	Current Portion
<b><u>Primary Government</u></b>					
Bonded Debt	\$ 639,470,799	\$ 92,740,000	\$ (85,989,281)	\$ 646,221,518	\$ 43,609,281
Unamortized Bond Premium	21,470,511	9,350,848	(2,989,011)	27,832,348	3,426,631
Loans Payable	2,176,237	-	(421,576)	1,754,661	424,750
Capital Leases	32,342,694	-	(21,196,135)	11,146,559	376,617
Compensated Absences	11,897,492	9,214,781	(8,497,061)	12,615,212	9,002,130
<b>Total - Primary Government</b>	<b>\$ 707,357,733</b>	<b>\$ 111,305,629</b>	<b>\$ (119,093,064)</b>	<b>\$ 699,570,298</b>	<b>\$ 56,839,409</b>
<b><u>Component Unit - the Board</u></b>					
Compensated Absences	\$ 17,170,608	\$ 5,272,142	\$ (4,173,277)	\$ 18,269,473	\$ 3,618,739
Loans Payable	-	10,512,924	-	10,512,924	3,504,273
Termination Benefits	4,981,322	-	(749,698)	4,231,624	758,177
Capital Leases	3,912,515	-	(273,481)	3,639,034	284,623
<b>Total Component Unit - the Board</b>	<b>\$ 26,064,445</b>	<b>\$ 15,785,066</b>	<b>\$ (5,196,456)</b>	<b>\$ 36,653,055</b>	<b>\$ 8,165,812</b>
<b><u>Component Unit - the District</u></b>					
Compensated Absences	\$ 560,700	\$ 426,354	\$ (390,384)	\$ 596,670	\$ 357,144
<b>Total - the District</b>	<b>\$ 560,700</b>	<b>\$ 426,354</b>	<b>\$ (390,384)</b>	<b>\$ 596,670</b>	<b>\$ 357,144</b>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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 \$44,185 pertains to the non-major enterprise fund, with the remaining long-term liabilities related to governmental activities.

***Subsequent Event – Debt Issuances***

In November 2020, the County issued \$55,155,000 in general obligation bonds to provide funds for the 2021 Capital Improvement Plan. The bonds bear interest at rates from 3.0% to 5.0% and mature in varying amounts through 2040. In addition, in November 2020, the County issued \$33,200,000 in general obligation bonds to provide funds for the advance refunding of the County's General Obligation Refunding Bonds, Series 2014B. The bonds bear interest at rates from 0.3% to 1.0% and mature in varying amounts through 2026. Also in November 2020, the County issued \$22,905,000 in general obligation bonds to provide funds for the advance refunding of the County's General Obligation Bonds, Series 2014A. The bonds bear interest at rates from 0.3% to 2.1% and mature in varying amounts through 2036.

***Advance Refunding Issue***

During the year, the County issued \$38,090,000 in general obligation Series 2020B refunding bonds with a par value of \$38,090,000 to advance refund general obligation issues Series 2010A, 2010D, and 2012. 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 debts are considered defeased and \$42,020,000 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 \$7,303,566 and \$5,933,265 respectively, over the next 15 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 \$6,664,761.

***Current Refunding Issue***

The County issued \$17,420,000 in fixed-rate general obligation bonds, Series 2020A, with a par value of \$17,420,000 to provide funds for the current refunding of two of the County's capital leases. The reduced cash flows required for future debt service to be repaid by the Board by \$1,331,923 over the next 11 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 \$1,197,062.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

*Interest Rate Swaps*

The County’s Statement of Net Position includes interest rate swap derivatives with a negative fair value totaling (\$32,090,607). 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.

*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, 2020, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.95%
Variable payment to Authority	% of LIBOR	-0.21%
Net interest rate swap payments		3.74%
Variable-rate bond coupon payments		0.18%
Synthetic interest rate on bonds		3.92%

KNOX COUNTY, TENNESSEE  
Notes to Financial Statements  
June 30, 2020

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

*Fair value.* As of June 30, 2020, the swap had a negative fair value of (\$7,467,443), a change of (\$931,968) compared to the June 30, 2019 balance of (\$6,535,475). 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, 2020, 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, 2020, 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% 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, 2020, 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.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

Fiscal Year Ending June 30	<u>Variable Rate Bonds</u>		Net Interest Rate		Total
	Principal	Interest	Swap Payment		
2021	\$ 3,525,000	\$ 73,665	\$ 1,530,530	\$ 5,129,195	
2022	3,750,000	67,320	1,398,701	5,216,021	
2023	3,975,000	60,570	1,258,457	5,294,027	
2024	4,225,000	53,415	1,109,798	5,388,213	
2025	4,500,000	45,810	951,790	5,497,600	
2026-2029	20,950,000	97,110	2,017,645	23,064,755	
	\$ 40,925,000	\$ 397,890	\$ 8,266,921	\$ 49,589,811	

***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.

*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, 2020, rates were as follows:

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.40%
Variable payment to Authority	% of LIBOR	-0.20%
Net interest rate swap payments		3.20%
Variable-rate bond coupon payments		0.18%
Synthetic interest rate on bonds		3.38%

*Fair value.* As of June 30, 2020, the swap had a negative fair value of (\$7,003,146), a change of (\$1,039,761) compared to the June 30, 2019 balance of (\$5,963,385). 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, 2020, 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, 2020, 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.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

*Swap payments and associated debt.* As of June 30, 2020, 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		
2021	\$ 4,030,000	\$ 81,882	\$ 1,456,836	\$ 5,568,718	
2022	4,260,000	74,628	1,327,774	5,662,402	
2023	4,500,000	66,960	1,191,346	5,758,306	
2024	4,760,000	58,860	1,047,231	5,866,091	
2025	5,020,000	50,292	894,790	5,965,082	
2026-2029	22,920,000	105,750	1,881,493	24,907,243	
	\$ 45,490,000	\$ 438,372	\$ 7,799,470	\$ 53,727,842	

***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, 2020, rates were as follows:

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.89%
Variable payment to Authority	% of LIBOR	-0.21%
Net interest rate swap payments		3.68%
Variable-rate bond coupon payments		0.57%
Synthetic interest rate on bonds		4.25%

*Fair value.* As of June 30, 2020, the swap had a negative fair value of (\$17,620,018), a change of (\$3,990,574) compared to the June 30, 2019 balance of (\$13,629,444). 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, 2020, 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, 2020, 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, 2020*

**NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Long-Term Liabilities (Continued)**

*Swap payments and associated debt.* As of June 30, 2020, 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		
2021	\$ 2,625,000	\$ 308,223	\$ 1,975,460	\$	4,908,683
2022	1,075,000	293,135	1,878,759		3,246,894
2023	1,000,000	286,956	1,839,158		3,126,114
2024	1,050,000	281,209	1,802,320		3,133,529
2025	1,100,000	275,174	1,763,639		3,138,813
2026-2030	12,575,000	1,276,144	8,179,049		22,030,193
2031-2034	34,200,000	501,204	3,212,310		37,913,514
	<u>\$ 53,625,000</u>	<u>\$ 3,222,045</u>	<u>\$ 20,650,695</u>	<u>\$</u>	<u>77,497,740</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, 2020, the Board recorded an estimated liability of \$4,231,624 to be paid in varying annual amounts through 2033.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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>	
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	\$ 335,745	\$ -	\$ -	\$ 335,745
Prepays	199,593	-	-	199,593
Investment in Joint Venture	6,270,043	-	-	6,270,043
	<u>6,805,381</u>	<u>-</u>	<u>-</u>	<u>6,805,381</u>
<b>Restricted for:</b>				
Finance and Administration	605,080	-	-	605,080
Administration of Justice	593,915	-	-	593,915
Public Safety	712,134	-	-	712,134
Public Health & Welfare	998,584	-	-	998,584
Social and Cultural	46,456	-	-	46,456
Debt Service	-	-	3,649,437	3,649,437
Capital Projects	-	19,157,399	-	19,157,399
	<u>2,956,169</u>	<u>19,157,399</u>	<u>3,649,437</u>	<u>25,763,005</u>
<b>Committed to:</b>				
Finance and Administration	603,795	-	-	603,795
Public Health & Welfare	125,000	-	-	125,000
Other General Government	4,471,205	-	-	4,471,205
Debt Service	-	-	11,246,157	11,246,157
Capital Projects	-	150,000	-	150,000
	<u>5,200,000</u>	<u>150,000</u>	<u>11,246,157</u>	<u>16,596,157</u>
<b>Assigned to:</b>				
Finance and Administration	23,991	-	-	23,991
Administration of Justice	73,220	-	-	73,220
Public Safety	479,620	-	-	479,620
Public Health & Welfare	88,680	-	-	88,680
Social and Cultural	5,374	-	-	5,374
Other General Government	24,131	-	-	24,131
	<u>695,016</u>	<u>-</u>	<u>-</u>	<u>695,016</u>
<b>Unassigned:</b>	<u>72,582,889</u>	<u>-</u>	<u>-</u>	<u>72,582,889</u>
Total fund balances	<u>\$ 88,239,455</u>	<u>\$ 19,307,399</u>	<u>\$ 14,895,594</u>	<u>\$ 122,442,448</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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	ADA Construction	Total
<b>Fund balances:</b>										
<b>Nonspendable:</b>										
Inventories	\$ 64,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,243
Prepays	3,149	-	-	-	-	-	-	500	-	3,649
	<u>67,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>67,892</u>
<b>Restricted for:</b>										
Finance and Administration	100,300	-	-	-	-	-	-	-	-	100,300
Administration of Justice	176,227	-	-	-	-	-	-	-	-	176,227
Public Safety	146,980	-	-	-	-	-	2,854,185	-	-	3,001,165
Public Health & Welfare	1,465,948	-	-	-	-	-	-	-	-	1,465,948
Social and Cultural	38,750	-	-	-	-	1,796,219	-	-	-	1,834,969
Other General Government	114,308	-	-	-	-	-	-	-	-	114,308
Highway Grants	25,082	-	-	-	-	-	-	-	-	25,082
	<u>2,067,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,796,219</u>	<u>2,854,185</u>	<u>-</u>	<u>-</u>	<u>6,717,999</u>
<b>Committed to:</b>										
Public Health & Welfare	-	-	-	-	1,281,226	-	-	-	-	1,281,226
Social and Cultural	-	-	37,922	1,948,114	-	-	-	-	-	1,986,036
Engineering & Public Works	-	-	-	-	-	-	-	5,531,196	-	5,531,196
Capital Projects	-	-	-	-	-	-	-	-	503,304	503,304
	<u>-</u>	<u>-</u>	<u>37,922</u>	<u>1,948,114</u>	<u>1,281,226</u>	<u>-</u>	<u>-</u>	<u>5,531,196</u>	<u>503,304</u>	<u>9,301,762</u>
<b>Assigned to:</b>										
Finance and Administration	-	730,966	-	-	-	-	-	-	-	730,966
Administration of Justice	-	3,142,512	-	-	-	-	-	-	-	3,142,512
	<u>-</u>	<u>3,873,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,873,478</u>
<b>Total fund balances</b>	<u>\$ 2,134,987</u>	<u>\$ 3,873,478</u>	<u>\$ 37,922</u>	<u>\$ 1,948,114</u>	<u>\$ 1,281,226</u>	<u>\$ 1,796,219</u>	<u>\$ 2,854,185</u>	<u>\$ 5,531,696</u>	<u>\$ 503,304</u>	<u>\$ 19,961,131</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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>	
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventories	\$ 1,065,916	\$ -	\$ -	\$ 571,686	\$ 898,417	\$ 2,536,019
Prepays	487,039	-	4,799	4,750	-	496,588
	<u>1,552,955</u>	<u>-</u>	<u>4,799</u>	<u>576,436</u>	<u>898,417</u>	<u>3,032,607</u>
<b>Restricted for:</b>						
Education	2,980,977 (a)	12,343,758 (b)	241 (d)	-	7,569,208 (e)	22,894,184
<b>Committed to:</b>						
Education	-	-	-	664,472 (f)	-	664,472
<b>Assigned to:</b>						
Education	557,894 (c)	-	-	-	-	557,894
<b>Unassigned:</b>	<u>23,172,622</u>	<u>-</u>	<u>(4,802)</u>	<u>-</u>	<u>-</u>	<u>23,167,820</u>
Total fund balances	<u>\$ 28,264,448</u>	<u>\$ 12,343,758</u>	<u>\$ 238</u>	<u>\$ 1,240,908</u>	<u>\$ 8,467,625</u>	<u>\$ 50,316,977</u>

(a) Investment in Stabilization Reserve Trust

(b) School Construction Projects

(c) Assigned Encumbrance Reserve

(d) Restricted for the Agriculture and Food Research Initiative Grant

(e) Restricted for grants from the USDA for school children feeding programs

(f) Committed from local revenues and various state grants

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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 \$269,447,521 for fiscal year 2020 were approximately 97.6 percent of the total tax levy.

The 2020 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 2021 fiscal year property tax rate of \$2.12 as approved in the 2021 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, 2020*

**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, 2020, there were 66 PILOT agreements in force with net tax abatements totaling \$4,786,832. 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, 2020*

**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, 2020 was \$1,407,434.

The remaining 65 PILOT agreements totaling \$3,379,398 in tax abatements at June 30, 2020 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, 2020, there were 31 TIF agreements in force with net tax abatements totaling \$2,070,647. 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, 2020*

**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 2020 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 \$424,504 for the year ended June 30, 2020. 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 \$8,845,179 to the PBA for development, management, and maintenance of County projects during 2020. 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, 2020*

**NOTE IV. OTHER INFORMATION**

**A. Joint Ventures (Continued)**

Condensed financial information for GIS and PBA as of June 30, 2020 and for the year then ended, is as follows:

ASSETS	<u>GIS</u>	<u>PBA</u>
Cash and Cash Equivalents	\$ 1,001,052	\$ 5,785,172
Receivables	-	1,738,782
Inventory	-	8,968
Prepays	5,336	93,156
Capital Assets - Net	<u>87,556</u>	<u>5,157,347</u>
Total Assets	<u>1,093,944</u>	<u>12,783,425</u>
LIABILITIES AND NET POSITION		
Liabilities		
Accounts Payable and Accrued Liabilities	19,158	2,074,955
Due To Others	-	943,860
Customer Deposits	-	17,454
Compensated Absences	65,395	613,130
Unearned Revenue	<u>-</u>	<u>2,850</u>
Total Liabilities	<u>84,553</u>	<u>3,652,249</u>
Net Position		
Investment in Capital Assets	87,556	5,157,347
Unrestricted	<u>921,835</u>	<u>3,973,829</u>
Total Net Position	<u>\$ 1,009,391</u>	<u>\$ 9,131,176</u>
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Total Operating Revenues	\$ 1,672,388	\$ 18,955,867
Total Operating Expenses	<u>(1,598,607)</u>	<u>(17,989,800)</u>
Operating Income (Loss)	73,781	966,067
Non-Operating Revenues	24,781	90,197
Non-Operating Expenses	-	(1,864,128)
Capital Contributions	<u>-</u>	<u>1,300,000</u>
Increase (Decrease) in Net Position	98,562	492,136
Net Position, Beginning of Year	<u>910,829</u>	<u>8,639,040</u>
Net Position, End of Year	<u>\$ 1,009,391</u>	<u>\$ 9,131,176</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, the County appropriated operating subsidies of \$1,795,419 to the Community Action Committee.

In 2020, 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, 2020, the County appropriated operating subsidies of \$3,440,000 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, 2020*

**NOTE IV. OTHER INFORMATION (Continued)**

**C. Risk Management (Continued)**

At June 30, 2020, 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 2020	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2019
Unpaid Claims - Beginning Balance	\$ 1,666,280	\$ 2,085,518	\$ 17,984,345	\$ 17,611,991
Incurred Claims (Including IBNR's)	25,044,517	25,053,755	2,555,598	4,010,177
Claim Payments	(25,166,797)	(25,472,993)	(3,160,963)	(3,637,823)
Unpaid Claims - Ending Balance	<u>\$ 1,544,000</u>	<u>\$ 1,666,280</u>	<u>\$ 17,378,980</u>	<u>\$ 17,984,345</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, 2020, the liabilities were \$2,527,055.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020:

*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 2020 was \$572,370 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 2020 was \$1,090,807 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 global outbreak of a new strain of coronavirus, which causes a respiratory disease known as COVID-19, has led to quarantines and other restrictive measures taken by governments in attempting to curtail the spread of the disease. Due to the uncertainty as to the potential impact of the pandemic when it began in early 2020, the County implemented various spending freezes and reductions, including furloughs, during fiscal 2020. For the fiscal year ended June 30, 2020, the County experienced positive results compared to the budget, largely due to these expenditure reduction measures combined with additional grant funding available from the CARES Act. Subsequent to the end of the year, the full impact of the pandemic continues to evolve, and the County cannot estimate the extent and duration of the potential effects of the pandemic on operations. The budget adopted for the fiscal year ending June 30, 2021 includes conservative estimates of local taxes, particularly property and sales taxes, with property taxes projected to remain at FY 2020 budgeted amounts and sales taxes estimated to decline by 5.5% compared to the FY 2020 budget. Expenditure reductions have been included in the budget to offset the potential revenue reductions.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE IV. OTHER INFORMATION (Continued)**

**E. Commitments and Contingencies (Continued)**

The County and the Board have several outstanding construction projects as of June 30, 2020. 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.

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

	Spent to Date		Contractual Commitment Remaining at June 30, 2020
<u>Primary Government:</u>			
General Road Improvements	\$ 2,523,372	\$	141,823
Cherahala Extension	263,916		150,677
Other Projects	195,979,487		2,104,968
Total - Primary Government	\$ 198,766,775	\$	2,397,468
 <u>Component Unit - the Board:</u>			
Physical Plant Upgrades	\$ 3,176,736	\$	250,508
Powell High School - Cafeteria	199,696		2,757,665
Adrian Burnett Elementary	104,678		832,553
Other Projects	38,790,957		451,120
Total - the Board	\$ 42,272,067	\$	4,291,846

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, 2020*

**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, 2020*

**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.

*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, 2019 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	48
Active employees	<u>2,296</u>
Total	<u><u>2,344</u></u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

**OPEB – Retiree Healthcare Plan (Continued)**

*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 2020 was \$1,250,117, which was 1.13% of covered employee payroll.

*Net OPEB Liability* – The County’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. The components of the net OPEB liability at June 30, 2020 were as follows:

Total OPEB Liability	\$ 7,992,320
Less: Fiduciary Net Position	<u>(4,113,461)</u>
Net OPEB Liability	<u>\$ 3,878,859</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	<u>51.47%</u>

*Actuarial Assumptions* – The total OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of July 1, 2019, 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	28 Years
Asset Valuation Method	Fair Value
Inflation	2.50%
Healthcare Trend Rates	7.5% initially, decreasing to an ultimate rate of 4.5% in 2025
Salary Increases	3.50%
Payroll Growth	2.50%
Investment Rate of Return	6.15%
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 - RR 96-7 Post 94 Mortality Table.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

**OPEB – Retiree Healthcare Plan (Continued)**

*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 2020. Best estimates of arithmetic real rates of return for each major investment classification included in the OPEB target asset allocation as of June 30, 2020 are as follows:

Asset Class	Target Allocation	Long-Term Real Returns
US Equity - Large Cap	26.70%	5.86%
US Equity - Small/Mid Cap	19.80%	7.04%
Non-US Equity - Developed	14.00%	6.59%
Non-US Equity - Emerging	4.50%	8.83%
US Corporate Bonds - Core	5.00%	1.24%
US Treasuries	30.00%	-0.22%

*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, 2020 was 4.27%.

*Discount Rate* – The discount rate used in fiscal year 2020 to measure the total OPEB liability was 6.15%. 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, 2020*

**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 6/30/19	\$ 10,582,542	\$ 3,144,995	\$ -	\$ 7,437,547
Changes for the year:				
Service Cost	350,280	-	-	350,280
Interest	484,973	-	-	484,973
Difference between Expected and Actual Experience	(1,764,476)	(198,222)	-	(1,566,254)
Contributions - Employer Subsidy	-	960,062	290,055	(1,250,117)
Expected Investment Income	-	206,626	-	(206,626)
Changes in Assumptions	(1,370,944)	-	-	(1,370,944)
Benefit Payments	(290,055)	-	(290,055)	-
Net Changes	(2,590,222)	968,466	-	(3,558,688)
Balances at 6/30/20	<u>\$ 7,992,320</u>	<u>\$ 4,113,461</u>	<u>\$ -</u>	<u>\$ 3,878,859</u>

*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 (5.15%) or 1-percentage-point higher (7.15%) than the current discount rate:

	1% Decrease (5.15%)	Current Discount Rate (6.15%)	1% Increase (7.15%)
Net OPEB Liability (asset)	<u>\$ 4,580,191</u>	<u>\$ 3,878,859</u>	<u>\$ 3,248,467</u>

*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%) or higher (8.50% decreasing to 5.50%) than the current healthcare cost trend rates:

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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)	\$ 3,032,781	\$ 3,878,859	\$ 4,869,447

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended June 30, 2020, the County recognized OPEB expense of \$383,257. At June 30, 2020, 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	\$ 47,619	\$ 1,539,702
Changes of assumptions	568,213	1,465,302
Net difference between projected and actual earnings on OPEB plan investments	248,537	-
Total	\$ 864,369	\$ 3,005,004

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,	
2021	\$ (245,370)
2022	(245,370)
2023	(251,837)
2024	(277,512)
2025	(342,147)
Thereafter	(778,399)

*Payable to the OPEB Plan* – At June 30, 2020, Knox County reported a payable outstanding to the plan of \$960,062. Contributions were paid to the OPEB plan as required for the year ended June 30, 2020.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

**OPEB – Disability Plan (Continued)**

*Employees Covered* – At January 1, 2020, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Disabled employees currently receiving benefit payments	28
Active employees	<u>5,157</u>
Total	<u><u>5,185</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, 2020, the ADC was \$579,290, which was 0.69% 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, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020. The components of the net OPEB liability at June 30, 2020 were as follows:

Total OPEB Liability	\$ 3,443,442
Less: Fiduciary Net Position	<u>(1,111,174)</u>
Net OPEB Liability	<u><u>\$ 2,332,268</u></u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	<u><u>32.27%</u></u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020 with a measurement date of June 30, 2020 are as follows:

Actuarial Cost Method	Individual Entry Age, Normal Cost
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	14 Years
Asset Valuation Method	5-year smoothed, subject to a 20% corridor around the fair value of assets
Inflation	2.10%
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 of 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-2019 Projection Period: Fully Generational UOPP & STAR Pre-Retirement: Base Table: SOA RP-2014 Adjusted to 2006 Blue Collar Mortality Improvement Scale: MP-2019 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, 2020*

**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 2.10% for fiscal year 2020. 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 Real Arithmetic Return
US Equity - Large Cap	26.70%	6.13%
US Equity - Small / Mid Cap	19.80%	7.29%
Non-US Equity - Developed	14.00%	6.85%
Non-US Equity - Emerging	4.50%	9.04%
Non Corporate Bonds - Core	5.00%	1.61%
US Treasuries (Cash Equivalent)	30.00%	0.18%

*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, 2020 was 0.87%.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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 2020 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 6/30/19	\$ 3,690,525	\$ 1,170,963	\$ 2,519,562
Changes for the year:			
Service Cost	238,168	-	238,168
Interest	263,716	-	263,716
Difference between Expected and Actual Experience	(420,390)	-	(420,390)
Changes of Assumptions	(374)	-	(374)
Contributions Employer	-	1,227,762	(1,227,762)
Net Investment Income	-	11,717	(11,717)
Benefit Payments	(328,203)	(328,203)	-
Administrative Expenses	-	(959,852)	959,852
Other Changes	-	(11,213)	11,213
Net Changes	(247,083)	(59,789)	(187,294)
Balances at 6/30/20	\$ 3,443,442	\$ 1,111,174	\$ 2,332,268

*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)	\$ 2,469,362	\$ 2,332,268	\$ 2,201,586

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, the County recognized OPEB expense of \$1,420,374. At June 30, 2020, 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	\$ 104,318	\$ 329,251
Changes of assumptions	9,625	61,527
Net difference between projected and actual earnings on OPEB plan investments	58,765	-
Total	\$ 172,708	\$ 390,778

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,	
2021	\$ (57,134)
2022	(97,787)
2023	(77,383)
2024	14,234

*Payable to the OPEB Plan* – At June 30, 2020, Knox County did not report a payable outstanding. Contributions were paid to the OPEB plan as required for the year ended June 30, 2020.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

**OPEB – Closed Teacher Group OPEB 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 OPEB Plan (TGOP) 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 TGOP. 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 TGOP 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 TGOP. 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 TGOP, 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 TGOP 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, 2019, the following employees of the Board were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	275
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	<u>5,387</u>
Total	<u><u>5,663</u></u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

**OPEB – Closed Teacher Group OPEB Plan (Continued)**

An insurance committee, created in accordance with TCA Section 8-27-301, establishes the required payments to the TGOP 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. 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 TGOP for OPEB benefits as they came due.

**Total OPEB Liability**

*Actuarial Assumptions* – The collective total OPEB liability in the June 30, 2019 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	2.20%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%.
Healthcare Cost Trend Rates	6.03% for pre-65 in 2019, decreasing annually over over a 10 year period to an ultimate rate of 4.50% 5.20% for post-65 in 2019, decreasing annually over over a 4 year period to an ultimate rate of 4.50%
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, 2019 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.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

**OPEB – Closed Teacher Group OPEB Plan (Continued)**

*Discount Rate* – The discount rate used to measure the total OPEB liability was 3.51%. 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 Bond Buyer 20-Year Municipal General Obligation Bonds AA index.

**Changes in Collective Total OPEB Liability**

	Total OPEB Liability
Balances at 6/30/18	\$ 43,923,994
Changes for the year:	
Service Cost	2,632,299
Interest	1,630,356
Difference Between Expected and Actual Experience	3,746,041
Changes in Assumptions	(3,686,100)
Benefit Payments	(3,064,918)
Net Changes	1,257,678
Balances at 6/30/19	\$ 45,181,672
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 15,606,428
Employer's proportionate share of the collective total OPEB liability	\$ 29,575,244
Employer's proportion of the collective total OPEB liability	65.46%

The Board has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. 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 (1.01%) from the prior measurement date. The Board recognized \$1,090,807 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Board retirees.

*Changes in Assumptions* – The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total OPEB liability.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

**OPEB – Closed Teacher Group OPEB 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 (2.51%) or 1-percent-point higher (4.51%) than the current discount rate:

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Proportionate Share of Collective total OPEB Liability	\$ 31,848,268	\$ 29,575,244	\$ 27,441,163

*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:

	1% Decrease (5.03%/4.20% decreasing to 3.50%)	Current Healthcare Cost Trend Rate Assumption (6.03%/5.20% decreasing to 4.50%)	1% Increase (7.03%/6.20% decreasing to 5.50%)
OPEB Liability	\$ 26,385,492	\$ 29,575,244	\$ 33,362,809

*OPEB Expense* – For the fiscal year ended June 30, 2020, the Board recognized OPEB expense of \$3,333,232.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

**OPEB – Closed Teacher Group OPEB 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, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,201,119	\$ 4,979,732
Changes of assumptions	752,459	3,293,264
Changes in proportions	331,493	520,500
Employer payments subsequent to the measurement date	1,727,160	-
<b>Total</b>	<b>\$ 5,012,231</b>	<b>\$ 8,793,496</b>

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,	
2021	\$ (630,904)
2022	(630,904)
2023	(630,904)
2024	(630,904)
2025	(630,904)
Thereafter	(2,353,905)

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, 2020*

**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, 2019, the following employees of the Board were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	1,066
Inactive employees entitled to but not yet receiving benefit payments	540
Active employees	3,987
Total	5,593

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2019 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	2.20%
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, 2019 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 3.51%. 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 Bond Buyer 20-Year Municipal General Obligation Bonds AA index.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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
Balances at 6/30/18	\$ 11,790,778
Changes for the year:	
Service Cost	216,901
Interest	425,055
Difference Between Expected and Actual Experience	1,782,794
Changes in Assumptions	231,832
Benefit Payments	(536,433)
Net Changes	2,120,149
Balances at 6/30/19	\$ 13,910,927
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 13,910,927
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 \$572,370 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 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total OPEB liability.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)**

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

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

*OPEB Expense* – For the fiscal year ended June 30, 2020, the Board recognized OPEB expense of \$429,097. The County does not report any Deferred Outflows or Deferred Inflows related to the OPEB for the TNP.

**Aggregate OPEB Plans Note Disclosures**

As of and for the year ended June 30, 2020, 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	\$ 3,879	\$ 864	\$ 3,005	\$ 383
Disability	2,332	173	391	1,420
	<u>6,211</u>	<u>1,037</u>	<u>3,396</u>	<u>1,803</u>
Component Unit - The Board:				
Closed Teacher				
Group OPEB Plan	29,575	5,012	8,793	3,333
Closed Tennessee Plan	-	-	-	429
	<u>29,575</u>	<u>5,012</u>	<u>8,793</u>	<u>3,762</u>
Totals	<u>\$ 35,786</u>	<u>\$ 6,049</u>	<u>\$ 12,189</u>	<u>\$ 5,565</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, the MERP had 1,103 members and 800 of them contributed funds to the plan. During the year employer expense and member contributions amounted to \$88,526 and \$190,633 respectively.

At June 30, 2020, 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, 2020*

**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, 2020*

**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, 2020*

**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 55<sup>th</sup> 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, 2020*

**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, 2020*

**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 1/12<sup>th</sup> 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, 2020*

**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, 2020, the valuation date, the following participants were covered by the benefit terms:

	County DB Plan	UOPP DB Plan	Teacher's DB Plan
Inactive employees or beneficiaries currently receiving benefits	670	230	397
Inactive employees entitled to, but not yet receiving benefits	11	50	-
Active employees	37	418	-
Total	<u>718</u>	<u>698</u>	<u>397</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 2020, the employer contributions for the County, UOPP, and the Teacher’s DB Plans were approximately 245.31%, 30.56%, 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, 2020, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of January 1, 2020.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020 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	13 Years	30 Years	13 Years
Asset Valuation Method for Actuarial Determined Contributions	5-year smoothed subject to a 10% corridor around the fair value of assets	5-year smoothed subject to a 20% corridor around the fair value of assets	5-year smoothed subject to a 10% corridor around the fair 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%	3.00%, plus 2.6% OT adjustment factor	N/A
Cost of Living Increase	3.00%	3.00% (3.10% over age 62)	2.50%
Inflation	2.10%	2.10%	2.10%
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 by age and service	N/A
Healthy Mortality Table	Pre-Retirement: Base Table: SOA RP-2014 Total Dataset Dataset Mortality Table Improvement Scale: MP-2019 Projection Period: Fully Generational Post-Retirement: Base Table: SOA RP-2014 Blue Collar with 102% adjustment for Males and 97% for Females Improvement Scale: MP-2019 Projection Period: 6 years beyond each valuation date	Pre-Retirement: Base Table: RP2014 Blue Collar, Adjusted to 2006 Improvement Scale: MP-2019 Projection Period: Fully Generational Post-Retirement: Base Table: RP2014 Blue Collar table with 140% adjustment for Males and Females Improvement Scale: MP-2019 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-2019 Projection Period: 6 years beyond each valuation date
Disability Table	Linked to the Tennessee Consolidated Retirement System mortality for disabled lives	Linked to the Tennessee Consolidated Retirement System mortality for disabled lives	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, 2020*

**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%	6.13%
US Equity - Small / Mid Cap	10.00%	7.29%
Non-US Equity - Developed	10.00%	6.85%
Non-US Equity - Emerging	2.00%	9.04%
US Corporate Bonds-Core	25.00%	1.61%
US Corporate Bonds-High Yield	3.00%	3.96%
Non-US Debt - Developed	8.00%	0.42%
US Treasuries (Cash Equivalent)	6.00%	0.18%
Real Estate	7.00%	5.69%
Hedge Funds	8.00%	3.92%

**UOPP DB Plan:**

Asset Class:	Target Allocation	Long-Term Expected Real Arithmetic Return
US Equity - Large Cap	22.00%	6.13%
US Equity - Small / Mid Cap	20.00%	7.29%
Non-US Equity - Developed	15.00%	6.85%
Non-US Equity - Emerging	5.00%	9.04%
US Corporate Bonds-Core	16.00%	1.61%
US Corporate Bonds-High Yield	5.00%	3.96%
Non-US Debt - Developed	4.00%	0.42%
US Treasuries (Cash Equivalent)	2.00%	0.18%
Real Estate	3.00%	5.69%
Hedge Funds	8.00%	3.92%

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)**

**B. Single-Employer Defined Benefit Plans (Continued)**

**Net Pension Liability (Continued)**

<b>Teacher's DB Plan:</b>		Long-Term
<u>Asset Class:</u>	<u>Target</u>	<u>Expected Real</u>
	<u>Allocation</u>	<u>Arithmetic Return</u>
US Equity - Large Cap	21.00%	6.13%
US Equity - Small / Mid Cap	16.00%	7.29%
Non-US Equity - Developed	14.00%	6.85%
Non-US Equity - Emerging	4.00%	9.04%
US Corporate Bonds-Core	18.00%	1.61%
US Corporate Bonds-High Yield	4.00%	3.96%
Non-US Debt - Developed	6.00%	0.42%
US Treasuries (Cash Equivalent)	4.00%	0.18%
Real Estate	5.00%	5.69%
Hedge Funds	8.00%	3.92%

The assumed inflation rate is 2.10% 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, 2020 were as follows:

Defined Benefit Plans:	<u>2020</u>
County DB Plan	0.29%
UOPP DB Plan	-0.91%
Teacher's DB Plan	0.17%

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, the County DB Plan's funded ratio was 54.05%. 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, 2020*

**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, 2020 are as follows (dollar amounts in thousands):

	<u>County DB Plan</u>			<u>UOPP DB Plan</u>			<u>Teachers' DB Plan</u>		
	Increase (Decrease)			Increase (Decrease)			Increase (Decrease)		
Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability	
(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)	
Balance at June 30, 2019	\$ 71,235	\$ 40,346	\$ 30,889	\$ 250,526	\$ 184,321	\$ 66,205	\$ 64,946	\$ 53,560	\$ 11,386
Changes for the Year:									
Service Cost	174	-	174	2,802	-	2,802	-	-	-
Interest	4,758	-	4,758	17,970	-	17,970	4,322	-	4,322
Difference between Expected and Actual Expense	(640)	-	(640)	8,497	-	8,497	117	-	117
Change of Assumptions	(117)	-	(117)	(115)	-	(115)	(108)	-	(108)
Contribution - Employer	-	3,623	(3,623)	-	6,947	(6,947)	-	754	(754)
Contribution - Employee	-	76	(76)	-	1,249	(1,249)	-	-	-
Net Investment Income (Loss)	-	115	(115)	-	(1,661)	1,661	-	87	(87)
Benefit Payments including Refunds of Employee Contributions	(7,007)	(7,007)	-	(11,106)	(11,106)	-	(6,528)	(6,527)	(1)
Administrative Expense	-	(161)	161	-	(1,033)	1,033	-	(161)	161
Transfers	-	(23)	23	-	-	-	-	-	-
Net Changes	(2,832)	(3,377)	545	18,048	(5,604)	23,652	(2,197)	(5,847)	3,650
Balance at June 30, 2020	\$ 68,403	\$ 36,969	\$ 31,434	\$ 268,574	\$ 178,717	\$ 89,857	\$ 62,749	\$ 47,713	\$ 15,036

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County DB Plan Net Pension Liability	\$ 37,143,546	\$ 31,434,220	\$ 26,492,498
Teachers' DB Plan Net Pension Liability	\$ 19,712,157	\$ 15,036,000	\$ 10,916,715
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
UOPP DB Plan Net Pension Liability	\$ 126,790,177	\$ 89,857,940	\$ 59,408,021

*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, 2020, the County and the Board recognized pension expense of \$3,956,454, \$17,300,939, and \$2,030,464, for the County, UOPP, and Teacher's Plans, respectively. At June 30, 2020, the County, UOPP, and Teacher's Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	County DB Plan		UOPP DB Plan		Teachers' DB Plan	
	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	\$ 161,310	\$ 634,254	\$ 22,918,564	\$ -	\$ -	\$ -
Changes of assumptions	1,713,808	81,915	14,791,578	3,649,694	-	-
Net difference between projected and actual earnings on pension plan investments	1,604,774	-	12,293,796	-	2,517,674	-
Total	\$ 3,479,892	\$ 716,169	\$ 50,003,938	\$ 3,649,694	\$ 2,517,674	\$ -

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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>
2021	\$ 979,585	\$ 7,797,519	\$ 156,360
2022	725,855	9,582,148	743,029
2023	540,562	9,959,666	921,319
2024	517,721	8,984,203	696,966
2025	-	5,783,466	-
Thereafter	-	4,247,242	-
Total	<u>\$ 2,763,723</u>	<u>\$ 46,354,244</u>	<u>\$ 2,517,674</u>

**Payable to Pension Plans**

Neither the County nor the Board reported a payable for any outstanding amount of employer contributions to the Plans required for the year ended June 30, 2020.

