

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Year Ended June 30, 2021

Glenn Jacobs, County Mayor

KNOX COUNTY TENNESSEE

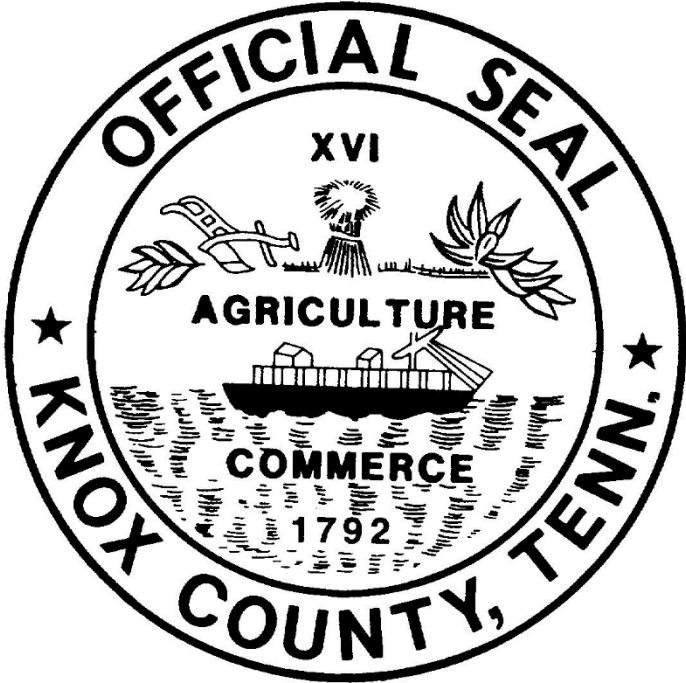
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Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

Knox County, Tennessee



KNOX COUNTY, TENNESSEE
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OFFICE OF COUNTY MAYOR GLENN JACOBS

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

March 3, 2022

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

The Annual Comprehensive Financial Report (ACFR) of Knox County, Tennessee (the County) for the fiscal year ended June 30, 2021, 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, 2021. 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
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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), the Knox County Railroad Authority (KCRA), and the Knox Education Foundation (KEF) 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. His emphasis is on jobs, education, and recreation.

Some of Mayor Jacobs' achievements to date include:

- Hosts constituent meetings and community lunches in all nine county districts
- Hosts a series of senior lunches and picnics
- Establishing the Knox County Building Trades Career Academy that will serve both adults who are continuing education in HVAC, masonry, electrical, and carpentry fields and Knox County high school students who don't currently have access to CTE classes
- Donated \$100,000 to Knoxville Public Safety Foundation
- Launched the All4Knox program to create a community-wide strategic plan to combat substance abuse

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- Launched Read City USA—a collaborative reading initiative designed to help all children, regardless of socioeconomic background, to learn to read early and well
- Renovated and improved the athletic fields at South Doyle Middle School
- Committed to building three new elementary schools
- 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
- Created and hosts annual School Mania, which provides school supplies to Knox County students
- Completed and opened the I.C. King Park extension and the new senior center in Farragut
- Began work on a new park to recognize and honor veterans
- Relocated Knox County Schools’ administrative teams to TVA Towers, putting the Andrew Johnson Building back on the tax roll
- Committed to working with the state and federal governments on the responsible placement of refugees
- Brought the Schaad Road Project into Phase II
- Coordinated the cleanup of the Beaver Creek Water Trail, a first-of-its-kind 44-mile water trail that connects five Knox County communities.
- Replaced the Powell Boardwalk
- Established a weekly video series to promote local businesses
- Established the Knox County Mayor’s TCAT Scholarship that supports the children of Knox County employees taking classes at Tennessee College of Applied Technology Knoxville

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, 2020. 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.

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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:

- TVA East Tower
- City County Improvements/Developments
- TVA Summerplace
- County Clerk East Office Renovations

Road Construction/Improvements:

- General Road Improvements
- Schaad Road Phase II
- Cherahala Extension
- Brickyard w/ Beaver Creek

School Construction/Renovations:

- Physical Plant Upgrades
- Roofing Upgrades
- Lonsdale Construction
- Land Acquisition

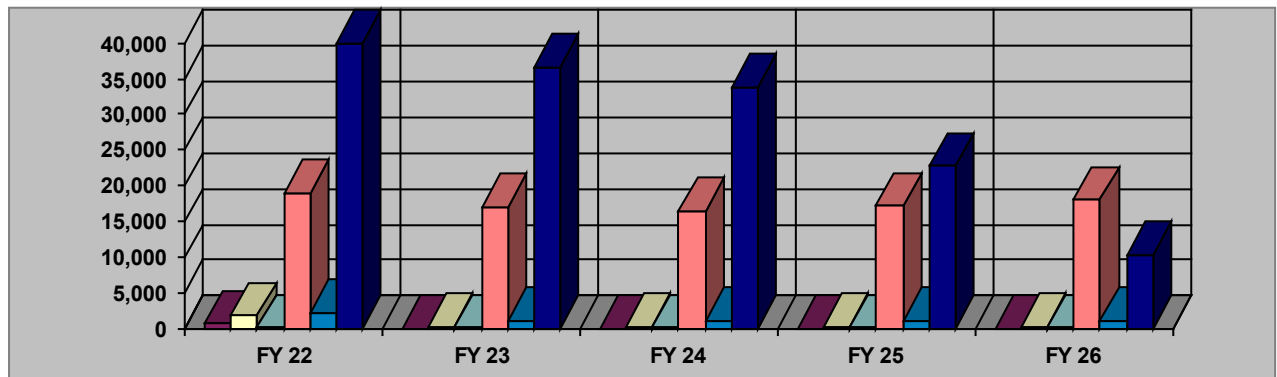
School Construction/Renovations:

- HVAC Upgrades
- Adrian Burnett Elementary
- Security Upgrades
- Cafeteria 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 2022	FY 2023	FY 2024	FY 2025	FY 2026	TOTAL
Public Libraries	\$ 719	\$ 101	\$ 100	\$ 100	\$ 100	\$ 1,120
Countywide Projects	1,898	339	300	300	300	3,137
Parks & Recreation	250	200	200	200	200	1,050
Engineering & Public Works	19,055	17,025	16,500	17,225	18,100	87,905
Building Improvements & Other	2,226	1,200	1,200	1,200	1,200	7,026
Schools	58,325	36,600	33,850	22,750	10,350	161,875
Total – Approved Projects	\$ 82,473	\$ 55,465	\$ 52,150	\$ 41,775	\$ 30,250	\$ 262,113

Five Year Capital Plan
(In Thousands of Dollars)



- Public Libraries
- Countywide Projects
- Parks & Recreation
- Engineering & Public Works
- Building Improvements & Other
- Schools

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 2020 census demographic population data reported that 475,609 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,

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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 2020 population was reported at 190,223. It is the largest incorporated municipality in the County. Farragut, the only other municipality in the County, has an estimated population of 23,506. 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 1,081 wholesale establishments, 1,705 retail establishments, and 8,775 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 909 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 83.7 compared to the average of all participating cities of 100. The County has over 6,418 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 2021, the Knoxville MSA ranked 64 amongst the top MSAs nationally. The Knoxville MSA ranks comparably to the Nashville MSA which ranked number 4 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.

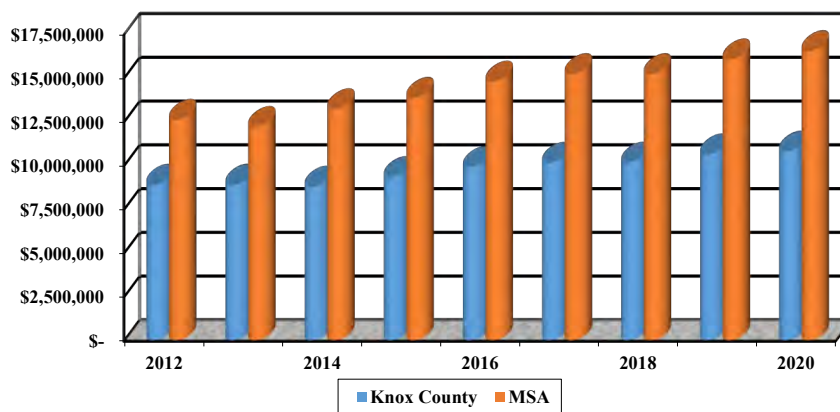
The area is also gaining a reputation as a prime location for corporate headquarters. High profile companies headquartered here in the MSA include the Tennessee Valley Authority, Jewelry Television, AC Entertainment, DeRoyal Industries, PetSafe/Radio Systems Corporation, and Regal Entertainment. Knox 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 2020 retail sales in the MSA grossed over \$16.6 billion, with approximately 65% of that total generated in Knox County.

RETAIL SALES

(in thousands)

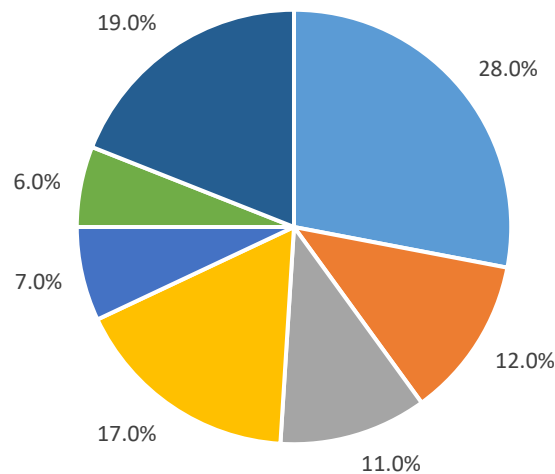


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and the Citizens of Knox County, Tennessee**

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 12.1 million guests in 2020.

Non-Agricultural Employment



Knox County has demonstrated a very healthy diversity in employment. Services and trade are the two largest employment sectors in the County metropolitan area, followed by Government and Other.

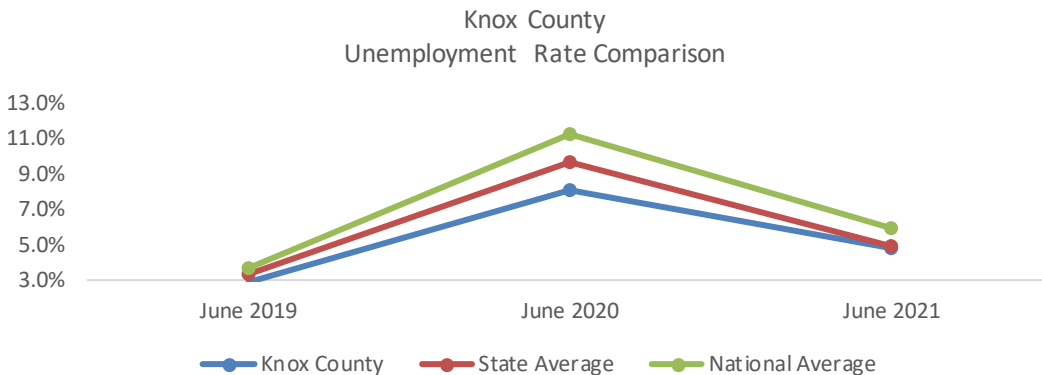
■ Services ■ Government ■ Finance ■ Trade & Utilities ■ Manufacturing ■ Construction ■ Other

Per Capita Income

In 2020, Knox County's per capita income was \$54,642. This represents an increase of 5.6 percent compared to 2019.

Unemployment

Historically, Knox County’s unemployment rate has been low relative to the state and national rates. For the month of June 2021, the seasonally adjusted unemployment rates for the County, state and nation stood at 4.8%, 4.9% and 5.9%, respectively, a much-improved average over the prior year pandemic rates. The County’s rate remained lower than the State and National average.



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 2021 adopted budget provided for a moderate decrease of 1.0% in General Fund expenditures. The adopted budget for education funding provided for in the General Purpose School Fund (the general fund for the Board of Education component unit) has increased by 0.23%. 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 is 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.

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

The total bonded debt as of June 30, 2021 of \$658,137,237 is \$33,049,231 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 Annual Comprehensive financial report for the fiscal year ended June 30, 2020. This was the twenty-fifth 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 Annual Comprehensive 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-sixth consecutive time, the GFOA Award for Distinguished Budget Presentation for its 2021 Annual Operating Budget. In qualifying for the award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

The County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR award) for the fiscal year ended June 30, 2020. 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.

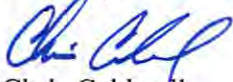
**Board of County Commissioners
and the Citizens of Knox County, Tennessee**

Acknowledgments

The preparation of the ACFR 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, Susan Corlew, Christian McCall, 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

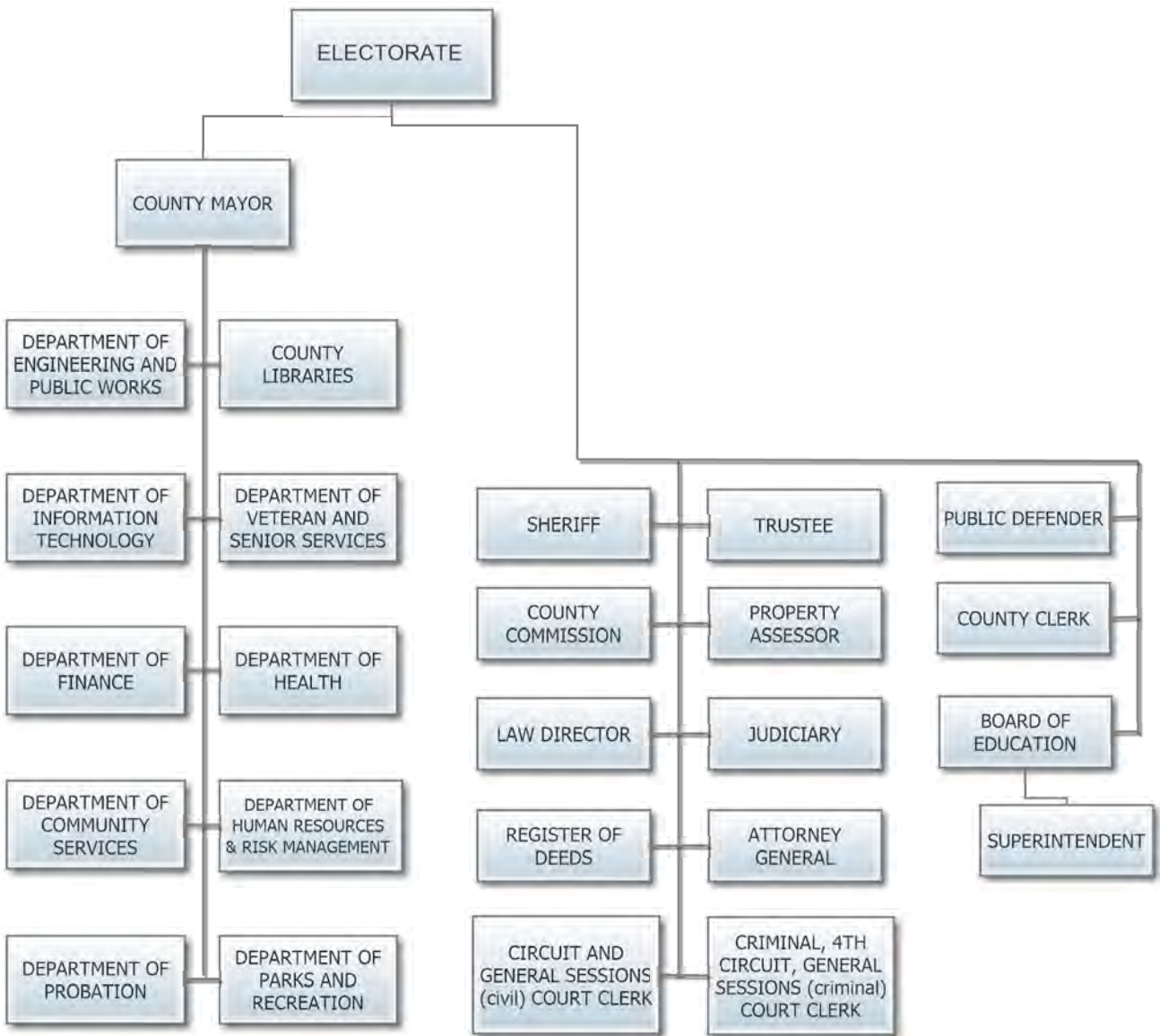
June 30, 2020

Christopher P. Morill

Executive Director/CEO



KNOX COUNTY, TENNESSEE
 COUNTY ORGANIZATIONAL STRUCTURE
 As of June 30, 2021





KNOX COUNTY, TENNESSEE
ROSTER OF ELECTED OFFICIALS AND OTHERS
As of June 30, 2021

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 - David L. Buuck
Public Defender - Mark Stephens
Register of Deeds - Nick McBride
Sheriff - Tom Spangler
Trustee - Ed Shouse

Board of Commissioners:

Richie Beeler	Larsen Jay, Chairman
Justin Biggs	Dasha Lundy
Charles Busler	John Schoonmaker, Vice Chairman
Carson Dailey	Randy Smith
Courtney Durrett	Kyle Ward
Terry Hill	

Board of Education:

Virginia Babb, Vice Chair	Mike McMillan
Patti Bounds	Jennifer Owen
Betsy Henderson	Evetty Satterfield
Susan Horn, Chair	Daniel Watson
Kristi Kristy	

Superintendent of Schools:

Bob Thomas

Audit Committee:

Jim Morrison, CPA, Chairman
Richie Beeler
Larsen Jay
John Schoonmaker
Matt Warren, CPA

Finance Director:

Chris Caldwell, MBA, CCFO

Pension Board:

Chris Caldwell (Proxy for Glenn Jacobs,
Chairman)
Charles Busler
Larsen Jay, Vice Chairman
Gabe Mullinax
Janet Samar
Chris Simons
Randy Smith
James Snowden
Kyle Ward

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, 2021 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") and the Knox Education Foundation ("KEF"), discretely presented component units reported in the financial statements of the County. TDC and KEF represent 2.6% of total assets and deferred outflows, 8.0% of net position and 0.8% of revenues of the County. 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 TDC and KEF, 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.



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XV



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, 2021, 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 xviii through xxxv 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 March 3, 2022, 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 separately bound document, our report dated March 3, 2022, 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
March 3, 2022

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2021

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, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-xi of this report. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the governmental activities of the Knox County Primary Government were exceeded by its liabilities and deferred inflows at the close of the most recent fiscal year by \$15,406,058 (deficit net position). This amount includes a negative \$270,054,056 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 \$11,405,608. Total net position for the Primary Government (governmental and business-type activities) increased by \$11,435,970.
- The Primary Government's governmental funds reported total fund balances of \$156,076,781, an increase of \$13,673,202 for the fiscal year.
- The Knox County Government's total bonded debt at the end of the year totaled \$658,137,237, an increase of 1.8% compared to the prior year total of \$646,221,518. Of the current year total, \$367,943,321 pertains to County general government activities and \$290,193,916 pertains to the Knox County Board of Education component unit. Bond principal paid in the current year totaled \$99,344,281 and debt issued totaled \$111,260,000.
- 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, 2021

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), The Knox Education Foundation (The Foundation) 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, Corporation and Foundation 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, 2021

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, Debt Service Fund, and the Federal, State, and Other Grants Fund, all of which are considered to be major funds. Data from the other eight 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/budget.php>.

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, 2021

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
Condensed Statement of Net Position - Governmental Activities

	June 30,		
	2021	2020	Variance
Current and Other Assets	\$ 476,108,958	\$ 390,936,814	\$ 85,172,144
Capital Assets	593,368,990	584,316,952	9,052,038
Total Assets	<u>1,069,477,948</u>	<u>975,253,766</u>	<u>94,224,182</u>
Deferred Outflows of Resources	59,421,931	84,026,835	(24,604,904)
Other Liabilities	188,383,600	128,686,839	59,696,761
Long-term Liabilities Outstanding	742,654,994	770,214,487	(27,559,493)
Total Liabilities	<u>931,038,594</u>	<u>898,901,326</u>	<u>32,137,268</u>
Deferred Inflows of Resources	213,267,343	187,190,941	26,076,402
Net Position:			
Net Investment in Capital Assets	239,891,274	239,026,759	864,515
Restricted	14,756,724	13,509,318	1,247,406
Unrestricted (Deficit)	(270,054,056)	(279,347,743)	9,293,687
Total Net Position (Deficit)	<u>\$ (15,406,058)</u>	<u>\$ (26,811,666)</u>	<u>\$ 11,405,608</u>

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2021

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 \$270,054,056 reflects a positive change of \$9,293,687 compared to the prior year unrestricted net position deficit of \$279,347,743.

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

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Net Investment in Capital Assets	\$ 239,891,274	\$ 239,026,759	\$ 864,515
Restricted:			
Debt Service	3,624,154	3,649,437	(25,283)
Public Health and Welfare	2,403,586	2,464,532	(60,946)
Public Safety	4,421,560	3,713,299	708,261
Social and Cultural Services	2,029,911	1,881,425	148,486
Pensions	179,415	185,713	(6,298)
Other Purposes	2,098,098	1,614,912	483,186
Total Restricted Net Position	<u>14,756,724</u>	<u>13,509,318</u>	<u>1,247,406</u>
Unrestricted (Deficit)	<u>(270,054,056)</u>	<u>(279,347,743)</u>	<u>9,293,687</u>
Total Net Position (Deficit)	<u>\$ (15,406,058)</u>	<u>\$ (26,811,666)</u>	<u>\$ 11,405,608</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, 2021 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

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2021

statements, whereas the related debt is shown on the County's Primary Government financial statements.

At June 30, 2021, the amount of bonds, capital leases and loans issued by the County on behalf of the Board still outstanding was \$299,561,432, compared to the prior year amount of \$283,139,277. 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 \$29,507,376 in 2021 and a positive unrestricted net position of \$3,791,534 in 2020.

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 activities of the Board.

Governmental activities. Governmental activities increased the Knox County Primary Government's net position by \$11,405,608 in 2021. This amount is only slightly less than the increase in FY 2020. Charges for services and operating grants and contributions had the largest increases in program revenues mainly due to additional grants related to the CARES Act. Property taxes and sales taxes were the largest drivers of the increase in general revenues with a combined approximately \$7 million increase.

The following table shows the changes in the Statement of Activities for the Primary Government-Governmental Activities for the fiscal years ended June 30, 2021 and 2020.

Knox County, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Knox County Primary Government
Governmental Activities

	Year Ended June 30,		
	2021	2020	Variance
Program Revenues:			
Charges for Services	\$ 51,942,676	\$ 47,936,990	\$ 4,005,686
Operating Grants and Contributions	34,132,084	26,916,372	7,215,712
Capital Grants and Contributions	8,020,823	6,548,486	1,472,337
General Revenues			
Local Taxes	242,619,253	234,015,191	8,604,062
Payments from Component Units	11,449,356	13,220,461	(1,771,105)
Intergovernmental Revenues	12,202,850	16,133,150	(3,930,300)
Other General Revenues	8,531,738	7,972,239	559,499
Total Revenues	368,898,780	352,742,889	16,155,891
Expenses:			
Finance and Administration	39,808,990	39,060,713	748,277
Administration of Justice	29,053,536	29,577,327	(523,791)
Public Safety	95,264,684	103,392,117	(8,127,433)
Public Health and Welfare	37,358,134	36,605,343	752,791
Social and Cultural Services	22,062,342	22,086,229	(23,887)
Agricultural and Natural Resources	391,064	488,941	(97,877)
Other General Government	31,269,894	23,937,272	7,332,622
Engineering & Public Works	38,100,893	32,611,211	5,489,682
Debt Service	21,787,904	27,521,163	(5,733,259)
Payments to Component Units	42,295,731	23,222,597	19,073,134
Total Expenses	357,393,172	338,502,913	18,890,259
Excess (Deficiency) of Revenues over (under)			
Expenses before Transfers	11,505,608	14,239,976	(2,734,368)
Transfers to Other Funds	(100,000)	(300,000)	200,000
Change in Net Position	11,405,608	13,939,976	(2,534,368)
Net Position, July 1 (Deficit)	(26,811,666)	(40,751,642)	13,939,976
Net Position, June 30 (Deficit)	\$ (15,406,058)	\$ (26,811,666)	\$ 11,405,608

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

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new grants from the CARES Act. Public Health and Welfare alone received an additional \$4M. Program revenues also include capital grants and contributions. During the current year the County received a substantial portion in this category related to the renovations to the TVA east tower for the future home of the Board and additional space for the University of Tennessee. During the current year the County received \$983,640 in contributions from developers related to road projects compared to \$6,548,486 in the prior year. Several developments are currently in progress. The County estimates that the developer contributions will substantially increase in the following 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 2021, combined property and sales tax revenue was \$206,663,805. The 2020 corresponding total was \$199,569,475, for a net increase of \$7,094,330. 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 increase in the amounts paid to the Board applicable to debt issued by the Primary Government on behalf of the Board of \$20,000,000. 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 fluctuate from year to year as expected in the various categories. The largest decrease in spending was in public safety with current year spending back in line with a normal year. This category experienced necessary increases in the prior year due to the cost of providing essential government services during the pandemic.