**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, 2020*

**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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

*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, 2020*

**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 2<sup>nd</sup> 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, 2019, 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	2
Active employees	<u>7</u>
Total	<u><u>12</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, 2020, employer contributions made by Knox County were \$108,511 based on a rate of 9.21% 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, 2020*

**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, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Reporting Date	June 30, 2020
Measurement Date	June 30, 2019
Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, closed (not to exceed 20 years)
Asset Valuation Method	Fair 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	adjustment for some anticipated improvement using Scale MP-2018

The actuarial assumptions used in the June 30, 2019 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, 2020*

**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, 2020*

**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, 2018	\$ 2,670,499	\$ 2,727,820	\$ (57,321)
Changes for the Year:			
Service Cost	50,511	-	50,511
Interest	194,228	-	194,228
Differences between expected and actual experience	22,793	-	22,793
Contributions - Employer	-	131,794	(131,794)
Contributions - Employees	-	57,754	(57,754)
Net Investment Income	-	207,018	(207,018)
Benefit Payments, including refunds of employee contributions	(84,001)	(84,001)	-
Administrative Expense	-	(642)	642
Net Change	183,531	311,923	(128,392)
Balance at June 30, 2019	<u>\$ 2,854,030</u>	<u>\$ 3,039,743</u>	<u>\$ (185,713)</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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>\$ 121,261</u>	<u>\$ (185,713)</u>	<u>\$ (448,013)</u>

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

*Pension Expense* - For the year ended June 30, 2020, Knox County recognized a pension expense of \$7,189.

*Deferred Outflows of Resources and Deferred Inflows of Resources* - For the year ended June 30, 2020, 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	\$ 82,635	\$ 90,018
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	33,249
Changes in Assumptions	22,914	-
Contributions Subsequent to the Measurement date of June 30, 2019	108,511	-
Total	<u>\$ 214,060</u>	<u>\$ 123,267</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2019,” 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:

<u>Years Ended June 30:</u>	<u>Amounts</u>
2021	\$ 4,654
2022	(14,998)
2023	(6,281)
2024	(1,090)

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, 2020, Knox County did not report a payable outstanding. Contributions were paid to the pension plan as required for the year ended June 30, 2020.

**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, 2020*

**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://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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 years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 if 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 living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> 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, 2020 to the Teacher Legacy Pension Plan were \$19,669,294 which is 9.83% of 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, 2020, there were 3,327 active Board participants.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, Knox County Schools reported an asset of (\$56,730,932) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, 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, 2019, Knox County Schools' proportion was 5.52%. The proportion measured as of June 30, 2018 was 6.91%.

*Pension Expense (Income)*- For the year ended June 30, 2020, Knox County Schools recognized pension expense of \$8,470,114.

*Deferred Outflows of Resources and Deferred Inflows of Resources* - For the year ended June 30, 2020, 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	\$ 2,762,085	\$ 34,652,379
Changes in Assumptions	7,644,785	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	16,209,119
Changes in Proportion of Net Pension Liability (Asset)	3,001,780	447,164
Board's Contributions Subsequent to the Measurement date of June 30, 2019	19,669,294	-
Total	\$ 33,077,944	\$ 51,308,662

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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 \$19,669,294, reported as pension related deferred outflows of resources subsequent to the measurement date of June 30, 2019, will be recognized as an (increase) of net pension (asset) in the year ended June 30, 2021. 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>
2021	\$ (10,676,232)
2022	(15,663,503)
2023	(6,400,784)
2024	(5,159,495)

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, 2019 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, 2020*

**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 using Scale MP-2018

The actuarial assumptions used in the June 30, 2019 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, 2020*

**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, 2020*

**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:

	<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>\$ 115,998,366</u>	<u>\$ (56,730,932)</u>	<u>\$ (194,132,299)</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, 2020, Knox County Schools reported a payable of \$1,759,825 for the outstanding amount of contributions to the pension plan required during the year ended June 30, 2020.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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 with 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 years 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 2<sup>nd</sup> 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, 2020 to the Teacher Retirement Plan were \$1,629,902, which is 2.03% 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, 2020*

**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 2020, employer contributions to the SRT were \$1,527,164. 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, 2020, there were 1,736 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, 2020, Knox County Schools reported an asset of (\$3,243,062) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, 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, 2019, Knox County Schools' proportion was 5.75%. The proportion measured as of June 30, 2018 was 7.02%.

*Pension Expense (Income)* – For the year ended June 30, 2020, Knox County Schools recognized pension expense of \$1,049,150.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, 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	\$ 134,470	\$ 566,147
Changes in Assumptions	112,680	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	137,112
Changes in Proportion of Net Pension Liability (Asset)	563,031	173,110
Board's Contributions Subsequent to the Measurement date of June 30, 2019	1,629,902	-
Total	\$ 2,440,083	\$ 876,369

Knox County School's employer contributions of \$1,629,902 reported as pension related deferred outflows of resources, subsequent to the measurement date of June 30, 2019, will be recognized as an increase of net pension (asset) in the year ended June 30, 2021. 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
2021	\$ (37,377)
2022	(58,355)
2023	(19,895)
2024	(288)
2025	5,299
Thereafter	44,429

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, 2020*

**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, 2019 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 using Scale MP-2018

The actuarial assumptions used in the June 30, 2019 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, 2020*

**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, 2020*

**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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Knox County Schools' Proportionate Share of the Net Pension Liability (Asset)	\$ 1,027,528	\$ (3,243,062)	\$ (6,399,821)

*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, 2020, Knox County Schools reported a payable of \$137,257 for outstanding contributions to the pension plan required during the year ended June 30, 2020

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020 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	\$ 31,434	\$ 3,480	\$ 716	\$ 3,956
UOPP DB	89,858	50,004	3,650	17,301
TCRS - County Executive & Officials	(186)	214	123	7
	<u>121,106</u>	<u>53,698</u>	<u>4,489</u>	<u>21,264</u>
Component Unit - The Board:				
Teacher's DB	15,036	2,518	-	2,030
TCRS - Teacher's Legacy	(56,731)	33,078	51,309	8,470
TCRS - Teacher Retirement	(3,243)	2,440	876	1,049
	<u>(44,938)</u>	<u>38,036</u>	<u>52,185</u>	<u>11,549</u>
Totals	<u>\$ 76,168</u>	<u>\$ 91,734</u>	<u>\$ 56,674</u>	<u>\$ 32,813</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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
- Two loans 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, 2020*

**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, 2020, there were 4,679 active Plan members. During the year, the County's and Board's employer expense and member contributions amounted to \$9,629,079 and \$9,629,079 respectively. Non-vested forfeitures of \$338,357 were transferred to the County Disability OPEB Plan as an employer contribution as described in Note V-A.

At June 30, 2020, 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, 2020*

**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 voluntary 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, 2020, there were 838 active Plan members in the Knox County Voluntary 457(b) Plan. During the year, member contributions amounted to \$2,510,876 and the County and Board made employer contribution of \$1,707,090.

At June 30, 2020, neither the County nor the Board reported a payable for participant contributions.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020, the STAR Plan had 397 active members. During the year employees contributed \$788,218 and the employer expensed \$1,316,220 for the basic 10% contribution and \$262,995 for the 2% supplemental contribution. Non-vested forfeitures of \$310,115 were transferred to the County Disability OPEB Plan as an employer contribution as described in Note V-A.

At June 30, 2020, neither the County nor the Board reported a payable for participant contributions.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2020*

**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, 2020 there were 80 active participants. During the year participant contributions amounted to \$855,206.

At June 30, 2020, 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, 2020 there were 1,736 active participants. During the year the Board employer contribution expense and participant contributions amounted to \$4,013,207 and \$2,137,996, respectively.

At June 30, 2020, the Board did not report a payable for any outstanding employer expense or participant contributions.

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2020*

**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 Six Fiscal Years Ending June 30**

(Dollar Amounts in Thousands)

<b><u>Single-Employer Defined Benefit Plan</u></b>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service Cost	\$ 174	\$ 195	\$ 135	\$ 162	\$ 176	\$ 164
Interest	4,758	4,683	4,756	4,982	5,149	5,126
Differences between Expected and Actual Experience	(640)	(430)	906	(851)	(225)	447
Changes of Assumptions	(117)	3,768	452	-	-	2,214
Benefits Payment, including Refunds of Employee Contributions	<u>(7,007)</u>	<u>(7,249)</u>	<u>(7,445)</u>	<u>(7,539)</u>	<u>(7,425)</u>	<u>(7,817)</u>
Net Change in Total Pension Liability	(2,832)	967	(1,196)	(3,246)	(2,325)	134
Total Pension Liability - Beginning of Year *	<u>71,235</u>	<u>70,268</u>	<u>71,464</u>	<u>74,710</u>	<u>77,035</u>	<u>76,901</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 68,403</u></u>	<u><u>\$ 71,235</u></u>	<u><u>\$ 70,268</u></u>	<u><u>\$ 71,464</u></u>	<u><u>\$ 74,710</u></u>	<u><u>\$ 77,035</u></u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 3,623	\$ 3,160	\$ 3,044	\$ 3,119	\$ 3,160	\$ 2,695
Contributions - Employees	76	86	90	96	94	109
Net Investment Income (Loss)	115	2,308	3,654	4,970	(419)	1,288
Other	-	-	-	-	-	6
Benefits Paid, including Refunds of Employee Contributions	(7,007)	(7,249)	(7,445)	(7,539)	(7,425)	(7,817)
Administrative Expenses	(161)	(138)	(219)	(187)	(229)	(355)
Transfers	<u>(23)</u>	<u>339</u>	<u>(28)</u>	<u>(35)</u>	<u>(39)</u>	<u>(45)</u>
Net Change in Plan Fiduciary Net Position	(3,377)	(1,494)	(904)	424	(4,858)	(4,119)
Plan Fiduciary Net Position, Beginning of Year	<u>40,346</u>	<u>41,840</u>	<u>42,744</u>	<u>42,320</u>	<u>47,178</u>	<u>51,297</u>
Plan Fiduciary Net Position, End of Year (b)	<u><u>\$ 36,969</u></u>	<u><u>\$ 40,346</u></u>	<u><u>\$ 41,840</u></u>	<u><u>\$ 42,744</u></u>	<u><u>\$ 42,320</u></u>	<u><u>\$ 47,178</u></u>
County's Net Pension Liability - Ending (a)-(b)	<u><u>\$ 31,434</u></u>	<u><u>\$ 30,889</u></u>	<u><u>\$ 28,428</u></u>	<u><u>\$ 28,720</u></u>	<u><u>\$ 32,390</u></u>	<u><u>\$ 29,857</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.05%	56.64%	59.54%	59.81%	56.65%	61.24%
Covered Payroll **	\$ 1,256	\$ 1,477	\$ 1,585	\$ 1,672	\$ 1,953	\$ 2,038
County's Net Pension Liability as a Percentage of Covered Payroll	2501.88%	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, 2020*

**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 Six Fiscal Years Ending June 30**

(Dollar Amounts in Thousands)

<b><u>Single-Employer Defined Benefit Plan</u></b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total Pension Liability						
Service Cost	\$ 2,802	\$ 2,527	\$ 2,779	\$ 3,163	\$ 3,387	\$ 3,605
Interest	17,970	15,775	14,445	13,252	12,354	11,498
Differences between Expected and Actual Experience	8,497	3,659	6,769	11,652	1,812	2,569
Changes of Assumptions	(115)	18,458	(3,184)	(2,659)	1,900	-
Benefits Payment, including Refunds of Employee Contributions	<u>(11,106)</u>	<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	18,048	30,672	11,893	18,319	13,730	12,915
Total Pension Liability - Beginning of Year *	<u>250,526</u>	<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>\$268,574</u>	<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	\$ 6,947	\$ 5,683	\$ 5,330	\$ 4,077	\$ 3,553	\$ 3,449
Contributions - Employees	1,249	1,306	1,351	1,579	1,620	1,654
Net Investment Income (Loss)	(1,661)	8,030	13,611	19,443	(214)	3,493
Benefits Paid, including Refunds of Employee Contributions	<u>(11,106)</u>	<u>(9,747)</u>	<u>(8,916)</u>	<u>(7,089)</u>	<u>(5,723)</u>	<u>(4,757)</u>
Administrative Expenses	<u>(1,033)</u>	<u>(676)</u>	<u>(443)</u>	<u>(410)</u>	<u>(439)</u>	<u>(788)</u>
Net Change in Plan Fiduciary Net Position	(5,604)	4,596	10,933	17,600	(1,203)	3,051
Plan Fiduciary Net Position, Beginning of Year	<u>184,321</u>	<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>\$178,717</u>	<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>\$ 89,857</u>	<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	66.54%	73.57%	81.75%	81.17%	79.72%	86.63%
Covered Payroll **	\$ 20,738	\$ 22,732	\$ 23,063	\$ 24,457	\$ 27,464	\$ 29,171
County's Net Pension Liability as a Percentage of Covered Payroll	433.29%	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 7.25% 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, 2020*

**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 Six Fiscal Years Ending June 30**

(Dollar Amounts in Thousands)

<b><u>Single-Employer Defined Benefit Plans</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Total Pension Liability						
Interest	\$ 4,322	\$ 4,404	\$ 4,532	\$ 4,719	\$ 4,906	\$ 5,073
Differences between Expected and Actual Experience	117	(862)	(690)	(775)	(937)	(821)
Changes of Assumptions	(108)	1,809	891	-	-	-
Benefits Payment, including Refunds of Employee Contributions	(6,528)	(6,532)	(6,587)	(6,633)	(6,655)	(6,617)
Net Change in Total Pension Liability	(2,197)	(1,181)	(1,854)	(2,689)	(2,686)	(2,365)
Total Pension Liability - Beginning of Year *	64,946	66,127	67,981	70,670	73,356	75,721
Total Pension Liability - End of Year (a)	<u>\$ 62,749</u>	<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	\$ 754	\$ 475	\$ 552	\$ 727	\$ 832	\$ 1,134
Contributions - Employees	-	-	-	1	4	9
Net Investment Income (Loss)	87	2,670	4,813	6,814	(437)	1,733
Benefits Paid, including Refunds of Employee Contributions	(6,527)	(6,534)	(6,587)	(6,633)	(6,655)	(6,617)
Administrative Expenses	(161)	(106)	(168)	(172)	(122)	(274)
Transfers to Other DC Plans for Disability Benefits	-	(339)	-	-	-	-
Net Change in Plan Fiduciary Net Position	(5,847)	(3,834)	(1,390)	737	(6,378)	(4,015)
Plan Fiduciary Net Position, Beginning of Year	53,560	57,394	58,784	58,047	64,425	68,440
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 47,713</u>	<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>\$ 15,036</u>	<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	76.04%	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	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, 2020*

**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 Six Fiscal Years Ending June 30**

**(Dollar Amounts in Thousands)**

<u>Single-Employer Defined Benefit Plan</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution (ADC)	\$ 3,611	\$ 3,153	\$ 2,956	\$ 3,119	\$ 3,111	\$ 2,660
Contributions in Relation to the Actuarially Determined Contribution	<u>3,623</u>	<u>3,160</u>	<u>3,044</u>	<u>3,119</u>	<u>3,160</u>	<u>2,695</u>
Contribution Deficiency (Excess)	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (88)</u>	<u>\$ -</u>	<u>\$ (49)</u>	<u>\$ (35)</u>
Covered Payroll *	\$ 1,477	\$ 1,585	\$ 1,672	\$ 1,953	\$ 2,038	\$ 2,407
Contributions as a Percentage of Covered Payroll	245.31%	199.33%	182.08%	159.71%	155.04%	111.96%

Notes:

\* Covered payroll is for the 12 month period ended January 1.

A. 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.

B. Valuation Date: January 1.

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 fair 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: SOA RP-2014 Total Dataset Mortality Table, Scale MP-2018, Fully Generational Post-retirement: SOA RP-2014 Blue Collar table with 102% adjustment for Males and 97% adjustment for Females, Scale MP-2018, projected 6 years beyond each valuation date
Disability Table	Linked to the TCRS mortality for disabled lives - 110% of standard IRS disabled mortality table (sex-distinct mortality table per RR 96-7)

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2020*

**KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM**  
**PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE**  
**SCHEDULE OF COUNTY'S UOPP**  
**EMPLOYER PENSION CONTRIBUTIONS**

**Last Six Fiscal Years Ending June 30**

**(Dollar Amounts in Thousands)**

<b>Single-Employer Defined Benefit Plan</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially Determined Contribution (ADC)	\$ 6,942	\$ 5,675	\$ 5,298	\$ 4,077	\$ 3,547	\$ 3,434
Contributions in Relation to the Actuarially Determined Contribution	6,947	5,683	5,330	4,077	3,553	3,449
Contribution Deficiency (Excess)	<u>\$ (5)</u>	<u>\$ (8)</u>	<u>\$ (32)</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (15)</u>
Covered Payroll *	\$ 22,732	\$ 23,063	\$ 24,457	\$ 27,469	\$ 29,171	\$ 30,343
Contributions as a Percentage of Covered Payroll	30.56%	24.64%	23.11%	16.67%	12.94%	11.82%

Notes:

\* Covered payroll is for the 12 month period ended January 1.

A. 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.

B. Valuation Date: January 1.

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 fair value of assets
Salary Increases	3.00%
Cost of Living Increases	3.00% through age 62 and then to 3.10% over age 62
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	RP-2014 Blue Collar Table with 140% adjustment for Males and Females (Scale MP-2018)
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, 2020*

**KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM**  
**PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE**  
**SCHEDULE OF BOARD'S EMPLOYER PENSION CONTRIBUTIONS**

**Last Six Fiscal Years Ending June 30**

**(Dollar Amounts in Thousands)**

<b>Single-Employer Defined Benefit Plan</b>	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 754	\$ 475	\$ 552	\$ 727	\$ 832	\$ 1,134
Contributions in Relation to the Actuarially Determined Contribution	754	475	552	727	832	1,134
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	N/A	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. 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.
- B. Valuation Date: January 1.  
 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 fair value of assets
Salary Increases	N/A for 2015+ as all actives are beyond Normal Retirement Age
Cost of Living Increases	3.00% pre-2019; 2.5% effective 1/1/2019
Investment Rate of Return	7.00%, net of pension plan investment expenses
Retirement Age	60 or immediately if older (25 years of service or greater)
	62 or immediately if older (less than 25 years of service)
Mortality Table	RP-2014 Blue Collar Table with 102% adjustment for Males and 97% adjustment for Females (Scale MP-2018) Projection 6 yrs beyond each valuation date

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2020*

**PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE**  
**CLOSED DEFINED BENEFIT PLAN**  
**SCHEDULE OF INVESTMENT RETURNS**

**Last Six Fiscal Years Ending June 30**

<b>Single-Employer Defined Benefit Plans</b>	<u>2020</u>	<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>0.29%</u>	<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 Six Fiscal Years Ending June 30**

<b>Single-Employer Defined Benefit Plans</b>	<u>2020</u>	<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>(0.91%)</u>	<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 Six Fiscal Years Ending June 30**

<b>Single-Employer Defined Benefit Plans</b>	<u>2020</u>	<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>0.17%</u>	<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, 2020*

**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 Six Fiscal Years Ending June 30\*

<b><u>Agent Multiple-Employer Defined Benefit Plan - TCRS</u></b>	<b><u>2020*</u></b>	<b><u>2019*</u></b>	<b><u>2018*</u></b>	<b><u>2017*</u></b>	<b><u>2016*</u></b>	<b><u>2015*</u></b>
Total Pension Liability						
Service Cost	\$ 50,511	\$ 54,971	\$ 34,497	\$ 45,891	\$ 38,325	\$ 52,980
Interest	194,228	201,571	170,637	157,436	142,449	134,723
Differences between Expected and Actual Experience	22,793	(270,056)	269,763	64,944	91,692	9,345
Change of Assumptions	-	-	91,662	-	-	-
Benefits Payment, including Refunds of Employee Contributions	(84,001)	(82,602)	(81,204)	(80,538)	(79,872)	(78,871)
Net Change in Total Pension Liability	183,531	(96,116)	485,355	187,733	192,594	118,177
Total Pension Liability - Beginning of Year	<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>	<u>1,782,756</u>
Total Pension Liability - End of Year (a)	<u>\$2,854,030</u>	<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	\$ 131,794	\$ 130,224	\$ 121,769	\$ 105,298	\$ 102,177	\$ 90,961
Contributions - Employees	57,754	57,166	56,063	48,435	47,000	42,505
Net Investment Income	207,018	205,080	241,276	52,836	57,404	256,275
Benefits Paid, including Refunds of Employee Contributions	(84,001)	(82,602)	(81,204)	(80,538)	(79,872)	(78,871)
Administrative Expenses	(642)	(665)	(581)	(454)	(305)	(313)
Net Change in Plan Fiduciary Net Position	311,923	309,203	337,323	125,577	126,404	310,557
Plan Fiduciary Net Position, Beginning of Year	<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>	<u>1,518,756</u>
Plan Fiduciary Net Position, End of Year (b)	<u>\$3,039,743</u>	<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>\$ (185,713)</u>	<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	106.51%	102.15%	87.42%	91.23%	93.42%	96.23%
Covered Payroll	\$1,155,077	\$1,143,319	\$1,121,264	\$ 968,701	\$ 939,994	\$ 850,101
Net Pension Liability (asset) as a Percentage of Covered Payroll	-16.08%	-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, 2020*

**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 Seven Fiscal Years Ending June 30**

<b><u>Agent Multiple-Employer Defined Benefit Plan - TCRS</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Actuarially Determined Contribution (ADC)	\$ 108,511	\$ 131,795	\$ 130,224	\$ 121,769	\$ 105,298	\$ 102,177	\$ 90,961
Contributions in Relation to the Actuarially Determined Contribution	<u>108,511</u>	<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>						
Covered Payroll	\$1,178,188	\$1,155,077	\$1,143,319	\$1,121,264	\$ 968,701	\$ 939,994	\$ 850,101
Contributions as a Percentage of Covered Payroll	9.21%	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, 2020 were based on the results of the June 30, 2018 actuarial valuation. Details below are the methods and assumptions used in the June 30, 2018 actuarial valuation.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Various
Asset Valuation Method	10-year smoothed within a 20% corridor to fair 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 projection of mortality improvement using Scale MP-2017 (static projection to 6 years beyond the valuation date)
Cost of Living Adjustments	2.25%

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2020*

**SCHEDULE OF KNOX COUNTY SCHOOLS'**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**TEACHER LEGACY PENSION PLAN OF TCRS**

Last Six Fiscal Years Ending June 30\*

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2020*</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)	5.52%	6.91%	6.10%	6.21%	6.26%	6.25%
Knox County School's Proportionate Share of the Net Pension Liability (Asset)	\$(56,730,932)	\$(24,319,977)	\$ (1,995,550)	\$ 38,804,134	\$ 2,564,810	\$ (1,016,013)
Knox County School's Covered Payroll	\$184,948,999	\$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	(30.67%)	(10.04%)	(0.92%)	17.31%	1.09%	(0.41%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.28%	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, 2020*

**SCHEDULE OF KNOX COUNTY SCHOOLS' EMPLOYER CONTRIBUTIONS**  
**TEACHER LEGACY PENSION PLAN OF TCRS**

**Last Seven Fiscal Years Ending June 30**

<b><u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u></b>	<b>2020</b>	<b>2019</b>	<b>2018 (B)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 19,669,294	\$ 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	<u>19,669,294</u>	<u>19,342,206</u>	<u>21,984,186</u>	<u>19,490,507</u>	<u>20,262,260</u>	<u>21,188,757</u>	<u>21,792,648</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
Knox County School's Covered Payroll	\$200,021,640	\$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	9.83%	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, 2020 were calculated based on the June 30, 2018 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, 2020*

**SCHEDULE OF KNOX COUNTY SCHOOLS'**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**TEACHER RETIREMENT PLAN OF TCRS**

Last Five Fiscal Year Ending June 30\*

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>
Knox County School's Proportion of the Net Pension Liability (Asset)	5.75%	7.02%	6.24%	6.43%	6.97%
Knox County School's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,243,062)	\$ (3,182,975)	\$ (1,645,866)	\$ (668,960)	\$ (280,487)
Knox County School's Covered Payroll	\$ 60,777,948	\$ 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	(5.34%)	(5.20%)	(4.13%)	(2.37)%	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	123.07%	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, 2020*

**SCHEDULE OF KNOX COUNTY SCHOOLS' EMPLOYER CONTRIBUTIONS**  
**TEACHER RETIREMENT PLAN OF TCRS**

Last Six Fiscal Years Ending June 30

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2020</u>	<u>2019 (A)</u>	<u>2018 (B)</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>
Contractually Required Contribution	\$ 1,629,902	\$ 1,171,936	\$ 2,443,004	\$ 1,637,711	\$ 707,767	\$ 362,156
Contributions in Relation to the Contractually Required Contribution	<u>1,629,902</u>	<u>1,171,936</u>	<u>2,443,004</u>	<u>1,637,711</u>	<u>1,130,975</u>	<u>579,452</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (423,208)</u>	<u>\$ (217,296)</u>
Knox County School's Covered Payroll	\$ 80,290,581	\$ 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	2.03% (D)	1.94% (C)	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.

(D) In FY 2019 Knox County Schools placed the actuarially determined contribution rate of 2.03 percent of covered payroll into the pension plan and placed 1.97 percent of covered payroll into the Pension Stabilization Reserve Trust.

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2020*

**OPEB - RETIREE HEALTHCARE PLAN**  
**SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY AND RELATED RATIOS**

**Last Three Fiscal Years**

(Dollar Amounts in Thousands)

<b><u>OPEB - Retiree Healthcare Plan</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018 (A)</u></b>
Total OPEB Liability			
Service Cost	\$ 350	\$ 470	\$ 394
Interest	485	647	615
Differences between Expected and Actual Experience	(1,764)	-	77
Changes of Assumptions	(1,371)	(361)	923
Benefits Payment, including Refunds of Employee Contributions	<u>(290)</u>	<u>(395)</u>	<u>(359)</u>
Net Change in Total OPEB Liability	(2,590)	361	1,650
Total OPEB Liability - Beginning of Year	<u>10,582</u>	<u>10,221</u>	<u>8,571</u>
Total OPEB Liability - End of Year (a)	<u><u>\$ 7,992</u></u>	<u><u>\$ 10,582</u></u>	<u><u>\$ 10,221</u></u>
Plan Fiduciary Net Position			
Contributions - Trust	\$ 960	\$ 960	\$ 850
Contributions - Employer Non Trust	290	395	359
Benefit Payments	(290)	(395)	(359)
Net Investment Income	60	65	106
Administrative Expense	<u>(52)</u>	<u>(59)</u>	<u>(49)</u>
Net Change in Plan Fiduciary Net Position	968	966	907
Plan Fiduciary Net Position, Beginning of Year*	<u>3,145</u>	<u>2,179</u>	<u>1,272</u>
Plan Fiduciary Net Position, End of Year (b)	<u><u>\$ 4,113</u></u>	<u><u>\$ 3,145</u></u>	<u><u>\$ 2,179</u></u>
County's Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 3,879</u></u>	<u><u>\$ 7,437</u></u>	<u><u>\$ 8,042</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.47%	29.72%	21.32%
Covered Employee Payroll **	\$ 110,747	\$ 105,467	\$ 101,900
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	3.50%	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.

A discount rate of 6.15% was for the fiscal year ending June 30, 2020.

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2020*

**OPEB - RETIREE HEALTHCARE PLAN**  
**SCHEDULE OF COUNTY'S OPEB CONTRIBUTIONS**

Last Three Fiscal Years

(Dollar Amounts in Thousands)

<b><u>OPEB - Retiree Healthcare Plan</u></b>	<u>2020</u>	<u>2019</u>	<u>2018 (A)</u>
Actuarially Determined Contribution (ADC)	\$ 546	\$ 960	\$ 874
Contributions in Relation to the Actuarially Determined Contribution	<u>1,250</u>	<u>1,355</u>	<u>1,209</u>
Contribution Deficiency (Excess)	<u>\$ (704)</u>	<u>\$ (395)</u>	<u>\$ (335)</u>
Covered Employee Payroll*	\$ 110,747	\$ 105,467	\$ 101,900
Contributions as a Percentage of Covered Employee Payroll	1.13%	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, 2020

Measurement Date: June 30, 2020

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	28 Years
Asset Valuation	Fair Value
Inflation	2.50%
Healthcare Trend Rates	7.5% initially, decreasing to an ultimate rate of 4.5% in 2025
Salary Increases	3.50%
Payroll Growth	2.50%
Investment Rate of Return	6.15%
Average Assumed Retirement Age	61
Mortality Table	RP 2000 Fully Generational with Scale BB

KNOX COUNTY, TENNESSEE  
**Required Supplementary Information**  
*June 30, 2020*

**OPEB - RETIREE HEALTHCARE PLAN**  
**SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN**

Last Three Fiscal Years

	<b>2020</b>	<b>2019</b>	<b>2018(A)</b>
Annual Money-Weighted Rate of Return (Loss),			
Net of Investment Expenses	4.27%	0.27%	4.27%

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, 2020*

**OPEB - DISABILITY PLAN**  
**SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY AND RELATED RATIOS**

**Last Three Fiscal Years**

(Dollar Amounts in Thousands)

<b><u>OPEB - Disability Plan</u></b>	<u>2020</u>	<u>2019</u>	<u>2018 (A)</u>
Total OPEB Liability			
Service Cost	\$ 238	\$ 230	\$ 315
Interest	263	252	209
Differences between Expected and Actual Experience	(420)	(36)	1,053
Changes of Assumptions	-	24	(618)
Benefits Payment, including Refunds of Employee Contributions	<u>(328)</u>	<u>(281)</u>	<u>(247)</u>
Net Change in Total OPEB Liability	(247)	189	712
Total OPEB Liability - Beginning of Year	<u>3,691</u>	<u>3,502</u>	<u>2,790</u>
Total OPEB Liability - End of Year (a)	<u><u>\$ 3,444</u></u>	<u><u>\$ 3,691</u></u>	<u><u>\$ 3,502</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,228	\$ 1,422	\$ 1,166
Net Investment Income	12	(13)	165
Other	(11)	(41)	(13)
Benefit Payments	(328)	(281)	(247)
Administrative Expense	<u>(960)</u>	<u>(907)</u>	<u>(1,351)</u>
Net Change in Plan Fiduciary Net Position	(59)	180	(280)
Plan Fiduciary Net Position, Beginning of Year*	<u>1,171</u>	<u>991</u>	<u>1,271</u>
Plan Fiduciary Net Position, End of Year (b)	<u><u>\$ 1,112</u></u>	<u><u>\$ 1,171</u></u>	<u><u>\$ 991</u></u>
County's Net OPEB Liability - Ending (a) - (b)	<u><u>\$ 2,332</u></u>	<u><u>\$ 2,520</u></u>	<u><u>\$ 2,511</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.27%	31.73%	28.30%
Covered Employee Payroll **	\$ 181,072	\$ 178,757	\$ 170,264
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	1.29%	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, 2020*

**OPEB - DISABILITY PLAN**  
**SCHEDULE OF COUNTY'S OPEB CONTRIBUTIONS**

**Last Three Fiscal Years**

(Dollar Amounts in Thousands)

<b><u>OPEB - Disability Plan</u></b>	<u>2020</u>	<u>2019</u>	<u>2018 (A)</u>
Actuarially Determined Contribution (ADC)	\$ 579	\$ 503	\$ 453
Contributions in Relation to the Actuarially Determined Contribution	<u>1,228</u>	<u>1,422</u>	<u>1,166</u>
Contribution Deficiency (Excess)	<u>\$ (648)</u>	<u>\$ (918)</u>	<u>\$ (713)</u>
Covered Employee Payroll*	\$ 178,757	\$ 170,264	\$ 170,264
Contributions as a Percentage of Covered Employee Payroll	0.69%	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, 2020

Measurement Date: June 30, 2020

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 fair value of assets
Inflation	2.10%
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 - Varies by age and 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
Healthy Mortality	County & Asset Accumulation Pre-Retirement Base Table: RP 2014 Total Dataset Improvement Scale: Scale MP-2018 Projection Period: Fully Generational

KNOX COUNTY, TENNESSEE  
**Required Supplementary Information**  
*June 30, 2020*

**OPEB - DISABILITY PLAN**  
**SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN**

Last Three Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018(A)</u>
Annual Money-Weighted Rate of Return (Loss),			
Net of Investment Expenses	<u>0.87%</u>	<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, 2020*

**OPEB - CLOSED TEACHER GROUP OPEB PLAN**  
**SCHEDULE OF CHANGES IN THE BOARD'S PROPORTIONATE SHARE OF COLLECTIVE**  
**OPEB LIABILITY AND RELATED RATIOS**

Last Three Fiscal Years

(Dollar Amounts in Thousands)

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 2,632	\$ 2,949	\$ 3,172
Interest	1,630	1,838	1,538
Differences between Expected and Actual Experience	3,746	(9,298)	-
Changes of Assumptions	(3,686)	1,405	(2,376)
Benefit Payments	(3,065)	(3,277)	(3,078)
Net Change in Total OPEB Liability	1,257	(6,383)	(744)
Total OPEB Liability - Beginning	43,925	50,308	51,052
Total OPEB Liability - Ending	<u>\$ 45,182</u>	<u>\$ 43,925</u>	<u>\$ 50,308</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	<u>\$ 15,607</u>	<u>\$ 14,726</u>	<u>\$ 17,348</u>
Employer's Proportionate Share of the Collective Total OPEB Liability	<u>\$ 29,575</u>	<u>\$ 29,198</u>	<u>\$ 32,960</u>
Covered Employee Payroll	<u>\$ 184,916</u>	<u>\$ 242,148</u>	<u>\$ 216,664</u>
Employer's Proportionate Share of Collective Total OPEB Liability as a Percentage of Covered Employee Payroll	15.99%	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.