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 and related courses, an enterprise fund. The following tables describe the results and changes in the current and prior years. The golf courses are supported by user fees: greens fees, cart fees, pro shop sales and snack bar sales. The County's general fund made a transfer of \$100,000 in the current year to the golf course fund for additional support. The change in net position of \$30,362 for the golf course fund includes the effects of depreciation, a noncash expense, totaling \$40,335. Of the ending net position, \$415,134 was invested in capital assets, with the remaining deficit amount of \$30,989 unrestricted. These amounts reflect the results of ordinary business operations.

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Condensed Statement of Net Position-Primary Government-Business-type Activities

	June 30,		
	2021	2020	Variance
Current and Other Assets	\$ 74,344	\$ 19,321	\$ 55,023
Capital Assets	415,134	417,533	(2,399)
Total Assets	489,478	436,854	52,624
Current Liabilities	73,949	63,382	10,567
Noncurrent Liabilities	31,384	19,689	11,695
Total Liabilities	105,333	83,071	22,262
Net Position:			
Invested in Capital Assets	415,134	417,533	(2,399)
Unrestricted (Deficit)	(30,989)	(63,750)	32,761
Total Net Position	\$ 384,145	\$ 353,783	\$ 30,362

Condensed Statement of Primary Government-Business-type Activities

	Year Ended June 30,		
	2021	2020	Variance
Program Revenues:			
Charges for Services	\$ 1,461,267	\$ 956,820	\$ 504,447
Expenses:			
Operating Expenses	1,568,841	1,307,289	261,552
Operating Income (Loss)	(107,574)	(350,469)	242,895
Capital Contributions and Transfers:			
Capital Contributions	37,936	-	37,936
Transfer from Other Funds	100,000	300,000	(200,000)
Total Capital Contributions and Transfers	137,936	300,000	(162,064)
Change in Net Position	30,362	(50,469)	80,831
Net Position, July 1	353,783	404,252	(50,469)
Net Position, June 30	\$ 384,145	\$ 353,783	\$ 30,362

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FINANCIAL ANALYSIS OF THE FUNDS

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

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

The categories of fund balance are:

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

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

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

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

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

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

Primary Government-Governmental Fund Balances

	June 30,		
	2021	2020	Variance
	<hr/>	<hr/>	<hr/>
Nonspendable	\$ 7,746,243	\$ 6,873,273	\$ 872,970
Restricted	29,814,684	32,481,004	(2,666,320)
Committed	31,477,128	25,897,919	5,579,209
Assigned	5,880,179	4,568,494	1,311,685
Unassigned	<hr/> 81,158,547	<hr/> 72,582,889	<hr/> 8,575,658
 Total Fund Balances	 <hr/> <hr/> \$ 156,076,781	 <hr/> <hr/> \$ 142,403,579	 <hr/> <hr/> \$ 13,673,202

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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 \$156,076,781, an increase of \$13,673,202 in comparison with the prior year total of \$142,403,579. Much of the overall increase resulted from operations of the County's general 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 44.2% of actual expenditures compared to 39.8% last year. This increase is primarily attributed to increased tax revenues and a decrease in transfers out to other funds. The County has adopted a formal fund balance policy calling for the maintenance of a minimum level of unassigned fund balance equivalent to three months (25%) of regular operating expenditures plus transfers out. The County strives to maintain levels exceeding that minimum level in order to provide for unanticipated needs. The actual results reflect the achievement of this goal.

General Fund - Fund Balances

	June 30,		
	2021	2020	Variance
	<u> </u>	<u> </u>	<u> </u>
Nonspendable	\$ 7,676,023	\$ 6,805,381	\$ 870,642
Restricted	3,241,148	2,956,169	284,979
Committed	7,297,773	5,200,000	2,097,773
Assigned	761,483	695,016	66,467
Unassigned	<u>81,158,547</u>	<u>72,582,889</u>	<u>8,575,658</u>
Total Fund Balances	<u>\$ 100,134,974</u>	<u>\$ 88,239,455</u>	<u>\$ 11,895,519</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 \$7,131,131 to be applied to the current year budget. As the current year result of operations was an increase in fund balance of \$581,091, the fund experienced a positive variance of \$7,712,222 of actual results compared to the final budget. This resulted from the significant savings from conservatively budgeting for interest expense that the County experienced from its variable rate debt, combined with increased property and local tax revenues. The County plans to continue its conservative financial planning.

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Debt Service Fund - Fund Balances

	June 30,		
	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Restricted	\$ 3,624,154	\$ 3,649,437	\$ (25,283)
Committed	<u>11,852,531</u>	<u>11,246,157</u>	<u>606,374</u>
Total Fund Balances	<u>\$ 15,476,685</u>	<u>\$ 14,895,594</u>	<u>\$ 581,091</u>

The Public Improvement Capital Projects Fund experienced a net decrease in fund balance in 2021, 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 current year bond issue allocated \$35,800,000 (a \$20M increase over the prior year) to the Board's construction fund for new school construction and renovations. The County's practice is to issue debt for capital purposes generally on an annual basis, with the intent that debt proceeds be received as close as practicable to the timing of the planned expenditures. This is done to help keep interest charges as low as practicable.

Public Improvement Capital Projects Fund - Fund Balances

	June 30,		
	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Restricted	\$ 15,237,375	\$ 19,157,399	\$ (3,920,024)
Committed	<u>125,000</u>	<u>150,000</u>	<u>(25,000)</u>
Total Fund Balance	<u>\$ 15,362,375</u>	<u>\$ 19,307,399</u>	<u>\$ (3,945,024)</u>

The Federal, State and Other Grants Fund accounts for various federal, state and local programs to further benefit the citizens of the County. During FY 2021, the fund received a significant amount of Federal funds. The most significant was related to the U.S. Treasury's American Rescue Plan in the amount of \$45,676,393. The funds were received prior to incurring eligible expenditures; therefore, they are reported as unearned revenue, which had little effect on ending fund balance in the current year. The results of fund balance are shown in the following table:

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Federal, State and Other Grants Fund - Fund Balances

	June 30,		
	2021	2020	Variance
Nonspendable	\$ 65,476	\$ 67,392	\$ (1,916)
Restricted	2,245,759	2,067,595	178,164
Total Fund Balances	\$ 2,311,235	\$ 2,134,987	\$ 176,248

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 2021 is shown in the table below. Most of the variance was due primarily to the self-insurance healthcare fund net position increase of \$1,504,562. During FY 2021 the self-insurance healthcare fund's increase in net position was mainly due to an increase in charges for services 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

	June 30,		
	2021	2020	Variance
Net Position - All ISF	\$ 30,195,158	\$ 28,340,062	\$ 1,855,096
Charges for Services	\$ 83,415,095	\$ 86,420,364	\$ (3,005,269)
Net Position as a % of			
Charges for Services	36.2%	32.8%	

GENERAL FUND BUDGETARY HIGHLIGHTS

The total fund balance of the County's General Fund increased by \$11,895,519 during 2021, compared to last year's \$6,619,119 increase. The General Fund's original budget planned for a net use of fund balance for the year of \$5,428,479. Therefore, the actual total fund balance of \$100,134,974 was \$17,323,998 greater than originally planned. Key elements in the comparison of the final budget to actual results for the General Fund, excluding transfers, are shown in the following table:

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General Fund - Budget vs. Actual

	Year Ended June 30, 2021		
	Final Budget	Actual	Variance
Local Taxes	\$ 144,785,898	\$ 153,556,442	\$ 8,770,544
State of Tennessee	11,895,198	12,865,323	970,125
Federal Government	2,480,000	3,009,348	529,348
Other	18,869,585	18,855,207	(14,378)
Equity Interest in Joint Venture	-	930,016	930,016
Total Revenues	<u>\$ 178,030,681</u>	<u>\$ 189,216,336</u>	<u>\$ 11,185,655</u>
Finance and Administration	\$ 35,077,200	\$ 32,904,296	\$ 2,172,904
Administration of Justice	20,724,598	20,127,356	597,242
Public Safety	94,557,131	87,953,708	6,603,423
Public Health and Welfare	18,698,674	17,650,112	1,048,562
Social and Cultural Services	5,640,522	5,484,322	156,200
Agricultural and Natural Resources	492,105	391,064	101,041
Other General Government	19,581,448	19,066,276	515,172
Total Expenditures	<u>\$ 194,771,678</u>	<u>\$ 183,577,134</u>	<u>\$ 11,194,544</u>

The largest item affecting the variance in total revenues was a \$8,770,544 increase over budget in actual revenues from local taxes. This consisted mainly of an increase of \$2,694,636 in property taxes, \$3,012,736 increase in sales taxes and \$3,666,602 increase in business taxes in a better-than-expected economic growth during the pandemic. 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 reductions still 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 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 \$6,134,859 increase in the total budget. Included in the increase were normal adjustments to appropriations for category changes in most departments. Also included in the increase was \$3.6M in designations from unused appropriated funds from the FY 2020 budget. Key elements in the comparison of the original budget to final budget for the General Fund are shown in the following table:

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General Fund - Original Budget vs. Final Amended Budget

	Year Ended June 30, 2021		
	Original	Final	Variance
Local Taxes	\$ 144,745,000	\$ 144,785,898	\$ 40,898
State of Tennessee	11,711,806	11,895,198	183,392
Federal Government	2,480,000	2,480,000	-
Other	18,592,067	18,869,585	277,518
Total Revenues	\$ 177,528,873	\$ 178,030,681	\$ 501,808
Finance and Administration	\$ 32,719,024	\$ 35,077,200	\$ (2,358,176)
Administration of Justice	20,845,408	20,724,598	120,810
Public Safety	94,055,398	94,557,131	(501,733)
Public Health and Welfare	21,290,213	18,698,674	2,591,539
Social and Cultural Services	5,989,690	5,640,522	349,168
Agricultural and Natural Resources	492,105	492,105	-
Other General Government	13,244,981	19,581,448	(6,336,467)
Total Expenditures	\$ 188,636,819	\$ 194,771,678	\$ (6,134,859)

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, 2021, of \$1,037,981,217, which compares to the prior year total of \$1,025,402,889. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The net increase in the investment in capital assets for the current fiscal year was \$12,578,328 or 1.23%, which is due to the amount spent on capital additions being greater than depreciation expense for the year.

Spending for major capital asset additions during the current fiscal year included the following: the Adrian Burnett Elementary School construction, Lonsdale School construction and HVAC upgrades (Board); the County focused mainly on the TVA East Tower and Summerplace renovations, Schaad Road phase II, general road improvements along with other various additions/renovations.