Change of Assumptions: The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption increased the total OPEB liability.

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2020*

**OPEB - CLOSED TENNESSEE PLAN**  
**SCHEDULE OF CHANGES IN THE BOARD'S PROPORTIONATE SHARE OF COLLECTIVE**  
**OPEB LIABILITY AND RELATED RATIOS**

Last Three Fiscal Years

(Dollar Amounts in Thousands)

**Closed Tennessee OPEB Plan**

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 217	\$ 289	\$ 354
Interest	425	507	448
Differences between Expected and Actual Experience	1,782	(2,594)	-
Changes of Assumptions	232	(93)	(1,338)
Benefit Payments	(536)	(520)	(500)
Net Change in Total OPEB Liability	2,120	(2,411)	(1,036)
Total OPEB Liability - Beginning	11,791	14,202	15,238
Total OPEB Liability - Ending	<u>\$ 13,911</u>	<u>\$ 11,791</u>	<u>\$ 14,202</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	<u>\$ 13,911</u>	<u>\$ 11,791</u>	<u>\$ 14,202</u>
Employer's Proportionate Share of the Collective Total OPEB Liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	<u>\$ 184,916</u>	<u>\$ 242,148</u>	<u>\$ 216,664</u>
Employer's Proportionate Share of Collective Total OPEB Liability as a Percentage of Covered Employee Payroll	0.00%	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.

Change of Assumptions: The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption increased 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.

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**KNOX COUNTY, TENNESSEE****General Fund  
Comparative Balance Sheets  
June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 45,145,773	\$ 14,015,561
Investments, at Fair Value	18,758,662	58,643,499
Receivables (Net of Allowances for Uncollectibles):		
Accounts	12,379,832	7,608,746
Local Taxes	125,803,630	122,480,302
Notes	318,000	469,000
Due from Other Funds	12,789,251	2,333,134
Inventories	335,745	392,572
Prepaid Items	199,593	195,247
Investments in Joint Venture	6,270,043	5,861,727
	<u>222,000,529</u>	<u>211,999,788</u>
<b>TOTAL ASSETS</b>	<b>\$ 222,000,529</b>	<b>\$ 211,999,788</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 4,791,558	\$ 5,224,341
Accrued Liabilities	2,482,786	4,178,362
Due to Other Funds	2,649,904	-
Due to Component Units	409,907	-
Unearned Revenue	108,291	106,606
	<u>10,442,446</u>	<u>9,509,309</u>
<b>TOTAL LIABILITIES</b>	<b>10,442,446</b>	<b>9,509,309</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Taxes and Notes Receivable	<u>123,318,628</u>	<u>120,870,143</u>
<b>FUND BALANCES</b>		
Nonspendable	6,805,381	6,449,546
Restricted	2,956,169	2,812,084
Committed	5,200,000	3,993,667
Assigned	695,016	251,677
Unassigned	72,582,889	68,113,362
	<u>88,239,455</u>	<u>81,620,336</u>
<b>TOTAL FUND BALANCES</b>	<b>88,239,455</b>	<b>81,620,336</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 222,000,529</b>	<b>\$ 211,999,788</b>

**KNOX COUNTY, TENNESSEE**  
**General Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the Years Ended June 30, 2020 and 2019

	2020	2019
<b>Revenues</b>		
County Property Taxes	\$ 126,640,655	\$ 125,637,491
Local Option Sales Taxes	7,672,552	6,839,780
Business Taxes	10,809,938	10,492,518
Wheel Taxes	564,983	572,282
Other Local Taxes	2,036,010	2,686,853
Licenses and Permits	5,340,198	5,043,155
Fines, Forfeitures and Penalties	2,313,421	2,190,263
Charges for Current Services	7,829,148	8,458,108
Other Local Revenues	4,315,058	4,544,674
Investment Income	1,916,267	1,878,595
State of Tennessee	16,609,050	12,851,494
Federal Government	2,080,003	1,414,906
Other Governments and Citizen Groups	796,941	421,131
Increase in Equity Interest in Joint Venture	408,316	298,686
<b>Total Revenues</b>	<b>189,332,540</b>	<b>183,329,936</b>
<b>Expenditures</b>		
Current:		
General Government:		
Finance and Administration	27,366,005	28,444,628
Finance and Administration - Payments to Component Unit	5,333,874	5,048,874
Administration of Justice	20,015,623	20,012,386
Public Safety	87,430,413	87,148,659
Public Safety - Payments to Component Unit	1,191,595	1,191,595
Public Health and Welfare	18,245,423	23,290,607
Public Health and Welfare - Payments to Component Unit	166,628	166,628
Social and Cultural Services	5,893,413	5,231,099
Agricultural and Natural Resources	488,941	483,133
Other General Government	15,671,764	16,049,661
Other General Government - Payments to Component Unit	730,500	725,000
<b>Total Expenditures</b>	<b>182,534,179</b>	<b>187,792,270</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,798,361	(4,462,334)
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	11,647,080	12,851,638
Transfers to Other Funds	(11,826,322)	(6,831,149)
<b>Total Other Financing Sources</b>	<b>(179,242)</b>	<b>6,020,489</b>
<b>Net Change in Fund Balances</b>	<b>6,619,119</b>	<b>1,558,155</b>
Fund Balances, July 1	81,620,336	80,062,181
Fund Balances, June 30	\$ 88,239,455	\$ 81,620,336

## **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.

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**KNOX COUNTY, TENNESSEE**

**Public Improvement Capital Projects Fund (Major)**  
**Comparative Balance Sheets**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 6,240,657
Investments, at Fair Value	25,285,687	-
Receivables (Net of Allowances for Uncollectibles):		
Accounts	152,497	-
Loans	<u>150,000</u>	<u>175,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 25,588,184</u></u>	<u><u>\$ 6,415,657</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 2,294,702	\$ 1,184,702
Due to Other Funds	<u>3,986,083</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>6,280,785</u>	<u>1,184,702</u>
 <b>Fund Balances:</b>		
Restricted	19,157,399	5,055,955
Committed	<u>150,000</u>	<u>175,000</u>
<b>TOTAL FUND BALANCES</b>	<u>19,307,399</u>	<u>5,230,955</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 25,588,184</u></u>	<u><u>\$ 6,415,657</u></u>

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**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, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Other Local Revenues	\$ -	\$ 105,388
State of Tennessee	250,000	219,416
Federal Government	313,707	-
Other Governments and Citizen Groups	-	66
	<hr/>	<hr/>
Total Revenues	563,707	324,870
	<hr/>	<hr/>
<b>Expenditures</b>		
Capital Projects	14,989,272	15,555,038
Payments to Component Unit	15,800,000	39,410,750
Debt Issuance Costs	210,558	461,032
Other	-	2,194
	<hr/>	<hr/>
Total Expenditures	30,999,830	55,429,014
	<hr/>	<hr/>
Deficiency of Revenues Under Expenditures	(30,436,123)	(55,104,144)
	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>		
Long-term Bonds Issued	37,230,000	65,915,000
Premium on Long-term Debt Issued	3,057,567	6,867,466
Transfers from Other Funds	4,225,000	800,000
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	44,512,567	73,582,466
	<hr/>	<hr/>
Net Change in Fund Balances	14,076,444	18,478,322
	<hr/>	<hr/>
Fund Balances, July 1	5,230,955	(13,247,367)
	<hr/>	<hr/>
Fund Balances, June 30	\$ 19,307,399	\$ 5,230,955
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KNOX COUNTY, TENNESSEE

Public Improvement Capital Projects Fund (Major)  
 Schedule of Construction Project Expenditures-  
 Budget And Actual

For the Year Ended June 30, 2020

	Project Budget	Expenditures and Transfers			Available
		Prior Years	Current	Total	
<b>Expenditures</b>					
<i>Capital Projects:</i>					
<i>Road Construction:</i>					
Bridge Replacement	\$ 9,131,782	\$ 8,669,990	\$ (6,910)	\$ 8,663,080	\$ 468,702
Parkside Drive Extension	15,765,070	15,661,320	103,750	15,765,070	-
Karns Connector	6,248,330	6,243,704	4,626	6,248,330	-
General Road Improvements	8,167,300	2,121,495	401,877	2,523,372	5,643,928
State Road Projects	9,712,000	8,760,725	-	8,760,725	951,275
Rutledge Pike & Roberts Road Sign	250,000	-	10,579	10,579	239,421
Emory Rd & Bishop/Taggart	1,135,201	-	130,170	130,170	1,005,031
Gibbs Middle School - New Road/Drives	2,458,444	2,439,606	-	2,439,606	18,838
Hardin Valley Middle School - New Road/Drive	1,336,276	929,950	-	929,950	406,326
General Culvert Maintenance	869,884	564,274	132,033	696,307	173,577
West Beaver Creek Relocation	1,167,600	-	-	-	1,167,600
Schaad Road Phase II	27,601,582	2,236,714	1,196,023	3,432,737	24,168,845
Buttermilk Road Realignment	50,000	3,632	-	3,632	46,368
Brickyard w/Beaver Creek	1,600,000	97,268	123,400	220,668	1,379,332
Hardin Valley Transportation	172,175	146,540	25,635	172,175	-
Westland/Emory Church	434,209	429,998	4,211	434,209	-
TDOT Partnerships	1,426,732	373,669	59,015	432,684	994,048
Cherahala Extension	4,000,000	183,379	80,537	263,916	3,736,084
Coward Mill Project	-	-	5,630	5,630	(5,630)
<i>Total Road Construction</i>	<i>91,526,585</i>	<i>48,862,264</i>	<i>2,270,576</i>	<i>51,132,840</i>	<i>40,393,745</i>
<i>Building Renovations:</i>					
TVA East Tower	-	-	196,938	196,938	(196,938)
Juvenile Court/ Detention	14,768,828	14,822,571	394,321	15,216,892	(448,064)
Knox Central	2,832,548	2,864,591	-	2,864,591	(32,043)
Fairview Technical Center	215,500	188,278	5,356	193,634	21,866
AJ/ Dwight Kessel Garage	3,139,371	2,176,070	140,770	2,316,840	822,531
City/County Improvement	16,835,954	16,122,954	713,000	16,835,954	-
Knox County Health Renovations	11,945,466	11,673,685	246,810	11,920,495	24,971
Old Courthouse Renovation	4,254,540	3,734,598	49,583	3,784,181	470,359
Jail Improvements	1,261,550	1,227,115	12,647	1,239,762	21,788
ADA Improvements	1,420,000	1,092,278	-	1,092,278	327,722
Family Justice Center	371,200	280,114	43,643	323,757	47,443
E-911 Center	1,314,855	257,018	-	257,018	1,057,837
<i>Total Building Renovations</i>	<i>58,359,812</i>	<i>54,439,272</i>	<i>1,803,068</i>	<i>56,242,340</i>	<i>2,117,472</i>
<i>Building Construction:</i>					
Lawson McGhee Library	1,776,286	1,702,895	73,391	1,776,286	-
Carter Branch Library	40,000	31,225	-	31,225	8,775
Senior Centers	151,800	105,682	9,377	115,059	36,741
Corryton Senior Center	-	-	953	953	(953)
South Knox Senior Center	-	-	1,310	1,310	(1,310)
Carter Senior Center	1,296,359	1,296,359	1,124	1,297,483	(1,124)
Frank Strang Center	1,560,256	279,635	2,394,936	2,674,571	(1,114,315)
Halls Senior Center	-	-	667	667	(667)
Safety Center	680,000	324,484	-	324,484	355,516
Karns Senior Center	1,500,000	1,433,516	-	1,433,516	66,484
<i>Total Building Construction:</i>	<i>7,004,701</i>	<i>5,173,796</i>	<i>2,481,758</i>	<i>7,655,554</i>	<i>(650,853)</i>

KNOX COUNTY, TENNESSEE

Public Improvement Capital Projects Fund (Major)  
 Schedule of Construction Project Expenditures-  
 Budget And Actual (Continued)

For the Year Ended June 30, 2020

	Project Budget	Expenditures and Transfers			Available
		Prior Years	Current	Total	
<b>Expenditures</b>					
<i>Other:</i>					
BMX	\$ 1,020,000	\$ 224,675	\$ 768,892	\$ 993,567	\$ 26,433
Knox-Blount Greenway-Phase II	456,148	163,219	425,172	588,391	(132,243)
Halls Park - School Link Phase II	394,294	394,717	-	394,717	(423)
Northshore Connectivity Project	100,071	45,729	50,516	96,245	3,826
Park Facility Improvement	1,290,803	1,288,623	-	1,288,623	2,180
Playground Safety Upgrades	115,320	-	111,504	111,504	3,816
John Tarleton Fencing	82,500	-	71,651	71,651	10,849
Major Equipment - Three Ridges	107,500	107,126	-	107,126	374
Technology Upgrade - Libraries	1,250,000	668,903	4,200	673,103	576,897
Criminal Court Imaging System	400,000	339,576	-	339,576	60,424
PBA Project Management	5,215,740	5,385,982	406,135	5,792,117	(576,377)
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	10,461,710	-	10,461,710	52,431
Major Equipment - Engineering & Public Works	2,951,328	1,987,608	860,862	2,848,470	102,858
Major Equipment - Information Technology	1,424,338	1,059,338	257,902	1,317,240	107,098
Major Equipment - Sheriff's Department	11,874,234	9,057,994	2,059,352	11,117,346	756,888
Major Equipment - Parks & Recreation	936,396	688,650	90,374	779,024	157,372
Major Equipment - Fire Prevention	137,269	105,428	31,841	137,269	-
Major Equipment - Public Library	587,641	425,004	151,067	576,071	11,570
Major Equipment - Codes Administration	219,071	139,295	57,113	196,408	22,663
Major Equipment - Solid Waste	880,742	238,246	199,834	438,080	442,662
Major Equipment - Circuit Court	136,044	132,708	250	132,958	3,086
Major Equipment - Juvenile Court	151,000	107,138	12,948	120,086	30,914
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	214,000	-	214,000	(50,000)
Stormwater Management	18,912,720	14,889,387	406,214	15,295,601	3,617,119
Geometric Improvements	4,528,687	3,556,651	165,141	3,721,792	806,895
County Sidewalk	1,737,767	1,689,167	48,600	1,737,767	-
Sidewalk Construction	332,643	-	16,159	16,159	316,484
Dutchtown Conv. Center Expansion	20,000	-	-	-	20,000
Sewer Infrastructure Assessment	20,000	-	-	-	20,000
ADA Transition Plan	1,100,000	1,195,420	9,580	1,205,000	(105,000)
Info Tech Equipment	1,244,305	1,222,896	-	1,222,896	21,409
Facility Improvements	1,031,541	903,510	63,423	966,933	64,608
Major Equipment - Election Comm.	2,875,598	78,970	487,454	566,424	2,309,174
Major Equipment - Juvenile Service Ctr.	91,000	48,512	22,400	70,912	20,088
Major Equipment - Health Dept.	94,250	95,245	-	95,245	(995)
Major Equipment - Animal Center	400,000	509,584	67,417	577,001	(177,001)
I.C. King Park Expansion	1,332,557	1,763,134	190,865	1,953,999	(621,442)
Public Access to Beaver Creek	50,000	-	7,966	7,966	42,034
Interagency Partnerships	582,332	202,087	350,971	553,058	29,274
I.C. King Park Turn Land	544,126	269,797	274,329	544,126	-
Trustee Tax Software	500,000	339,175	(339,175)	-	500,000
Execytime Implementation	-	-	63,390	63,390	(63,390)
Property Tax Software	2,000,000	160,539	878,488	1,039,027	960,973
Play Structure Upgrades	250,000	132,469	106,097	238,566	11,434
Major Equipment - Property Assess	99,500	32,000	54,938	86,938	12,562
Major Equipment - Attorney General	30,000	28,343	-	28,343	1,657
<b>Total Other</b>	<b>95,343,177</b>	<b>75,302,171</b>	<b>8,433,870</b>	<b>83,736,041</b>	<b>11,607,136</b>
<b>Total Capital Projects</b>	<b>\$ 252,234,275</b>	<b>\$ 183,777,503</b>	<b>\$ 14,989,272</b>	<b>\$ 198,766,775</b>	<b>\$ 53,467,500</b>

## **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.

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**KNOX COUNTY, TENNESSEE**

**Debt Service Fund (Major)**  
**Comparative Balance Sheets**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 10,705,265	\$ 2,301,192
Investments, at Fair Value	-	9,599,634
Receivables (Net of Allowance for Uncollectibles):		
Property Taxes	59,981,124	58,469,829
Accounts	1,222,745	702,829
Advance to Other Entity	2,425,000	2,445,000
<b>TOTAL ASSETS</b>	<u>\$ 74,334,134</u>	<u>\$ 73,518,484</u>
<b>LIABILITIES</b>		
Accounts Payable	<u>\$ 11,098</u>	<u>\$ 38,090</u>
<b>TOTAL LIABILITIES</b>	<u>11,098</u>	<u>38,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Taxes and Notes Receivable	<u>59,427,442</u>	<u>58,171,544</u>
<b>FUND BALANCES</b>		
Restricted	3,649,437	2,260,493
Committed	<u>11,246,157</u>	<u>13,048,357</u>
<b>TOTAL FUND BALANCES</b>	<u>14,895,594</u>	<u>15,308,850</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 74,334,134</u>	<u>\$ 73,518,484</u>

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**KNOX COUNTY, TENNESSEE**

**Debt Service Fund (Major)**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Property Taxes	\$ 55,802,383	\$ 55,101,864
Investment Revenue	1,635,652	1,574,730
Other Local Revenues	2,275,656	2,318,607
Payments from Component Units	11,072,668	13,297,034
Total Revenues	<u>70,786,359</u>	<u>72,292,235</u>
<b>Expenditures</b>		
Debt Service:		
Trustee's Commission	1,155,161	1,124,674
Principal	44,738,834	45,633,419
Interest	25,284,411	24,519,749
Other Debt Service	1,716,689	1,344,674
Refunding Bonds Issuance Costs	350,374	12,772
Total Expenditures	<u>73,245,469</u>	<u>72,635,288</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,459,110)</u>	<u>(343,053)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	1,695,480	195,226
Transfers to Other Funds	-	(1,247,000)
Refunding Bonds Issued	55,510,000	12,860,000
Premium on Refunding Bonds	6,293,281	1,127,772
Payment to Holders of Refunded Debt	(61,452,907)	(13,975,000)
Total Other Financing Sources (Uses)	<u>2,045,854</u>	<u>(1,039,002)</u>
Net Change in Fund Balances	(413,256)	(1,382,055)
Fund Balances, July 1	<u>15,308,850</u>	<u>16,690,905</u>
Fund Balances, June 30	<u>\$ 14,895,594</u>	<u>\$ 15,308,850</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, 2020 and 2019

	2020				2019			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>								
Property Taxes	\$ 55,532,000	\$ 55,532,000	\$ 55,802,383	\$ 270,383	\$ 54,521,000	\$ 55,101,864	\$ 580,864	
Investment Revenue	-	-	1,635,652	1,635,652	-	1,574,730	1,574,730	
Other Local Revenues	2,247,565	2,247,565	2,275,656	28,091	2,257,726	2,318,607	60,881	
Payments from Component Units	12,872,673	12,872,673	11,072,668	(1,800,005)	13,297,034	13,297,034	-	
<b>Total Revenues</b>	<b>70,652,238</b>	<b>70,652,238</b>	<b>70,786,359</b>	<b>134,121</b>	<b>70,075,760</b>	<b>72,292,235</b>	<b>2,216,475</b>	
<b>Expenditures</b>								
Debt Service:								
Trustee's Commission	1,100,000	1,100,000	1,155,161	(55,161)	1,100,000	1,124,674	(24,674)	
Principal	44,977,211	44,977,211	44,738,834	238,377	45,679,142	45,633,419	45,723	
Interest	27,775,789	27,775,789	25,284,411	2,491,378	27,723,858	24,519,749	3,204,109	
Other Debt Service	2,000,000	2,000,000	1,716,689	283,311	2,000,000	1,344,674	655,326	
Refunding Bonds Issuance Costs	-	350,374	350,374	-	12,772	12,772	-	
<b>Total Expenditures</b>	<b>75,853,000</b>	<b>76,203,374</b>	<b>73,245,469</b>	<b>2,957,905</b>	<b>76,515,772</b>	<b>72,635,288</b>	<b>3,880,484</b>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,200,762)	(5,551,136)	(2,459,110)	3,092,026	(6,440,012)	(343,053)	6,096,959	
<b>Other Financing Sources (Uses)</b>								
Transfers from Other Funds	195,480	195,480	1,695,480	1,500,000	195,226	195,226	-	
Transfers to Other Funds	(1,247,000)	(1,247,000)	-	1,247,000	(1,247,000)	(1,247,000)	-	
Refunding Bonds Issued	-	55,510,000	55,510,000	-	12,860,000	12,860,000	-	
Premium on Refunding Bonds	-	6,293,281	6,293,281	-	1,127,772	1,127,772	-	
Payment to Holders of Refunded Debt	-	(61,452,907)	(61,452,907)	-	(13,975,000)	(13,975,000)	-	
<b>Total Other Financing Sources (Uses)</b>	<b>(1,051,520)</b>	<b>(701,146)</b>	<b>2,045,854</b>	<b>2,747,000</b>	<b>(1,039,002)</b>	<b>(1,039,002)</b>	<b>-</b>	
<b>Net Change in Fund Balances</b>	<b>(6,252,282)</b>	<b>(6,252,282)</b>	<b>(413,256)</b>	<b>5,839,026</b>	<b>(7,479,014)</b>	<b>(1,382,055)</b>	<b>6,096,959</b>	
Fund Balances, July 1	15,308,850	15,308,850	15,308,850	-	16,690,905	16,690,905	-	
<b>Fund Balances, June 30</b>	<b>\$ 9,056,568</b>	<b>\$ 9,056,568</b>	<b>\$ 14,895,594</b>	<b>\$ 5,839,026</b>	<b>\$ 9,211,891</b>	<b>\$ 15,308,850</b>	<b>\$ 6,096,959</b>	

## **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.

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**KNOX COUNTY, TENNESSEE**

**Combining Balance Sheet  
Nonmajor Governmental Funds**

June 30, 2020

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	<b>Special Revenue Funds</b>	<b>ADA Construction Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 17,718,152	\$ 514,904	\$ 18,233,056
Receivables (Net of Allowance for Uncollectibles):			
Accounts	11,566,588	-	11,566,588
Taxes	1,213,365	-	1,213,365
Notes	569,374	-	569,374
Due from Other Funds	2,650,444	-	2,650,444
Inventories	64,243	-	64,243
Prepaid Items	3,649	-	3,649
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TOTAL ASSETS	<u>\$ 33,785,815</u>	<u>\$ 514,904</u>	<u>\$ 34,300,719</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 3,373,807	\$ 11,600	\$ 3,385,407
Accrued Liabilities	598,549	-	598,549
Due to Other Funds	8,744,964	-	8,744,964
Unearned Revenue	1,610,668	-	1,610,668
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TOTAL LIABILITIES	<u>14,327,988</u>	<u>11,600</u>	<u>14,339,588</u>
<b>Fund Balances:</b>			
Nonspendable	67,892	-	67,892
Restricted	6,717,999	-	6,717,999
Committed	8,798,458	503,304	9,301,762
Assigned	3,873,478	-	3,873,478
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TOTAL FUND BALANCES	<u>19,457,827</u>	<u>503,304</u>	<u>19,961,131</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 33,785,815</u>	<u>\$ 514,904</u>	<u>\$ 34,300,719</u>

**KNOX COUNTY, TENNESSEE**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2020**

	<b>Special Revenue Funds</b>	<b>ADA Construction Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Local Option Sales Taxes	\$ 9,328,349	\$ -	\$ 9,328,349
Lodging Taxes	7,095,209	-	7,095,209
Wheel Taxes	11,687,477	-	11,687,477
Other Local Taxes	2,252,099	-	2,252,099
Fines, Forfeitures and Penalties	307,882	-	307,882
Charges for Current Services	27,499,893	-	27,499,893
Other Local Revenues	2,018,886	-	2,018,886
Investment Revenues	133,514	-	133,514
State of Tennessee	11,575,499	-	11,575,499
Federal Government	12,130,107	-	12,130,107
Other Governments and Citizen Groups	231,464	-	231,464
<b>Total Revenues</b>	<b>84,260,379</b>	<b>-</b>	<b>84,260,379</b>
<b>Expenditures</b>			
Current:			
Finance and Administration	9,693,408	-	9,693,408
Administration of Justice	8,584,901	-	8,584,901
Public Safety	1,738,602	-	1,738,602
Public Health and Welfare	17,379,361	-	17,379,361
Social and Cultural Services	13,408,162	-	13,408,162
Other General Government	9,601,058	-	9,601,058
Engineering and Public Works	15,899,714	-	15,899,714
Capital Projects	-	143,696	143,696
<b>Total Expenditures</b>	<b>76,305,206</b>	<b>143,696</b>	<b>76,448,902</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>7,955,173</b>	<b>(143,696)</b>	<b>7,811,477</b>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	4,468,342	-	4,468,342
Transfers to Other Funds	(12,572,080)	-	(12,572,080)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,103,738)</b>	<b>-</b>	<b>(8,103,738)</b>
<b>Net Change in Fund Balances</b>	<b>(148,565)</b>	<b>(143,696)</b>	<b>(292,261)</b>
<b>Fund Balances, July 1</b>	<b>19,606,392</b>	<b>647,000</b>	<b>20,253,392</b>
<b>Fund Balances, June 30</b>	<b>\$ 19,457,827</b>	<b>\$ 503,304</b>	<b>\$ 19,961,131</b>

**KNOX COUNTY, TENNESSEE**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds**

June 30, 2020

	<u>Constitutional Officers</u>	<u>Federal, State And Other Grants</u>	<u>Governmental Library</u>	<u>Public Library</u>	<u>Solid Waste</u>	<u>Hotel/Motel Tax</u>	<u>Drug Control</u>	<u>Engineering &amp; Public Works</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 6,740,067	\$ -	\$ 45,568	\$ 961,167	\$ 1,233,272	\$ 1,642,378	\$ 2,889,361	\$ 4,206,339	\$ 17,718,152
Receivables (Net of Allowance for Uncollectibles):									
Accounts	-	6,877,682	2,001	1,172,480	136,212	1,768,447	5,962	1,603,804	11,566,588
Taxes	-	-	-	-	-	-	-	1,213,365	1,213,365
Notes	-	569,374	-	-	-	-	-	-	569,374
Due from Other Funds	-	2,650,444	-	-	-	-	-	-	2,650,444
Inventories	-	64,243	-	-	-	-	-	-	64,243
Prepaid Items	-	3,149	-	-	-	-	-	500	3,649
<b>TOTAL ASSETS</b>	<b>\$ 6,740,067</b>	<b>\$ 10,164,892</b>	<b>\$ 47,569</b>	<b>\$ 2,133,647</b>	<b>\$ 1,369,484</b>	<b>\$ 3,410,825</b>	<b>\$ 2,895,323</b>	<b>\$ 7,024,008</b>	<b>\$ 33,785,815</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts Payable	\$ -	\$ 326,917	\$ 8,799	\$ 27,751	\$ 59,893	\$ 1,614,606	\$ 41,138	\$ 1,294,703	\$ 3,373,807
Accrued Liabilities	-	213,945	848	157,782	28,365	-	-	197,609	598,549
Due to Other Funds	2,866,589	5,878,375	-	-	-	-	-	-	8,744,964
Unearned Revenue	-	1,610,668	-	-	-	-	-	-	1,610,668
<b>TOTAL LIABILITIES</b>	<b>2,866,589</b>	<b>8,029,905</b>	<b>9,647</b>	<b>185,533</b>	<b>88,258</b>	<b>1,614,606</b>	<b>41,138</b>	<b>1,492,312</b>	<b>14,327,988</b>
Fund Balances:									
Nonspendable	-	67,392	-	-	-	-	-	500	67,892
Restricted	-	2,067,595	-	-	-	1,796,219	2,854,185	-	6,717,999
Committed	-	-	37,922	1,948,114	1,281,226	-	-	5,531,196	8,798,458
Assigned	3,873,478	-	-	-	-	-	-	-	3,873,478
<b>TOTAL FUND BALANCES</b>	<b>3,873,478</b>	<b>2,134,987</b>	<b>37,922</b>	<b>1,948,114</b>	<b>1,281,226</b>	<b>1,796,219</b>	<b>2,854,185</b>	<b>5,531,696</b>	<b>19,457,827</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,740,067</b>	<b>\$ 10,164,892</b>	<b>\$ 47,569</b>	<b>\$ 2,133,647</b>	<b>\$ 1,369,484</b>	<b>\$ 3,410,825</b>	<b>\$ 2,895,323</b>	<b>\$ 7,024,008</b>	<b>\$ 33,785,815</b>

**KNOX COUNTY, TENNESSEE**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2020**

	<b>Constitutional Officers</b>	<b>Federal, State And Other Grants</b>	<b>Governmental Library</b>	<b>Public Library</b>	<b>Solid Waste</b>	<b>Hotel/Motel Tax</b>	<b>Drug Control</b>	<b>Engineering &amp; Public Works</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Revenues</b>									
Local Option Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000	\$ -	\$ -	\$ 6,828,349	\$ 9,328,349
Lodging Taxes	-	-	-	-	-	7,095,209	-	-	7,095,209
Wheel Taxes	-	-	-	11,687,477	-	-	-	-	11,687,477
Other Local Taxes	-	-	44,454	-	-	-	-	2,207,645	2,252,099
Fines, Forfeitures and Penalties	-	12,700	-	-	-	-	295,082	100	307,882
Charges for Current Services	26,865,865	405,767	1,550	226,711	-	-	-	-	27,499,893
Other Local Revenues	-	262,417	200	120,549	357,222	1,050,000	44,330	184,168	2,018,886
Investment Revenue	133,514	-	-	-	-	-	-	-	133,514
State of Tennessee	-	4,071,990	-	45,500	499,006	-	-	6,959,003	11,575,499
Federal Government	-	12,073,555	-	6,400	-	-	50,152	-	12,130,107
Other Governments and Citizen Groups	-	183,362	30,000	18,102	-	-	-	-	231,464
<b>Total Revenues</b>	<b>26,999,379</b>	<b>17,009,791</b>	<b>76,204</b>	<b>12,104,739</b>	<b>3,356,228</b>	<b>8,145,209</b>	<b>389,564</b>	<b>16,179,265</b>	<b>84,260,379</b>
<b>Expenditures</b>									
Current:									
Finance and Administration	8,743,408	950,000	-	-	-	-	-	-	9,693,408
Administration of Justice	7,593,331	877,365	114,205	-	-	-	-	-	8,584,901
Public Safety	-	1,372,247	-	-	-	-	366,355	-	1,738,602
Public Health and Welfare	-	12,635,478	-	-	4,743,883	-	-	-	17,379,361
Social and Cultural Services	-	474,532	-	12,933,630	-	-	-	-	13,408,162
Other General Government	-	1,388,680	-	-	-	8,212,378	-	-	9,601,058
Engineering and Public Works	-	62,110	-	-	-	-	-	15,837,604	15,899,714
<b>Total Expenditures</b>	<b>16,336,739</b>	<b>17,760,412</b>	<b>114,205</b>	<b>12,933,630</b>	<b>4,743,883</b>	<b>8,212,378</b>	<b>366,355</b>	<b>15,837,604</b>	<b>76,305,206</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>10,662,640</b>	<b>(750,621)</b>	<b>(38,001)</b>	<b>(828,891)</b>	<b>(1,387,655)</b>	<b>(67,169)</b>	<b>23,209</b>	<b>341,661</b>	<b>7,955,173</b>
<b>Other Financing Sources (Uses)</b>									
Transfers from Other Funds	-	840,842	37,500	540,000	1,400,000	-	-	1,650,000	4,468,342
Transfers to Other Funds	(11,647,080)	-	-	-	-	-	-	(925,000)	(12,572,080)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,647,080)</b>	<b>840,842</b>	<b>37,500</b>	<b>540,000</b>	<b>1,400,000</b>	<b>-</b>	<b>-</b>	<b>725,000</b>	<b>(8,103,738)</b>
<b>Net Change in Fund Balances</b>	<b>(984,440)</b>	<b>90,221</b>	<b>(501)</b>	<b>(288,891)</b>	<b>12,345</b>	<b>(67,169)</b>	<b>23,209</b>	<b>1,066,661</b>	<b>(148,565)</b>
<b>Fund Balances, July 1</b>	<b>4,857,918</b>	<b>2,044,766</b>	<b>38,423</b>	<b>2,237,005</b>	<b>1,268,881</b>	<b>1,863,388</b>	<b>2,830,976</b>	<b>4,465,035</b>	<b>19,606,392</b>
<b>Fund Balances, June 30</b>	<b>\$ 3,873,478</b>	<b>\$ 2,134,987</b>	<b>\$ 37,922</b>	<b>\$ 1,948,114</b>	<b>\$ 1,281,226</b>	<b>\$ 1,796,219</b>	<b>\$ 2,854,185</b>	<b>\$ 5,531,696</b>	<b>\$ 19,457,827</b>

**KNOX COUNTY, TENNESSEE**

**Constitutional Officers' Special Revenue Fund**

**Combining Balance Sheets**

June 30, 2020

(With Comparative Totals for June 30, 2019)

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Totals	
							2020	2019
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 524,570	\$ 2,342,735	\$ 387,124	\$ 2,188,283	\$ 567,105	\$ 730,250	\$ 6,740,067	\$ 7,103,860
<b>TOTAL ASSETS</b>	<b>\$ 524,570</b>	<b>\$ 2,342,735</b>	<b>\$ 387,124</b>	<b>\$ 2,188,283</b>	<b>\$ 567,105</b>	<b>\$ 730,250</b>	<b>\$ 6,740,067</b>	<b>\$ 7,103,860</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Due to Other Funds	\$ 1,798,007	\$ 656,442	\$ -	\$ -	\$ -	\$ 412,140	\$ 2,866,589	\$ 2,245,942
<b>TOTAL LIABILITIES</b>	<b>1,798,007</b>	<b>656,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412,140</b>	<b>2,866,589</b>	<b>2,245,942</b>
<b>Fund Balances (Deficit):</b>								
Assigned (Deficit)	(1,273,437)	1,686,293	387,124	2,188,283	567,105	318,110	3,873,478	4,857,918
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 524,570</b>	<b>\$ 2,342,735</b>	<b>\$ 387,124</b>	<b>\$ 2,188,283</b>	<b>\$ 567,105</b>	<b>\$ 730,250</b>	<b>\$ 6,740,067</b>	<b>\$ 7,103,860</b>

**KNOX COUNTY, TENNESSEE**

**Constitutional Officers' Special Revenue Fund  
Combining Schedule of Revenues, Expenditures  
And Changes in Fund Balances**