Knox County, Tennessee
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The County reported capital assets for its governmental activities as of June 30, 2021 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 new construction projects in process and in the equipment categories. The County maintains a commitment to reduce borrowing for capital purposes. 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>2021</u>	<u>2020</u>	<u>Variance</u>
Beginning Balance, July 1	\$ 1,107,299,347	\$ 1,087,909,251	\$ 19,390,096
Current Year Change	34,617,289	19,390,096	15,227,193
Capital Assets	<u>1,141,916,636</u>	<u>1,107,299,347</u>	<u>34,617,289</u>
Less: Accumulated Depreciation	<u>548,547,646</u>	<u>522,982,395</u>	<u>25,565,251</u>
Ending Balance, June 30	<u>\$ 593,368,990</u>	<u>\$ 584,316,952</u>	<u>\$ 9,052,038</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 \$658,137,237, compared to \$646,221,518 at the end of 2020. All the bonded debt was backed by the full faith and credit of the County government. In the current year \$290,193,916 of the total is outstanding debt which the government issued on behalf of the Board for school purposes. The remaining \$367,943,321 of the Knox County Government's debt represents bonds issued for general government purposes. The following schedule shows the changes in bonded debt allocated to the entity responsible for payment thereof.

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

FY 2021:	Primary		
Rollforward of Debt:	Government	Board	Total
Beginning Balance	\$ 373,155,577	\$ 273,065,941	\$ 646,221,518
Principal Paid	(68,726,942)	(30,617,339)	(99,344,281)
Proceeds From Debt Issuances	63,514,686	47,745,314	111,260,000
Ending Balance - Bonds	<u>\$ 367,943,321</u>	<u>\$ 290,193,916</u>	<u>\$ 658,137,237</u>

FY 2020:	Primary		
Rollforward of Debt:	Government	Board	Total
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>

Knox County's total bonded debt increased by \$11,915,719 or 1.8% 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. The County issued new bonds for construction projects and refunding bonds to refinance older debt with better interest rates.

Other Debt Changes During

FY 2021:	Primary		
Rollforward of Debt:	Government	Board	Total
Beginning Balance	\$ 40,733,568	\$ 14,151,958	\$ 54,885,526
Additions	8,817,197	-	8,817,197
Deductions	(5,765,043)	(3,788,896)	(9,553,939)
Ending Balance	<u>\$ 43,785,722</u>	<u>\$ 10,363,062</u>	<u>\$ 54,148,784</u>

FY 2020:	Primary		
Rollforward of Debt:	Government	Board	Total
Beginning Balance	\$ 55,989,443	\$ 3,912,515	\$ 59,901,958
Additions	9,350,848	10,512,924	19,863,772
Deductions	(24,606,723)	(273,481)	(24,880,204)
Ending Balance	<u>\$ 40,733,568</u>	<u>\$ 14,151,958</u>	<u>\$ 54,885,526</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 during the fiscal year ended June 30, 2021.

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 \$658,137,237. This translates to approximately \$1,384 per capita. This compares to the FY 2020 per capita amount of \$1,374.

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 2021 was 4.8%, compared to the unemployment rate of 8.1% for June 2020. For comparison, the state's average rate was 4.9% for June 2021, and 9.6% for June 2020. The national unemployment averages were 5.9% for June 2021 and 11.2% for June 2020. The prior year high unemployment rates were a direct result of the economic shut down related to the pandemic.
- The General Fund budget adopted for 2022 reflects a budget totaling \$200,543,924. The budget anticipates using \$2.9 million from fund balance.
- The property tax rate for FY 2022 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/budget.php>

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 ACFR and additional information regarding the County may be located online at http://www.knoxcounty.org/finance/annual_reports.php. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

KNOX COUNTY, TENNESSEE

Statement of Net Position

June 30, 2021

	Primary Government			Component Units		Total Reporting Unit
	Governmental Activities	Business-type Activities	Total	Knox County Board of Education	Nonmajor Component Units	
Assets						
Cash and Cash Equivalents	\$ 226,543,869	\$ 13,881	\$ 226,557,750	\$ 56,153,647	\$ 30,570,829	\$ 313,282,226
Investments, at Fair Value	27,056,846	-	27,056,846	38,845,433	3,605,523	69,507,802
Accounts Receivable	22,259,129	5,334	22,264,463	30,137,372	227,878	52,629,713
Local Taxes Receivable, net	188,917,649	-	188,917,649	145,955,761	-	334,873,410
Loans Receivable	829,591	-	829,591	-	-	829,591
Contributions Receivable	-	-	-	-	921,079	921,079
Advances to Other Governments	2,425,000	-	2,425,000	-	-	2,425,000
Inventories	456,208	55,129	511,337	2,057,697	-	2,569,034
Land Held for Resale	-	-	-	-	39,730,483	39,730,483
Prepaid Items	241,192	-	241,192	648,122	200,095	1,089,409
Other Assets	-	-	-	-	1,000	1,000
Net Pension Asset	179,415	-	179,415	49,673,225	18,461	49,871,101
Equity Interest in Joint Venture	7,200,059	-	7,200,059	-	-	7,200,059
Capital Assets:						
Land and Construction in Process	144,849,266	880	144,850,146	40,247,265	1,856,089	186,953,500
Other Capital Assets, Net of Accumulated Depreciation	448,519,724	414,254	448,933,978	387,957,091	14,136,648	851,027,717
Total Assets	1,069,477,948	489,478	1,069,967,426	751,675,613	91,268,085	1,912,911,124
Deferred Outflows of Resources						
Deferred Outflows Related to Pensions	37,081,231	-	37,081,231	41,041,868	855,446	78,978,545
Deferred Outflows Related to Other Post-Employment Benefits	725,421	-	725,421	13,158,196	-	13,883,617
Deferred Outflows of Unamortized Amount on Refundings	3,908,855	-	3,908,855	-	-	3,908,855
Deferred Outflows of Hedging Derivatives	17,706,424	-	17,706,424	-	-	17,706,424
Total Deferred Outflows of Resources	59,421,931	-	59,421,931	54,200,064	855,446	114,477,441
Liabilities						
Accounts Payable and Accrued Liabilities	20,498,531	47,215	20,545,746	55,833,867	2,868,519	79,248,132
Unearned Revenue	64,210,947	-	64,210,947	3,411,102	-	67,622,049
Accrued Interest	2,521,963	-	2,521,963	-	-	2,521,963
Self-insurance Liability	20,090,334	-	20,090,334	2,481,813	-	22,572,147
Fair Value of Interest Rate Swap Derivatives	22,318,321	-	22,318,321	-	-	22,318,321
Noncurrent Liabilities:						
Portion Due in Less than One Year	58,743,504	26,734	58,770,238	9,549,425	3,735,791	72,055,454
Portion Due in More Than One Year:						
Net Pension Liability	81,741,967	-	81,741,967	5,443,392	-	87,185,359
Net Other Post-Employment Benefits Liability	4,751,402	-	4,751,402	39,453,803	-	44,205,205
Other Long-term Obligations	656,161,625	31,384	656,193,009	23,690,321	818,988	680,702,318
Total Liabilities	931,038,594	105,333	931,143,927	139,863,723	7,423,298	1,078,430,948
Deferred Inflows of Resources						
Deferred Inflows Related to Pensions	27,885,627	-	27,885,627	29,762,460	-	57,648,087
Deferred Inflows Related to Other Post-Employment Benefits	3,570,430	-	3,570,430	7,980,686	-	11,551,116
Deferred Inflows of Unamortized Amount on Refundings	796,363	-	796,363	-	-	796,363
Deferred Inflows of Property Taxes and Other Receivables	181,014,923	-	181,014,923	109,607,832	-	290,622,755
Total Deferred Inflows of Resources	213,267,343	-	213,267,343	147,350,978	-	360,618,321
Net Position						
Investment in Capital Assets	-	415,134	415,134	424,826,002	15,992,737	441,233,873
Net Investment in Capital Assets (see note below)	239,891,274	-	239,891,274	23,943	-	(59,646,215)
Restricted for:						
Debt Service	3,624,154	-	3,624,154	-	-	3,624,154
Public Health and Welfare Purposes	2,403,586	-	2,403,586	-	-	2,403,586
Public Safety Purposes	4,421,560	-	4,421,560	-	-	4,421,560
Education Purposes	-	-	-	15,552,142	673,367	16,225,509
Capital Purposes-Education	-	-	-	21,688,844	-	21,688,844
Social and Cultural Purposes	2,029,911	-	2,029,911	-	-	2,029,911
Pensions	179,415	-	179,415	49,673,225	18,461	49,871,101
Other Purposes	2,098,098	-	2,098,098	-	115,902	2,214,000
Unrestricted (see note below)	(270,054,056)	(30,989)	(270,085,045)	6,896,820	67,899,766	104,272,973
Total Net Position (Deficit)	\$ (15,406,058)	\$ 384,145	\$ (15,021,913)	\$ 518,660,976	\$ 84,700,233	\$ 588,339,296

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 \$299,561,432 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 \$299,561,432 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, 2021

Functions/Programs	Program Revenues				Primary Government			Net (Expense) Revenue and Changes in Net Position		Total Reporting Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units		
								The Board	Nonmajor Component Units	
Primary government:										
Governmental activities:										
Finance and Administration	\$ 39,808,990	\$ 27,616,419	\$ 496,850	\$ 3,512,183	\$ (8,183,538)		\$ (8,183,538)			\$ (8,183,538)
Finance and Administration-Payment to Component Unit	4,432,000	-	-	-	(4,432,000)		(4,432,000)			(4,432,000)
Administration of Justice	29,053,536	9,092,938	651,667	-	(19,308,931)		(19,308,931)			(19,308,931)
Public Safety	95,264,684	7,365,806	4,808,855	725,000	(82,365,023)		(82,365,023)			(82,365,023)
Public Safety-Payment to Component Unit	1,166,603	-	-	-	(1,166,603)		(1,166,603)			(1,166,603)
Public Health and Welfare	37,358,134	3,927,295	16,488,877	1,200,000	(15,741,962)		(15,741,962)			(15,741,962)
Public Health and Welfare-Payment to Component Unit	166,628	-	-	-	(166,628)		(166,628)			(166,628)
Social and Cultural Services	22,062,342	545,902	825,261	-	(20,691,179)		(20,691,179)			(20,691,179)
Agricultural and Natural Resources	391,064	-	-	-	(391,064)		(391,064)			(391,064)
Other General Government	31,269,894	312,346	3,319,932	-	(27,637,616)		(27,637,616)			(27,637,616)
Other General Government-Payment to Component Unit	730,500	-	-	-	(730,500)		(730,500)			(730,500)
Engineering and Public Works	38,100,893	3,081,970	7,540,642	2,583,640	(24,894,641)		(24,894,641)			(24,894,641)
Education - Payment to Component Unit	35,800,000	-	-	-	(35,800,000)		(35,800,000)			(35,800,000)
Debt Service - Interest and Fees	21,787,904	-	-	-	(21,787,904)		(21,787,904)			(21,787,904)
Total governmental activities	357,393,172	51,942,676	34,132,084	8,020,823	(263,297,589)		(263,297,589)			(263,297,589)
Business-type activities:										
Three Ridges Golf Course	1,568,841	1,461,267	-	37,936	-	\$ (69,638)	(69,638)			(69,638)
Total primary government	\$ 358,962,013	\$ 53,403,943	\$ 34,132,084	\$ 8,058,759	(263,297,589)	(69,638)	(263,367,227)			(263,367,227)
Component units:										
Board of Education	\$ 605,347,710	\$ 15,853,777	\$ 87,426,909	\$ -				\$ (502,067,024)	\$ -	(502,067,024)
Nonmajor Component Units	18,239,930	9,511,643	7,312,534	1,872,063				-	456,310	456,310
Total component units	\$ 623,587,640	\$ 25,365,420	\$ 94,739,443	\$ 1,872,063				(502,067,024)	456,310	(501,610,714)
General Revenues:										
Property Taxes					186,269,007	-	186,269,007	105,713,245	-	291,982,252
Sales Taxes					20,394,798	-	20,394,798	186,716,867	-	207,111,665
Lodging Taxes					7,404,768	-	7,404,768	-	-	7,404,768
Business Taxes					11,541,602	-	11,541,602	-	-	11,541,602
Wheel Taxes					12,923,782	-	12,923,782	1,790,760	-	14,714,542
Other Local Taxes					4,085,296	-	4,085,296	673,680	-	4,758,976
Investment Revenue					5,845,263	-	5,845,263	978,019	198,795	7,022,077
Payments from Component Units					11,449,356	-	11,449,356	-	-	11,449,356
Payments from Primary Government					-	-	-	37,732,000	2,063,731	39,795,731
Intergovernmental Revenues					12,202,850	-	12,202,850	2,359,921	-	14,562,771
Other Revenues					1,508,442	-	1,508,442	-	791,060	2,299,502
Other Governments and Citizens Groups					300,542	-	300,542	-	101,300	401,842
Miscellaneous					877,491	-	877,491	829	-	878,320
Grants and Contributions Not Restricted for Specific Programs					-	-	-	-	1,719,140	1,719,140
State of Tennessee - Basic Education Program					-	-	-	236,529,378	-	236,529,378
Transfers					(100,000)	100,000	-	-	-	-
Total General Revenues and Transfers					274,703,197	100,000	274,803,197	572,494,699	4,874,026	852,171,922
Change in Net Position					11,405,608	30,362	11,435,970	70,427,675	5,330,336	87,193,981
Net Position (Deficit), July 1, as restated					(26,811,666)	353,783	(26,457,883)	448,233,301	79,369,897	501,145,315
Net Position (Deficit), June 30					<u>\$ (15,406,058)</u>	<u>\$ 384,145</u>	<u>\$ (15,021,913)</u>	<u>\$ 518,660,976</u>	<u>\$ 84,700,233</u>	<u>\$ 588,339,296</u>

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

KNOX COUNTY, TENNESSEE

**Balance Sheet
Governmental Funds
June 30, 2021**

	General	Capital Projects Public Improvement	Debt Service	Federal, State and Other Grants	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 83,802,087	\$ -	\$ 11,463,124	\$ 62,235,367	\$ 19,503,812	\$ 177,004,390
Investments, at Fair Value	1,476,598	25,580,248	-	-	-	27,056,846
Receivables, (Net):						
Accounts	6,544,160	2,188,971	1,287,336	4,504,916	6,303,564	20,828,947
Local Taxes	127,046,431	-	60,400,855	-	1,470,363	188,917,649
Notes and Loans	162,000	125,000	-	542,591	-	829,591
Due from Other Funds	6,249,972	-	-	-	-	6,249,972
Advances to Other Entity	-	-	2,425,000	-	-	2,425,000
Inventories	277,247	-	-	62,045	-	339,292
Prepaid Items	198,717	-	-	3,431	4,744	206,892
Investments in Joint Venture	7,200,059	-	-	-	-	7,200,059
TOTAL ASSETS	\$ 232,957,271	\$ 27,894,219	\$ 75,576,315	\$ 67,348,350	\$ 27,282,483	\$ 431,058,638
LIABILITIES						
Accounts Payable	\$ 5,264,550	\$ 8,024,307	\$ 6,146	\$ 634,221	\$ 2,115,388	\$ 16,044,612
Accrued Liabilities	2,880,029	-	-	328,129	633,148	3,841,306
Due to Other Funds	-	4,507,537	-	-	1,742,435	6,249,972
Unearned Revenue	136,182	-	-	64,074,765	-	64,210,947
TOTAL LIABILITIES	8,280,761	12,531,844	6,146	65,037,115	4,490,971	90,346,837
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes and Notes Receivable	124,541,536	-	60,093,484	-	-	184,635,020
FUND BALANCES						
Nonspendable	7,676,023	-	-	65,476	4,744	7,746,243
Restricted	3,241,148	15,237,375	3,624,154	2,245,759	5,466,248	29,814,684
Committed	7,297,773	125,000	11,852,531	-	12,201,824	31,477,128
Assigned	761,483	-	-	-	5,118,696	5,880,179
Unassigned	81,158,547	-	-	-	-	81,158,547
TOTAL FUND BALANCES	100,134,974	15,362,375	15,476,685	2,311,235	22,791,512	156,076,781
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 232,957,271	\$ 27,894,219	\$ 75,576,315	\$ 67,348,350	\$ 27,282,483	\$ 431,058,638

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

KNOX COUNTY, TENNESSEE

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

June 30, 2021

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

Ending Fund Balance - Governmental Funds	\$	156,076,781	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.			593,324,304
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.			179,415
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.			30,195,158
Long-term liabilities, including bonds payable and related unamortized premium, loans payable, capital lease obligations, other post-employment benefit liability, 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	\$	658,137,237	
Unamortized Bond Premium		31,685,869	
Fair Value of Interest Rate Swaps, net		4,611,897	
Loans Payable		1,329,911	
Accrued Interest		2,521,963	
Capital Lease Obligations		10,769,942	
Net Pension Liability		81,741,967	
Net Other Post-Employment Benefits Liability		4,751,402	
Compensated Absences		12,714,712	(808,264,900)
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.			3,620,097
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		37,081,231	
Deferred Outflows Related to Other Post-employment Benefits		725,421	
Deferred Outflows Related to Unamortized Amount on Refundings		3,908,855	
Deferred Inflows Related to Pensions		(27,885,627)	
Deferred Inflows Related to Other Post-employment Benefits		(3,570,430)	
Deferred Inflows Related to Unamortized Amount on Refundings		(796,363)	9,463,087
Net Position of Governmental Activities			<u>\$ (15,406,058)</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, 2021

	General	Capital Projects Public Improvement	Debt Service	Federal, State and Other Grants	Other Governmental Funds	Total Governmental Funds
Revenues						
County Property Taxes	\$ 129,930,136	\$ -	\$ 57,063,479	\$ -	\$ -	\$ 186,993,615
Local Option Sales Taxes	9,773,736	-	-	-	10,621,062	20,394,798
Lodging Taxes	-	-	-	-	7,404,768	7,404,768
Business Taxes	11,541,602	-	-	-	-	11,541,602
Wheel Taxes	595,939	-	-	-	12,327,843	12,923,782
Other Local Taxes	1,715,029	-	-	-	2,370,267	4,085,296
Licenses and Permits	3,270,600	-	-	-	-	3,270,600
Fines, Forfeitures and Penalties	1,444,113	-	-	50,415	1,046,372	2,540,900
Charges for Current Services	8,081,856	-	-	414,765	33,609,782	42,106,403
Other Local Revenues	4,136,846	2,928,965	1,690,563	320,769	1,193,708	10,270,851
Investment Revenue	1,473,679	-	248,218	-	28,505	1,750,402
State of Tennessee	12,865,323	2,908,218	-	3,759,028	8,843,563	28,376,132
Federal Government	3,009,348	404,028	-	18,011,943	79,960	21,505,279
Other Governments and Citizen Groups	448,113	-	-	216,742	39,844	704,699
Payments from Component Units	-	-	11,449,356	-	-	11,449,356
Increase in Equity Interest in Joint Venture	930,016	-	-	-	-	930,016
Total Revenues	189,216,336	6,241,211	70,451,616	22,773,662	77,565,674	366,248,499
Expenditures						
Current:						
Finance and Administration	28,472,296	-	-	25,000	9,050,924	37,548,220
Finance and Administration - Payments to Component Unit	4,432,000	-	-	-	-	4,432,000
Administration of Justice	20,127,356	-	-	709,190	7,208,192	28,044,738
Public Safety	86,787,105	-	-	1,730,503	463,075	88,980,683
Public Safety - Payments to Component Unit	1,166,603	-	-	-	-	1,166,603
Public Health and Welfare	17,483,484	-	-	14,360,219	4,508,167	36,351,870
Public Health and Welfare - Payments to Component Unit	166,628	-	-	-	-	166,628
Social and Cultural Services	5,484,322	-	-	361,746	13,243,349	19,089,417
Agricultural and Natural Resources	391,064	-	-	-	-	391,064
Other General Government	18,335,776	-	-	5,973,531	6,946,120	31,255,427
Other General Government - Payments to Component Unit	730,500	-	-	-	-	730,500
Engineering and Public Works	-	-	-	139,336	20,173,678	20,313,014
Education - Payment to Component Unit	-	35,800,000	-	-	-	35,800,000
Debt Issuance Costs	-	284,964	-	-	-	284,964
Capital Projects	-	37,384,075	-	-	206,215	37,590,290
Debt Service	-	-	1,160,655	-	-	1,160,655
Trustee's Commission	-	-	45,465,648	-	-	45,465,648
Principal	-	-	21,805,079	-	-	21,805,079
Interest	-	-	1,634,676	-	-	1,634,676
Other Debt Service	-	-	531,554	-	-	531,554
Refunding Bonds Issuance Costs	-	-	-	-	-	-
Total Expenditures	183,577,134	73,469,039	70,597,612	23,299,525	61,799,720	412,743,030
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,639,202	(67,227,828)	(145,996)	(525,863)	15,765,954	(46,494,531)
Other financing sources (uses)						
Transfers from Other Funds	13,262,586	-	195,533	702,111	3,362,000	17,522,230
Transfers to Other Funds	(7,006,269)	-	-	-	(14,162,586)	(21,168,855)
Long-term Bonds Issued	-	55,155,000	-	-	-	55,155,000
Premium on Long-term Debt Issued	-	8,127,804	-	-	-	8,127,804
Refunding Bonds Issued	-	-	56,105,000	-	-	56,105,000
Premium on Refunding Bonds	-	-	689,393	-	-	689,393
Payment to Holders of Refunded Debt	-	-	(56,262,839)	-	-	(56,262,839)
Total Other Financing Sources (Uses)	6,256,317	63,282,804	727,087	702,111	(10,800,586)	60,167,733
Net Change in Fund Balances	11,895,519	(3,945,024)	581,091	176,248	4,965,368	13,673,202
Fund Balances, July 1	88,239,455	19,307,399	14,895,594	2,134,987	17,826,144	142,403,579
Fund Balances, June 30	\$ 100,134,974	\$ 15,362,375	\$ 15,476,685	\$ 2,311,235	\$ 22,791,512	\$ 156,076,781