For the Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Totals	
							2020	2019
<b>Revenues</b>								
Charges for Services	\$ 9,596,839	\$ 6,413,958	\$ 1,379,014	\$ 4,778,899	\$ 1,284,049	\$ 3,413,106	\$ 26,865,865	\$ 28,009,956
Investment Revenue	1,309	100,464	-	-	558	31,183	133,514	138,486
<b>Total Revenues</b>	<b>9,598,148</b>	<b>6,514,422</b>	<b>1,379,014</b>	<b>4,778,899</b>	<b>1,284,607</b>	<b>3,444,289</b>	<b>26,999,379</b>	<b>28,148,442</b>
<b>Expenditures</b>								
Current:								
Finance and Administration:	2,256,650	4,482,670	-	-	-	2,004,088	8,743,408	8,761,551
Administration of Justice:	-	-	1,608,131	4,771,121	1,214,079	-	7,593,331	7,656,248
<b>Total Expenditures</b>	<b>2,256,650</b>	<b>4,482,670</b>	<b>1,608,131</b>	<b>4,771,121</b>	<b>1,214,079</b>	<b>2,004,088</b>	<b>16,336,739</b>	<b>16,417,799</b>
Excess of Revenues Over Expenditures	7,341,498	2,031,752	(229,117)	7,778	70,528	1,440,201	10,662,640	11,730,643
<b>Other Financing Uses</b>								
Transfers to Other Funds	(8,192,619)	(1,914,013)	(20,000)	-	(109,108)	(1,411,340)	(11,647,080)	(12,251,638)
<b>Net Change in Fund Balances</b>	<b>(851,121)</b>	<b>117,739</b>	<b>(249,117)</b>	<b>7,778</b>	<b>(38,580)</b>	<b>28,861</b>	<b>(984,440)</b>	<b>(520,995)</b>
Fund Balances, July 1	(422,316)	1,568,554	636,241	2,180,505	605,685	289,249	4,857,918	5,378,913
<b>Fund Balances (Deficit), June 30</b>	<b>\$ (1,273,437)</b>	<b>\$ 1,686,293</b>	<b>\$ 387,124</b>	<b>\$ 2,188,283</b>	<b>\$ 567,105</b>	<b>\$ 318,110</b>	<b>\$ 3,873,478</b>	<b>\$ 4,857,918</b>

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**KNOX COUNTY, TENNESSEE**

**Federal, State and Other Grants Fund**

**Comparative Balance Sheets**

June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 385,781
Receivables (Net of Allowances for Uncollectibles):		
Accounts	6,877,682	2,990,241
Notes	569,374	810,057
Due from Other Funds	2,650,444	-
Inventories	64,243	63,388
Prepaid Items	3,149	4,207
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 10,164,892</u>	<u>\$ 4,253,674</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 326,917	\$ 279,398
Accrued Liabilities	213,945	300,605
Due to Other Funds	5,878,375	-
Unearned Revenue	1,610,668	1,628,905
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>8,029,905</u>	<u>2,208,908</u>
 <b>Fund Balances:</b>		
Nonspendable	67,392	67,595
Restricted	2,067,595	1,977,171
	<u>                    </u>	<u>                    </u>
TOTAL FUND BALANCES	<u>2,134,987</u>	<u>2,044,766</u>
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,164,892</u>	<u>\$ 4,253,674</u>

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**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, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Fines, Forfeitures, and Penalties	\$ 12,700	\$ 58,672
Charges for Current Services	405,767	603,510
Other Local Revenues	262,417	342,465
State of Tennessee	4,071,990	5,191,353
Federal Government	12,073,555	7,623,554
Other Governmental and Citizen Groups	<u>183,362</u>	<u>526,786</u>
Total Revenues	<u>17,009,791</u>	<u>14,346,340</u>
<b>Expenditures</b>		
Current:		
General Government:		
Finance and Administration	950,000	-
Administration of Justice	877,365	2,838,287
Public Safety	1,372,247	1,462,770
Public Health and Welfare	12,635,478	9,090,112
Social and Cultural Services	474,532	446,945
Other General Government	1,388,680	1,324,842
Engineering and Public Works	<u>62,110</u>	<u>66,141</u>
Total Expenditures	<u>17,760,412</u>	<u>15,229,097</u>
Deficiency of Revenues Under Expenditures	<u>(750,621)</u>	<u>(882,757)</u>
<b>Other Financing Sources</b>		
Transfers from Other Funds	<u>840,842</u>	<u>682,905</u>
Net Change in Fund Balances	90,221	(199,852)
Fund Balances, July 1	<u>2,044,766</u>	<u>2,244,618</u>
Fund Balances, June 30	<u>\$ 2,134,987</u>	<u>\$ 2,044,766</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, 2020 and 2019**

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Charges for Current Services	\$ 160,000	\$ 353,133	\$ 353,533	\$ 400	\$ 270,295	\$ 367,919	\$ 97,624
Other Local Revenues	-	140,498	-	(140,498)	-	68,068	68,068
Federal Government	-	1,008,158	291,103	(717,055)	260,277	368,376	108,099
<b>Total Revenues</b>	<b>160,000</b>	<b>1,501,789</b>	<b>644,636</b>	<b>(857,153)</b>	<b>530,572</b>	<b>804,363</b>	<b>273,791</b>
<b>Expenditures</b>							
Current:							
General Government:							
Personal Services	-	1,407,068	650,258	756,810	806,919	727,555	79,364
Employee Benefits	-	484,826	212,112	272,714	268,822	249,284	19,538
Contracted Services	145,334	204,641	113,151	91,490	135,078	104,144	30,934
Supplies and Materials	-	166,037	49,115	116,922	70,707	46,791	23,916
Other Charges	14,666	155,164	14,666	140,498	82,734	82,734	-
Capital Outlay	-	130,332	-	130,332	-	-	-
<b>Total Expenditures</b>	<b>160,000</b>	<b>2,548,068</b>	<b>1,039,302</b>	<b>1,508,766</b>	<b>1,364,260</b>	<b>1,210,508</b>	<b>153,752</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,046,279)	(394,666)	651,613	(833,688)	(406,145)	427,543
<b>Other Financing Sources</b>							
Transfers from Other Funds	-	14,219	400,000	385,781	260,064	400,000	139,936
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(1,032,060)</b>	<b>5,334</b>	<b>1,037,394</b>	<b>(573,624)</b>	<b>(6,145)</b>	<b>567,479</b>
Fund Balances, July 1	92,878	92,878	92,878	-	99,023	99,023	-
<b>Fund Balances, June 30</b>	<b>\$ 92,878</b>	<b>\$ (939,182)</b>	<b>\$ 98,212</b>	<b>\$ 1,037,394</b>	<b>\$ (474,601)</b>	<b>\$ 92,878</b>	<b>\$ 567,479</b>
<b>Reconciliation of Fund Balances (Budget Basis) to Fund Balances (GAAP Basis):</b>							
Fund Balances (Budget Basis)			\$ 98,212			\$ 92,878	
Entity Difference:							
Unbudgeted Funds			2,036,775			1,951,888	
Fund Balances (GAAP Basis)			<u>\$ 2,134,987</u>			<u>\$ 2,044,766</u>	

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**KNOX COUNTY, TENNESSEE**

**Governmental Library Fund  
Comparative Balance Sheets**

June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 45,568	\$ 13,987
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>2,001</u>	<u>31,564</u>
<b>TOTAL ASSETS</b>	<u>\$ 47,569</u>	<u>\$ 45,551</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 8,799	\$ 6,521
Accrued Liabilities	<u>848</u>	<u>607</u>
<b>TOTAL LIABILITIES</b>	<u>9,647</u>	<u>7,128</u>
<b>Fund Balances:</b>		
Committed	<u>37,922</u>	<u>38,423</u>
<b>TOTAL FUND BALANCES</b>	<u>37,922</u>	<u>38,423</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 47,569</u>	<u>\$ 45,551</u>

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**KNOX COUNTY, TENNESSEE**

**Governmental Library Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the Years Ended June 30, 2020 and 2019

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	2020	2019
	<u>                    </u>	<u>                    </u>
<b>Revenues</b>		
Litigation Tax	\$ 44,454	\$ 58,101
Charges for Current Services	1,550	3,120
Other Local Revenues	200	232
Other Governments and Citizens Groups	<u>30,000</u>	<u>30,000</u>
Total Revenues	<u>76,204</u>	<u>91,453</u>
<b>Expenditures</b>		
Current:		
General Government:		
Administration of Justice	<u>114,205</u>	<u>114,808</u>
Deficiency of Revenues Under Expenditures	<u>(38,001)</u>	<u>(23,355)</u>
<b>Other Financing Sources</b>		
Transfers from Other Funds	<u>37,500</u>	<u>17,718</u>
Net Change in Fund Balances	(501)	(5,637)
Fund Balances, July 1	<u>38,423</u>	<u>44,060</u>
Fund Balances, June 30	<u>\$ 37,922</u>	<u>\$ 38,423</u>

**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, 2020 and 2019**

	2020				2019			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>								
Litigation Tax	\$ 60,000	\$ 60,000	\$ 44,454	\$ (15,546)	\$ 62,201	\$ 58,101	\$ (4,100)	
Charges for Current Services	5,179	5,179	1,550	(3,629)	4,750	3,120	(1,630)	
Other Local Revenues	300	300	200	(100)	342	232	(110)	
Other Governments and Citizens Groups	30,000	30,000	30,000	-	30,000	30,000	-	
<b>Total Revenues</b>	<b>95,479</b>	<b>95,479</b>	<b>76,204</b>	<b>(19,275)</b>	<b>97,293</b>	<b>91,453</b>	<b>(5,840)</b>	
<b>Expenditures</b>								
Current:								
General Government:								
Administration of Justice:								
Personal Services	27,762	27,977	27,975	2	26,963	26,963	-	
Employee Benefits	3,817	3,842	3,840	2	3,697	3,696	1	
Contracted Services	7,850	7,494	5,208	2,286	5,949	5,916	33	
Supplies and Materials	76,650	76,804	75,381	1,423	76,379	76,224	155	
Other Charges	1,900	2,016	1,801	215	2,021	2,009	12	
<b>Total Expenditures</b>	<b>117,979</b>	<b>118,133</b>	<b>114,205</b>	<b>3,928</b>	<b>115,009</b>	<b>114,808</b>	<b>201</b>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,500)	(22,654)	(38,001)	(15,347)	(17,716)	(23,355)	(5,639)	
<b>Other Financing Sources</b>								
Transfers from Other Funds	22,500	22,500	37,500	15,000	17,718	17,718	-	
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(154)</b>	<b>(501)</b>	<b>(347)</b>	<b>2</b>	<b>(5,637)</b>	<b>(5,639)</b>	
Fund Balances, July 1	38,423	38,423	38,423	-	44,060	44,060	-	
<b>Fund Balances, June 30</b>	<b>\$ 38,423</b>	<b>\$ 38,269</b>	<b>\$ 37,922</b>	<b>\$ (347)</b>	<b>\$ 44,062</b>	<b>\$ 38,423</b>	<b>\$ (5,639)</b>	

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**KNOX COUNTY, TENNESSEE**

**Public Library Fund**  
**Comparative Balance Sheets**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 961,167	\$ 1,625,679
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	1,172,480	992,167
Prepaid Items	<u>-</u>	<u>12,028</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,133,647</u></u>	<u><u>\$ 2,629,874</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 27,751	\$ 45,905
Accrued Liabilities	<u>157,782</u>	<u>346,964</u>
<b>TOTAL LIABILITIES</b>	<u>185,533</u>	<u>392,869</u>
<b>Fund Balances:</b>		
Nonspendable	-	12,028
Committed	<u>1,948,114</u>	<u>2,224,977</u>
<b>TOTAL FUND BALANCES</b>	<u>1,948,114</u>	<u>2,237,005</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 2,133,647</u></u>	<u><u>\$ 2,629,874</u></u>

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## KNOX COUNTY, TENNESSEE

### Public Library Fund Comparative Statements of Revenues, Expenditures And Changes in Fund Balances

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Wheel Taxes	\$ 11,687,477	\$ 11,838,462
Charges for Current Services	226,711	299,437
Other Local Revenues	120,549	133,364
State of Tennessee	45,500	45,500
Federal Government	6,400	6,400
Other Governments and Citizens Groups	18,102	20,728
	<hr/>	<hr/>
Total Revenues	12,104,739	12,343,891
	<hr/>	<hr/>
<b>Expenditures</b>		
Current:		
General Government:		
Social and Cultural Services	12,933,630	14,037,353
	<hr/>	<hr/>
Deficiency of Revenues Under Expenditures	(828,891)	(1,693,462)
	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	540,000	1,750,000
	<hr/>	<hr/>
Net Change in Fund Balances	(288,891)	56,538
Fund Balances, July 1	2,237,005	2,180,467
	<hr/>	<hr/>
Fund Balances, June 30	\$ 1,948,114	\$ 2,237,005
	<hr/> <hr/>	<hr/> <hr/>

**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, 2020 and 2019**

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Wheel Taxes	\$ 11,729,200	\$ 11,729,200	\$ 11,687,477	\$ (41,723)	\$ 11,400,000	\$ 11,838,462	\$ 438,462
Charges for Current Services	315,000	315,000	226,711	(88,289)	330,000	299,437	(30,563)
Other Local Revenues	134,000	134,000	120,549	(13,451)	167,000	133,364	(33,636)
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	-	-	18,102	18,102	-	20,728	20,728
<b>Total Revenues</b>	<b>12,230,100</b>	<b>12,230,100</b>	<b>12,104,739</b>	<b>(125,361)</b>	<b>11,948,900</b>	<b>12,343,891</b>	<b>394,991</b>
<b>Expenditures</b>							
Current:							
General Government:							
Social and Cultural Services:							
Personal Services	7,685,553	7,649,958	7,055,066	594,892	7,496,933	7,488,096	8,837
Employee Benefits	2,512,280	2,512,280	2,129,774	382,506	2,414,681	2,401,142	13,539
Contracted Services	1,416,366	1,395,631	1,067,836	327,795	1,206,844	1,105,824	101,020
Supplies and Materials	2,011,452	2,066,890	1,750,514	316,376	2,017,581	1,979,314	38,267
Other Charges	886,614	902,789	886,410	16,379	902,614	900,908	1,706
Capital Outlay	-	240,000	44,030	195,970	163,300	162,069	1,231
<b>Total Expenditures</b>	<b>14,512,265</b>	<b>14,767,548</b>	<b>12,933,630</b>	<b>1,833,918</b>	<b>14,201,953</b>	<b>14,037,353</b>	<b>164,600</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,282,165)	(2,537,448)	(828,891)	1,708,557	(2,253,053)	(1,693,462)	559,591
<b>Other Financing Sources (Uses)</b>							
Transfers from Other Funds	2,040,000	2,040,000	540,000	(1,500,000)	1,850,000	1,750,000	(100,000)
<b>Net Change in Fund Balances</b>	<b>(242,165)</b>	<b>(497,448)</b>	<b>(288,891)</b>	<b>208,557</b>	<b>(403,053)</b>	<b>56,538</b>	<b>459,591</b>
Fund Balances, July 1	2,237,005	2,237,005	2,237,005	-	2,180,467	2,180,467	-
<b>Fund Balances, June 30</b>	<b>\$ 1,994,840</b>	<b>\$ 1,739,557</b>	<b>\$ 1,948,114</b>	<b>\$ 208,557</b>	<b>\$ 1,777,414</b>	<b>\$ 2,237,005</b>	<b>\$ 459,591</b>

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**KNOX COUNTY, TENNESSEE**

**Solid Waste Fund  
Comparative Balance Sheets  
June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,233,272	\$ 1,299,268
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>136,212</u>	<u>134,221</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,369,484</u></u>	<u><u>\$ 1,433,489</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 59,893	\$ 47,459
Accrued Liabilities	<u>28,365</u>	<u>117,149</u>
<b>TOTAL LIABILITIES</b>	<u>88,258</u>	<u>164,608</u>
 <b>Fund Balances:</b>		
Committed	<u>1,281,226</u>	<u>1,268,881</u>
<b>TOTAL FUND BALANCES</b>	<u>1,281,226</u>	<u>1,268,881</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,369,484</u></u>	<u><u>\$ 1,433,489</u></u>

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**KNOX COUNTY, TENNESSEE**

**Solid Waste Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Local Option Sales Taxes	\$ 2,500,000	\$ 2,600,000
Other Local Revenues	357,222	549,697
State of Tennessee	<u>499,006</u>	<u>525,959</u>
Total Revenues	<u>3,356,228</u>	<u>3,675,656</u>
<b>Expenditures</b>		
Current:		
General Government:		
Public Health and Welfare	<u>4,743,883</u>	<u>4,930,532</u>
Deficiency of Revenues Under Expenditures	<u>(1,387,655)</u>	<u>(1,254,876)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	<u>1,400,000</u>	<u>1,200,000</u>
Net Change in Fund Balances	12,345	(54,876)
Fund Balances, July 1	<u>1,268,881</u>	<u>1,323,757</u>
Fund Balances, June 30	<u>\$ 1,281,226</u>	<u>\$ 1,268,881</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, 2020 and 2019**

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Option Sales Taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ -	\$ 2,600,000	\$ 2,600,000	\$ -
Other Local Revenues	620,000	620,000	357,222	(262,778)	526,946	549,697	22,751
State of Tennessee	509,000	509,000	499,006	(9,994)	480,000	525,959	45,959
<b>Total Revenues</b>	<b>3,629,000</b>	<b>3,629,000</b>	<b>3,356,228</b>	<b>(272,772)</b>	<b>3,606,946</b>	<b>3,675,656</b>	<b>68,710</b>
<b>Expenditures</b>							
Current:							
Public Health and Welfare:							
Other Public Health and Welfare:							
Personal Services	990,613	940,229	940,229	-	1,001,717	1,001,717	-
Employee Benefits	388,937	359,057	359,057	-	407,695	407,693	2
Contracted Services	2,586,202	2,983,048	2,982,579	469	3,121,247	3,077,124	44,123
Supplies and Materials	67,497	72,085	72,071	14	72,311	72,310	1
Other Charges	294,409	294,409	286,897	7,512	294,409	293,762	647
Litter and Trash Collection:							
Personal Services	70,265	56,379	56,379	-	36,117	36,117	-
Employee Benefits	23,277	19,402	19,402	-	12,639	12,482	157
Contracted Services	6,250	13,868	13,866	2	20,836	20,836	-
Supplies and Materials	12,550	13,410	13,403	7	8,492	8,491	1
<b>Total Expenditures</b>	<b>4,440,000</b>	<b>4,751,887</b>	<b>4,743,883</b>	<b>8,004</b>	<b>4,975,463</b>	<b>4,930,532</b>	<b>44,931</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(811,000)	(1,122,887)	(1,387,655)	(264,768)	(1,368,517)	(1,254,876)	113,641
<b>Other Financing Sources (Uses)</b>							
Transfers from Other Funds	575,000	842,765	1,400,000	557,235	1,200,000	1,200,000	-
<b>Net Change in Fund Balances</b>	<b>(236,000)</b>	<b>(280,122)</b>	<b>12,345</b>	<b>292,467</b>	<b>(168,517)</b>	<b>(54,876)</b>	<b>113,641</b>
Fund Balances, July 1	1,268,881	1,268,881	1,268,881	-	1,323,757	1,323,757	-
Fund Balances, June 30	\$ 1,032,881	\$ 988,759	\$ 1,281,226	\$ 292,467	\$ 1,155,240	\$ 1,268,881	\$ 113,641

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**KNOX COUNTY, TENNESSEE**

**Hotel/Motel Tax Fund  
Comparative Balance Sheets  
June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,642,378	\$ 2,263,118
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>1,768,447</u>	<u>1,586,125</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,410,825</u>	<u>\$ 3,849,243</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	<u>\$ 1,614,606</u>	<u>\$ 1,985,855</u>
<b>TOTAL LIABILITIES</b>	<u>1,614,606</u>	<u>1,985,855</u>
<b>Fund Balances:</b>		
Restricted	<u>1,796,219</u>	<u>1,863,388</u>
<b>TOTAL FUND BALANCES</b>	<u>1,796,219</u>	<u>1,863,388</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,410,825</u>	<u>\$ 3,849,243</u>

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**KNOX COUNTY, TENNESSEE**

**Hotel/Motel Tax Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Lodging Taxes	\$ 7,095,209	\$ 8,816,132
Other Local Revenues	<u>1,050,000</u>	<u>-</u>
Total Revenues	<u>8,145,209</u>	<u>8,816,132</u>
<b>Expenditures</b>		
Current:		
General Government:		
Other General Government	<u>8,212,378</u>	<u>8,032,886</u>
Excess of Revenues Over Expenditures	(67,169)	783,246
<b>Other Financing Uses</b>		
Transfers to Other Funds	<u>-</u>	<u>(500,000)</u>
Net Change in Fund Balances	(67,169)	283,246
Fund Balances, July 1	<u>1,863,388</u>	<u>1,580,142</u>
Fund Balances, June 30	<u><u>\$ 1,796,219</u></u>	<u><u>\$ 1,863,388</u></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, 2020 and 2019**

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Lodging Taxes	\$ 8,600,000	\$ 8,600,000	\$ 7,095,209	\$ (1,504,791)	\$ 8,405,886	\$ 8,816,132	\$ 410,246
Other Local Revenues	-	-	1,050,000	1,050,000	-	-	-
<b>Total Revenues</b>	<u>8,600,000</u>	<u>8,600,000</u>	<u>8,145,209</u>	<u>(454,791)</u>	<u>8,405,886</u>	<u>8,816,132</u>	<u>410,246</u>
<b>Expenditures</b>							
Current:							
General Government:							
Other General Government:	7,600,000	8,385,001	8,212,378	172,623	7,935,886	8,032,886	(97,000)
<b>Excess of Revenues Over Expenditures</b>	1,000,000	214,999	(67,169)	(282,168)	470,000	783,246	313,246
<b>Other Financing Uses</b>							
Transfers to Other Funds	(1,000,000)	(499,999)	-	499,999	(600,000)	(500,000)	100,000
<b>Net Change in Fund Balances</b>	-	(285,000)	(67,169)	217,831	(130,000)	283,246	413,246
<b>Fund Balances, July 1</b>	1,863,388	1,863,388	1,863,388	-	1,580,142	1,580,142	-
<b>Fund Balances, June 30</b>	<u>\$ 1,863,388</u>	<u>\$ 1,578,388</u>	<u>\$ 1,796,219</u>	<u>\$ 217,831</u>	<u>\$ 1,450,142</u>	<u>\$ 1,863,388</u>	<u>\$ 413,246</u>

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**KNOX COUNTY, TENNESSEE**

**Drug Control Fund**  
**Comparative Balance Sheets**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,889,361	\$ 2,834,704
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>5,962</u>	<u>5,430</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,895,323</u></u>	<u><u>\$ 2,840,134</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	<u>\$ 41,138</u>	<u>\$ 9,158</u>
<b>TOTAL LIABILITIES</b>	<u>41,138</u>	<u>9,158</u>
 <b>Fund Balances:</b>		
Restricted	<u>2,854,185</u>	<u>2,830,976</u>
<b>TOTAL FUND BALANCES</b>	<u>2,854,185</u>	<u>2,830,976</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 2,895,323</u></u>	<u><u>\$ 2,840,134</u></u>

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**KNOX COUNTY, TENNESSEE**

**Drug Control Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Fines, Forfeitures, and Penalties	\$ 295,082	\$ 415,499
Other Local Revenues	44,330	41,788
Federal Government	<u>50,152</u>	<u>25,530</u>
Total Revenues	<u>389,564</u>	<u>482,817</u>
<b>Expenditures</b>		
Current:		
General Government:		
Public Safety	<u>366,355</u>	<u>620,111</u>
Total Expenditures	<u>366,355</u>	<u>620,111</u>
Net Change in Fund Balance	23,209	(137,294)
Fund Balances, July 1	<u>2,830,976</u>	<u>2,968,270</u>
Fund Balances, June 30	<u><u>\$ 2,854,185</u></u>	<u><u>\$ 2,830,976</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, 2020 and 2019**

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Fines, Forfeitures, and Penalties	\$ 519,500	\$ 519,500	\$ 295,082	\$ (224,418)	\$ 734,500	\$ 415,499	\$ (319,001)
Other Local Revenues	128,000	128,000	44,330	(83,670)	128,000	41,788	(86,212)
Federal Government	-	-	50,152	50,152	-	25,530	25,530
<b>Total Revenues</b>	<b>647,500</b>	<b>647,500</b>	<b>389,564</b>	<b>(257,936)</b>	<b>862,500</b>	<b>482,817</b>	<b>(379,683)</b>
<b>Expenditures</b>							
Current:							
General Government:							
Public Safety:							
Contracted Services	262,500	262,500	138,612	123,888	288,474	269,657	18,817
Supplies and Materials	200,000	200,000	102,955	97,045	339,974	241,359	98,615
Other Charges	10,000	10,000	12,450	(2,450)	15,000	14,625	375
Capital Outlay	175,000	175,000	112,338	62,662	328,603	94,470	234,133
<b>Total Expenditures</b>	<b>647,500</b>	<b>647,500</b>	<b>366,355</b>	<b>281,145</b>	<b>972,051</b>	<b>620,111</b>	<b>351,940</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>23,209</b>	<b>23,209</b>	<b>(109,551)</b>	<b>(137,294)</b>	<b>(27,743)</b>
<b>Fund Balances, July 1</b>	<b>2,830,976</b>	<b>2,830,976</b>	<b>2,830,976</b>	<b>-</b>	<b>2,968,270</b>	<b>2,968,270</b>	<b>-</b>
<b>Fund Balances, June 30</b>	<b>\$ 2,830,976</b>	<b>\$ 2,830,976</b>	<b>\$ 2,854,185</b>	<b>\$ 23,209</b>	<b>\$ 2,858,719</b>	<b>\$ 2,830,976</b>	<b>\$ (27,743)</b>

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**KNOX COUNTY, TENNESSEE**

**Engineering & Public Works Fund  
Comparative Balance Sheets**

June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 4,206,339	\$ 2,382,983
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	1,603,804	1,580,106
Sales Tax Receivable	1,213,365	1,064,557
Prepaid Items	500	-
<b>TOTAL ASSETS</b>	<u><u>\$ 7,024,008</u></u>	<u><u>\$ 5,027,646</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 1,294,703	\$ 60,334
Accrued Liabilities	197,609	502,277
<b>TOTAL LIABILITIES</b>	<u>1,492,312</u>	<u>562,611</u>
 <b>Fund Balances:</b>		
Nonspendable	500	-
Committed	5,531,196	4,465,035
<b>TOTAL FUND BALANCES</b>	<u>5,531,696</u>	<u>4,465,035</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 7,024,008</u></u>	<u><u>\$ 5,027,646</u></u>

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**KNOX COUNTY, TENNESSEE**

**Engineering & Public Works Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Local Option Sales Taxes	\$ 6,828,349	\$ 6,326,532
Other Local Taxes	2,207,645	2,036,026
Fines, Forfeitures, and Penalties	100	3,600
Other Local Revenues	184,168	150,500
State of Tennessee	<u>6,959,003</u>	<u>6,879,526</u>
Total Revenues	<u>16,179,265</u>	<u>15,396,184</u>
<b>Expenditures</b>		
Current:		
Engineering & Public Works	<u>15,837,604</u>	<u>16,678,520</u>
Total Expenditures	<u>15,837,604</u>	<u>16,678,520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>341,661</u>	<u>(1,282,336)</u>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	1,650,000	2,100,000
Transfers to Other Funds	<u>(925,000)</u>	<u>(675,000)</u>
Total Other Financing Sources (Uses)	<u>725,000</u>	<u>1,425,000</u>
Net Change in Fund Balances	1,066,661	142,664
Fund Balances, July 1	<u>4,465,035</u>	<u>4,322,371</u>
Fund Balances, June 30	<u><u>\$ 5,531,696</u></u>	<u><u>\$ 4,465,035</u></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, 2020 and 2019**

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Option Sales Taxes	\$ 6,307,946	\$ 6,307,946	\$ 6,828,349	\$ 520,403	\$ 6,113,697	\$ 6,326,532	\$ 212,835
Other Local Taxes	2,050,000	2,050,000	2,207,645	157,645	2,050,000	2,036,026	(13,974)
Fines, Forfeitures and Penalties	-	-	100	100	15,000	3,600	(11,400)
Other Local Revenues	-	-	184,168	184,168	-	150,500	150,500
State of Tennessee	7,111,000	7,111,000	6,959,003	(151,997)	6,711,000	6,879,526	168,526
<b>Total Revenues</b>	<b>15,468,946</b>	<b>15,468,946</b>	<b>16,179,265</b>	<b>710,319</b>	<b>14,889,697</b>	<b>15,396,184</b>	<b>506,487</b>
<b>Expenditures</b>							
Current:							
Engineering & Public Works:							
Administration:							
Personal Services	2,627,338	2,198,730	2,060,482	138,248	2,326,354	2,268,806	57,548
Employee Benefits	868,125	748,967	648,047	100,920	728,960	728,960	-
Contracted Services	338,700	339,025	168,856	170,169	90,714	90,714	-
Supplies and Materials	90,500	90,235	36,304	53,931	66,448	62,806	3,642
Other Charges	673,450	673,992	675,404	(1,412)	668,064	667,848	216
Highways and Bridge Maintenance:							
Personal Services	2,986,976	3,118,627	3,118,625	2	3,311,907	3,311,700	207
Employee Benefits	1,227,674	1,101,549	1,101,549	-	1,328,908	1,328,908	-
Contracted Services	986,250	1,470,154	1,469,722	432	1,012,081	983,714	28,367
Supplies and Materials	6,132,500	5,858,842	4,658,454	1,200,388	5,509,145	5,509,145	-
Other Charges	538,250	538,621	538,621	-	538,432	538,432	-
Capital Outlay	-	705,520	448,215	257,305	417,919	46,699	371,220
Various Highway:							
Personal Services	365,865	342,030	342,030	-	445,675	442,878	2,797
Employee Benefits	130,312	127,178	127,178	-	160,925	160,925	-
Contracted Services	222,214	250,807	250,385	422	201,614	181,887	19,727
Supplies and Materials	107,125	975,056	123,732	851,324	999,350	275,411	723,939
Other Charges	70,000	70,000	70,000	-	79,687	79,687	-
<b>Total Expenditures</b>	<b>17,365,279</b>	<b>18,609,333</b>	<b>15,837,604</b>	<b>2,771,729</b>	<b>17,886,183</b>	<b>16,678,520</b>	<b>1,207,663</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,896,333)	(3,140,387)	341,661	3,482,048	(2,996,486)	(1,282,336)	1,714,150
Other Financing Sources (Uses)							
Transfer From Other Funds	2,300,000	2,300,000	1,650,000	(650,000)	2,100,000	2,100,000	-
Transfer To Other Funds	(575,000)	(925,000)	(925,000)	-	(675,000)	(675,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,725,000</b>	<b>1,375,000</b>	<b>725,000</b>	<b>(650,000)</b>	<b>1,425,000</b>	<b>1,425,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(171,333)</b>	<b>(1,765,387)</b>	<b>1,066,661</b>	<b>2,832,048</b>	<b>(1,571,486)</b>	<b>142,664</b>	<b>1,714,150</b>
Fund Balances, July 1	4,465,035	4,465,035	4,465,035	-	4,322,371	4,322,371	-
<b>Fund Balances, June 30</b>	<b>\$ 4,293,702</b>	<b>\$ 2,699,648</b>	<b>\$ 5,531,696</b>	<b>\$ 2,832,048</b>	<b>\$ 2,750,885</b>	<b>\$ 4,465,035</b>	<b>\$ 1,714,150</b>

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**KNOX COUNTY, TENNESSEE**

**ADA Construction Capital Projects Fund**

**Comparative Balance Sheets**

June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 514,904</u>	<u>\$ 647,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 514,904</u></u>	<u><u>\$ 647,000</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable	<u>\$ 11,600</u>	<u>\$ -</u>
<b>Fund Balances:</b>		
Committed	<u>503,304</u>	<u>647,000</u>
<b>TOTAL FUND BALANCE</b>	<u><u>503,304</u></u>	<u><u>647,000</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 514,904</u></u>	<u><u>\$ 647,000</u></u>

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**KNOX COUNTY, TENNESSEE**

**ADA Construction Capital Projects Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Local Taxes	\$ -	\$ -
<b>Expenditures</b>		
Capital Projects	<u>143,696</u>	<u>-</u>
Excess of Revenues Over Expenditures	(143,696)	-
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	<u>-</u>	<u>647,000</u>
Net Change in Fund Balances	(143,696)	647,000
Fund Balances, July 1	<u>647,000</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 503,304</u></u>	<u><u>\$ 647,000</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.