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, 2021

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

Net Change in Fund Balances - Total Governmental Funds		\$ 13,673,202
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 capital outlays (\$36,528,127) exceeded depreciation (\$28,440,247) in the current period.		8,087,880
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.		983,640
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.		3,620,097
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.		(4,344,705)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is reflected as an expenditure in the governmental funds, whereas the repayment reduces long-term liabilities in the statement of net position. Debt proceeds (\$111,260,000) exceeded debt principal payments (\$100,145,648) by this amount.		(11,114,352)
Expenses reported in the statement of activities include a reduction in expenses applicable to the amortization of bond premium of \$4,172,143. 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 \$791,533. These amounts do not provide current financial resources and, therefore, are not reported as expenditures in governmental funds.		4,963,676
Debt issued at a premium provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position.		(8,817,197)
The decrease in the fair value of an interest rate swap accounted for as an investment derivative instrument in the statement of activities did not provide current resources to governmental funds.		2,391,249
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.		1,855,096
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	\$ (6,298)	
Deferred Outflows Related to Deferred Amount on Refundings	(295,552)	
Deferred Outflows Related to Pensions	(16,616,659)	
Deferred Outflows Related to Other Post-employment Benefits	(311,656)	(17,230,165)
(Increase) decrease in liabilities and deferred inflows:		
Accrued Interest	150,474	
Net Pension Liability	39,550,193	
Deferred Inflows Related to Pensions	(23,396,497)	
Deferred Inflows Related to Deferred Amount on Refundings	108,301	
Net Other Post-Employment Benefit Liability	1,459,725	
Deferred Inflows Related to Other Post-employment Benefits	(174,648)	
Compensated Absences Liability	(360,361)	17,337,187
Change in Net Position of Governmental Activities		<u>\$ 11,405,608</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, 2021**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
County Property Taxes	\$ 127,235,500	\$ 127,235,500	\$ 129,930,136	\$ 2,694,636
Local Option Sales Taxes	6,761,000	6,761,000	9,773,736	3,012,736
Business Taxes	7,875,000	7,875,000	11,541,602	3,666,602
Wheel Taxes	575,000	575,000	595,939	20,939
Other Local Taxes	2,298,500	2,339,398	1,715,029	(624,369)
Licenses and Permits	3,705,000	3,705,000	3,270,600	(434,400)
Fines, Forfeitures and Penalties	1,476,600	1,659,304	1,444,113	(215,191)
Charges for Current Services	7,838,695	7,865,939	8,081,856	215,917
Other Local Revenues	4,007,087	4,019,855	4,136,846	116,991
Investment Revenue	1,250,000	1,250,000	1,473,679	223,679
State of Tennessee	11,711,806	11,895,198	12,865,323	970,125
Federal Government	2,480,000	2,480,000	3,009,348	529,348
Other Governments and Citizen Groups	314,685	369,487	448,113	78,626
Increase in Equity Interest in Joint Venture	-	-	930,016	930,016
Total Revenues	<u>177,528,873</u>	<u>178,030,681</u>	<u>189,216,336</u>	<u>11,185,655</u>
Expenditures				
Current:				
Finance and Administration	28,387,024	29,145,200	28,472,296	672,904
Finance and Administration - Payments to Component Unit	4,332,000	5,932,000	4,432,000	1,500,000
Administration of Justice	20,845,408	20,724,598	20,127,356	597,242
Public Safety	92,863,803	93,365,536	86,787,105	6,578,431
Public Safety - Payments to Component Unit	1,191,595	1,191,595	1,166,603	24,992
Public Health and Welfare	21,123,585	18,532,046	17,483,484	1,048,562
Public Health and Welfare - Payments to Component Unit	166,628	166,628	166,628	-
Social and Cultural Services	5,989,690	5,640,522	5,484,322	156,200
Agricultural and Natural Resources	492,105	492,105	391,064	101,041
Other General Government	12,514,481	18,850,948	18,335,776	515,172
Other General Government - Payments to Component Unit	730,500	730,500	730,500	-
Total Expenditures	<u>188,636,819</u>	<u>194,771,678</u>	<u>183,577,134</u>	<u>11,194,544</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,107,946)</u>	<u>(16,740,997)</u>	<u>5,639,202</u>	<u>22,380,199</u>
Other Financing Sources (Uses)				
Transfers from Other Funds	11,375,000	11,375,000	13,262,586	1,887,586
Transfers to Other Funds	(5,695,533)	(6,070,533)	(7,006,269)	(935,736)
Total Other Financing Sources	<u>5,679,467</u>	<u>5,304,467</u>	<u>6,256,317</u>	<u>951,850</u>
Net Change in Fund Balances	<u>\$ (5,428,479)</u>	<u>\$ (11,436,530)</u>	<u>11,895,519</u>	<u>\$ 23,332,049</u>
Fund Balances, July 1			<u>88,239,455</u>	
Fund Balances, June 30			<u>\$ 100,134,974</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, 2021

	Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 13,881	\$ 49,539,479
Receivables:		
Accounts	5,334	1,430,182
Inventories	55,129	116,916
Prepaid Items	-	34,300
TOTAL CURRENT ASSETS	74,344	51,120,877
Capital Assets:		
Capital Assets (Net of Accumulated Depreciation)	415,134	44,686
TOTAL ASSETS	489,478	51,165,563
LIABILITIES		
Current Liabilities:		
Accounts Payable	26,687	411,802
Accrued Liabilities	20,528	200,811
Claims Liability	-	20,090,334
Compensated Absences Payable	26,734	211,292
TOTAL CURRENT LIABILITIES	73,949	20,914,239
Noncurrent Liabilities:		
Compensated Absences Payable	31,384	56,166
TOTAL LIABILITIES	105,333	20,970,405
NET POSITION		
Investment in Capital Assets	415,134	44,686
Unrestricted	(30,989)	30,150,472
TOTAL NET POSITION	\$ 384,145	\$ 30,195,158

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

KNOX COUNTY, TENNESSEE

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2021

	Enterprise Fund	Internal Service Funds
Operating Revenues		
Charges for Services	\$ 1,461,267	\$ 83,415,095
Operating Expenses		
Cost of Services	1,428,658	21,793,524
Depreciation and Amortization	40,335	19,482
Medical Claims	-	27,664,857
Retirement Contributions	-	29,345,620
OPEB 35% Health Contributions	-	524,125
Other Employee Benefits	-	1,051,425
Worker's Compensation & Other Claims	-	4,450,315
Other Expenses	99,848	257,276
Total Operating Expenses	1,568,841	85,106,624
Operating Income (Loss)	(107,574)	(1,691,529)
Capital Contributions and Transfers		
Capital Contributions	37,936	-
Transfers from Other Funds	100,000	3,546,625
Total Capital Contributions and Transfers	137,936	3,546,625
Change in Net Position	30,362	1,855,096
Total Net Position, July 1	353,783	28,340,062
Total Net Position, June 30	\$ 384,145	\$ 30,195,158

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, 2021

	Enterprise Fund	Internal Service Funds
Operating Activities		
Cash Received from Customers	\$ 1,462,110	\$ -
Cash Received from Interfund Services Provided	-	82,790,495
Cash Paid to Employees	(535,365)	(2,082,398)
Cash Paid for Goods and Services	(890,498)	(23,528,941)
Cash Paid on Behalf of Employees	(122,366)	(60,142,023)
Net Cash Provided by (Used in) Operating Activities	(86,119)	(2,962,867)
Noncapital Financing Activities		
Transfers from Other Funds	100,000	3,546,625
Capital and Related Financing Activities		
Capital Contributions	37,936	-
Acquisition and Construction of Capital Assets	(37,936)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	13,881	583,758
Cash and Cash Equivalents		
Beginning of Year	-	48,955,721
End of Year	\$ 13,881	\$ 49,539,479
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	\$ (107,574)	\$ (1,691,529)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	40,335	19,482
Change in Assets and Liabilities:		
Increase in Accounts Receivable	843	(624,600)
(Increase) Decrease in Inventories	16,219	(75,587)
Decrease in Prepaid Items	-	72,094
Increase (Decrease) in Accounts Payable and Accrued Liabilities	8,329	(1,880,323)
Increase (Decrease) in Due to Other Funds	(58,204)	(540)
Increase (Decrease) in Compensated Absences	13,933	50,782
Increase (Decrease) in Claims Liabilities	-	1,167,354
Total Adjustments	21,455	(1,271,338)
Net Cash Provided by (Used in) Operating Activities	\$ (86,119)	\$ (2,962,867)

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

KNOX COUNTY, TENNESSEE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 468,933	\$ 40,181,441
Investments, at Fair Value:		
Mutual Funds	620,619,028	-
Collective Investment Trusts	27,764,095	-
Investments, at Contract Value:		
Guaranteed Investment Contracts	100,945,277	-
Total Investments	749,328,400	-
Receivables:		
Accounts	-	11,073,308
Employee Contributions	685,287	-
Employer Contributions	619,189	-
Notes Receivable from Participants	1,788,191	-
Total Receivables	3,092,667	11,073,308
Total Assets	752,890,000	\$ 51,254,749
LIABILITIES		
Accounts Payable - Administrative Expenses	349,683	\$ -
Due to Other Governments	-	15,282,072
Total Liabilities	349,683	15,282,072
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 268,335,618	-
NET POSITION - RESTRICTED FOR OPEB BENEFITS	14,299,437	-
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS	469,905,262	-
NET POSITION - RESTRICTED FOR INDIVIDUALS, ORGANIZATIONS, AND OTHER GOVERNMENTS	-	35,972,677
TOTAL NET POSITION	\$ 752,540,317	\$ 35,972,677

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

KNOX COUNTY, TENNESSEE
Statement of Changes in Fiduciary Net Position
Pension, Retirement, Other Post-Employment Benefit Trust Funds
and Custodial Funds
For the Year Ended June 30, 2021

	Pension, Retirement, and Other Employee Benefit Trust Funds	Custodial Funds
ADDITIONS		
Employer Contributions	\$ 25,288,755	\$ -
Employee Contributions	14,695,716	-
Rollover Contributions	377,564	-
Collected for Other Offices/Governments	-	154,720,588
Litigants, Heirs, & Others	-	22,936,452
Charges for Goods/Services	-	1,219,775
Bonds for New Developments	-	386,900
Interest Income	-	672
Grant Proceeds/Match	-	49,018,725
Community Contributions/Sponsorships	-	1,502,607
Employee Payroll Contributions	-	4,471,985
Jail Commissary	-	1,229,177
Investments	-	9,172
Other	-	49,597
Investment Income (Loss):		
Interest and Dividend Income	11,076,382	-
Interest on Notes Receivable from Participants	86,959	-
Net Appreciation (Depreciation) in Fair Value of Investments	153,310,647	-
Total Investment Income	164,473,988	-
Less Investment Expenses	(122,840)	-
Net Investment Income	164,351,148	-
Total Additions	204,713,183	235,545,650
DEDUCTIONS		
Benefits and Refunds	57,411,711	-
Administrative Expenses	1,748,164	-
Distributed to Other Offices/Governments	-	158,252,283
Trustee's Commission	-	2,564,426
Release of Funds upon Completion of New Developments	-	294,000
Bond Foreclosure	-	36,000
Salary & Fringe Benefits	-	35,059,558
Purchase Capital Assets	-	787,784
Operating Expenditures	-	9,125,554
Transfer to other Internal Department	-	52,329
Indirect Costs	-	58,658
Other Grant Related Expenditures	-	10,466,502
Jail Commissary Expenditures	-	1,234,312
Litigants, Heirs, and Others	-	16,794,071
Other	-	52,302
Total Deductions	59,159,875	234,777,779
CHANGE IN NET POSITION	145,553,308	767,871
NET POSITION - RESTRICTED, BEGINNING OF YEAR, as Restated	606,987,009	35,204,806
NET POSITION - RESTRICTED, END OF YEAR	<u>\$ 752,540,317</u>	<u>\$ 35,972,677</u>

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

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 **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 90 vocational and handicapped centers, primary, intermediate, middle and high schools. The full-time equivalent average daily membership during the 2020 – 2021 school year was 57,679 with a full time equivalent average daily attendance of 54,362. During the previous year, the full time equivalent average daily membership was 59,577 with a full time equivalent average daily attendance of 56,912.

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. 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

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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 Education Foundation** (KEF), formerly Project Grad Knoxville, Inc., is a private nonprofit corporation, incorporated to help ensure a quality public school education for Heart of Knoxville students, that equips and encourages youth to graduate from high school and to succeed in college or post-secondary vocational education. KEF was a supporting organization of Great Schools Partnership. During FY 2021 the governing bodies of the supported organization and KEF approved a plan to end the IRS Supporting Organization relationship and create the Knox Education Foundation. The supported organization merged into KEF effective July 1, 2020. On July 1, 2020, KEF assumed a singular 501(c)(3) status, fundraising and fiduciary oversight of Project GRAD Knoxville, Community Schools and Research and Development for both former organizations. There shall be at least ten (10) Directors of the Foundation and no more than twenty-five (25). The incumbent Mayor of the City of Knoxville, Mayor of Knox County, Chair of the Knox County Commission, Chair of the Knox County Board of Education and Superintendent of Knox County Schools shall serve as voting, ex officio members of the Board of Directors. Each elected Director shall hold office for a term of three (3) years. Complete financial statements for KEF may be obtained at their administrative office:

Knox Education Foundation
400 W. Summit Hill Drive, UTT Suite 385
Knoxville, TN 37902

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. 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

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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.

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.

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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

The *Federal, State and Other Grants Fund* accounts for the management of grant programs. The major revenue source are grants from the federal and state governments.

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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Fiduciary funds also include custodial funds used to account for the receipt and disbursement of funds held for various third parties. Custodial 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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Component Units

The Board of Education uses three major governmental funds (general fund, federal projects fund, and school construction capital projects), three nonmajor governmental (special revenue) funds, and one fiduciary fund (pension trust fund). 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 KEF'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 KEF in this Comprehensive Annual Financial Report has been formatted to comply with the classification and reporting requirements of the Governmental Accounting Standards Board (GASB).

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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deposits and Investments (Continued)

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

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

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

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables, Payables, and Unearned Revenue (Continued)

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

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. The amount of the prepayment is recognized as an expenditure in the period the payment is made (purchase method).