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**KNOX COUNTY, TENNESSEE**

**Three Ridges Golf Course Fund**  
**Comparative Statements of Net Position**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Accounts Receivable	\$ 6,177	\$ 14,745
Inventories	<u>71,348</u>	<u>81,357</u>
TOTAL CURRENT ASSETS	<u>77,525</u>	<u>96,102</u>
<b>Capital Assets:</b>		
Capital Assets (Net of Accumulated Depreciation)	<u>417,533</u>	<u>455,210</u>
TOTAL ASSETS	<u>495,058</u>	<u>551,312</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	23,936	14,037
Accrued Liabilities	14,950	11,770
Due to Other Funds	58,204	87,192
Compensated Absences Payable	<u>24,496</u>	<u>34,061</u>
TOTAL CURRENT LIABILITIES	<u>121,586</u>	<u>147,060</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences Payable	<u>19,689</u>	<u>-</u>
TOTAL LIABILITIES	<u>141,275</u>	<u>147,060</u>
<b>NET POSITION</b>		
Investment in Capital Assets	417,533	455,210
Unrestricted (Deficit)	<u>(63,750)</u>	<u>(50,958)</u>
TOTAL NET POSITION	<u>\$ 353,783</u>	<u>\$ 404,252</u>

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**KNOX COUNTY, TENNESSEE**

**Three Ridges Golf Course Fund**  
**Comparative Statements of Revenues, Expenses**  
**and Changes in Net Position**

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Golf Fees	\$ 446,187	\$ 401,975
Cart and Range Fees	298,905	231,734
Pro Shop	119,860	108,973
Snack Bar	<u>91,868</u>	<u>76,874</u>
Total Operating Revenues	<u>956,820</u>	<u>819,556</u>
<b>Operating Expenses</b>		
Personal Services	457,000	410,713
Employee Benefits	99,642	103,809
Contracted Services	204,406	196,788
Supplies and Materials	409,308	362,629
Other Charges	99,256	84,966
Depreciation	<u>37,677</u>	<u>46,591</u>
Total Operating Expenses	<u>1,307,289</u>	<u>1,205,496</u>
Operating Income (Loss)	<u>(350,469)</u>	<u>(385,940)</u>
<b>Income (Loss) before Other Revenues and Transfers</b>	<u>(350,469)</u>	<u>(385,940)</u>
<b>Capital Contributions and Transfers</b>		
Capital Contributions	-	27,250
Transfers from Other Funds	<u>300,000</u>	<u>320,000</u>
Total Capital Contributions and Transfers	<u>300,000</u>	<u>347,250</u>
Change in Net Position	(50,469)	(38,690)
Net Position, July 1	<u>404,252</u>	<u>442,942</u>
Net Position, June 30	<u>\$ 353,783</u>	<u>\$ 404,252</u>

**KNOX COUNTY, TENNESSEE**

**Three Ridges Golf Course Fund**  
**Comparative Statements of Cash Flows**  
For the Years Ended June 30, 2020 and 2019

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Receipts from Customers and Users	\$ 965,388	\$ 812,181
Payments to Vendors	(722,050)	(621,959)
Payments to Employees	(543,338)	(525,222)
	(300,000)	(335,000)
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers from Other Funds	300,000	320,000
<b>Cash Flows From Capital and Related Financing Activities</b>		
Capital Contributions	-	27,250
Acquisition and Construction of Capital Assets	-	(12,250)
	-	15,000
Net Cash Provided (Used) by Operating Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - Beginning of Year	-	-
Cash and Cash Equivalents - End of Year	\$ -	\$ -
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ (350,469)	\$ (385,940)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	37,677	46,591
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	8,568	(7,375)
(Increase) in Inventory	10,009	(11,583)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	13,079	(8,859)
Increase (Decrease) in Due to Other Funds	(28,988)	43,758
Increase in Compensated Absences Payable	10,124	(11,592)
	(300,000)	(335,000)
Net Cash Provided (Used) by Operating Activities	\$ (300,000)	\$ (335,000)

## 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, 2020

	Vehicle Service Center	Mailroom	Employee Benefits	Self Insurance	Building Operations	Technical Support Service	Self Insurance Healthcare	Total
<b>ASSETS</b>								
<b>Current Assets:</b>								
Cash and Cash Equivalents	\$ 681,446	\$ 149,731	\$ 1,580,473	\$ 22,222,863	\$ 5,665,536	\$ 177,022	\$ 18,478,650	\$ 48,955,721
Receivables:								
Accounts	20,431	-	353,467	110	367,323	-	64,251	805,582
Inventories	30,079	11,250	-	-	-	-	-	41,329
Prepaid Items	-	-	22,148	-	-	-	84,246	106,394
<b>TOTAL CURRENT ASSETS</b>	<b>731,956</b>	<b>160,981</b>	<b>1,956,088</b>	<b>22,222,973</b>	<b>6,032,859</b>	<b>177,022</b>	<b>18,627,147</b>	<b>49,909,026</b>
<b>Capital Assets:</b>								
Machinery and Equipment	223,258	-	-	-	-	564,592	-	787,850
Accumulated Depreciation	(164,580)	-	-	-	-	(559,102)	-	(723,682)
Capital Assets (Net of Accumulated Depreciation)	58,678	-	-	-	-	5,490	-	64,168
<b>TOTAL ASSETS</b>	<b>790,634</b>	<b>160,981</b>	<b>1,956,088</b>	<b>22,222,973</b>	<b>6,032,859</b>	<b>182,512</b>	<b>18,627,147</b>	<b>49,973,194</b>
<b>LIABILITIES</b>								
<b>Current liabilities:</b>								
Accounts Payable	142,495	9,094	1,376,388	17,072	419,279	7,557	351,679	2,323,564
Accrued Liabilities	12,775	1,131	125,700	14,192	-	15,574	-	169,372
Due to Other Funds	-	-	-	540	-	-	-	540
Claims Liabilities	-	-	-	17,378,980	-	-	1,544,000	18,922,980
Compensated Absences Payable	61,703	11,337	39,668	39,020	-	54,113	-	205,841
<b>TOTAL CURRENT LIABILITIES</b>	<b>216,973</b>	<b>21,562</b>	<b>1,541,756</b>	<b>17,449,804</b>	<b>419,279</b>	<b>77,244</b>	<b>1,895,679</b>	<b>21,622,297</b>
<b>Noncurrent Liabilities:</b>								
Compensated Absences Payable	3,248	597	2,088	2,054	-	2,848	-	10,835
<b>TOTAL LIABILITIES</b>	<b>220,221</b>	<b>22,159</b>	<b>1,543,844</b>	<b>17,451,858</b>	<b>419,279</b>	<b>80,092</b>	<b>1,895,679</b>	<b>21,633,132</b>
<b>NET POSITION</b>								
Investment in Capital Assets	58,678	-	-	-	-	5,490	-	64,168
Unrestricted (Deficit)	511,735	138,822	412,244	4,771,115	5,613,580	96,930	16,731,468	28,275,894
<b>TOTAL NET POSITION</b>	<b>\$ 570,413</b>	<b>\$ 138,822</b>	<b>\$ 412,244</b>	<b>\$ 4,771,115</b>	<b>\$ 5,613,580</b>	<b>\$ 102,420</b>	<b>\$ 16,731,468</b>	<b>\$ 28,340,062</b>

**KNOX COUNTY, TENNESSEE**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
For the Year Ended June 30, 2020

	<b>Vehicle Service Center</b>	<b>Mailroom</b>	<b>Employee Benefits</b>	<b>Self Insurance</b>	<b>Building Operations</b>	<b>Technical Support Service</b>	<b>Self Insurance Healthcare</b>	<b>Total</b>
<b>Operating Revenues</b>								
Charges for Services	\$ 2,652,684	\$ 246,384	\$ 36,866,977	\$ 6,218,333	\$ 11,372,095	\$ 659,220	\$ 28,404,671	\$ 86,420,364
<b>Operating Expenses</b>								
Cost of Services	2,578,127	350,036	1,879,250	1,302,977	11,774,717	866,624	1,717,965	20,469,696
Depreciation and Amortization	18,532	-	-	-	-	13,810	-	32,342
Medical Claims	-	-	219,675	-	-	-	25,044,517	25,264,192
Retirement Contributions	-	-	33,479,698	-	-	-	-	33,479,698
OPEB 35% Retiree Healthcare Contributions	-	-	960,062	-	-	-	-	960,062
Other Employee Benefits	-	-	1,047,278	-	-	-	-	1,047,278
Worker's Compensation & Other Claims	-	-	-	2,555,598	-	-	-	2,555,598
Other Expenses	172,077	-	-	15,951	-	372	-	188,400
<b>Total Operating Expenses</b>	<b>2,768,736</b>	<b>350,036</b>	<b>37,585,963</b>	<b>3,874,526</b>	<b>11,774,717</b>	<b>880,806</b>	<b>26,762,482</b>	<b>83,997,266</b>
<b>Operating Income (Loss)</b>	<b>(116,052)</b>	<b>(103,652)</b>	<b>(718,986)</b>	<b>2,343,807</b>	<b>(402,622)</b>	<b>(221,586)</b>	<b>1,642,189</b>	<b>2,423,098</b>
<b>Income (Loss) before Transfers</b>	<b>(116,052)</b>	<b>(103,652)</b>	<b>(718,986)</b>	<b>2,343,807</b>	<b>(402,622)</b>	<b>(221,586)</b>	<b>1,642,189</b>	<b>2,423,098</b>
<b>Transfers</b>								
Transfers from Other Funds	375,000	87,500	800,000	-	500,000	300,000	-	2,062,500
<b>Change in Net Position</b>	<b>258,948</b>	<b>(16,152)</b>	<b>81,014</b>	<b>2,343,807</b>	<b>97,378</b>	<b>78,414</b>	<b>1,642,189</b>	<b>4,485,598</b>
<b>Total Net Position, July 1</b>	<b>311,465</b>	<b>154,974</b>	<b>331,230</b>	<b>2,427,308</b>	<b>5,516,202</b>	<b>24,006</b>	<b>15,089,279</b>	<b>23,854,464</b>
<b>Total Net Position, June 30</b>	<b>\$ 570,413</b>	<b>\$ 138,822</b>	<b>\$ 412,244</b>	<b>\$ 4,771,115</b>	<b>\$ 5,613,580</b>	<b>\$ 102,420</b>	<b>\$ 16,731,468</b>	<b>\$ 28,340,062</b>

KNOX COUNTY, TENNESSEE

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2020

	Vehicle Service Center	Mailroom	Employee Benefits	Self Insurance	Building Operations	Technical Support Service	Self Insurance Healthcare	Total
<b>Operating Activities</b>								
Cash Received from Interfund Services Provided	\$ 2,644,883	\$ 246,384	\$ 37,103,420	\$ 6,218,223	\$ 11,679,606	\$ 659,220	\$ 29,308,894	\$ 87,860,630
Cash Paid to Employees	(524,411)	(68,661)	(471,673)	(559,377)	-	(379,845)	-	(2,003,967)
Cash Paid for Goods and Services	(1,971,475)	(226,167)	(1,276,358)	(3,817,065)	(11,635,988)	(335,182)	(1,717,967)	(20,980,202)
Cash Paid on Behalf of Employees	(166,462)	(28,861)	(34,772,965)	(141,211)	-	(121,192)	(25,264,515)	(60,495,206)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(17,465)</b>	<b>(77,305)</b>	<b>582,424</b>	<b>1,700,570</b>	<b>43,618</b>	<b>(176,999)</b>	<b>2,326,412</b>	<b>4,381,255</b>
<b>Noncapital Financing Activities</b>								
Transfers from Other Funds	375,000	87,500	800,000	-	500,000	300,000	-	2,062,500
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>375,000</b>	<b>87,500</b>	<b>800,000</b>	<b>-</b>	<b>500,000</b>	<b>300,000</b>	<b>-</b>	<b>2,062,500</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>357,535</b>	<b>10,195</b>	<b>1,382,424</b>	<b>1,700,570</b>	<b>543,618</b>	<b>123,001</b>	<b>2,326,412</b>	<b>6,443,755</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>323,911</b>	<b>139,536</b>	<b>198,049</b>	<b>20,522,293</b>	<b>5,121,918</b>	<b>54,021</b>	<b>16,152,238</b>	<b>42,511,966</b>
<b>End of Year</b>	<b>\$ 681,446</b>	<b>\$ 149,731</b>	<b>\$ 1,580,473</b>	<b>\$ 22,222,863</b>	<b>\$ 5,665,536</b>	<b>\$ 177,022</b>	<b>\$ 18,478,650</b>	<b>\$ 48,955,721</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>								
Operating Income (Loss)	\$ (116,052)	\$ (103,652)	\$ (718,986)	\$ 2,343,807	\$ (402,622)	\$ (221,586)	\$ 1,642,189	\$ 2,423,098
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	18,532	-	-	-	-	13,810	-	32,342
Change in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	(7,801)	-	236,443	(110)	307,511	-	904,221	1,440,264
Decrease in Inventories	29,710	21,628	-	-	-	-	-	51,338
(Increase) Decrease in Prepaid Items	-	-	(18,148)	-	14,887	-	(84,246)	(87,507)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	56,883	2,101	1,081,007	(21,217)	123,842	12,813	(13,472)	1,241,957
Increase (Decrease) in Due to Other Funds	-	-	-	540	-	-	-	540
Increase (Decrease) in Compensated Absences	1,263	2,618	2,108	(17,085)	-	17,964	-	6,868
Increase (Decrease) in Claims Liabilities	-	-	-	(605,365)	-	-	(122,280)	(727,645)
Total Adjustments	98,587	26,347	1,301,410	(643,237)	446,240	44,587	684,223	1,958,157
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (17,465)</b>	<b>\$ (77,305)</b>	<b>\$ 582,424</b>	<b>\$ 1,700,570</b>	<b>\$ 43,618</b>	<b>\$ (176,999)</b>	<b>\$ 2,326,412</b>	<b>\$ 4,381,255</b>

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**KNOX COUNTY, TENNESSEE**

**Vehicle Service Center Fund**  
**Comparative Statements of Net Position**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 681,446	\$ 323,911
Accounts Receivable	20,431	12,630
Inventories	30,079	59,789
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	731,956	396,330
	<hr/>	<hr/>
<b>Capital Assets:</b>		
Machinery and Equipment	223,258	223,258
Accumulated Depreciation	(164,580)	(146,048)
	<hr/>	<hr/>
Capital Assets (Net of Accumulated Depreciation)	58,678	77,210
	<hr/>	<hr/>
TOTAL ASSETS	790,634	473,540
	<hr/>	<hr/>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	142,495	83,525
Accrued Liabilities	12,775	14,862
Compensated Absences	61,703	57,319
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	216,973	155,706
	<hr/>	<hr/>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	3,248	6,369
	<hr/>	<hr/>
TOTAL LIABILITIES	220,221	162,075
	<hr/>	<hr/>
<b>NET POSITION</b>		
Investment in Capital Assets	58,678	77,210
Unrestricted	511,735	234,255
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 570,413	\$ 311,465
	<hr/> <hr/>	<hr/> <hr/>

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**KNOX COUNTY, TENNESSEE**

**Vehicle Service Center Fund  
Comparative Statements of Revenues, Expenses  
and Changes in Net Position**

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Charges for Services	<u>\$ 2,652,684</u>	<u>\$ 2,659,243</u>
<b>Operating Expenses</b>		
Cost of Services	2,578,127	2,679,517
Depreciation and Amortization	18,532	20,881
Other Expenses	<u>172,077</u>	<u>172,031</u>
Total Operating Expenses	<u>2,768,736</u>	<u>2,872,429</u>
Loss before Transfers	<u>(116,052)</u>	<u>(213,186)</u>
<b>Transfers</b>		
Transfers from Other Funds	<u>375,000</u>	<u>477,359</u>
Change in Net Position	258,948	264,173
Net Position, July 1	<u>311,465</u>	<u>47,292</u>
Net Position, June 30	<u><u>\$ 570,413</u></u>	<u><u>\$ 311,465</u></u>

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**KNOX COUNTY, TENNESSEE**

**Mailroom Fund**  
**Comparative Statements of Net Position**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 149,731	\$ 139,536
Inventories	11,250	32,878
<b>TOTAL ASSETS</b>	<u>160,981</u>	<u>172,414</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	9,094	6,102
Accrued Liabilities	1,131	2,022
Compensated Absences	11,337	8,384
<b>TOTAL CURRENT LIABILITIES</b>	<u>21,562</u>	<u>16,508</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	597	932
<b>TOTAL LIABILITIES</b>	<u>22,159</u>	<u>17,440</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 138,822</u>	<u>\$ 154,974</u>

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**KNOX COUNTY, TENNESSEE**

**Mailroom Fund**  
**Comparative Statements of Revenues, Expenses**  
**and Changes in Net Position**

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Charges for Services	<u>\$ 246,384</u>	<u>\$ 259,866</u>
<b>Operating Expenses</b>		
Cost of Services	<u>350,036</u>	<u>345,979</u>
Income (Loss) before Transfers	<u>(103,652)</u>	<u>(86,113)</u>
<b>Transfers</b>		
Transfers from Other Funds	<u>87,500</u>	<u>51,941</u>
Change in Net Position	(16,152)	(34,172)
Net Position, July 1	<u>154,974</u>	<u>189,146</u>
Net Position, June 30	<u><u>\$ 138,822</u></u>	<u><u>\$ 154,974</u></u>

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**KNOX COUNTY, TENNESSEE**

**Employee Benefits Fund**  
**Comparative Statements of Net Position**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,580,473	\$ 198,049
Accounts Receivable	353,467	589,910
Prepaid Items	<u>22,148</u>	<u>4,000</u>
<b>TOTAL ASSETS</b>	<u>1,956,088</u>	<u>791,959</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	1,376,388	127,304
Accrued Liabilities	125,700	293,777
Compensated Absences	<u>39,668</u>	<u>35,683</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,541,756</u>	<u>456,764</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	<u>2,088</u>	<u>3,965</u>
<b>TOTAL LIABILITIES</b>	<u>1,543,844</u>	<u>460,729</u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 412,244</u>	<u>\$ 331,230</u>

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**KNOX COUNTY, TENNESSEE**

**Employee Benefits Fund  
Comparative Statements of Revenues, Expenses  
and Changes in Net Position**

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Charges for Services	<u>\$ 36,866,977</u>	<u>\$ 37,069,764</u>
<b>Operating Expenses</b>		
Finance and Administration:		
Cost of Services	1,879,250	2,379,515
Medical Claims	219,675	238,942
Retirement Contributions	33,479,698	33,549,864
VWRP Employee Benefits	-	70,723
OPEB 35% Retiree Healthcare Contributions	960,062	640,042
Other Employee Benefits	<u>1,047,278</u>	<u>923,443</u>
Total Operating Expenses	<u>37,585,963</u>	<u>37,802,529</u>
Loss before Transfers	<u>(718,986)</u>	<u>(732,765)</u>
<b>Transfers</b>		
Transfers from Other Funds	<u>800,000</u>	<u>-</u>
Change in Net Position	81,014	(732,765)
Net Position, July 1	<u>331,230</u>	<u>1,063,995</u>
Net Position, June 30	<u><u>\$ 412,244</u></u>	<u><u>\$ 331,230</u></u>

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**KNOX COUNTY, TENNESSEE**

**Self Insurance Fund**  
**Comparative Statements of Net Position**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 22,222,863	\$ 20,522,293
Accounts Receivable	110	-
	<u>22,222,973</u>	<u>20,522,293</u>
<b>TOTAL CURRENT ASSETS</b>		
	<u>22,222,973</u>	<u>20,522,293</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	17,072	38,637
Accrued Liabilities	14,192	13,844
Due to Other Funds	540	-
Claims Liability	17,378,980	17,984,345
Compensated Absences	39,020	52,343
	<u>17,449,804</u>	<u>18,089,169</u>
<b>TOTAL CURRENT LIABILITIES</b>		
	<u>17,449,804</u>	<u>18,089,169</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	2,054	5,816
	<u>2,054</u>	<u>5,816</u>
<b>TOTAL LIABILITIES</b>		
	<u>17,451,858</u>	<u>18,094,985</u>
<b>NET POSITION (DEFICIT)</b>		
Unrestricted	<u>\$ 4,771,115</u>	<u>\$ 2,427,308</u>

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**KNOX COUNTY, TENNESSEE**

**Self Insurance Fund**  
**Comparative Statements of Revenues, Expenses**  
**and Changes in Net Position**

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Charges for Services	<u>\$ 6,218,333</u>	<u>\$ 6,601,472</u>
<b>Operating Expenses</b>		
Cost of Services	1,302,977	1,339,670
Workers' Compensation & Other Claims	2,555,598	4,010,177
Other Expenses	<u>15,951</u>	<u>48,895</u>
Total Operating Expenses	<u>3,874,526</u>	<u>5,398,742</u>
Change in Net Position	2,343,807	1,202,730
Net Position, July 1	<u>2,427,308</u>	<u>1,224,578</u>
Net Position, June 30	<u><u>\$ 4,771,115</u></u>	<u><u>\$ 2,427,308</u></u>

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**KNOX COUNTY, TENNESSEE**

**Building Operations Fund**  
**Comparative Statements of Net Position**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 5,665,536	\$ 5,121,918
Accounts Receivable	367,323	674,834
Prepaid Items	<u>-</u>	<u>14,887</u>
<b>TOTAL CURRENT ASSETS</b>	<u>6,032,859</u>	<u>5,811,639</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	<u>419,279</u>	<u>295,437</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>419,279</u>	<u>295,437</u>
<b>NET POSITION</b>		
Unrestricted	<u><u>\$ 5,613,580</u></u>	<u><u>\$ 5,516,202</u></u>

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**KNOX COUNTY, TENNESSEE**

**Building Operations Fund**  
**Comparative Statements of Revenues, Expenses**  
**and Changes in Net Position**

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Charges for Services	<u>\$ 11,372,095</u>	<u>\$ 11,680,046</u>
<b>Operating Expenses</b>		
Cost of Services	<u>11,774,717</u>	<u>11,212,856</u>
Total Operating Expenses	<u>11,774,717</u>	<u>11,212,856</u>
Income (Loss) before Transfers	<u>(402,622)</u>	<u>467,190</u>
<b>Transfers</b>		
Transfers from Other Funds	<u>500,000</u>	<u>-</u>
Change in Net Position	97,378	467,190
Net Position, July 1	<u>5,516,202</u>	<u>5,049,012</u>
Net Position, June 30	<u><u>\$ 5,613,580</u></u>	<u><u>\$ 5,516,202</u></u>

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**KNOX COUNTY, TENNESSEE**

**Technical Support Service Fund**  
**Comparative Statements of Net Position**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 177,022	\$ 54,021
<b>TOTAL CURRENT ASSETS</b>	<u>177,022</u>	<u>54,021</u>
<b>Capital Assets:</b>		
Machinery and Equipment	564,592	585,936
Accumulated Depreciation	<u>(559,102)</u>	<u>(566,636)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>5,490</u>	<u>19,300</u>
<b>TOTAL ASSETS</b>	<u>182,512</u>	<u>73,321</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	7,557	70
Accrued Liabilities	15,574	10,248
Compensated Absences	<u>54,113</u>	<u>35,097</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>77,244</u>	<u>45,415</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	<u>2,848</u>	<u>3,900</u>
<b>TOTAL LIABILITIES</b>	<u>80,092</u>	<u>49,315</u>
<b>NET POSITION</b>		
Investment in Capital Assets	5,490	19,300
Unrestricted	<u>96,930</u>	<u>4,706</u>
<b>TOTAL NET POSITION</b>	<u>\$ 102,420</u>	<u>\$ 24,006</u>

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**KNOX COUNTY, TENNESSEE**

**Technical Support Service Fund**  
**Comparative Statements of Revenues, Expenses**  
**and Changes in Net Position**

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Charges for Services	<u>\$ 659,220</u>	<u>\$ 317,775</u>
<b>Operating Expenses</b>		
Cost of Services	866,624	731,078
Depreciation and Amortization	13,810	32,173
Other Expense	<u>372</u>	<u>371</u>
Total Operating Expenses	<u>880,806</u>	<u>763,622</u>
Income (Loss) before Transfers	<u>(221,586)</u>	<u>(445,847)</u>
<b>Transfers</b>		
Transfers from Other Funds	<u>300,000</u>	<u>411,000</u>
Change in Net Position	78,414	(34,847)
Net Position, July 1	<u>24,006</u>	<u>58,853</u>
Net Position, June 30	<u><u>\$ 102,420</u></u>	<u><u>\$ 24,006</u></u>

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**KNOX COUNTY, TENNESSEE**

**Self Insurance Healthcare Fund**  
**Comparative Statements of Net Position**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 18,478,650	\$ 16,152,238
Accounts Receivable	64,251	968,472
Prepaid Items	84,246	-
	<u>18,627,147</u>	<u>17,120,710</u>
<b>TOTAL ASSETS</b>		
	<u>18,627,147</u>	<u>17,120,710</u>
 <b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable	351,679	365,151
Claims Liability	1,544,000	1,666,280
	<u>1,895,679</u>	<u>2,031,431</u>
<b>TOTAL LIABILITIES</b>		
	<u>1,895,679</u>	<u>2,031,431</u>
 <b>NET POSITION</b>		
Unrestricted	<u>\$ 16,731,468</u>	<u>\$ 15,089,279</u>

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**KNOX COUNTY, TENNESSEE**

**Self Insurance Healthcare Fund**  
**Comparative Statements of Revenues, Expenses**  
**and Changes in Net Position**

For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Charges for Services	<u>\$ 28,404,671</u>	<u>\$ 32,597,590</u>
<b>Operating Expenses</b>		
Cost of Services	1,717,965	2,570,187
Medical Claims	<u>25,044,517</u>	<u>25,052,756</u>
Total Operating Expenses	<u>26,762,482</u>	<u>27,622,943</u>
Change in Net Position	1,642,189	4,974,647
Net Position, July 1	<u>15,089,279</u>	<u>10,114,632</u>
Net Position, June 30	<u><u>\$ 16,731,468</u></u>	<u><u>\$ 15,089,279</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, 2020

	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
<b>ASSETS</b>									
Cash and Cash equivalents	\$ 3,592	\$ 212,743	\$ 83,159	\$ 186,712	\$ -	\$ -	\$ -	\$ -	\$ 486,206
Investments, at Fair Value:									
Mutual Funds	36,995,720	178,668,891	251,309,748	5,408,498	19,676,610	901,265	2,243,500	3,953,440	499,157,672
Collective Investment Trusts	-	-	17,622,485	196,445	1,349,862	275,954	685,060	1,061,476	21,191,282
Investments, at Contract Value:									
Guaranteed Investment Contracts	-	-	75,233,900	1,824,246	5,636,664	89,742	224,839	490,992	83,500,383
Total Investments	36,995,720	178,668,891	344,166,133	7,429,189	26,663,136	1,266,961	3,153,399	5,505,908	603,849,337
Receivables:									
Employer Contributions	-	-	-	-	-	-	960,062	-	960,062
Notes Receivable from Participants	-	-	2,041,802	-	-	-	-	-	2,041,802
Total Receivables	-	-	2,041,802	-	-	-	960,062	-	3,001,864
Total Assets	36,999,312	178,881,634	346,291,094	7,615,901	26,663,136	1,266,961	4,113,461	5,505,908	607,337,407
<b>LIABILITIES</b>									
Accounts Payable - Administrative Expenses	30,124	164,487	-	-	-	155,787	-	-	350,398
<b>NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS</b>	<u>\$ 36,969,188</u>	<u>\$ 178,717,147</u>	<u>\$ 346,291,094</u>	<u>\$ 7,615,901</u>	<u>\$ 26,663,136</u>	<u>\$ 1,111,174</u>	<u>\$ 4,113,461</u>	<u>\$ 5,505,908</u>	<u>\$ 606,987,009</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, 2020**

	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
<b>ADDITIONS</b>									
Contributions:									
Employer	\$ 3,622,967	\$ 6,946,710	\$ 11,370,491	\$ 1,579,215	\$ -	\$ 579,290	\$ 960,062	\$ 88,526	\$ 25,147,261
Employees	75,623	1,249,306	9,658,848	788,218	2,510,876	-	-	190,633	14,473,504
Rollovers	-	-	498,750	6,023	51,341	-	-	-	556,114
Total Contributions	3,698,590	8,196,016	21,528,089	2,373,456	2,562,217	579,290	960,062	279,159	40,176,879
Investment Income (Loss):									
Interest and Dividend Income	1,980,937	8,498,339	3,744,015	67,175	282,774	53,051	121,273	216,675	14,964,239
Interest on Notes Receivable from Participants	-	-	85,946	-	-	-	-	-	85,946
Net Appreciation (Depreciation) in Fair Value of Investments	(1,843,276)	(10,126,769)	1,529,679	(36,504)	326,273	(41,334)	(61,053)	(98,772)	(10,351,756)
Total Investment Income (Loss)	137,661	(1,628,430)	5,359,640	30,671	609,047	11,717	60,220	117,903	4,698,429
Less Investment Expenses	(22,200)	(32,560)	-	-	-	-	-	-	(54,760)
Net Investment Income (Loss)	115,461	(1,660,990)	5,359,640	30,671	609,047	11,717	60,220	117,903	4,643,669
Other:									
Transfers from Other Plans	-	-	34,613	-	-	648,472	-	-	683,085
Total Additions	3,814,051	6,535,026	26,922,342	2,404,127	3,171,264	1,239,479	1,020,282	397,062	45,503,633
<b>DEDUCTIONS</b>									
Benefits and Refunds	7,006,565	11,106,136	25,325,997	266,751	1,738,172	328,203	-	627,289	46,399,113
Administrative Expenses	160,991	1,033,117	72,718	-	3,801	959,852	51,816	-	2,282,295
Transfers to Other Plans	23,400	-	338,357	310,115	-	11,213	-	-	683,085
Total Deductions	7,190,956	12,139,253	25,737,072	576,866	1,741,973	1,299,268	51,816	627,289	49,364,493
<b>CHANGE IN NET POSITION</b>	(3,376,905)	(5,604,227)	1,185,270	1,827,261	1,429,291	(59,789)	968,466	(230,227)	(3,860,860)
<b>NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS, BEGINNING OF YEAR</b>									
	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
<b>NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS, END OF YEAR</b>									
	\$ 36,969,188	\$ 178,717,147	\$ 346,291,094	\$ 7,615,901	\$ 26,663,136	\$ 1,111,174	\$ 4,113,461	\$ 5,505,908	\$ 606,987,009

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Position  
Pension Trust Fund - Closed Defined Benefit Plan**

June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 3,592</u>	<u>\$ 8,792</u>
Investments, at Fair Value:		
Mutual Funds	<u>36,995,720</u>	<u>40,360,877</u>
Total Assets	<u>36,999,312</u>	<u>40,369,669</u>
<b>LIABILITIES</b>		
Accounts Payable - Administrative Expenses	<u>30,124</u>	<u>23,576</u>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<u><u>\$ 36,969,188</u></u>	<u><u>\$ 40,346,093</u></u>

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**KNOX COUNTY, TENNESSEE****Comparative Statements of Changes in Fiduciary Net Position****Pension Trust Fund - Closed Defined Benefit Plan**For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 3,622,967	\$ 3,159,971
Employees	75,623	86,069
Total Contributions	<u>3,698,590</u>	<u>3,246,040</u>
Investment Income (Loss):		
Interest and Dividend Income	1,980,937	2,028,801
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(1,843,276)</u>	<u>292,012</u>
Total Investment Income (Loss)	137,661	2,320,813
Less Investment Expenses	<u>(22,200)</u>	<u>(8,291)</u>
Net Investment Income (Loss)	<u>115,461</u>	<u>2,312,522</u>
Other:		
Transfers from Other Plans	<u>-</u>	<u>338,832</u>
Total Additions	<u>3,814,051</u>	<u>5,897,394</u>
<b>DEDUCTIONS</b>		
Benefits and Refunds	7,006,565	7,246,943
Administrative Expenses	160,991	144,140
Transfers to Other Plans	<u>23,400</u>	<u>-</u>
Total Deductions	<u>7,190,956</u>	<u>7,391,083</u>
<b>CHANGE IN NET POSITION</b>	(3,376,905)	(1,493,689)
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR</b>	<u>40,346,093</u>	<u>41,839,782</u>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR</b>	<u>\$ 36,969,188</u>	<u>\$ 40,346,093</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Position**  
**Pension Trust Fund - Uniformed Officers Pension Plan**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 212,743</u>	<u>\$ 221,755</u>
Investments, at Fair Value:		
Mutual Funds	<u>178,668,891</u>	<u>184,172,326</u>
Total Assets	<u>178,881,634</u>	<u>184,394,081</u>
<b>LIABILITIES</b>		
Accounts Payable - Administrative Expenses	<u>164,487</u>	<u>72,707</u>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<u><u>\$ 178,717,147</u></u>	<u><u>\$ 184,321,374</u></u>

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**KNOX COUNTY, TENNESSEE****Comparative Statements of Changes in Fiduciary Net Position  
Pension Trust Fund - Uniformed Officers Pension Plan  
For the Years Ended June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 6,946,710	\$ 5,682,790
Employees	<u>1,249,306</u>	<u>1,306,058</u>
Total Contributions	<u>8,196,016</u>	<u>6,988,848</u>
Investment Income (Loss):		
Interest and Dividend Income	8,498,339	9,775,982
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(10,126,769)</u>	<u>(1,675,934)</u>
Total Investment Income	(1,628,430)	8,100,048
Less Investment Expenses	<u>(32,560)</u>	<u>(64,902)</u>
Net Investment Income (Loss)	<u>(1,660,990)</u>	<u>8,035,146</u>
Total Additions	<u>6,535,026</u>	<u>15,023,994</u>
<b>DEDUCTIONS</b>		
Benefits and Refunds	11,106,136	9,747,276
Administrative Expenses	<u>1,033,117</u>	<u>680,334</u>
Total Deductions	<u>12,139,253</u>	<u>10,427,610</u>
<b>CHANGE IN NET POSITION</b>	(5,604,227)	4,596,384
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR</b>	<u>184,321,374</u>	<u>179,724,990</u>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR</b>	<u><u>\$ 178,717,147</u></u>	<u><u>\$ 184,321,374</u></u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Position**  
**Pension Trust Fund - Asset Accumulation Plan**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 83,159</u>	<u>\$ 130,475</u>
Investments, at Fair Value:		
Mutual Funds	251,309,748	249,569,046
Collective Investment Trusts	17,622,485	18,185,552
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>75,233,900</u>	<u>74,717,882</u>
Total Investments	<u>344,166,133</u>	<u>342,472,480</u>
Receivables:		
Notes Receivable from Participants	<u>2,041,802</u>	<u>2,633,344</u>
Total Assets	<u>346,291,094</u>	<u>345,236,299</u>
<b>LIABILITIES</b>		
Accounts Payable - To Other Plans	<u>-</u>	<u>130,475</u>
<b>NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS</b>	<u><u>\$ 346,291,094</u></u>	<u><u>\$ 345,105,824</u></u>

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**KNOX COUNTY, TENNESSEE****Comparative Statements of Changes in Fiduciary Net Position**  
**Pension Trust Fund - Asset Accumulation Plan**  
For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 11,370,491	\$ 11,186,044
Employees	9,658,848	9,445,064
Rollovers	498,750	1,189,140
	<u>21,528,089</u>	<u>21,820,248</u>
Investment Income (Loss):		
Interest and Dividend Income	3,744,015	3,275,365
Interest on Notes Receivable from Participants	85,946	110,093
Net Appreciation (Depreciation) in Fair Value of Investments	1,529,679	9,218,551
	<u>5,359,640</u>	<u>12,604,009</u>
Other Additions:		
Transfers from Other Plans	34,613	40,755
	<u>26,922,342</u>	<u>34,465,012</u>
<b>DEDUCTIONS</b>		
Benefits and Refunds	25,325,997	20,234,647
Administrative Expenses	72,718	72,012
Transfer to Other Plans	338,357	673,620
	<u>25,737,072</u>	<u>20,980,279</u>
<b>CHANGE IN NET POSITION</b>	1,185,270	13,484,733
<b>NET POSITION - RESTRICTED FOR RETIREMENT</b>		
<b>BENEFITS, BEGINNING OF YEAR</b>	<u>345,105,824</u>	<u>331,621,091</u>
<b>NET POSITION - RESTRICTED FOR RETIREMENT</b>		
<b>BENEFITS, END OF YEAR</b>	<u>\$ 346,291,094</u>	<u>\$ 345,105,824</u>

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## KNOX COUNTY, TENNESSEE

### Comparative Statements of Fiduciary Net Position Pension Trust Fund - Sheriff's Total Accumulation Retirement Plan June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 186,712	\$ 42,690
Investments, at Fair Value:		
Mutual Funds	5,408,498	4,101,652
Collective Investment Trusts	196,445	155,582
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>1,824,246</u>	<u>1,510,572</u>
Total Investments	<u>7,429,189</u>	<u>5,767,806</u>
Receivables:		
Employer Contributions	<u>-</u>	<u>20,834</u>
Total Assets	<u>7,615,901</u>	<u>5,831,330</u>
<b>LIABILITIES</b>		
Accounts Payable - to Other Plans	<u>-</u>	<u>42,690</u>
<b>NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS</b>	<u>\$ 7,615,901</u>	<u>\$ 5,788,640</u>

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**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, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,579,215	\$ 1,385,768
Employees	788,218	682,454
Rollovers	<u>6,023</u>	<u>1,691</u>
Total Contributions	<u>2,373,456</u>	<u>2,069,913</u>
Investment Income:		
Interest and Dividend Income	67,175	42,350
Net Appreciation in Fair Value of Investments	<u>(36,504)</u>	<u>118,160</u>
Net Investment Income	<u>30,671</u>	<u>160,510</u>
Total Additions	<u>2,404,127</u>	<u>2,230,423</u>
<b>DEDUCTIONS</b>		
Benefits and Refunds	266,751	121,576
Transfers to Other Plans	<u>310,115</u>	<u>244,220</u>
Total Deductions	<u>576,866</u>	<u>365,796</u>
<b>CHANGE IN NET POSITION</b>	1,827,261	1,864,627
<b>NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, BEGINNING OF YEAR</b>	<u>5,788,640</u>	<u>3,924,013</u>
<b>NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, END OF YEAR</b>	<u>\$ 7,615,901</u>	<u>\$ 5,788,640</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Position**  
**Pension Trust Fund - Voluntary 457 Plan**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Investments, at Fair Value:		
Mutual Funds	\$ 19,676,610	\$ 18,814,411
Collective Investment Trusts	1,349,862	1,357,442
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>5,636,664</u>	<u>5,061,992</u>
Total Assets	<u>26,663,136</u>	<u>25,233,845</u>
<b>NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS</b>	<u>\$ 26,663,136</u>	<u>\$ 25,233,845</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Changes in Fiduciary Net Position  
Pension Trust Fund - Voluntary 457 Plan  
For the Years Ended June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
Employee	\$ 2,510,876	\$ 2,528,955
Rollovers	51,341	483,349
	<u>2,562,217</u>	<u>3,012,304</u>
Investment Income (Loss):		
Interest and Dividend Income	282,774	236,061
Net Appreciation (Depreciation) in Fair Value of Investments	326,273	730,418
	<u>609,047</u>	<u>966,479</u>
Total Additions	<u>3,171,264</u>	<u>3,978,783</u>
<b>DEDUCTIONS</b>		
Benefits and Refunds	1,738,172	1,568,293
Administrative Expense	3,801	3,852
	<u>1,741,973</u>	<u>1,572,145</u>
<b>CHANGE IN NET POSITION</b>	1,429,291	2,406,638
<b>NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, BEGINNING OF YEAR</b>	<u>25,233,845</u>	<u>22,827,207</u>
<b>NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, END OF YEAR</b>	<u>\$ 26,663,136</u>	<u>\$ 25,233,845</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Position**  
**Other Employee Benefit Trust Fund - Employee Disability Plan**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Investments, at Fair Value:		
Mutual Funds	\$ 901,265	\$ 794,842
Collective Investment Trusts	275,954	244,675
Investments, at Contract Value:		
Guaranteed Investment Contracts	89,742	75,905
Total Investments	<u>1,266,961</u>	<u>1,115,422</u>
Receivables:		
Receivable from Other Plans	<u>-</u>	<u>173,165</u>
Total Assets	<u>1,266,961</u>	<u>1,288,587</u>
<b>LIABILITIES</b>		
Accounts Payable - Administrative Expenses	<u>155,787</u>	<u>117,624</u>
<b>NET POSITION - RESTRICTED FOR</b>		
<b>OPEB BENEFITS</b>	<u>\$ 1,111,174</u>	<u>\$ 1,170,963</u>

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**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, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 579,290	\$ 503,685
Investment Income (Loss):		
Interest and Dividend Income	53,051	53,786
Net Depreciation in Fair Value of Investments	(41,334)	(66,405)
Net Investment Income (Loss)	11,717	(12,619)
Other Additions:		
Transfers From Other Plans	648,472	917,840
Total Additions	1,239,479	1,408,906
<b>DEDUCTIONS</b>		
Benefits and Refunds	328,203	281,313
Administrative Expenses	959,852	906,567
Transfers to Other Plans	11,213	40,755
Total Deductions	1,299,268	1,228,635
<b>CHANGE IN NET POSITION</b>	(59,789)	180,271
<b>NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR</b>	1,170,963	990,692
<b>NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR</b>	\$ 1,111,174	\$ 1,170,963

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Position**  
**Other Employee Benefit Trust Fund - Retiree Healthcare Plan**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Investments, at Fair Value:		
Mutual Funds	\$ 2,243,500	\$ 2,235,700
Collective Investment Trusts	685,060	694,806
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>224,839</u>	<u>214,489</u>
 Total Investments	<u>3,153,399</u>	<u>3,144,995</u>
 Receivables:		
Employer Contributions	<u>960,062</u>	<u>-</u>
 Total Receivables	<u>960,062</u>	<u>-</u>
 Total Assets	<u>4,113,461</u>	<u>3,144,995</u>
 <b>NET POSITION - RESTRICTED FOR</b>		
<b>OPEB BENEFITS</b>	<u>\$ 4,113,461</u>	<u>\$ 3,144,995</u>

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**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, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 960,062	\$ 960,062
Investment Income (Loss):		
Interest and Dividend Income	121,273	119,878
Net Depreciation in Fair Value of Investments	(61,053)	(55,148)
Total Investment Income (Loss)	60,220	64,730
Total Additions	<u>1,020,282</u>	<u>1,024,792</u>
<b>DEDUCTIONS</b>		
Administrative Expenses	51,816	58,881
Total Deductions	<u>51,816</u>	<u>58,881</u>
<b>CHANGE IN NET POSITION</b>	968,466	965,911
<b>NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR</b>	<u>3,144,995</u>	<u>2,179,084</u>
<b>NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR</b>	<u>\$ 4,113,461</u>	<u>\$ 3,144,995</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Position**  
**Pension Trust Fund - Medical Expense Retirement Plan**  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Investments, at Fair Value:		
Mutual Funds	\$ 3,953,440	\$ 4,099,085
Collective Investment Trusts	1,061,476	1,171,860
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>490,992</u>	<u>465,190</u>
Total Assets	<u>5,505,908</u>	<u>5,736,135</u>
<b>NET POSITION - RESTRICTED FOR</b>		
<b>OPEB BENEFITS</b>	<u>\$ 5,505,908</u>	<u>\$ 5,736,135</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Changes in Fiduciary Net Position**  
**Pension Trust Fund - Medical Expense Retirement Plan**  
For the Years Ended June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 88,526	\$ 97,227
Employees	190,633	202,449
Total Contributions	<u>279,159</u>	<u>299,676</u>
Investment Income (Loss):		
Interest and Dividend Income	216,675	322,437
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(98,772)</u>	<u>(179,712)</u>
Net Investment Income (Loss)	<u>117,903</u>	<u>142,725</u>
Total Additions	<u>397,062</u>	<u>442,401</u>
<b>DEDUCTIONS</b>		
Benefits and Refunds	627,289	583,805
Administrative Expenses	<u>-</u>	<u>14</u>
Total Deductions	<u>627,289</u>	<u>583,819</u>
<b>CHANGE IN NET POSITION</b>	(230,227)	(141,418)
<b>NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR</b>	<u>5,736,135</u>	<u>5,877,553</u>
<b>NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR</b>	<u>\$ 5,505,908</u>	<u>\$ 5,736,135</u>

**KNOX COUNTY, TENNESSEE**

**Combining Statement of Fiduciary Assets and Liabilities**

**Agency Funds**

June 30, 2020

(With Comparative Totals for June 30, 2019)

	Municipal Sales Tax	Subdivision Bonds	External Agencies	Constitutional Officers	Totals	
					2020	2019
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 863,946	\$ 4,910,920	\$ 28,746,984	\$ 34,521,850	\$ 32,757,875
Receivables:						
Accounts	8,769,731	-	-	682,956	9,452,687	9,428,885
<b>TOTAL ASSETS</b>	<b>\$ 8,769,731</b>	<b>\$ 863,946</b>	<b>\$ 4,910,920</b>	<b>\$ 29,429,940</b>	<b>\$ 43,974,537</b>	<b>\$ 42,186,760</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 8,769,731	\$ -	\$ -	\$ -	\$ 8,769,731	\$ 12,644,044
Accrued Liabilities	-	863,946	4,910,920	-	5,774,866	4,455,446
Due to Other Governments	-	-	-	8,080,655	8,080,655	7,819,331
Due to Litigants, Heirs and Others	-	-	-	21,349,285	21,349,285	17,267,939
<b>TOTAL LIABILITIES</b>	<b>\$ 8,769,731</b>	<b>\$ 863,946</b>	<b>\$ 4,910,920</b>	<b>\$ 29,429,940</b>	<b>\$ 43,974,537</b>	<b>\$ 42,186,760</b>

**KNOX COUNTY, TENNESSEE**

**Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds**

For the Year Ended June 30, 2020

	June 30, 2019	Additions	Deductions	June 30, 2020
<b><u>Municipal Sales Tax Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 4,101,945	\$ -	\$ 4,101,945	\$ -
Accounts Receivable	8,542,099	52,834,287	52,606,655	8,769,731
Total Assets	<u>\$ 12,644,044</u>	<u>\$ 52,834,287</u>	<u>\$ 56,708,600</u>	<u>\$ 8,769,731</u>
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 12,644,044	\$ 52,834,287	\$ 56,708,600	\$ 8,769,731
<b><u>Subdivision Bonds</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 973,146	\$ 424,000	\$ 533,200	\$ 863,946
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 973,146	\$ 424,000	\$ 533,200	\$ 863,946
<b><u>External Agencies Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 3,482,300	\$ 47,645,019	\$ 46,216,399	\$ 4,910,920
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 3,482,300	\$ 47,645,019	\$ 46,216,399	\$ 4,910,920
<b><u>Constitutional Officers Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 24,200,484	\$ 112,360,635	\$ 107,814,135	\$ 28,746,984
Accounts Receivable	886,786	682,956	886,786	682,956
Total Assets	<u>\$ 25,087,270</u>	<u>\$ 113,043,591</u>	<u>\$ 108,700,921</u>	<u>\$ 29,429,940</u>
Liabilities:				
Due to Others	\$ 25,087,270	\$ 113,043,591	\$ 108,700,921	\$ 29,429,940
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 32,757,875	\$ 160,429,654	\$ 158,665,679	\$ 34,521,850
Accounts Receivable	9,428,885	53,517,243	53,493,441	9,452,687
Total Assets	<u>\$ 42,186,760</u>	<u>\$ 213,946,897</u>	<u>\$ 212,159,120</u>	<u>\$ 43,974,537</u>
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 17,099,490	\$ 100,903,306	\$ 103,458,199	\$ 14,544,597
Due to Others	25,087,270	113,043,591	108,700,921	29,429,940
Total Liabilities	<u>\$ 42,186,760</u>	<u>\$ 213,946,897</u>	<u>\$ 212,159,120</u>	<u>\$ 43,974,537</u>

**KNOX COUNTY, TENNESSEE**

**Combining Statement of Net Position**

**Nonmajor Component Units**

June 30, 2020

	Nonmajor Component Units			Total Nonmajor Component Units
	Knox County Emergency Communications District	Knox County Development Corporation	Knox County Railroad Authority	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 18,880,526	\$ 8,347,431	\$ 10,780	\$ 27,238,737
Accounts Receivable	312	97,150	-	97,462
Land Held for Resale	-	35,677,928	-	35,677,928
Prepaid Items	106,680	30,710	-	137,390
Net Pension Asset	550,445	-	-	550,445
Capital Assets:				
Land and Construction in Process	1,441,203	-	-	1,441,203
Other Capital Assets, Net of Accumulated Depreciation	14,207,939	3,027	-	14,210,966
<b>Total Assets</b>	<u>35,187,105</u>	<u>44,156,246</u>	<u>10,780</u>	<u>79,354,131</u>
<b>Deferred Outflows of Resources</b>				
Deferred Outflows Related to Pensions	51,846	-	-	51,846
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	207,698	1,283,106	-	1,490,804
Unearned Revenue	-	3,764	-	3,764
Other Long-term Obligations:				
Due in Less than One Year	357,144	37,494	-	394,638
Due in More than One Year	239,526	497,006	-	736,532
<b>Total Liabilities</b>	<u>804,368</u>	<u>1,821,370</u>	<u>-</u>	<u>2,625,738</u>
<b>Deferred Inflows of Resources</b>				
Deferred Inflows Related to Pensions	3,086	-	-	3,086
<b>Net Position</b>				
Investment in Capital Assets	15,649,142	3,027	-	15,652,169
Restricted for:				
Other Purposes	-	83,122	-	83,122
Unrestricted	18,782,355	42,248,727	10,780	61,041,862
<b>Total Net Position</b>	<u>\$ 34,431,497</u>	<u>\$ 42,334,876</u>	<u>\$ 10,780</u>	<u>\$ 76,777,153</u>

**KNOX COUNTY, TENNESSEE**

**Combining Statement of Activities  
Nonmajor Component Units  
For the Year Ended June 30, 2020**

<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	\$ 10,957,186	\$ 6,638,144	\$ -	\$ 48,000	\$ (4,271,042)	\$ -	\$ -	\$ (4,271,042)
Knox County Development Corporation	1,034,917	294,554	-	-	-	(740,363)	-	(740,363)
Knox County Railroad Authority	500	-	-	-	-	-	(500)	(500)
<b>Total component units</b>	<u>\$ 11,992,603</u>	<u>\$ 6,932,698</u>	<u>\$ -</u>	<u>\$ 48,000</u>	<u>(4,271,042)</u>	<u>(740,363)</u>	<u>(500)</u>	<u>(5,011,905)</u>
<b>General Revenues:</b>								
Investment Revenue					290,947	276,502	-	567,449
Payments from Primary Government					1,358,223	730,500	-	2,088,723
Other Revenues					275,139	-	-	275,139
Other Governments and Citizens Groups					-	101,300	-	101,300
Grants and Contributions Not Restricted for Specific Programs					1,719,140	-	-	1,719,140
<b>Total General Revenues</b>					<u>3,643,449</u>	<u>1,108,302</u>	<u>-</u>	<u>4,751,751</u>
Change in Net Position					(627,593)	367,939	(500)	(260,154)
Net Position, July 1					35,059,090	41,966,937	11,280	77,037,307
Net Position, June 30					<u>\$ 34,431,497</u>	<u>\$ 42,334,876</u>	<u>\$ 10,780</u>	<u>\$ 76,777,153</u>

**KNOX COUNTY, TENNESSEE**  
**Schedule of Changes in Long-term Debt by Individual Issue**  
For the Year Ended June 30, 2020

Governmental Activities, Payable through Debt Service Fund: Description of Indebtedness	Original Issue Amount	Interest Rate	Issuance Date	Last Maturity Date	Outstanding 7/1/2019	Transactions FY 2020:			Outstanding 6/30/2020
						Debt Issued	Principal Payments	Principal Refunded	
<b>Bonds Payable:</b>									
General Obligation, Series 2003	\$ 72,000,000	Variable Rate Swap to 3.95%	10/1/2003	6/1/2029	\$ 44,225,000	\$ -	\$ 3,300,000	\$ -	\$ 40,925,000
General Obligation Refunding, Series 2004	34,550,000	4.00 - 5.25%	11/18/2004	4/1/2020	5,000,000	-	5,000,000	-	-
General Obligation, Series 2004	70,000,000	Variable Rate Swap to 3.40%	9/23/2004	6/1/2029	49,300,000	-	3,810,000	-	45,490,000
General Obligation Refunding, Series 2005A	47,610,000	3.569 - 5.00%	5/10/2005	5/1/2021	11,550,000	-	5,630,000	-	5,920,000
General Obligation, Series 2005	77,000,000	Variable Rate Swap to 3.89%	8/18/2005	6/1/2034	56,125,000	-	2,500,000	-	53,625,000
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	24,785,000	-	1,970,000	-	22,815,000
General Obligation, Series 2010A (Taxable Build America Bonds)	16,000,000	1.10 - 5.75%	6/24/2010	6/1/2035	15,275,000	-	525,000	14,750,000	-
General Obligation Refunding, Series 2010B	30,115,000	2.00 - 5.00%	10/30/2010	4/1/2035	1,100,000	-	1,100,000	-	-
General Obligation, Series 2010D (Taxable Build America Bonds)	17,000,000	1.125 - 6.00%	12/15/2010	6/1/2035	16,675,000	-	250,000	16,425,000	-
General Obligation, Qualified School Construction Bonds Series 2010	29,236,000	0.00%	10/7/2010	7/1/2027	14,945,799	-	1,824,281	-	13,121,518
General Obligation, Series 2012	35,905,000	2.0 - 4.0%	3/15/2012	4/1/2032	11,580,000	-	735,000	10,845,000	-
General Obligation, Series 2013	39,075,000	2.0 - 4.25%	9/10/2013	6/1/2035	1,625,000	-	1,625,000	-	-
General Obligation, Series 2014A	30,040,000	2.125 - 5.00%	10/30/2014	6/1/2036	25,560,000	-	1,920,000	-	23,640,000
General Obligation Refunding, Series 2014B	56,840,000	0.25 - 3.23%	10/30/2014	6/1/2027	41,345,000	-	3,140,000	-	38,205,000
General Obligation, Series 2016	35,900,000	1.0 - 5.0%	4/15/2016	6/1/2036	31,725,000	-	2,100,000	-	29,625,000
General Obligation, Series 2017	90,265,000	3.0 - 5.0%	5/1/2017	6/1/2037	84,755,000	-	3,120,000	-	81,635,000
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	31,510,000	-	1,660,000	-	29,850,000
General Obligation/Refunding, Series 2019	45,610,000	2.75 - 5.0%	5/15/2019	4/1/2038	45,610,000	-	3,760,000	-	41,850,000
General Obligation, Series 2019B	37,230,000	2.375 - 5.0%	10/10/2019	6/1/2040	-	37,230,000	-	-	37,230,000
General Obligation Refunding, Series 2020A	17,420,000	1.5 - 5.0%	1/31/2020	8/1/2030	-	17,420,000	-	-	17,420,000
General Obligation Refunding, Series 2020B	38,090,000	1.875 - 5.0%	4/1/2020	6/1/2038	-	38,090,000	-	-	38,090,000
Total Bonds Payable through Debt Service Fund					\$ 639,470,799	\$ 92,740,000	\$ 43,969,281	\$ 42,020,000	\$ 646,221,518
<b>Loan Payable:</b>									
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	\$ 2,176,237	\$ -	\$ 421,576	\$ -	\$ 1,754,661
<b>Capital Leases Payable:</b>									
Master Lease Agreement	\$ 13,182,024	2.19%	4/15/2013	2/1/2028	\$ 8,379,961	\$ -	\$ 855,129	\$ 7,524,832	\$ -
Lease Financing Agreement	14,872,404	3.10%	5/30/2014	8/1/2030	12,468,197	-	736,103	11,732,094	-
Equipment Lease/Purchase Contract (Qualified Energy Conservation Bond Allocation from State of Tennessee)	12,450,000	4.87%	6/30/2015	12/1/2036	11,494,536	-	347,977	-	11,146,559
Total Capital Leases Payable through Debt Service Fund					\$ 32,342,694	\$ -	\$ 1,939,209	\$ 19,256,926	\$ 11,146,559

KNOX COUNTY, TENNESSEE

Knox County Primary Government and Board of Education  
 Schedule of Debt Service Requirements  
 General Bonded Debt  
 June 30, 2020

Fiscal Year Ending June 30,	\$72,000,000 General Obligation Series 2003		\$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		\$29,236,000 Qualified School Construction Bonds Series 2010		\$30,040,000 General Obligation Bonds Series 2014A		\$56,840,000 Refunding Bonds Series 2014B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 1,824,281	\$ 1,417,361	\$ 1,170,000	\$ 751,162	\$ 5,995,000	\$ 1,065,646
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	1,824,281	1,417,361	1,230,000	692,662	6,105,000	925,364
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	1,824,281	1,417,361	1,260,000	661,912	6,245,000	770,296
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	1,824,281	1,417,361	1,285,000	635,138	6,340,000	602,930
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	1,824,281	1,417,361	1,315,000	603,013	6,510,000	420,338
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	1,824,281	1,417,361	1,350,000	573,425	6,675,000	223,086
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	2,003,856	1,417,361	1,380,000	539,675	335,000	10,820
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	171,976	139,589	1,425,000	498,275	-	-
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	-	-	1,470,000	455,525	-	-
2030	-	-	-	-	-	-	7,750,000	1,887,750	8,450,000	2,338,750	-	-	-	-	1,515,000	411,425	-	-
2031	-	-	-	-	-	-	8,050,000	1,539,000	8,900,000	1,916,250	-	-	-	-	1,560,000	358,400	-	-
2032	-	-	-	-	-	-	8,375,000	1,176,750	9,325,000	1,471,250	-	-	-	-	1,615,000	303,800	-	-
2033	-	-	-	-	-	-	8,700,000	799,875	9,800,000	1,005,000	-	-	-	-	1,675,000	247,275	-	-
2034	-	-	-	-	-	-	9,075,000	408,375	10,300,000	515,000	-	-	-	-	1,735,000	188,650	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,795,000	127,925	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,860,000	65,100	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 40,925,000	\$ 9,947,250	\$ 45,490,000	\$ 9,741,600	\$ 5,920,000	\$ 296,000	\$53,625,000	\$25,225,875	\$69,000,000	\$37,265,000	\$22,815,000	\$ 6,072,750	\$ 13,121,518	\$ 10,061,116	\$23,640,000	\$ 7,113,362	\$38,205,000	\$ 4,018,480

continued

KNOX COUNTY, TENNESSEE

Knox County Primary Government and Board of Education  
 Schedule of Debt Service Requirements  
 General Bonded Debt (Continued)  
 June 30, 2020

Fiscal Year Ending June 30,	\$35,900,000 General Obligation Bonds Series 2016		\$90,265,000 General Obligation Bonds Series 2017		\$57,780,000 Refunding Bonds Series 2017B		\$33,165,000 General Obligation Bonds Series 2018		\$45,610,000 G.O. and Refunding Bonds Series 2019		\$37,230,000 General Obligation Bonds Series 2019B		\$17,420,000 Refunding Bonds Series 2020A		\$38,090,000 Refunding Bonds Series 2020B		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 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	\$ 1,200,000	\$ 1,357,894	\$ 1,355,000	\$ 692,864	\$ 1,045,000	\$ 1,512,591	\$ 43,609,281	\$ 27,115,585
2022	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	1,260,000	1,297,894	1,460,000	620,475	1,655,000	1,244,256	38,319,281	25,106,816
2023	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	1,330,000	1,234,894	1,575,000	544,600	1,700,000	1,161,506	39,854,281	23,526,848
2024	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	1,390,000	1,168,394	1,695,000	462,850	1,730,000	1,076,506	40,474,281	21,873,333
2025	1,575,000	701,313	3,985,000	2,550,425	3,480,000	1,462,860	1,660,000	1,011,400	1,415,000	985,656	1,460,000	1,098,894	1,815,000	375,100	1,740,000	990,006	39,914,281	20,178,341
2026	1,625,000	622,563	4,180,000	2,351,175	3,595,000	1,288,860	1,660,000	928,400	1,485,000	914,906	1,535,000	1,025,894	1,950,000	280,975	2,375,000	903,006	42,119,281	18,513,076
2027	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	1,615,000	949,144	2,055,000	216,812	2,100,000	784,256	43,768,856	16,818,272
2028	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	1,695,000	868,394	2,170,000	147,150	2,230,000	679,256	44,406,976	13,761,055
2029	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	1,780,000	783,643	1,300,000	66,900	2,330,000	590,056	45,090,000	11,775,852
2030	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	1,865,000	694,643	1,385,000	27,050	3,345,000	520,156	38,880,000	9,862,863
2031	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	1,940,000	620,043	660,000	6,600	3,410,000	419,806	39,665,000	8,228,789
2032	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	2,015,000	542,443	-	-	3,585,000	317,507	40,435,000	6,699,370
2033	2,075,000	271,624	5,610,000	924,675	4,605,000	428,425	1,655,000	397,200	2,010,000	392,844	2,065,000	494,587	-	-	2,720,000	209,957	40,915,000	5,171,462
2034	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	2,120,000	442,963	-	-	2,835,000	158,957	42,430,000	3,635,816
2035	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	2,175,000	387,312	-	-	5,290,000	105,800	26,175,000	2,035,307
2036	2,325,000	72,656	6,130,000	404,625	-	-	1,655,000	198,600	2,195,000	209,131	2,230,000	330,219	-	-	-	-	16,395,000	1,280,331
2037	-	-	6,320,000	205,400	-	-	1,655,000	132,400	2,260,000	143,281	2,295,000	268,894	-	-	-	-	12,530,000	749,975
2038	-	-	-	-	-	-	1,655,000	66,200	2,325,000	72,657	2,355,000	205,783	-	-	-	-	6,335,000	344,640
2039	-	-	-	-	-	-	-	-	-	-	2,420,000	141,019	-	-	-	-	2,420,000	141,019
2040	-	-	-	-	-	-	-	-	-	-	2,485,000	71,443	-	-	-	-	2,485,000	71,443
Totals	\$ 29,625,000	\$ 8,329,841	\$ 81,635,000	\$ 29,421,350	\$ 57,780,000	\$ 16,196,467	\$ 29,850,000	\$ 12,082,800	\$ 41,850,000	\$ 13,018,910	\$ 37,230,000	\$ 13,984,394	\$ 17,420,000	\$ 3,441,376	\$ 38,090,000	\$ 10,673,622	\$ 646,221,518	\$ 216,890,193

**KNOX COUNTY, TENNESSEE**

**Knox County Primary Government  
Schedule of Debt Service Requirements  
General Bonded Debt  
June 30, 2020**

Fiscal Year Ending June 30,	\$40,000,000 General Obligation Series 2003		\$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		\$15,505,000 General Obligation Bonds Series 2014A		\$52,810,000 Refunding Bonds Series 2014B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 525,000	\$ 337,006	\$ 5,995,000	\$ 1,065,646
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	550,000	310,756	6,105,000	925,364
2023	1,978,567	839,508	2,957,143	977,829	-	-	649,351	1,458,847	-	2,522,500	1,482,000	603,525	565,000	297,006	6,245,000	770,296
2024	2,097,367	740,339	3,128,000	859,543	-	-	681,818	1,429,627	-	2,522,500	1,556,750	529,425	575,000	285,000	6,340,000	602,930
2025	2,225,050	634,933	3,298,857	734,423	-	-	714,286	1,398,945	-	2,522,500	1,634,750	451,587	590,000	270,625	6,510,000	420,338
2026	2,353,433	522,666	3,482,857	602,469	-	-	746,753	1,366,802	-	2,522,500	1,716,000	369,850	605,000	257,350	6,675,000	223,086
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	620,000	242,225	335,000	10,820
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	640,000	223,625	-	-
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	660,000	204,425	-	-
2030	-	-	-	-	-	-	5,032,468	1,225,812	6,178,297	1,709,999	-	-	680,000	184,625	-	-
2031	-	-	-	-	-	-	5,227,273	999,351	6,507,319	1,401,084	-	-	700,000	160,825	-	-
2032	-	-	-	-	-	-	5,438,312	764,123	6,818,062	1,075,718	-	-	725,000	136,325	-	-
2033	-	-	-	-	-	-	5,649,351	519,399	7,165,362	734,815	-	-	750,000	110,950	-	-
2034	-	-	-	-	-	-	5,892,857	265,179	7,530,942	376,547	-	-	780,000	84,700	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	805,000	57,400	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	835,000	29,225	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 20,286,933</b>	<b>\$ 5,514,809</b>	<b>\$ 29,893,428</b>	<b>\$ 6,401,624</b>	<b>\$ 3,701,333</b>	<b>\$ 183,552</b>	<b>\$ 34,821,430</b>	<b>\$ 16,380,439</b>	<b>\$ 50,450,000</b>	<b>\$ 27,246,655</b>	<b>\$ 14,829,750</b>	<b>\$ 3,947,285</b>	<b>\$ 10,605,000</b>	<b>\$ 3,192,068</b>	<b>\$ 38,205,000</b>	<b>\$ 4,018,480</b>

*continued*

**KNOX COUNTY, TENNESSEE**

**Knox County Primary Government  
Schedule of Debt Service Requirements  
General Bonded Debt (Continued)  
June 30, 2020**

Fiscal Year Ending June 30,	\$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		\$21,430,000 General Obligation Bonds Series 2019B		\$19,527,143 Refunding Bonds Series 2020B		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 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	\$ 690,000	\$ 781,606	\$ 535,728	\$ 775,442	\$ 25,613,527	\$ 15,186,509
2022	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	725,000	747,106	848,449	637,878	22,074,182	14,044,950
2023	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	765,000	710,856	871,519	595,455	22,673,715	13,146,319
2024	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	800,000	672,606	886,898	551,879	23,510,968	12,206,339
2025	640,000	285,481	1,400,000	895,075	2,520,000	1,081,795	1,210,135	737,308	920,000	640,575	840,000	632,606	892,025	507,534	23,395,103	11,213,725
2026	665,000	253,481	1,465,000	825,075	2,590,000	955,795	1,210,135	676,801	965,000	594,575	885,000	590,606	1,217,563	462,933	24,576,741	10,223,989
2027	685,000	240,181	1,540,000	751,825	2,870,000	826,295	1,210,135	616,294	1,015,000	546,325	930,000	546,356	1,076,582	402,055	23,738,885	9,188,816
2028	710,000	221,344	1,620,000	674,825	2,945,000	768,895	1,210,135	555,787	1,065,000	495,575	975,000	499,856	1,143,227	348,226	24,951,895	8,160,051
2029	735,000	201,818	1,685,000	610,025	2,870,000	702,633	1,210,135	495,281	1,120,000	442,325	1,025,000	451,106	1,194,493	302,497	25,910,314	7,082,682
2030	760,000	181,606	1,765,000	525,775	3,125,000	634,469	1,210,135	434,774	1,175,000	386,325	1,075,000	399,856	1,714,841	266,662	22,715,741	5,949,903
2031	790,000	158,806	1,855,000	437,525	3,250,000	509,470	1,210,135	386,368	1,225,000	339,325	1,115,000	356,856	1,748,164	215,217	23,627,891	4,964,827
2032	815,000	135,106	1,910,000	381,875	3,335,000	418,470	1,210,135	337,963	1,270,000	290,325	1,160,000	312,256	1,837,879	162,773	24,519,388	4,014,934
2033	850,000	110,656	1,970,000	324,575	3,445,000	321,755	1,206,490	289,558	1,305,000	255,400	1,190,000	284,706	1,394,430	107,636	24,925,633	3,059,450
2034	875,000	85,156	2,025,000	265,475	3,520,000	220,128	1,206,490	241,298	1,345,000	216,250	1,220,000	254,957	1,453,385	81,491	25,848,674	2,091,181
2035	900,000	57,812	2,090,000	204,725	3,755,000	114,527	1,206,490	193,038	1,385,000	177,581	1,250,000	222,931	2,711,960	54,239	14,103,450	1,082,253
2036	950,000	29,688	2,150,000	142,025	-	-	1,206,490	144,779	1,425,000	136,031	1,285,000	190,119	-	-	7,851,490	671,867
2037	-	-	2,220,000	72,150	-	-	1,206,490	96,519	1,470,000	93,281	1,320,000	154,782	-	-	6,216,490	416,732
2038	-	-	-	-	-	-	1,206,490	48,260	1,515,000	47,344	1,355,000	118,483	-	-	4,076,490	214,087
2039	-	-	-	-	-	-	-	-	-	-	1,395,000	81,219	-	-	1,395,000	81,219
2040	-	-	-	-	-	-	-	-	-	-	1,430,000	41,112	-	-	1,430,000	41,112
<b>Totals</b>	<b>\$ 12,535,000</b>	<b>\$ 3,398,860</b>	<b>\$ 28,650,000</b>	<b>\$ 10,325,750</b>	<b>\$ 42,420,000</b>	<b>\$ 12,001,412</b>	<b>\$ 21,760,560</b>	<b>\$ 8,808,326</b>	<b>\$ 24,040,000</b>	<b>\$ 8,099,787</b>	<b>\$ 21,430,000</b>	<b>\$ 8,049,981</b>	<b>\$ 19,527,143</b>	<b>\$ 5,471,917</b>	<b>\$ 373,155,577</b>	<b>\$ 123,040,945</b>

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Schedule of Debt Service Requirements  
General Bonded Debt  
June 30, 2020**

Fiscal Year Ending June 30,	\$32,000,000 General Obligation Series 2003		\$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		\$29,236,000 Qualified School Construction Bonds Series 2010		\$14,535,000 General Obligation Bonds Series 2014A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 1,824,281	\$ 1,417,361	\$ 645,000	\$ 414,156
2022	1,685,633	749,936	1,460,571	568,594	-	-	376,948	804,740	-	927,500	761,250	363,038	1,824,281	1,417,361	680,000	381,906
2023	1,996,433	674,742	1,542,857	510,171	-	-	350,649	787,778	-	927,500	798,000	324,975	1,824,281	1,417,361	695,000	364,906
2024	2,127,633	595,036	1,632,000	448,457	-	-	368,182	771,998	-	927,500	838,250	285,075	1,824,281	1,417,361	710,000	350,138
2025	2,274,950	510,317	1,721,143	383,177	-	-	385,714	755,430	-	927,500	880,250	243,163	1,824,281	1,417,361	725,000	332,388
2026	2,421,567	420,084	1,817,143	314,331	-	-	403,247	738,073	-	927,500	924,000	199,150	1,824,281	1,417,361	745,000	316,075
2027	2,585,683	324,337	1,913,143	241,646	-	-	412,013	719,927	1,740,743	927,500	971,250	152,950	2,003,856	1,417,361	760,000	297,450
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	171,976	139,589	785,000	274,650
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	-	-	810,000	251,100
2030	-	-	-	-	-	-	2,717,532	661,938	2,271,703	628,751	-	-	-	-	835,000	226,800
2031	-	-	-	-	-	-	2,822,727	539,649	2,392,681	515,166	-	-	-	-	860,000	197,575
2032	-	-	-	-	-	-	2,936,688	412,627	2,506,938	395,532	-	-	-	-	890,000	167,475
2033	-	-	-	-	-	-	3,050,649	280,476	2,634,638	270,185	-	-	-	-	925,000	136,325
2034	-	-	-	-	-	-	3,182,143	143,196	2,769,058	138,453	-	-	-	-	955,000	103,950
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	990,000	70,525
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,025,000	35,875
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 20,638,067</b>	<b>\$ 4,432,441</b>	<b>\$ 15,596,572</b>	<b>\$ 3,339,976</b>	<b>\$ 2,218,667</b>	<b>\$ 112,448</b>	<b>\$ 18,803,570</b>	<b>\$ 8,845,436</b>	<b>\$ 18,550,000</b>	<b>\$ 10,018,345</b>	<b>\$ 7,985,250</b>	<b>\$ 2,125,465</b>	<b>\$ 13,121,518</b>	<b>\$ 10,061,116</b>	<b>\$ 13,035,000</b>	<b>\$ 3,921,294</b>

*continued*

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Schedule of Debt Service Requirements  
General Bonded Debt (Continued)  
June 30, 2020**