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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, 2021

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, 2021

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, 2021

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund 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, 2021

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, 2021

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://www.knoxcounty.org/finance/budget.php>.

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, 2021

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, 2021 include \$454,920 for the County's General Fund and \$656,389 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, 2021:

Fund	Original Budget	Revisions	Final Budget
Governmental Funds:			
General Fund	\$ 194,332,352	\$ 6,509,859	\$ 200,842,211
Special Revenue Funds:			
State, Federal and Other Grants	160,000	1,461,434	1,621,434
Governmental Library	118,881	50	118,931
Public Library	13,995,349	59,249	14,054,598
Solid Waste	3,931,376	586,100	4,517,476
Hotel/Motel Tax	7,822,000	-	7,822,000
Drug Control	616,800	64,831	681,631
Engineering & Public Works	19,447,546	1,981,681	21,429,227
Total Special Revenue Funds	46,091,952	4,153,345	50,245,297
Debt Service Fund	76,000,000	56,794,393	132,794,393
Total - Governmental Funds	\$ 316,424,304	\$ 67,457,597	\$ 383,881,901

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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	\$ 507,827,000	\$ 14,857,894	\$ 522,684,894
Special Revenue Fund:			
Central Cafeteria	27,605,000	-	27,605,000
Total - the Board	<u>\$ 535,432,000</u>	<u>\$ 14,857,894</u>	<u>\$ 550,289,894</u>

Remaining supplemental appropriations primarily represent funds designated during the previous fiscal year, encumbrances outstanding at June 30, 2020 reappropriated during fiscal year 2021, 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, 2021

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, 2021

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	\$ 177,425		\$ 468,933	
Certificates of Deposit held greater than 90 days	751,127		-	
Collective Investment Trusts	-		27,764,095	
Mutual Funds	-		675,254,571	
Fixed Income Securities				
Municipal Bonds	<u>59,570,769</u>	0.588	<u>-</u>	
Total Fixed Income Securities	<u>59,570,769</u>		<u>-</u>	
Investments, at Contract Value				
Guaranteed Investment Contracts	<u>-</u>		<u>100,945,277</u>	
Total Investments	<u>\$ 60,499,321</u>		<u>\$ 804,432,876</u>	

The Pension Board investments are allocated to the County's and Board's pension trust funds of \$749,797,333 and \$54,635,543, 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, 2021

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, 2021 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, 2021, no deposits were exposed to custodial credit risk.

Credit risk

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

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

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Credit Risk (Continued)

	Primary Government Governmental Activities	Standard & Poor's and Moody's Credit Ratings	
	Fair Value		
Municipal Bonds	\$ 9,146,423	AAA	S&P
Municipal Bonds	578,578	Aaa	Moody's
Municipal Bonds	6,671,940	Aa2	Moody's
Municipal Bonds	984,731	Aa1	Moody's
Municipal Bonds	7,597,368	AA+	S&P
Municipal Bonds	5,356,198	AA-	S&P
Municipal Bonds	17,459,524	AA	S&P
Municipal Bonds	1,325,058	A1	Moody's
Municipal Bonds	1,028,798	A2	Moody's
Municipal Bonds	6,707,055	A+	S&P
Municipal Bonds	2,715,096	A	S&P
Total Fixed Income Securities	<u>\$ 59,570,769</u>		

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, 2021

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, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments Measured at Fair Value (Continued)

The fair value measurements of the County and the Board's investments at June 30, 2021 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:				
Municipal Bonds	\$ 59,570,769	\$ -	\$ 59,570,769	\$ -
Total Debt Securities by Fair Value Level	59,570,769	-	59,570,769	-
Interest-earning Investment Contracts - Certificates of Deposit	751,127	-	751,127	-
Total Investment by Fair Value Level	<u>\$ 60,321,896</u>	<u>\$ -</u>	<u>\$ 60,321,896</u>	<u>\$ -</u>

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	\$ 675,254,571	\$ 675,254,571	\$ -	\$ -
Investments Measured at NAV	27,764,095			
Total Investments Measured at Fair Value	<u>\$ 703,018,666</u>			

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments Measured at Fair Value (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.

<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>\$ 27,764,095</u>	Daily	12 Months

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments Measured at Fair Value (Continued)

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, 2021

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, 2020, 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, 2021

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, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

At June 30, 2021, the Board had the following investments held by the TCRS Stabilization Reserve Trust on its behalf.

Investment by Fair Value Level	Fair Value 6-30-21	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	\$ 1,720,587	\$ 1,720,587	\$ -	\$ -
Canadian Equity	111,006	111,006	-	-
Developed Market				
International Equity	666,034	666,034	-	-
Emerging Market				
International Equity	222,011	222,011	-	-
U.S. Fixed Income	1,110,057	-	1,110,057	-
Real Estate	555,029	-	-	555,029
Short-term Securities	55,503	-	55,503	-
Total Investments by Fair Value Level	4,440,227	\$ 2,719,638	\$ 1,165,560	\$ 555,029
Investments Measured at NAV	1,110,058			
Total Investments Measured at Fair Value	\$ 5,550,285			

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 [State Agencies w/Financial \(tn.gov\)](http://StateAgenciesw/Financial.tn.gov).

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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

	Major Governmental Funds								Trust and Custodial
	General	Debt Service	Capital Projects Public Improvement	Federal State and Other Grants Fund	Nonmajor Governmental Funds	Internal Service	Enterprise Fund	Total Primary Government	
Receivables:									
Taxes	\$ 128,928,560	\$ 61,310,196	\$ -	\$ -	\$ 1,470,363	\$ -	\$ -	\$ 191,709,119	\$ -
Accounts and Other	6,706,160	1,287,336	2,313,971	5,047,507	6,303,564	1,430,182	5,334	23,094,054	14,165,975
Gross Receivables	135,634,720	62,597,532	2,313,971	5,047,507	7,773,927	1,430,182	5,334	214,803,173	14,165,975
Less: Allowances for Uncollectibles	(1,882,129)	(909,341)	-	-	-	-	-	(2,791,470)	-
Net Total Receivables	\$ 133,752,591	\$ 61,688,191	\$ 2,313,971	\$ 5,047,507	\$ 7,773,927	\$ 1,430,182	\$ 5,334	\$ 212,011,703	\$ 14,165,975

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

Component Units:	Government-wide Totals				
	The Board	KEF	The District	The Corporation	KCRA
Receivables:					
Taxes	\$ 147,647,562	\$ -	\$ -	\$ -	\$ -
Accounts	30,137,372	950,744	8,000	92,741	125,979
Gross Receivables	177,784,934	950,744	8,000	92,741	125,979
Less: Allowances for Uncollectibles	(1,691,801)	(28,507)	-	-	-
Net Total Receivables	\$ 176,093,133	\$ 922,237	\$ 8,000	\$ 92,741	\$ 125,979

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

The General Fund has the following note receivable at June 30, 2021:

- (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, 2021, \$162,000 remained outstanding.

The County's Public Improvement Fund has the following loan receivable at June 30, 2021:

- (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, 2021, \$125,000 remained outstanding.

The State, Federal and Other Grants Special Revenue Fund had \$542,591 of notes receivable at June 30, 2021. 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.

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 related to the timing of grant receipts and are to be repaid as revenues are 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, 2021.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Activity in the County's and the Component Unit's capital assets for the fiscal year ended June 30, 2021 was the following:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 109,919,198	\$ 745,332	\$ -	\$ 110,664,530
Construction in Progress	6,795,165	29,689,287	2,299,716	34,184,736
Total Capital Assets, not being depreciated	<u>116,714,363</u>	<u>30,434,619</u>	<u>2,299,716</u>	<u>144,849,266</u>
Capital Assets being depreciated:				
Buildings	243,953,021	1,325,793	-	245,278,814
Land Improvements	29,977,685	399,715	-	30,377,400
Machinery and Equipment	77,883,450	6,402,584	1,242,777	83,043,257
Intangible Assets	12,934,202	135,660	1,681,358	11,388,504
Infrastructure	625,836,626	1,142,769	-	626,979,395
Total Capital Assets being depreciated	<u>990,584,984</u>	<u>9,406,521</u>	<u>2,924,135</u>	<u>997,067,370</u>
Less Accumulated Depreciation for:				
Buildings	130,804,291	5,538,128	-	136,342,419
Land Improvements	20,140,371	1,128,254	-	21,268,625
Machinery and Equipment	52,307,563	5,725,068	1,213,112	56,819,519
Intangible Assets	12,200,415	326,982	1,681,358	10,846,039
Infrastructure	307,529,755	15,741,289	-	323,271,044
Total Accumulated Depreciation	<u>522,982,395</u>	<u>28,459,721</u>	<u>2,894,470</u>	<u>548,547,646</u>
Total Capital Assets being depreciated, net	<u>467,602,589</u>	<u>(19,053,200)</u>	<u>29,665</u>	<u>448,519,724</u>
Governmental Activities Capital Assets, net	<u>\$ 584,316,952</u>	<u>\$ 11,381,419</u>	<u>\$ 2,329,381</u>	<u>\$ 593,368,990</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Three Ridges Golf Course:				
Capital Assets, not being depreciated:				
Land	\$ 880	\$ -	\$ -	\$ 880
Total Capital Assets, not being depreciated	880	-	-	880
Capital Assets being depreciated:				
Buildings	754,504	-	-	754,504
Land Improvements	66,463	-	-	66,463
Machinery and Equipment	515,360	37,936	-	553,296
Intangible Assets	25,448	-	-	25,448
Total Capital Assets being depreciated	1,361,775	37,936	-	1,399,711
Less Accumulated Depreciation for:				
Buildings	517,154	14,828	-	531,982
Land Improvements	66,463	-	-	66,463
Machinery and Equipment	336,057	25,507	-	361,564
Intangible Assets	25,448	-	-	25,448
Total Accumulated Depreciation	945,122	40,335	-	985,457
Total Capital Assets being depreciated, net	416,653	(2,399)	-	414,254
Business-type Activities Capital Assets, net	\$ 417,533	\$ (2,399)	\$ -	\$ 415,134

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

Finance and Administration	\$ 2,260,770
Administration of Justice	1,008,790
Public Safety	3,814,450
Public Health and Welfare	1,006,264
Social and Cultural Services	2,972,925
Other General Government	641,141
Engineering & Public Works	16,755,381
Total Depreciation Expense - Governmental Activities	<u>\$ 28,459,721</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Component Unit – the Board

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 23,479,830	\$ 2,459,414	\$ -	\$ 25,939,244
Construction in Progress	794,951	16,344,050	2,830,980	14,308,021
Total Capital Assets, not being depreciated	24,274,781	18,803,464	2,830,980	40,247,265
Capital Assets being depreciated:				
Buildings	635,669,626	1,867,031	-	637,536,657
Land Improvements	16,448,933	931,910	-	17,380,843
Machinery and Equipment	123,823,303	4,541,653	22,410	128,342,546
Intangible Assets	2,419,370	-	-	2,419,370
Infrastructure	5,396,586	1,549,190	-	6,945,776
Total Capital Assets being depreciated	783,757,818	8,889,784	22,410	792,625,192
Less Accumulated Depreciation for:				
Buildings	282,180,059	15,143,034	-	297,323,093
Land Improvements	5,399,430	1,161,425	-	6,560,855
Machinery and Equipment	92,911,080	5,095,514	22,410	97,984,184
Intangible Assets	2,249,987	83,318	-	2,333,305
Infrastructure	319,078	147,586	-	466,664
Total Accumulated Depreciation	383,059,634	21,630,877	22,410	404,668,101
Total Capital Assets being depreciated, net	400,698,184	(12,741,093)	-	387,957,091
Governmental Activities Capital Assets, net	\$ 424,972,965	\$ 6,062,371	\$ 2,830,980	\$ 428,204,356

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, 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	\$ 1,742,435
	Public Improvement	4,507,537
Total Major Governmental Funds		6,249,972
Total Governmental Funds		\$ 6,249,972

Due to/from Other Funds - The Board:

Receivable Fund	Payable Fund	Amount
<u>Major Funds:</u>		
General Purpose Schools	School Federal Projects	\$ 14,313,794
	School General Projects	4,330,967
	School Construction	6,000,970
		24,645,731
Total Board of Education		\$ 24,645,731

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, is as follows:

Primary Government:

Transfers - In	Transfers - Out	Amount
<u>Major Funds:</u>		
General	Constitutional Officers - Special Revenue	\$ 13,262,586
Debt Service	General	195,533
Federal, State and Other Grants	General	<u>702,111</u>
Total Major Governmental Funds		<u>14,160,230</u>
<u>Nonmajor Governmental Funds:</u>		
<u>Special Revenue Funds:</u>		
Governmental Library	General	37,000
Public Library	General	400,000
	Hotel/Motel	<u>500,000</u>
		<u>900,000</u>
Solid Waste	General	400,000
	Engineering & Public Works	<u>400,000</u>
		800,000
Engineering & Public Works	General	<u>1,625,000</u>
Total Nonmajor Special Revenue Funds		<u>3,362,000</u>
Total Governmental Funds		<u>\$ 17,522,230</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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	\$ 400,000
Mailroom	General	122,500
Employee Benefits	General	524,125
Building Operations	General	<u>2,500,000</u>
Total Internal Service Funds		<u><u>\$ 3,546,625</u></u>
<u>Enterprise Fund:</u>		
Three Ridges Golf Course	General	<u>\$ 100,000</u>
Total Enterprise Fund		<u><u>\$ 100,000</u></u>

In addition, payments of \$1,719,012 were made from the Pension Trust – Defined Benefit and Disability Plans to the General Fund for the County Retirement Board administrative expenses. Transfers in to the Self Insurance fund were needed to provide additional funding to support the fund’s operations related to increased claims costs.