Fiscal Year Ending June 30,	\$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		\$15,800,000 General Obligation Bonds Series 2019B		\$17,420,000 Refunding Bonds Series 2020A		\$18,562,857 Refunding Bonds Series 2020B		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 815,000	\$ 561,344	\$ 2,125,000	\$ 2,113,600	\$ 775,000	\$ 550,065	\$ 449,865	\$ 364,065	\$ 2,170,000	\$ 772,331	\$ 510,000	\$ 576,288	\$ 1,355,000	\$ 692,864	\$ 509,272	\$ 737,149	\$ 17,995,754
2022	845,000	547,082	2,235,000	2,007,350	810,000	511,315	449,865	341,572	2,315,000	663,831	535,000	550,788	1,460,000	620,475	806,551	606,378	16,245,099	11,061,866
2023	875,000	504,832	2,345,000	1,895,600	875,000	470,815	449,865	319,079	2,460,000	548,081	565,000	524,038	1,575,000	544,600	828,481	566,051	17,180,566	10,380,529
2024	905,000	461,082	2,460,000	1,778,350	920,000	427,065	449,865	296,586	1,600,000	425,081	590,000	495,788	1,695,000	462,850	843,102	524,627	16,963,313	9,666,994
2025	935,000	415,832	2,585,000	1,655,350	960,000	381,065	449,865	274,092	495,000	345,081	620,000	466,288	1,815,000	375,100	847,975	482,472	16,519,178	8,964,616
2026	960,000	369,082	2,715,000	1,526,100	1,005,000	333,065	449,865	251,599	520,000	320,331	650,000	435,288	1,950,000	280,975	1,157,437	440,073	17,542,540	8,289,087
2027	990,000	349,882	2,850,000	1,390,350	1,045,000	282,815	449,865	229,106	545,000	294,331	685,000	402,788	2,055,000	216,812	1,023,418	382,201	20,029,971	7,629,456
2028	1,040,000	322,656	2,995,000	1,247,850	1,050,000	261,915	449,865	206,613	575,000	267,081	720,000	368,538	2,170,000	147,150	1,086,773	331,030	19,455,081	5,601,004
2029	1,065,000	294,056	3,110,000	1,128,050	1,060,000	238,290	449,865	184,119	605,000	238,331	755,000	332,537	1,300,000	66,900	1,135,507	287,559	19,179,686	4,693,170
2030	1,115,000	264,768	3,270,000	972,550	1,065,000	213,115	449,865	161,626	635,000	208,081	790,000	294,787	1,385,000	27,050	1,630,159	253,494	16,164,259	3,912,960
2031	1,160,000	231,318	3,430,000	809,050	1,115,000	170,515	449,865	143,632	660,000	182,681	825,000	263,187	660,000	6,600	1,661,836	204,589	16,037,109	3,263,962
2032	1,185,000	196,518	3,535,000	706,150	1,125,000	139,295	449,865	125,637	685,000	156,281	855,000	230,187	-	-	1,747,121	154,734	15,915,612	2,684,436
2033	1,225,000	160,968	3,640,000	600,100	1,160,000	106,670	448,510	107,642	705,000	137,444	875,000	209,881	-	-	1,325,570	102,321	15,989,367	2,112,012
2034	1,275,000	124,218	3,750,000	490,900	1,195,000	72,450	448,510	89,702	725,000	116,294	900,000	188,006	-	-	1,381,615	77,466	16,581,326	1,544,635
2035	1,325,000	84,375	3,860,000	378,400	1,200,000	36,600	448,510	71,762	745,000	95,450	925,000	164,381	-	-	2,578,040	51,561	12,071,550	953,054
2036	1,375,000	42,968	3,980,000	262,600	-	-	448,510	53,821	770,000	73,100	945,000	140,100	-	-	-	-	8,543,510	608,464
2037	-	-	4,100,000	133,250	-	-	448,510	35,881	790,000	50,000	975,000	114,112	-	-	-	-	6,313,510	333,243
2038	-	-	-	-	-	-	448,510	17,940	810,000	25,313	1,000,000	87,300	-	-	-	-	2,258,510	130,553
2039	-	-	-	-	-	-	-	-	-	-	1,025,000	59,800	-	-	-	-	1,025,000	59,800
2040	-	-	-	-	-	-	-	-	-	-	1,055,000	30,331	-	-	-	-	1,055,000	30,331
<b>Totals</b>	<b>\$ 17,090,000</b>	<b>\$ 4,930,981</b>	<b>\$ 52,985,000</b>	<b>\$ 19,095,600</b>	<b>\$ 15,360,000</b>	<b>\$ 4,195,055</b>	<b>\$ 8,089,440</b>	<b>\$ 3,274,474</b>	<b>\$ 17,810,000</b>	<b>\$ 4,919,123</b>	<b>\$ 15,800,000</b>	<b>\$ 5,934,413</b>	<b>\$ 17,420,000</b>	<b>\$ 3,441,376</b>	<b>\$ 18,562,857</b>	<b>\$ 5,201,705</b>	<b>\$ 273,065,941</b>	<b>\$ 93,849,248</b>

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***KNOX COUNTY, TENNESSEE***

***Schedule of Salaries and Insurance Coverage of Principal Elected Officials***  
***For the year ended June 30, 2020***

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<b>OFFICIAL</b>	<b>AUTHORIZATION FOR SALARY</b>	<b>SALARY PAID DURING YEAR</b>	<b>POLICY AMOUNT</b>	<b>INSURANCE COMPANY</b>
Assessor of Property	Section 8-24-102 (k), T.C.A.	\$ 155,440	\$ 400,000	Hiscox Insurance
Attorney General	Section 8-6-104, T.C.A.	\$ 16,777	N/A	N/A
Circuit and Civil Sessions Court Clerk	Section 8-24-102 (k), T.C.A.	\$ 148,681	\$ 400,000	Hiscox Insurance
County Clerk	Section 8-24-102 (k), T.C.A.	\$ 135,165	\$ 400,000	Hiscox Insurance
County Mayor	Section 8-24-102, T.C.A.	\$ 180,786	\$ 400,000	Hiscox Insurance
Criminal and Fourth Circuit Court Clerk	Section 8-24-102 (k), T.C.A.	\$ 148,681	\$ 400,000	Hiscox Insurance
Law Director	Section 3.08, Knox County Charter	\$ 180,593	N/A	N/A
Register of Deeds	Section 8-24-102 (k), T.C.A.	\$ 135,166	\$ 400,000	Hiscox Insurance
Sheriff	Section 8-24-102 (j), T.C.A.	\$ 170,984	\$ 100,000	Hartford Fire Insurance
Trustee	Section 8-24-102 (k), T.C.A.	\$ 135,165	\$ 17,431,456	Hartford Fire & Hiscox Insurance

## **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, 2020

	<u>Board of Education</u>	<u>Component Unit</u>	
	<u>Total -- Governmental Activities</u>	<u>Great Schools Partnership</u>	<u>Total Component Unit</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 20,287,260	\$ 2,577,765	\$ 22,865,025
Investments, at Fair Value	22,306,468	3,598,275	25,904,743
Accounts Receivable	18,348,718	694,513	19,043,231
Local Taxes Receivable, net	140,135,106	-	140,135,106
Due from Primary Government	409,907	-	409,907
Inventories	2,536,019	-	2,536,019
Prepaid Items	496,588	13,811	510,399
Other Assets	-	1,000	1,000
Net Pension Asset	59,973,994	-	59,973,994
Capital Assets:			
Land and Construction in Process	24,274,781	-	24,274,781
Other Capital Assets, Net of Accumulated Depreciation	400,698,184	43,270	400,741,454
<b>Total Assets</b>	<u>689,467,025</u>	<u>6,928,634</u>	<u>696,395,659</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions	38,035,701	-	38,035,701
Deferred Outflows Related to Other Post-Employment Benefits	5,012,231	-	5,012,231
<b>Total Deferred Inflows of Resources</b>	<u>43,047,932</u>	<u>-</u>	<u>43,047,932</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities	42,827,290	295,769	43,123,059
Unearned Revenue	568,773	-	568,773
Self-insurance Liability	2,527,055	-	2,527,055
Noncurrent Liabilities Due in More Than One Year:			
Net Pension Liability	15,036,000	-	15,036,000
Net Other Post-Employment Benefits Liability	29,575,244	-	29,575,244
Other Long-term Obligations:			
Due in Less than One Year	8,165,812	-	8,165,812
Due in More than One Year	28,487,243	4,040,121	32,527,364
<b>Total Liabilities</b>	<u>127,187,417</u>	<u>4,335,890</u>	<u>131,523,307</u>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	52,185,031	-	52,185,031
Deferred Inflows Related to Other Post-Employment Benefits	8,793,496	-	8,793,496
Deferred Inflows of Property Taxes	108,023,964	-	108,023,964
<b>Total Deferred Outflows of Resources</b>	<u>169,002,491</u>	<u>-</u>	<u>169,002,491</u>
<b>Net Position (Deficit)</b>			
Investment in Capital Assets	421,344,737	43,270	421,388,007
Net Investment in Capital Assets	(10,806)	-	(10,806)
Restricted for:			
Education Purposes	10,550,426	49,749	10,600,175
Capital Purposes-Education	12,343,758	-	12,343,758
Unrestricted (Deficit)	(7,903,066)	2,499,725	(5,403,341)
<b>Total Net Position</b>	<u>\$ 436,325,049</u>	<u>\$ 2,592,744</u>	<u>\$ 438,917,793</u>

**Knox County Board of Education**

**Statement of Activities**

For the Year Ended June 30, 2020

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	Total Component Unit
<b>Knox County Board of Education:</b>							
Governmental activities:							
Education	\$ 596,269,147	\$ 9,541,097	\$ 70,466,878	\$ 74,959	\$ (516,186,213)		\$ (516,186,213)
Education - Payment to Primary Government	13,220,461	-	-	-	(13,220,461)		(13,220,461)
<b>Total primary government</b>	<u>\$ 609,489,608</u>	<u>\$ 9,541,097</u>	<u>\$ 70,466,878</u>	<u>\$ 74,959</u>	<u>(529,406,674)</u>		<u>(529,406,674)</u>
<b>Component unit:</b>							
Great Schools Partnership	\$ 4,856,780	\$ -	\$ 2,814,018	\$ -		\$ (2,042,762)	(2,042,762)
Great Schools Partnership - Payment to Knox County Board of Education	423,745	-	-	-		(423,745)	(423,745)
<b>Total component unit</b>	<u>\$ 5,280,525</u>	<u>\$ -</u>	<u>\$ 2,814,018</u>	<u>\$ -</u>		<u>(2,466,507)</u>	<u>(2,466,507)</u>
<b>General Revenues:</b>							
Property Taxes					103,878,545	-	103,878,545
Sales Taxes					163,255,052	-	163,255,052
Wheel Taxes					1,697,739	-	1,697,739
Other Local Taxes					787,312	-	787,312
Interest Income					449,008	128,434	577,442
Miscellaneous					76,012	13,236	89,248
State of Tennessee Basic Education Program					230,224,430	-	230,224,430
Payments from Knox County Primary Government					18,532,000	2,601,874	21,133,874
Intergovernmental Revenues					2,269,013	-	2,269,013
Payments from Component Unit					423,745	-	423,745
<b>Total General Revenues</b>					<u>521,592,856</u>	<u>2,743,544</u>	<u>524,336,400</u>
Change in Net Position					(7,813,818)	277,037	(7,536,781)
Net Position, July 1					444,138,867	2,315,707	446,454,574
Net Position, June 30					<u>\$ 436,325,049</u>	<u>\$ 2,592,744</u>	<u>\$ 438,917,793</u>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit

Knox County Board of Education

Balance Sheet

Governmental Funds

June 30, 2020

	General Purpose School	School Construction Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,536,587	\$ -	\$ 9,750,673	\$ 20,287,260
Investments, at Fair Value	6,732,491	15,573,977	-	22,306,468
Receivables (Net of Allowance for Uncollectibles):				
Accounts	1,389,205	-	16,959,513	18,348,718
Local Taxes	140,135,106	-	-	140,135,106
Due from Other Funds	17,563,351	-	378,625	17,941,976
Due from Primary Government	409,907	-	-	409,907
Inventories	1,065,916	-	1,470,103	2,536,019
Prepaid Items	487,039	-	9,549	496,588
<b>TOTAL ASSETS</b>	<b>\$ 178,319,602</b>	<b>\$ 15,573,977</b>	<b>\$ 28,568,463</b>	<b>\$ 222,462,042</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,335,761	\$ 773,569	\$ 3,145,843	\$ 6,255,173
Accrued Liabilities	36,682,717	-	38,375	36,721,092
Due to Other Funds	378,625	2,456,650	15,106,701	17,941,976
Unearned Revenue	-	-	568,773	568,773
<b>TOTAL LIABILITIES</b>	<b>39,397,103</b>	<b>3,230,219</b>	<b>18,859,692</b>	<b>61,487,014</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Taxes and Other Receivable	110,658,051	-	-	110,658,051
<b>FUND BALANCES</b>				
Nonspendable	1,552,955	-	1,479,652	3,032,607
Restricted	2,980,977	12,343,758	7,569,449	22,894,184
Committed	-	-	664,472	664,472
Assigned	557,894	-	-	557,894
Unassigned (Deficit)	23,172,622	-	(4,802)	23,167,820
<b>TOTAL FUND BALANCES</b>	<b>28,264,448</b>	<b>12,343,758</b>	<b>9,708,771</b>	<b>50,316,977</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 178,319,602</b>	<b>\$ 15,573,977</b>	<b>\$ 28,568,463</b>	<b>\$ 222,462,042</b>

**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, 2020

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

Ending Fund Balance - Governmental Funds	\$	50,316,977	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			424,972,965
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.			59,973,994
Deferred outflows 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 decrease the amount of net position reported in the statements of net position, but are not reported as liabilities in the funds.			
Deferred outflows related to pensions	\$	38,035,701	
Deferred outflows related to other postemployment benefits		5,012,231	
Deferred inflows related to pensions		(52,185,031)	
Deferred inflows related to other postemployment benefits		<u>(8,793,496)</u>	(17,930,595)
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.			2,634,087
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Compensated Absences	\$	18,269,473	
Loans Payable		10,512,924	
Capital Lease Obligation		3,639,034	
Termination Benefits		4,082,649	
Self-insurance Liability		2,527,055	
Net Other Post-Employment Benefits Liability		29,575,244	
Net Pension Liability		<u>15,036,000</u>	<u>(83,642,379)</u>
Net Position of Governmental Activities	\$		<u><u>436,325,049</u></u>

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, 2020

	General Purpose School	School Construction Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 103,802,639	\$ -	\$ -	\$ 103,802,639
Local Option Sales Taxes	163,255,052	-	-	163,255,052
Wheel Tax	1,697,739	-	-	1,697,739
Other Local Taxes	787,312	-	-	787,312
Licenses and Permits	31,132	-	-	31,132
Charges for Current Services	400,960	-	6,583,032	6,983,992
Other Local Revenues	4,533,456	-	1,043,659	5,577,115
State of Tennessee	235,017,640	-	2,950,091	237,967,731
Federal Government	673,679	-	61,101,241	61,774,920
Other Governments and Citizen Groups	14,143	-	228,397	242,540
Interest Earned	329,345	-	-	329,345
Payments from Primary Government	1,932,000	16,600,000	-	18,532,000
Payment from Component Unit	-	-	423,745	423,745
<b>Total Revenues</b>	<b>512,475,097</b>	<b>16,600,000</b>	<b>72,449,828</b>	<b>601,524,925</b>
<b>Expenditures</b>				
Current:				
Education	496,780,497	-	70,101,313	566,881,810
Capital Outlay	1,188,577	9,749,526	5,269,649	16,207,752
Payments to Primary Government	11,072,668	-	-	11,072,668
<b>Total Expenditures</b>	<b>509,041,742</b>	<b>9,749,526</b>	<b>75,370,962</b>	<b>594,162,230</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,433,355</b>	<b>6,850,474</b>	<b>(2,921,134)</b>	<b>7,362,695</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	87,000	-	3,357,491	3,444,491
Transfers to Other Funds	(1,751,708)	-	(1,692,783)	(3,444,491)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,664,708)</b>	<b>-</b>	<b>1,664,708</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,768,647</b>	<b>6,850,474</b>	<b>(1,256,426)</b>	<b>7,362,695</b>
<b>Fund Balances, July 1</b>	<b>26,495,801</b>	<b>5,493,284</b>	<b>10,965,197</b>	<b>42,954,282</b>
<b>Fund Balances, June 30</b>	<b>\$ 28,264,448</b>	<b>\$ 12,343,758</b>	<b>\$ 9,708,771</b>	<b>\$ 50,316,977</b>

**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, 2020

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

Net Change in Fund Balances - Total Governmental Funds	\$	7,362,695
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 (\$23,288,426) exceeded capital outlays (\$8,252,793) in the current period.		(15,035,633)
Capital assets contributed by others are not recognized as revenues in the fund financial statements, but are recognized as revenues in the statement of activities.		74,959
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.		2,634,087
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.		(2,558,181)
<p>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:</p>		
<p>Increase (decrease) in assets and deferred outflows:</p>		
Net Pension Asset	\$ 32,471,042	
Deferred Outflows Related to Other Post-Employment Benefits	1,830,176	
Deferred Outflows Related to Pensions	<u>(5,383,062)</u>	28,918,156
<p>(Increase) decrease in liabilities and deferred inflows:</p>		
Self-insurance Liability	58,633	
Termination Benefits	898,673	
Net Other Post-Employment Benefits Liability	(377,472)	
Net Pension Liability	(3,650,271)	
Deferred Inflows Related to Pensions	(12,916,245)	
Deferred Inflows Related to Other Post-Employment Benefits	(1,884,911)	
Compensated Absences Liability	(1,098,865)	
Loans Payable	(10,512,924)	
Capital Lease Liability	<u>273,481</u>	<u>(29,209,901)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(7,813,818)</u></u>

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
General Fund - General Purpose School  
Comparative Balance Sheets  
June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 10,536,587	\$ 4,520,303
Investments, at Fair Value	6,732,491	14,135,021
Receivables (Net of Allowance for Uncollectibles):		
Accounts	1,389,205	8,393,565
Local Taxes	140,135,106	135,685,691
Due from Primary Government	409,907	-
Due from Other Funds	17,563,351	7,339,248
Prepaid Items	487,039	424,075
Inventories	1,065,916	1,048,501
<b>TOTAL ASSETS</b>	<u>\$ 178,319,602</u>	<u>\$ 171,546,404</u>
 <b>LIABILITIES</b>		
Accounts Payable	\$ 2,335,761	\$ 2,401,681
Accrued Liabilities	36,682,717	33,993,098
Due to Other Funds	378,625	355,188
<b>TOTAL LIABILITIES</b>	<u>39,397,103</u>	<u>36,749,967</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Property Taxes and Other Receivable	<u>110,658,051</u>	<u>108,300,636</u>
 <b>FUND BALANCES</b>		
Nonspendable	1,552,955	1,472,576
Restricted	2,980,977	1,365,910
Assigned	557,894	943,455
Unassigned	23,172,622	22,713,860
<b>TOTAL FUND BALANCES</b>	<u>28,264,448</u>	<u>26,495,801</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u>\$ 178,319,602</u>	<u>\$ 171,546,404</u>

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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, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Property Taxes	\$ 103,802,639	\$ 102,501,659
Local Option Sales Taxes	163,255,052	157,968,631
Wheel Tax	1,697,739	1,719,672
Other Local Taxes	787,312	1,038,560
Licenses and Permits	31,132	34,627
Charges for Current Services	400,960	486,473
Other Local Revenues	4,533,456	4,677,941
State of Tennessee	235,017,640	227,710,124
Federal Government	673,679	671,598
Other Governments and Citizen Groups	14,143	18,449
Interest Earned	329,345	724,327
Payment from Primary Government	1,932,000	2,082,000
Total Revenues	<u>512,475,097</u>	<u>499,634,061</u>
<b>Expenditures</b>		
Current:		
Education	496,780,497	482,234,792
Capital Outlay	1,188,577	1,248,501
Payments to Primary Government	11,072,668	13,297,034
Total Expenditures	<u>509,041,742</u>	<u>496,780,327</u>
Excess of Revenues Over Expenditures	<u>3,433,355</u>	<u>2,853,734</u>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	87,000	19,759
Transfers to Other Funds	<u>(1,751,708)</u>	<u>(1,814,639)</u>
Total Other Financing Sources (Uses)	<u>(1,664,708)</u>	<u>(1,794,880)</u>
Net Change in Fund Balances	1,768,647	1,058,854
Fund Balances, July 1	<u>26,495,801</u>	<u>25,436,947</u>
Fund Balances, June 30	<u>\$ 28,264,448</u>	<u>\$ 26,495,801</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, 2020 and 2019

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Property Taxes	\$ 104,570,000	\$ 104,570,000	\$ 103,802,639	\$ (767,361)	\$ 102,715,000	\$ 102,501,659	\$ (213,341)
Local Option Sales Taxes	159,049,000	160,949,000	163,255,052	2,306,052	157,310,000	157,968,631	658,631
Wheel Tax	1,704,000	1,704,000	1,697,739	(6,261)	1,650,000	1,719,672	69,672
Other Local Taxes	1,000,000	1,000,000	787,312	(212,688)	1,080,000	1,038,560	(41,440)
Licenses and Permits	35,000	35,000	31,132	(3,868)	35,000	34,627	(373)
Charges for Current Services	627,000	627,000	400,960	(226,040)	685,532	486,473	(199,059)
Other Local Revenues	3,450,000	3,450,340	4,533,456	1,083,116	3,293,018	4,677,941	1,384,923
State of Tennessee	233,175,000	233,175,000	233,354,463	179,463	226,102,000	226,073,473	(28,527)
Federal Government	600,000	600,000	673,679	73,679	566,000	671,598	105,598
Other Governments and Citizen Groups	-	10,000	14,143	4,143	15,510	18,449	2,939
Interest Earned	510,000	510,000	329,345	(180,655)	240,000	724,327	484,327
Payments from Primary Government	1,932,000	1,932,000	1,932,000	-	2,082,000	2,082,000	-
<b>Total Revenues</b>	<b>506,652,000</b>	<b>508,562,340</b>	<b>510,811,920</b>	<b>2,249,580</b>	<b>495,774,060</b>	<b>497,997,410</b>	<b>2,223,350</b>
<b>Expenditures</b>							
Current:							
Education:							
Personal Services	328,392,471	328,381,151	328,241,913	139,238	316,547,140	316,257,731	289,409
Employee Benefits	92,191,775	93,335,555	93,091,698	243,857	90,436,694	88,969,412	1,467,282
Contracted Services	31,422,603	32,523,426	31,149,169	1,374,257	32,162,392	30,432,151	1,730,241
Supplies and Materials	25,301,668	29,633,607	28,003,070	1,630,537	30,451,888	29,791,076	660,812
Other Charges	16,390,761	16,167,197	14,631,470	1,535,727	15,409,422	15,147,771	261,651
Capital Outlay	407,554	1,332,063	1,188,577	143,486	1,532,789	1,248,501	284,288
Payments to Primary Government	11,072,668	11,072,668	11,072,668	-	13,357,035	13,297,034	60,001
<b>Total Expenditures</b>	<b>505,179,500</b>	<b>512,445,667</b>	<b>507,378,565</b>	<b>5,067,102</b>	<b>499,897,360</b>	<b>495,143,676</b>	<b>4,753,684</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,472,500	(3,883,327)	3,433,355	7,316,682	(4,123,300)	2,853,734	6,977,034
<b>Other Financing Sources (Uses)</b>							
Transfers from Other Funds	-	-	87,000	87,000	-	19,759	19,759
Transfers to Other Funds	(1,472,500)	(1,500,127)	(1,751,708)	(251,581)	(1,719,000)	(1,814,639)	(95,639)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,472,500)</b>	<b>(1,500,127)</b>	<b>(1,664,708)</b>	<b>(164,581)</b>	<b>(1,719,000)</b>	<b>(1,794,880)</b>	<b>(75,880)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(5,383,454)</b>	<b>1,768,647</b>	<b>7,152,101</b>	<b>(5,842,300)</b>	<b>1,058,854</b>	<b>6,901,154</b>
Fund Balances, July 1	26,495,801	26,495,801	26,495,801	-	25,436,947	25,436,947	-
<b>Fund Balances, June 30</b>	<b>\$ 26,495,801</b>	<b>\$ 21,112,347</b>	<b>\$ 28,264,448</b>	<b>\$ 7,152,101</b>	<b>\$ 19,594,647</b>	<b>\$ 26,495,801</b>	<b>\$ 6,901,154</b>

Note: The revenue and expenditure totals in this statement do not include \$1,663,177 for FY '20 and \$1,636,651 for FY '19 of non-cash on-behalf payments that are not included in the budget.

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
School Construction Capital Projects Fund  
Comparative Balance Sheets  
June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 7,498,390
Investments, at Fair Value	<u>15,573,977</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 15,573,977</u></u>	<u><u>\$ 7,498,390</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 773,569	\$ 2,005,106
Due to Other Funds	<u>2,456,650</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>3,230,219</u>	<u>2,005,106</u>
<b>Fund Balances:</b>		
Restricted	<u>12,343,758</u>	<u>5,493,284</u>
<b>TOTAL FUND BALANCES</b>	<u>12,343,758</u>	<u>5,493,284</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 15,573,977</u></u>	<u><u>\$ 7,498,390</u></u>

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**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, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Other Local Revenues	\$ -	\$ 100,000
Payments from Primary Government	<u>16,600,000</u>	<u>39,410,750</u>
Total Revenues	<u>16,600,000</u>	<u>39,510,750</u>
<b>Expenditures</b>		
Capital Projects	<u>9,749,526</u>	<u>16,371,117</u>
Total Expenditures	<u>9,749,526</u>	<u>16,371,117</u>
Net Change in Fund Balance	6,850,474	23,139,633
Fund Balances (Deficit), July 1	<u>5,493,284</u>	<u>(17,646,349)</u>
Fund Balances, June 30	<u><u>\$ 12,343,758</u></u>	<u><u>\$ 5,493,284</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, 2020*

	Project Budget	Expenditures			Available
		Prior Years	Current	Total	
<b>Expenditures</b>					
<i>Capital Projects:</i>					
<i>School Renovation:</i>					
Physical Plant Upgrades	\$ 10,208,725	\$ -	\$ 3,176,736	\$ 3,176,736	\$ 7,031,989
Foundation Stabilization	250,000	208,050	21,900	229,950	20,050
Powell Middle	2,663,109	1,609,178	1,053,931	2,663,109	-
Security Upgrades	11,475,000	9,611,017	787,747	10,398,764	1,076,236
Tech Upgrades Systemwide	1,446,876	1,006,777	259,614	1,266,391	180,485
School Accessibility	400,000	60,704	30,084	90,788	309,212
HVAC Upgrades	8,032,345	6,207,927	1,616,483	7,824,410	207,935
Roofing Upgrades	6,269,655	4,058,075	264,140	4,322,215	1,947,440
Land Acquisition	3,075,000	341,531	354,515	696,046	2,378,954
BEP Growth Mod Class Relocation	2,892,391	2,123,469	760,173	2,883,642	8,749
Drive Parking Upgrades	1,650,000	1,011,183	494,630	1,505,813	144,187
Env. Testing & Rem.	500,000	185,913	292,372	478,285	21,715
Inskip Elementary Addition	6,383,238	6,059,499	297,545	6,357,044	26,194
Analysis/Design: Tipton St. Road	1,350,000	8,300	66,200	74,500	1,275,500
Cafeteria Upgrades - Powell High School	3,072,720	18,687	181,009	199,696	2,873,024
Adrian Burnett Elementary	1,030,000	12,231	92,447	104,678	925,322
Lonsdale Construction	3,800,000	-	-	-	3,800,000
<i>Total Capital Projects:</i>	<u>\$ 64,499,059</u>	<u>\$ 32,522,541</u>	<u>\$ 9,749,526</u>	<u>\$ 42,272,067</u>	<u>\$ 22,226,992</u>

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit**

**Knox County Board of Education**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

June 30, 2020

	<b>School Federal Projects</b>	<b>School General Projects</b>	<b>Central Cafeteria</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 1,210,956	\$ 8,539,717	\$ 9,750,673
Receivables (Net of Allowance for Uncollectibles):				
Accounts	16,502,895	456,618	-	16,959,513
Due from Other Funds	-	-	378,625	378,625
Inventories	-	571,686	898,417	1,470,103
Prepaid Items	4,799	4,750	-	9,549
<b>TOTAL ASSETS</b>	<b>\$ 16,507,694</b>	<b>\$ 2,244,010</b>	<b>\$ 9,816,759</b>	<b>\$ 28,568,463</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 3,002,667	\$ 32,521	\$ 110,655	\$ 3,145,843
Accrued Liabilities	-	-	38,375	38,375
Due to Other Funds	13,504,789	946,581	655,331	15,106,701
Unearned Revenue	-	24,000	544,773	568,773
<b>TOTAL LIABILITIES</b>	<b>16,507,456</b>	<b>1,003,102</b>	<b>1,349,134</b>	<b>18,859,692</b>
<b>Fund Balances:</b>				
Nonspendable	4,799	576,436	898,417	1,479,652
Restricted	241	-	7,569,208	7,569,449
Committed	-	664,472	-	664,472
Unassigned (Deficit)	(4,802)	-	-	(4,802)
<b>TOTAL FUND BALANCES</b>	<b>238</b>	<b>1,240,908</b>	<b>8,467,625</b>	<b>9,708,771</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 16,507,694</b>	<b>\$ 2,244,010</b>	<b>\$ 9,816,759</b>	<b>\$ 28,568,463</b>

**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, 2020

	<b>School Federal Projects</b>	<b>School General Projects</b>	<b>Central Cafeteria</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Charges for Current Services	\$ -	\$ 2,160,302	\$ 4,422,730	\$ 6,583,032
Other Local Revenues	-	618,180	425,479	1,043,659
Investment Revenues	-	-	119,663	119,663
State of Tennessee	-	2,706,993	243,098	2,950,091
Federal Government	42,513,168	-	18,588,073	61,101,241
Other Governments and Citizen Groups	-	228,397	-	228,397
Payment from Component Unit	-	423,745	-	423,745
<b>Total Revenues</b>	<b>42,513,168</b>	<b>6,137,617</b>	<b>23,799,043</b>	<b>72,449,828</b>
<b>Expenditures</b>				
Education	35,891,688	9,354,264	24,855,361	70,101,313
Capital Outlay	5,071,992	46,162	151,495	5,269,649
<b>Total Expenditures</b>	<b>40,963,680</b>	<b>9,400,426</b>	<b>25,006,856</b>	<b>75,370,962</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,549,488</b>	<b>(3,262,809)</b>	<b>(1,207,813)</b>	<b>(2,921,134)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	53,252	3,304,239	-	3,357,491
Transfers to Other Funds	(1,605,783)	(87,000)	-	(1,692,783)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,552,531)</b>	<b>3,217,239</b>	<b>-</b>	<b>1,664,708</b>
<b>Net Change in Fund Balances</b>	<b>(3,043)</b>	<b>(45,570)</b>	<b>(1,207,813)</b>	<b>(1,256,426)</b>
<b>Fund Balances, July 1</b>	<b>3,281</b>	<b>1,286,478</b>	<b>9,675,438</b>	<b>10,965,197</b>
<b>Fund Balances, June 30</b>	<b>\$ 238</b>	<b>\$ 1,240,908</b>	<b>\$ 8,467,625</b>	<b>\$ 9,708,771</b>

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KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
Knox County Board of Education  
School Federal Projects Fund  
Comparative Balance Sheets  
June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Receivables (Net of Allowance for Uncollectibles):		
Accounts	\$ 16,502,895	\$ 6,162,136
Due From Other Funds	-	1,424
Prepaid Items	4,799	1,000
	<u>4,799</u>	<u>1,000</u>
TOTAL ASSETS	<u>\$ 16,507,694</u>	<u>\$ 6,164,560</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 3,002,667	\$ 304,028
Due to Other Funds	13,504,789	5,857,251
	<u>13,504,789</u>	<u>5,857,251</u>
TOTAL LIABILITIES	<u>16,507,456</u>	<u>6,161,279</u>
<b>Fund Balances:</b>		
Nonspendable	4,799	1,000
Restricted	241	3,281
Unassigned (Deficit)	(4,802)	(1,000)
	<u>(4,802)</u>	<u>(1,000)</u>
TOTAL FUND BALANCES	<u>238</u>	<u>3,281</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,507,694</u>	<u>\$ 6,164,560</u>

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**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, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Federal Government	\$ 42,513,168	\$ 34,088,332
Total Revenues	<u>42,513,168</u>	<u>34,088,332</u>
<b>Expenditures</b>		
Current:		
Education	35,891,688	32,500,889
Capital Outlay	<u>5,071,992</u>	<u>1,253,993</u>
Total Expenditures	<u>40,963,680</u>	<u>33,754,882</u>
Excess of Revenues Over Expenditures	<u>1,549,488</u>	<u>333,450</u>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	53,252	28,851
Transfers to Other Funds	<u>(1,605,783)</u>	<u>(359,020)</u>
Total Other Financing Uses	<u>(1,552,531)</u>	<u>(330,169)</u>
Net Change in Fund Balances	(3,043)	3,281
Fund Balances, July 1	<u>3,281</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 238</u>	<u>\$ 3,281</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, 2020 and 2019

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Federal Government	\$ -	\$ 53,236,706	\$ 42,513,168	\$ (10,723,538)	\$ 40,764,609	\$ 34,088,332	\$ (6,676,277)
<b>Total Revenues</b>	-	53,236,706	42,513,168	(10,723,538)	40,764,609	34,088,332	(6,676,277)
<b>Expenditures</b>							
Current:							
Education:							
Personal Services	-	27,848,225	23,699,333	4,148,892	23,828,112	21,296,136	2,531,976
Employee Benefits	-	7,563,132	6,306,183	1,256,949	6,862,753	5,830,955	1,031,798
Contracted Services	-	1,270,587	1,032,767	237,820	1,344,018	997,809	346,209
Supplies and Materials	-	3,247,736	2,404,584	843,152	3,051,035	1,851,024	1,200,011
Other Charges	-	3,737,601	2,448,821	1,288,780	3,446,882	2,524,965	921,917
Capital Outlay	-	7,562,975	5,071,992	2,490,983	1,977,539	1,253,993	723,546
<b>Total Expenditures</b>	-	51,230,256	40,963,680	10,266,576	40,510,339	33,754,882	6,755,457
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,006,450	1,549,488	(456,962)	254,270	333,450	79,180
<b>Other Financing Sources (Uses)</b>							
Transfer from Other Funds	-	163,682	53,252	(110,430)	104,750	28,851	(75,899)
Transfer to Other Funds	-	(2,157,764)	(1,605,783)	551,981	(359,020)	(359,020)	-
<b>Total Other Financing Sources (Uses)</b>	-	(1,994,082)	(1,552,531)	441,551	(254,270)	(330,169)	(75,899)
<b>Net Change in Fund Balances</b>	-	12,368	(3,043)	(15,411)	-	3,281	3,281
Fund Balances, July 1	3,281	3,281	3,281	-	-	-	-
<b>Fund Balances, June 30</b>	\$ 3,281	\$ 15,649	\$ 238	\$ (15,411)	\$ -	\$ 3,281	\$ 3,281

Note - Budgets are adopted throughout the year as grants are approved. See Note II. A.

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KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
Knox County Board of Education  
School General Projects Fund  
Comparative Balance Sheets  
June 30, 2020 and 2019

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	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,210,956	\$ 842,647
Receivables (Net of Allowance for Uncollectibles):		
Accounts	456,618	666,132
Prepaid Items	4,750	13,045
Inventories	571,686	780,529
<b>TOTAL ASSETS</b>	<u>\$ 2,244,010</u>	<u>\$ 2,302,353</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 32,521	\$ 167,061
Due to Other Funds	946,581	826,988
Unearned Revenue	24,000	21,826
<b>TOTAL LIABILITIES</b>	<u>1,003,102</u>	<u>1,015,875</u>
 <b>Fund Balances:</b>		
Nonspendable	576,436	793,574
Committed	664,472	492,904
<b>TOTAL FUND BALANCES</b>	<u>1,240,908</u>	<u>1,286,478</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,244,010</u>	<u>\$ 2,302,353</u>

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**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, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Charges for Current Services	\$ 2,160,302	\$ 2,223,306
Other Local Revenues	618,180	376,879
State of Tennessee	2,706,993	4,090,334
Other Governments and Citizens Groups	228,397	288,168
Payments from Component Unit	423,745	392,220
	<hr/>	<hr/>
Total Revenues	6,137,617	7,370,907
	<hr/>	<hr/>
<b>Expenditures</b>		
Current:		
Education	9,354,264	8,229,776
Capital Outlay	46,162	1,188,874
	<hr/>	<hr/>
Total Expenditures	9,400,426	9,418,650
	<hr/>	<hr/>
Deficiency of Revenues Under Expenditures	(3,262,809)	(2,047,743)
	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	3,304,239	2,144,808
Transfers to Other Funds	(87,000)	(19,759)
	<hr/>	<hr/>
Total Other Financing Sources	3,217,239	2,125,049
	<hr/>	<hr/>
Net Change in Fund Balances	(45,570)	77,306
Fund Balances, July 1	1,286,478	1,209,172
	<hr/>	<hr/>
Fund Balances, June 30	\$ 1,240,908	\$ 1,286,478
	<hr/> <hr/>	<hr/> <hr/>

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, 2020 and 2019

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Charges for Current Services	\$ -	\$ 2,156,776	\$ 2,160,302	\$ 3,526	\$ 2,178,252	\$ 2,223,306	\$ 45,054
Other Local Revenues	-	6,528,433	618,180	(5,910,253)	6,198,788	376,879	(5,821,909)
State of Tennessee	-	3,348,595	2,706,993	(641,602)	4,241,031	4,090,334	(150,697)
Payments from Component Unit	-	-	423,745	423,745	-	392,220	392,220
Other Governments and Citizens Groups	-	711,840	228,397	(483,443)	711,207	288,168	(423,039)
<b>Total Revenues</b>	-	12,745,644	6,137,617	(6,608,027)	13,329,278	7,370,907	(5,958,371)
<b>Expenditures</b>							
Current:							
Education:							
Personal Services	-	5,593,000	5,212,533	380,467	4,263,373	4,180,372	83,001
Employee Benefits	-	1,514,734	1,393,175	121,559	1,225,152	1,257,757	(32,605)
Contracted Services	-	908,761	510,573	398,188	510,918	415,246	95,672
Supplies and Materials	-	7,327,742	1,632,815	5,694,927	7,062,085	1,764,891	5,297,194
Other Charges	-	953,046	605,168	347,878	898,229	611,510	286,719
Capital Outlay	-	149,636	46,162	103,474	1,342,209	1,188,874	153,335
<b>Total Expenditures</b>	-	16,446,919	9,400,426	7,046,493	15,301,966	9,418,650	5,883,316
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,701,275)	(3,262,809)	438,466	(1,972,688)	(2,047,743)	(75,055)
<b>Other Financing Sources (Uses)</b>							
Transfers from Other Funds	-	2,972,545	3,304,239	331,694	1,333,020	2,144,808	811,788
Transfers to Other Funds	-	(10,000)	(87,000)	(77,000)	(22,259)	(19,759)	2,500
<b>Total Other Financing Sources (Uses)</b>	-	2,962,545	3,217,239	254,694	1,310,761	2,125,049	814,288
<b>Net Change in Fund Balances</b>	-	(738,730)	(45,570)	693,160	(661,927)	77,306	739,233
Fund Balances, July 1	1,286,478	1,286,478	1,286,478	-	1,209,172	1,209,172	-
Fund Balances, June 30	\$ 1,286,478	\$ 547,748	\$ 1,240,908	\$ 693,160	\$ 547,245	\$ 1,286,478	\$ 739,233

Note - Budgets are adopted throughout the year as grants are approved. See Note II. A.

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Central Cafeteria Fund  
Comparative Balance Sheets  
June 30, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 8,539,717	\$ 10,358,096
Receivables (Net of Allowance for Uncollectibles):		
Accounts	-	800
Due from Other Funds	378,625	353,764
Inventories	898,417	615,695
<b>TOTAL ASSETS</b>	<u>\$ 9,816,759</u>	<u>\$ 11,328,355</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 110,655	\$ 584,123
Accrued Liabilities	38,375	91,180
Due to Other Funds	655,331	655,009
Unearned Revenue	544,773	322,605
<b>TOTAL LIABILITIES</b>	<u>1,349,134</u>	<u>1,652,917</u>
<b>Fund Balances:</b>		
Nonspendable	898,417	615,695
Restricted	7,569,208	9,059,743
<b>TOTAL FUND BALANCES</b>	<u>8,467,625</u>	<u>9,675,438</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 9,816,759</u>	<u>\$ 11,328,355</u>

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**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, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Charges for Current Services	\$ 4,422,730	\$ 5,743,587
Other Local Revenues	425,479	309,503
Investment Revenues	119,663	-
State of Tennessee	243,098	253,094
Federal Government	18,588,073	20,082,823
	<u>23,799,043</u>	<u>26,389,007</u>
<b>Expenditures</b>		
Current:		
Education:		
Food Service	24,855,361	25,671,818
Capital Outlay	151,495	1,050,137
	<u>25,006,856</u>	<u>26,721,955</u>
Total Expenditures	<u>25,006,856</u>	<u>26,721,955</u>
Deficiency of Revenues Under Expenditures	<u>(1,207,813)</u>	<u>(332,948)</u>
Net Change in Fund Balances	(1,207,813)	(332,948)
Fund Balances, July 1	<u>9,675,438</u>	<u>10,008,386</u>
Fund Balances, June 30	<u>\$ 8,467,625</u>	<u>\$ 9,675,438</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, 2020 and 2019**

	2020				2019		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Charges for Current Services	\$ 5,850,000	\$ 5,850,000	\$ 4,422,730	\$ (1,427,270)	\$ 6,015,000	\$ 5,743,587	\$ (271,413)
Other Local Revenues	300,000	300,000	425,479	125,479	285,000	309,503	24,503
Investment Revenue	100,000	100,000	119,663	19,663	25,000	-	
State of Tennessee	250,000	250,000	243,098	(6,902)	250,000	253,094	3,094
Federal Government	20,810,000	20,810,000	18,588,073	(2,221,927)	20,110,000	20,082,823	(27,177)
<b>Total Revenues</b>	<b>27,310,000</b>	<b>27,310,000</b>	<b>23,799,043</b>	<b>(3,510,957)</b>	<b>26,685,000</b>	<b>26,389,007</b>	<b>(270,993)</b>
<b>Expenditures</b>							
Current:							
Education:							
Food Service:							
Personal Services	9,085,000	9,085,000	9,084,147	853	8,600,000	8,539,637	60,363
Employee Benefits	2,709,000	2,709,000	2,683,788	25,212	2,600,000	2,581,189	18,811
Contracted Services	1,470,000	1,495,000	1,130,900	364,100	1,787,000	1,490,846	296,154
Supplies & Materials	12,181,000	12,199,800	10,421,733	1,778,067	12,008,428	11,493,471	514,957
Other Charges	1,665,000	1,665,000	1,534,793	130,207	1,567,000	1,566,675	325
Capital Outlay	200,000	1,183,000	151,495	1,031,505	1,340,837	1,050,137	290,700
<b>Total Expenditures</b>	<b>27,310,000</b>	<b>28,336,800</b>	<b>25,006,856</b>	<b>3,329,944</b>	<b>27,903,265</b>	<b>26,721,955</b>	<b>1,181,310</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,026,800)	(1,207,813)	(181,013)	(1,218,265)	(332,948)	910,317
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(1,026,800)</b>	<b>(1,207,813)</b>	<b>(181,013)</b>	<b>(1,218,265)</b>	<b>(332,948)</b>	<b>910,317</b>
Fund Balances, July 1	9,675,438	9,675,438	9,675,438	-	10,008,386	10,008,386	-
<b>Fund Balances, June 30</b>	<b>\$ 9,675,438</b>	<b>\$ 8,648,638</b>	<b>\$ 8,467,625</b>	<b>\$ (181,013)</b>	<b>\$ 8,790,121</b>	<b>\$ 9,675,438</b>	<b>\$ 910,317</b>

**KNOX COUNTY, TENNESSEE**  
**Discretely Presented Component Unit**  
**Knox County Board of Education**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2020

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 11,910,736
Investments, at Fair Value:		
Mutual Funds	47,741,586	-
Total Investments	47,741,586	-
Other Assets:		
Receivables	-	19,493
Total Receivables	-	19,493
Total Assets	47,741,586	11,930,229
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	-	21,977
Accounts Payable - Administrative Expenses	28,350	-
Liability for Student Activities	-	11,908,252
Total Liabilities	28,350	\$ 11,930,229
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 47,713,236</b>	

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**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, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Investments, at Fair Value:		
Mutual Funds	<u>\$ 47,741,586</u>	<u>\$ 53,582,549</u>
Total Assets	<u>47,741,586</u>	<u>53,582,549</u>
<b>LIABILITIES</b>		
Accounts Payable - Administrative Expenses	<u>28,350</u>	<u>21,733</u>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<u><u>\$ 47,713,236</u></u>	<u><u>\$ 53,560,816</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, 2020 and 2019**

	2020	2019
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 754,318	\$ 475,234
Total Contributions	754,318	475,234
Investment Income (Loss):		
Interest and Dividend Income	2,509,201	2,964,472
Net Appreciation (Depreciation) in Fair Value of Investments	(2,413,246)	(266,734)
Total Investment Income (Loss)	95,955	2,697,738
Less Investment Expense	(8,880)	(27,267)
Net Investment Income (Loss)	87,075	2,670,471
Total Additions	841,393	3,145,705
<b>DEDUCTIONS</b>		
Benefits and Refunds	6,527,566	6,533,586
Administrative Expenses	161,407	106,319
Transfers to Other Plans	-	338,832
Total Deductions	6,688,973	6,978,737
<b>CHANGE IN NET POSITION</b>	(5,847,580)	(3,833,032)
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR</b>	53,560,816	57,393,848
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR</b>	\$ 47,713,236	\$ 53,560,816

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**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, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
Assets and Liabilities, July 1	\$ 10,245,520	\$ 10,607,110
Additions	18,129,433	19,976,194
Deductions	<u>(16,466,701)</u>	<u>(20,337,784)</u>
Assets and Liabilities, June 30	<u>\$ 11,908,252</u>	<u>\$ 10,245,520</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.

<b>Contents</b>	<b>Page</b>
Financial Trends	277-285
<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	286-289
<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	290-292
<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	293-294
<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	295-297
<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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary government										
Governmental activities										
Net investment in capital assets	\$ 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	\$ 239,026,759
Restricted	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	13,323,605
Unrestricted	(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)	(279,162,030)
Total primary governmental activities net position	\$ 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)	\$ (26,811,666)
Business-type activities										
Three Ridges Golf Course										
Investment in capital assets	\$ 718,674	\$ 634,436	\$ 503,880	\$ 453,946	\$ 568,919	\$ 509,820	\$ 489,809	\$ 489,551	\$ 455,210	\$ 417,533
Unrestricted	301,122	215,757	99,523	73,842	18,491	2,719	(45,569)	(46,609)	(50,958)	(63,750)
Total business-type activities net position	\$ 1,019,796	\$ 850,193	\$ 603,403	\$ 527,788	\$ 587,410	\$ 512,539	\$ 444,240	\$ 442,942	\$ 404,252	\$ 353,783
Component units										
Investment in capital assets	\$ 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	\$ 437,029,370
Restricted	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	23,027,055
Unrestricted	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	55,638,521
Total component units activities net position	\$ 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	\$ 515,694,946
Total reporting unit activities net position	\$ 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	\$ 489,237,063

NOTE: 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Primary government:										
Governmental activities:										
Finance and Administration	\$ 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	\$ 39,060,713
Finance and Administration - payment to component unit	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	5,333,874
Administration of Justice	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	29,577,327
Public Safety	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	103,392,117
Public Safety - payment to component unit	326,200	326,200	326,200	326,200	326,200	485,002	856,322	1,191,595	1,191,595	1,191,595
Public Health and Welfare	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	36,605,343
Public Health and Welfare - payment to component unit	256,628	256,628	256,628	211,628	166,628	166,628	166,628	166,628	166,628	166,628
Social and Cultural Services	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	22,086,229
Agricultural and Natural Resources	380,453	365,774	435,231	519,433	470,977	490,451	518,339	520,063	483,133	488,941
Other General Government	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	23,937,272
Other General Government - payment to component unit	-	-	675,000	600,000	600,000	625,000	665,000	700,000	725,000	730,500
Engineering & Public Works	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	32,611,211
Education - payment to component unit	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	15,800,000
Debt Service - interest and fees	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	27,521,163
Debt Service - other	-	-	-	745,863	-	-	-	-	-	-
Total governmental activities	<u>315,206,245</u>	<u>271,561,592</u>	<u>288,631,468</u>	<u>307,832,385</u>	<u>303,012,700</u>	<u>316,828,336</u>	<u>381,825,914</u>	<u>319,136,773</u>	<u>363,215,263</u>	<u>338,502,913</u>
Business-type activities:										
Three Ridges Golf Course	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	1,307,289
Total primary government expenses	<u>\$ 316,250,654</u>	<u>\$ 272,709,195</u>	<u>\$ 289,756,033</u>	<u>\$ 308,769,989</u>	<u>\$ 304,012,790</u>	<u>\$ 317,891,963</u>	<u>\$ 382,963,614</u>	<u>\$ 320,317,784</u>	<u>\$ 364,420,759</u>	<u>\$ 339,810,202</u>
Component units:										
Board of Education	\$ 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	\$ 614,346,388
Nonmajor Component Units	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	11,992,603
Total component units expenses	<u>\$ 488,648,417</u>	<u>\$ 510,095,972</u>	<u>\$ 534,154,546</u>	<u>\$ 568,008,598</u>	<u>\$ 532,948,486</u>	<u>\$ 538,337,650</u>	<u>\$ 555,953,726</u>	<u>\$ 567,305,017</u>	<u>\$ 594,423,237</u>	<u>\$ 626,338,991</u>
Total reporting unit expenses	<u>\$ 804,899,071</u>	<u>\$ 782,805,167</u>	<u>\$ 823,910,579</u>	<u>\$ 876,778,587</u>	<u>\$ 836,961,276</u>	<u>\$ 856,229,613</u>	<u>\$ 938,917,340</u>	<u>\$ 887,622,801</u>	<u>\$ 958,843,996</u>	<u>\$ 966,149,193</u>

Note: Knox County implemented GASB Statement Number 75 in fiscal year 2018.  
Note: Knox County implemented GASB Statement Number 68 in fiscal year 2015.

Continued

KNOX COUNTY, TENNESSEE

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Program Revenues</b>										
Primary government:										
Governmental activities:										
Charges for Services:										
Finance and Administration	\$ 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	\$ 24,317,270
Administration of Justice	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	9,857,384
Public Safety	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	5,544,054
Public Health and Welfare	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	7,124,729
Social and Cultural Services	880,631	949,557	950,683	885,537	778,733	771,108	890,986	816,249	762,846	603,244
Other General Government	689,972	592,251	290,846	282,845	298,127	303,569	318,940	280,504	260,242	306,041
Engineering & Public Works	436,570	758,766	883,998	267,125	122,259	142,101	473,550	154,050	154,100	184,268
Operating grants and contributions	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	26,916,372
Capital grants and contributions	-	-	-	-	-	-	-	3,440,398	6,215,851	6,548,486
Total governmental activities	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	81,401,848
Business-type activities:										
Charges for Services	927,337	978,000	877,775	861,989	798,212	788,756	759,401	814,837	819,556	956,820
Capital grants and contributions	-	-	-	-	-	-	35,000	44,876	27,250	-
Total business-type activities	927,337	978,000	877,775	861,989	798,212	788,756	794,401	859,713	846,806	956,820
Total primary government program revenues	\$ 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	\$ 82,358,668
Component units:										
Charges for Services:										
Board of Education	\$ 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	\$ 9,541,097
Nonmajor Component Units	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	6,932,698
Operating grants and contributions	82,127,060	75,304,345	70,894,629	68,863,832	71,924,758	71,824,933	72,648,463	67,449,517	68,461,001	73,280,896
Capital grants and contributions	-	-	747,638	883,814	-	-	-	4,515,483	48,000	122,959
Total component units program revenues	\$ 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	\$ 89,877,650
Total reporting unit program revenues	\$ 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	\$ 172,236,318
Net (expenses)/revenues										
Primary government activities	\$ (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)	\$ (257,451,534)
Component units	(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)	(536,461,341)
Total net (expenses) revenues for reporting unit	\$ (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)	\$ (793,912,875)

Note: Knox County implemented GASB Statement Number 75 in fiscal year 2018.  
Note: Knox County implemented GASB Statement Number 68 in fiscal year 2015.

Continued

KNOX COUNTY, TENNESSEE

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Revenues and Other Changes in Net Position</b>										
Primary government:										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 182,568,574
Sales taxes	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	17,000,901
Lodging taxes	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	7,095,209
Business taxes	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	10,809,938
Wheel taxes	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	12,252,460
Other local taxes	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	4,288,109
Investment revenue	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	4,934,060
Other revenues	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	30,293,302
Contracts - other governments and citizens	1,236,916	96,628	264,452	728,102	381,842	296,117	308,350	428,174	352,694	309,730
Miscellaneous	3,118,883	667,645	262,735	966,103	828,323	746,701	1,443,103	1,176,215	788,341	1,788,758
Transfers	-	-	-	-	(250,000)	(200,000)	(275,000)	(320,000)	(320,000)	(300,000)
Total governmental activities	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	271,041,041
Business-type activities:										
Transfers	-	-	-	-	250,000	200,000	275,000	320,000	320,000	300,000
Total primary government	\$ 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	\$ 271,341,041
Component units:										
Taxes										
Property taxes	\$ 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	\$ 103,878,545
Sales taxes	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	163,255,052
Wheel taxes	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	1,697,739
Other local taxes	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	787,312
Investment revenue	132,360	42,669	166,662	229,295	286,000	498,372	501,758	946,448	1,704,749	1,144,891
Payments from component units	-	-	-	-	2,162,546	-	-	-	-	-
Payments from primary government	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	23,222,597
Intergovernmental and Other revenues	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	2,544,152
Contracts - other governments and citizens	1,719,140	1,719,140	78,725	90,080	5,658,174	368,295	96,520	2,787,924	101,290	101,300
Miscellaneous	4	503,211	377,361	219,340	122,317	88,892	110,930	388,502	337,268	89,248
Grants and Contributions Not Restricted for Specific Programs	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	1,719,140
State of Tennessee - Basic Education Program	-	-	-	-	-	-	197,263,894	210,692,256	222,386,625	230,224,430
Total component units	\$ 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	\$ 528,664,406
Total reporting unit	\$ 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	\$ 800,005,447
<b>Change in Net Position</b>										
Primary government activities	\$ (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)	\$ 13,889,507
Component units activities	\$ 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	\$ (7,796,935)
Total reporting unit	\$ 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	\$ 6,092,572

Note: Knox County implemented GASB Statement Number 75 in fiscal year 2018.  
Note: Knox County implemented GASB Statement Number 68 in fiscal year 2015.

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KNOX COUNTY, TENNESSEE

Primary Government Activities Tax Revenues By Source  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Lodging Tax</b>	<b>Business Tax</b>	<b>Wheel Tax</b>	<b>Other Local Tax</b>	<b>Total</b>
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
2020	182,568,574	17,000,901	7,095,209	10,809,938	12,252,460	4,288,109	234,015,191

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KNOX COUNTY, TENNESSEE

Component Units Activities Tax Revenues By Source  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Wheel Tax</b>	<b>Other Local Tax</b>	<b>Total</b>
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
2020	103,878,545	163,255,052	1,697,739	787,312	269,618,648

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**KNOX COUNTY, TENNESSEE**

**Reporting Unit Activities Tax Revenues By Source  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)**

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Lodging Tax</b>	<b>Business Tax</b>	<b>Wheel Tax</b>	<b>Other Local Tax</b>	<b>Total</b>
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
2020	286,447,119	180,255,953	7,095,209	10,809,938	13,950,199	5,075,421	503,633,839

**KNOX COUNTY, TENNESSEE**

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
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	\$ 6,805,381
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	2,956,169
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	5,200,000
Assigned	957,967	465,211	1,089,640	1,401,378	1,130,360	789,441	387,963	921,525	251,677	695,016
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	72,582,889
Total general fund	<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>	<u>\$ 88,239,455</u>
All other governmental funds										
Nonspendable	\$ 5,910,592	\$ 5,776,505	\$ 5,762,434	\$ 3,953,715	\$ 3,958,516	\$ 114,681	\$ 104,525	\$ 93,419	\$ 79,623	\$ 67,892
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	26,035,640
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	24,187,114
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	3,873,478
Unassigned	-	-	-	-	-	-	-	(13,247,367)	-	-
Total all other governmental funds	<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>	<u>\$ 54,164,124</u>

**KNOX COUNTY, TENNESSEE**  
**Changes in Fund Balances of Government Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(Unaudited)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ 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	\$ 233,889,655
Licenses and permits	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	5,340,198
Fines, forfeitures and penalties	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	2,621,303
Charges for current services	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	35,329,041
Other local revenues	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	12,295,033
State of Tennessee	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	28,434,549
Federal government	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	14,523,817
Other governments and citizen groups	1,669,274	1,454,345	1,103,013	723,019	646,219	1,210,967	592,769	1,748,187	998,711	1,028,405
Investment earnings	1,037,903	2,111,750	2,214,606	2,023,800	15,686	18,121	-	-	-	-
Payments from component units	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	11,072,668
Increase in equity interest in joint venture	349,085	331,142	918,162	-	-	-	-	406,204	298,686	408,316
<b>Total revenues</b>	<b>277,932,853</b>	<b>294,855,653</b>	<b>301,414,938</b>	<b>297,841,407</b>	<b>303,451,641</b>	<b>315,638,013</b>	<b>319,777,562</b>	<b>337,976,198</b>	<b>339,247,956</b>	<b>344,942,985</b>
<b>Expenditures</b>										
Finance and administration	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	37,059,413
Finance and administration - payments to component unit	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	5,333,874
Administration of justice	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	28,600,524
Public safety	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	89,169,015
Public safety - payments to component unit	326,200	326,200	326,200	326,200	326,200	485,002	856,322	1,191,595	1,191,595	1,191,595
Public health and welfare	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	35,624,784
Public health and welfare - payments to component unit	256,628	256,628	256,628	211,628	166,628	166,628	166,628	166,628	166,628	166,628
Social and cultural services	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	19,301,575
Agricultural and natural resources	380,453	365,774	435,231	519,433	470,977	490,451	518,339	520,063	483,133	488,941
Other general government	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	25,272,822
Other general government - payments to component unit	-	-	-	600,000	600,000	600,000	700,000	700,000	725,000	730,000
Engineering & Public Works	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	15,899,714
Decrease in equity interest in joint venture	-	-	-	493,210	931,800	153,036	180,513	-	-	-
Debt proceeds paid to component unit	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	441,307	106,387	-	745,863	209,442	196,957	481,587	-	461,032	210,558
Education - Payments to component unit	-	-	-	-	-	-	9,968,536	-	39,410,750	15,800,000
Capital Outlay	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	15,132,968
Debt Service:										
Principal	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	44,738,834
Interest	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	25,284,411
Other charges	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	3,222,224
<b>Total expenditures</b>	<b>318,711,383</b>	<b>293,523,491</b>	<b>320,423,347</b>	<b>344,891,758</b>	<b>339,090,291</b>	<b>353,914,412</b>	<b>422,622,546</b>	<b>347,187,088</b>	<b>391,917,678</b>	<b>363,228,380</b>
Excess (deficiency) of revenues over (under) expenditures	(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)	(18,285,395)
<b>Other financing sources (uses)</b>										
Transfers in	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	22,035,902
Transfers out	(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)	(24,398,402)
Capital lease proceeds	-	-	13,182,024	14,872,404	12,450,000	-	-	-	-	-
Refunding bonds issued	62,675,000	21,505,000	-	-	72,860,000	-	-	57,780,000	12,860,000	55,510,000
Bonds issued	46,236,000	14,400,000	-	39,075,000	30,040,000	35,900,000	90,265,000	-	65,915,000	37,230,000
Loan issued	-	-	-	5,962,500	-	-	-	-	-	-
Premium on debt issued	2,458,913	1,367,889	-	350,920	1,484,442	2,206,016	8,436,587	-	6,867,466	3,057,567
Premium on refunding bonds	-	-	-	-	1,716,531	-	-	3,980,220	1,127,772	6,293,281
Payments to holders of refunded debt	(64,118,485)	(22,469,358)	-	-	(74,181,478)	-	-	(61,368,872)	(13,975,000)	(61,452,907)
Notes issued	-	5,000,000	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>47,311,541</b>	<b>17,562,328</b>	<b>9,071,918</b>	<b>54,930,744</b>	<b>43,725,732</b>	<b>35,909,689</b>	<b>95,890,385</b>	<b>(2,561,273)</b>	<b>71,534,938</b>	<b>38,275,441</b>
<b>Net change in fund balances</b>	<b>\$ 6,533,011</b>	<b>\$ 18,894,490</b>	<b>\$ (9,936,491)</b>	<b>\$ 7,880,393</b>	<b>\$ 8,087,082</b>	<b>\$ (2,366,710)</b>	<b>\$ (6,954,599)</b>	<b>\$ (11,772,163)</b>	<b>\$ 18,865,216</b>	<b>\$ 19,990,046</b>
Debt service as a percentage of noncapital expenditures	19.74%	21.93%	20.75%	19.67%	20.16%	19.92%	16.44%	20.67%	18.60%	20.43%

**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						
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	2.36	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	6,700,523,882	3,690,273,187	651,161,070	277,926,658	11,319,884,797	2.32	39,239,135,540	28.85%
2017	7,373,997,407	4,261,667,687	699,473,564	268,585,449	12,603,724,107	2.12	43,506,373,393	28.97%
2018	7,524,945,835	4,315,865,608	723,203,308	272,720,518	12,836,735,269	2.12	44,361,036,120	28.94%
2019	7,698,619,320	4,411,768,237	672,797,525	238,958,027	13,022,143,109	2.12	45,023,159,819	28.92%

**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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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 2019 and Nine Years Ago  
(Unaudited)**

<u><b>Taxpayer</b></u>	<b>Tax Year 2019</b>			<b>Tax Year 2010</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Metro Knoxville	\$ 43,494,960	1	0.33%	-	-	-
AT&T Mobility	33,048,086	2	0.25%	\$ 15,486,937	6	0.15%
Cellco Partnership (DBA Verizon Wireless)	30,273,318	3	0.23%	32,164,373	2	0.32%
West Town Mall	28,557,280	4	0.22%	26,700,440	3	0.26%
Pilot Corporation	21,009,174	5	0.16%	-	-	-
Bellsouth Telecommunications	20,785,659	6	0.16%	64,772,676	1	0.64%
Exedy America Corp	17,547,903	7	0.13%	-	-	-
Comcast of the South - Main Office	17,265,141	8	0.13%	-	-	-
Quarry Trail	16,717,240	9	0.13%	-	-	-
Hart TC I-Li, LLC	16,309,920	10	0.13%	-	-	-
Tennessee Holding, LLC	-	-	-	21,816,880	4	0.22%
Behringer Harvard Riverview, LLC	-	-	-	16,665,120	5	0.17%
Knoxville Center, LLC	-	-	-	14,828,040	7	0.15%
Concord Telephone Exchange	-	-	-	13,577,231	8	0.13%
Rohm & Haas Co	-	-	-	12,775,881	9	0.13%
Parkside Drive LLC	-	-	-	12,721,600	10	0.13%
<b>Totals</b>	<b>\$ 245,008,681</b>		<b>1.88%</b>	<b>\$ 231,509,178</b>		<b>2.30%</b>

Source: Knox County, Tennessee Trustee Department.

**KNOX COUNTY, TENNESSEE**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
(amounts expressed in thousands)  
(Unaudited)**

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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%
2020	276,018	268,208	97.2%	1,239	269,447	97.6%

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)**

<b>Fiscal Year</b>	<b>Primary Government</b>		<b>Component Units</b>	<b>Total Reporting Unit</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
	<b>General Obligation Bonds and Loans</b>	<b>Capital Leases</b>	<b>Capital Leases and Loans Payable</b>			
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	2.92%	1,455
2019	663,118	32,343	3,913	699,374	3.02% (2)	1,501
2020	675,809	11,147	14,152	701,108	3.03% (2)	1,492 (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 293 for personal income and population data.*

*(2) Estimated, schedule will be updated when the information becomes available.*

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KNOX COUNTY, TENNESSEE

**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita amount)  
(Unaudited)

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
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%	1,418
2020	674,054	1.50% (3)	1,433 (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 286 for property value data.*

*(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 293.*

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KNOX COUNTY, TENNESSEE

Direct and Overlapping Governmental Activities Debt  
As of June 30, 2020  
(amounts expressed in thousands)  
(Unaudited)

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<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	\$ 697,468	100.00%	\$ 697,468
Subtotal, direct debt	<u>697,468</u>		<u>697,468</u>
City of Knoxville overlapping debt	51,556	100.00%	51,556
Town of Farragut overlapping debt	-	100.00%	-
Subtotal, overlapping debt	<u>51,556</u>		<u>51,556</u>
Total direct and overlapping debt	<u>\$ 749,024</u>		<u>\$ 749,024</u>

Note: Percentage of overlap based on assessed property values.

**KNOX COUNTY, TENNESSEE**

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)**

<b>Fiscal Year</b>	<b>Population</b> (1)	<b>Personal Income</b> (amounts expressed in thousands) (1)	<b>Per Capita Personal Income</b> (1)	<b>Median Age</b> (3)	<b>School Enrollment</b> (3)	<b>Unemployment Rate</b> (2)
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	48,102	37.5	115,681	3.7%
2018	465,289	23,560,638	50,531	37.3	125,236	3.6%
2019	466,258	24,342,690	51,758	37.5	125,236 (4)	2.9%
2020	470,313 (4)	24,342,690 (4)	51,758 (4)	37.7 (4)	125,236 (4)	8.1%

*Data sources:*

- (1) Bureau of Economic Analysis, Regional Economic Accounts, Bearfacts.
- (2) Tennessee Department of Labor and Workforce Development.
- (3) US Census Bureau/Data.Census.Gov
- (4) Estimated, schedule will be updated when the information becomes available.

**KNOX COUNTY, TENNESSEE**

**Principal Employers  
Calendar Year 2019 and Nine Years Ago  
(Unaudited)**

Employer (1)	2019			2010		
	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	15,862	1	3.74%	13,925	1	4.07%
Covenant Health	9,792	2	2.31%	9,000	3	2.63%
The University of Tennessee	9,384	3	2.21%	9,326	2	2.72%
Knox County Public Schools	7,949	4	1.87%	6,945	4	2.03%
Walmart Stores	6,863	5	1.62%	4,336	6	1.27%
University Health System	5,458	6	1.29%	3,802	8	1.11%
DENSO Mfg	5,350	7	1.26%	-		-
Clayton Homes	4,883	8	1.15%	-		-
The Dollywood Company	4,500	9	1.06%	-		-
State of Tennessee, Regional Office	3,286	10	0.77%	3,750	9	1.10%
K-VA-T Food Stores	-		-	3,983	7	1.16%
Mercy Health Partners	-		-	5,700	5	1.66%
Knox County Government	-		-	3,037	10	0.89%
Total	<u>73,327</u>		<u>17.29%</u>	<u>63,804</u>		<u>18.64%</u>

(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)**

<b>Full-time Equivalent Employees by Function</b>										
<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General government	521	503	504	508	529	547	552	549	553	555
Public safety	1013	1025	1037	1038	1041	1054	1063	1040	1069	1084
Public health and welfare	320	310	291	283	286	298	306	290	294	292
Highways	114	114	116	113	115	117	116	118	123	125
Social, cultural, and recreation	203	194	197	197	200	200	202	198	204	210
<b>Total</b>	<b>2,171</b>	<b>2,146</b>	<b>2,145</b>	<b>2,139</b>	<b>2,171</b>	<b>2,216</b>	<b>2,239</b>	<b>2,195</b>	<b>2,243</b>	<b>2,266</b>

Source: Knox County Budget.

KNOX COUNTY, TENNESSEE

Operating Indicators by Function  
Last Ten Fiscal Years  
(Unaudited)

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sheriff (1)										
Arrests	29,557	25,571	25,533	24,969	23,400	23,498	11,722	10,802	10,461	*
Accidents	3,190	3,080	2,793	2,903	2,861	3,097	3,131	3,365	2,840	*
Incidents	32,319	32,414	30,949	30,707	29,653	28,960	31,366	30,868	28,160	*
Health services (2)										
Community Health:										
Presentations performed by Community Health Divisor	-	-	-	-	-	-	-	-	119	144
Attendees at Community Health Presentations	-	-	-	-	-	-	-	-	2,667	3,209
Air Quality:										
Compliance evaluations/complaint investigations conductec	-	-	-	-	-	-	-	-	752	864
Environmental Health:										
Inspections on food establishments, mobile food units, childcare facilities, school cafeterias conducted	-	-	-	-	-	-	-	-	2,786	7,024
Communicable and Environmental Disease										
Reportable disease investigations conductec	-	-	-	-	-	-	-	-	7,564	11,774
Health Services:										
Patient encounters	-	-	-	-	-	-	-	-	83,048	76,073
Vaccines administered	-	-	-	-	-	-	-	-	34,487	27,993
Dental Services:										
Patient encounters	-	-	-	-	-	-	-	-	4,768	6,365
Children served through school-based sealant program	-	-	-	-	-	-	-	-	1,671	1,504
Emergency Preparedness:										
Outreach events	-	-	-	-	-	-	-	-	30	45
Regional exercises	-	-	-	-	-	-	-	-	4	9
Epidemiology data reports	-	-	-	-	-	-	-	-	6	5
Engineering & public works (2)										
Street resurfacing (miles)	13	17	22	21	12	25	48	50	27	9
Road maintenance service orders processec	2,829	1,973	2,876	2,563	2,302	2,653	2,560	2,471	2,872	3,815
Litter reduction from right of way (miles)	1,046	637	839	1,035	906	1,040	766	749	779	719
Parks & recreation (2)										
Number of park shelter reservations	3,500	3,800	4,500	5,500	6,000	7,000	4,875	4,854	5,467	5,705
Total all participants on all teams	30,000	37,000	37,000	40,000	60,000	22,750	39,668	32,135	31,026	28,235
Total number of attendees at events	21,500	90,000	125,084	160,000	170,000	63,600	114,801	101,792	104,076	99,972

\* Information not yet available.

(1) Information kept by calendar year.

(2) Information kept by fiscal year.

NOTE: Beginning in FY17, Knox County Sheriff's Office maintains and reports only county arrest numbers. Prior to FY17 both county and city arrest numbers were maintained and reported by KCSO.

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	9	9	9	9	9	9	9	9	9
K-9 Training Facility	-	-	-	-	-	-	-	-	1	1
Engineering & Public Works										
Streets (lane miles)	2,089	2,107	2,107	2,230	2,236	2,241	2,244	2,248	2,256	2,263
Bridges	142	142	142	143	143	143	143	145	148	148
Traffic signals	64	65	68	70	73	75	76	81	81	85
Parks & Recreation										
Parks acreage	3,296	3,347	3,347	2,600	2,025	2,169	2,169	2,169	2,176	2,262
Parks	49	50	51	49	48	48	48	48	49	52
Spray pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	7	7	7	13	13	13	13	13	13	13

Source: Knox County, Tennessee Public Safety, Engineering & Public Works and the Parks & Recreation Departments.