Transfers Within Component Unit – the Board:

Transfers - In	Transfers - Out	Amount
<u>Major Funds:</u>		
General Purpose School	School General Projects	\$ 15,784
School Federal Projects	General Purpose School	<u>33,661</u>
		<u>49,445</u>
<u>Special Revenue Funds (Nonmajor):</u>		
School General Projects	General Purpose School	1,596,763
	School Federal Projects	<u>1,951,289</u>
		3,548,052
Internal School Funds	General Purpose School	2,026,503
	School Federal Projects	18,232
	School General Projects	<u>873,744</u>
		<u>2,918,479</u>
Total Nonmajor Special Revenue Funds		<u>6,466,531</u>
Total Board of Education		<u><u>\$ 6,515,976</u></u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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	\$ 11,449,356
Total Primary Government		\$ 11,449,356
Component Unit - General Purpose School	Primary Government - General	\$ 1,932,000
Component Unit - School Construction	Primary Government - Public Improvement	35,800,000
Total Component Unit - BOE		37,732,000
Component Unit - KEF	Primary Government - General	2,500,000
Total Component Unit - KEF	General Purpose School	700,000
		3,200,000
Component Unit - The District	Primary Government - General	1,333,231
Component Unit - The Corporation	Primary Government - General	730,500
Total Component Units		\$ 42,995,731

Transactions between the Board and Other Component Units:

Revenues and Other Sources	Expenses/Expenditures and Other Uses	Amount
The Board, General Purpose School	Component Unit, KEF	\$ 320,430
The Board, School General Projects	Component Unit, KEF	113,244
Total Board		\$ 433,674

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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	\$ 136,182
<u>Federal, State, and Other Grant Funds:</u>	
Unexpended grant funds	64,074,765
Total - Primary Government	\$ 64,210,947
<u>School General Projects:</u>	
Unexpended grant funds	\$ 5,500
<u>School Federal Projects:</u>	
Unexpended grant funds	2,877,163
<u>Central Cafeteria:</u>	
Unearned revenue	528,439
Total Component Unit - the Board	\$ 3,411,102

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	\$ 2,440,823	\$ -
Taxes receivable, applicable to subsequent fiscal year	121,938,713	121,938,713
Notes receivable, applicable to subsequent fiscal year	162,000	162,000
	124,541,536	122,100,713
<u>Debt Service Fund:</u>		
Taxes receivable, delinquent	1,179,274	-
Taxes receivable, applicable to subsequent fiscal year	58,914,210	58,914,210
	60,093,484	58,914,210
Total - Primary Government	\$ 184,635,020	\$ 181,014,923
Component Unit - the Board - Major Fund		
<u>General Purpose School:</u>		
Taxes receivable, delinquent	\$ 2,193,998	\$ -
Taxes receivable, applicable to subsequent fiscal year	109,607,832	109,607,832
Total Component Unit - the Board	\$ 111,801,830	\$ 109,607,832

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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>
2022	\$ 891,198	\$ 425,004
2023	903,967	425,004
2024	916,859	425,004
2025	929,873	425,004
2026	943,011	425,004
2027-2031	4,916,405	1,912,518
2032-2036	5,263,195	-
2037	539,557	-
	15,304,065	4,037,538
Total Minimum Lease Payments	15,304,065	4,037,538
Less: Amounts Representing Interest	<u>(4,534,123)</u>	<u>(683,127)</u>
Present Value of Minimum Lease Payments	<u>\$ 10,769,942</u>	<u>\$ 3,354,411</u>

As of June 30, 2021 assets recorded under capital leases totaled \$18,307,010 (\$879,609 land, and \$17,427,401 buildings and improvements). Related accumulated amortization totaled \$5,492,753. Amortization of assets recorded under capital leases is included with depreciation expense.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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
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>\$ 1,329,911</u>	<u>\$ 15,852</u>	<u>\$ 1,345,763</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 loan is collateralized by a security interest in the equipment, including the right to use the licensed software and to receive services, credits and refunds from the vendor. The total borrowed of \$10,512,924 is to be repaid in three equal annual installments of \$3,504,273 ending in FY 2023. As of June 30, 2021, the remaining balance was \$7,008,651.

The KEF has reported non-capital related loans payable of \$3,335,000 which is due within one year.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

	Interest Rate	Last Maturity Date	Principal Balance
Governmental Activities:			
General Obligation - Series 2003	Variable Rate Swap to 3.95%	6/1/2029	\$ 18,333,933
General Obligation - Series 2004	Variable Rate Swap to 3.40%	6/1/2029	27,245,142
General Obligation - Series 2005	Variable Rate Swap to 3.89%	6/1/2034	33,116,885
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	13,484,250
General Obligation - Series 2016	1.0 - 5.0%	6/1/2036	11,175,000
General Obligation - Series 2017	3.0 - 5.0%	6/1/2037	27,500,000
General Obligation - Refunding Series 2017B	2.0 - 5.0%	6/1/2035	41,210,000
General Obligation - Series 2018	4.0 - 5.0%	6/1/2038	20,550,425
General Obligation - Series 2019	2.75 - 5.0%	4/1/2038	22,455,000
General Obligation - Series 2019B	2.375 - 5.0%	6/1/2040	20,740,000
General Obligation - Refunding Series 2020B	1.875 - 5.0%	6/1/2035	18,991,415
General Obligation - Series 2020C	3.0 - 5.0%	6/1/2040	20,039,410
General Obligation - Refunding Series 2020D	0.35 - 1.0%	6/1/2026	32,565,000
General Obligation - Refunding Series 2020E	1.5 - 2.1%	6/1/2036	10,086,861
Total Bonded Debt to be repaid by Governmental Activities			367,943,321
The Board:			
General Obligation - Series 2003	Variable Rate Swap to 3.95%	6/1/2029	19,066,067
General Obligation - Series 2004	Variable Rate Swap to 3.40%	6/1/2029	14,214,858
General Obligation - Series 2005	Variable Rate Swap to 3.89%	6/1/2034	17,883,115
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	7,260,750
General Obligation - Qualified School Construction Bonds - Series 2010	.0% (1)	7/1/2027	11,297,237
General Obligation - Series 2016	1.0 - 5.0%	6/1/2036	16,275,000
General Obligation - Series 2017	3.0 - 5.0%	6/1/2037	50,860,000
General Obligation - Refunding Series 2017B	2.0 - 5.0%	6/1/2035	14,585,000
General Obligation - Series 2018	4.0 - 5.0%	6/1/2038	7,639,575
General Obligation - Series 2019	2.75 - 5.0%	4/1/2038	15,640,000
General Obligation - Series 2019B	2.375 - 5.0%	6/1/2040	15,290,000
General Obligation - Refunding Series 2020A	1.5 - 5.0%	8/1/2030	16,065,000
General Obligation - Refunding Series 2020B	1.875 - 5.0%	6/1/2035	18,053,585
General Obligation - Series 2020C	3.0 - 5.0%	6/1/2040	35,115,590
General Obligation - Refunding Series 2020E	1.5 - 2.1%	6/1/2036	12,398,139
Total Bonded Debt to be repaid by the Board			290,193,916
Total Bonded Debt			\$ 658,137,237

(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, 2021

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	
2022	43,304,281	26,184,848	69,489,129	38,127,968	31,361,161	69,489,129
2023	42,419,281	24,520,028	66,939,309	36,915,445	30,023,864	66,939,309
2024	42,304,281	22,899,382	65,203,663	36,550,595	28,653,068	65,203,663
2025	41,304,281	21,276,195	62,580,476	35,304,979	27,275,497	62,580,476
2026	43,214,281	19,678,420	62,892,701	35,417,579	27,475,122	62,892,701
2027 - 2031	224,255,832	65,949,036	290,204,868	162,505,909	127,698,959	290,204,868
2032 - 2036	182,950,000	22,119,561	205,069,561	115,302,598	89,766,963	205,069,561
2037 - 2040	38,385,000	2,410,627	40,795,627	19,582,136	21,213,491	40,795,627
Total	\$ 658,137,237	\$ 205,038,097	\$ 863,175,334	\$ 479,707,209	\$ 383,468,125	\$ 863,175,334

The total bonded debt service requirements to be repaid by the County and the Board include interest of \$111,763,888 and \$93,274,209, respectively, for a total of \$205,038,097.

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, 2021:

	Balance July 1	Additions	Deductions	Balance June 30	Current Portion
<u>Primary Government</u>					
Bonded Debt	\$ 646,221,518	\$ 111,260,000	\$ (99,344,281)	\$ 658,137,237	\$ 43,304,281
Unamortized Bond Premium	27,832,348	8,817,197	(4,963,676)	31,685,869	3,965,869
Loans Payable	1,754,661	-	(424,750)	1,329,911	427,947
Capital Leases	11,146,559	-	(376,617)	10,769,942	406,697
Compensated Absences	12,615,212	10,902,777	(10,477,701)	13,040,288	10,665,444
Total - Primary Government	\$ 699,570,298	\$ 130,979,974	\$ (115,587,025)	\$ 714,963,247	\$ 58,770,238
<u>Component Unit - the Board</u>					
Compensated Absences	\$ 18,269,473	\$ 5,615,459	\$ (4,292,468)	\$ 19,592,464	\$ 5,096,640
Loans Payable	10,512,924	-	(3,504,273)	7,008,651	3,504,273
Termination Benefits	4,231,624	-	(947,404)	3,284,220	652,293
Capital Leases	3,639,034	-	(284,623)	3,354,411	296,219
Total Component Unit - the Board	\$ 36,653,055	\$ 5,615,459	\$ (9,028,768)	\$ 33,239,746	\$ 9,549,425
<u>Component Unit - the District</u>					
Compensated Absences	\$ 596,670	\$ 456,171	\$ (424,757)	\$ 628,084	\$ 400,791
Total - the District	\$ 596,670	\$ 456,171	\$ (424,757)	\$ 628,084	\$ 400,791

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 \$58,118 pertains to the non-major enterprise fund, with the remaining long-term liabilities related to governmental activities.

Advance Refunding Issue

During the year, the County issued \$33,200,000 in general obligation Series 2020D refunding bonds with a par value of \$33,200,000 to advance refund general obligation issue Series 2014B. 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 \$32,210,000 of liabilities has been removed from the statement of net position. The advance refunding reduced cash flows required for future debt service to be repaid by the County by \$2,004,246 over the next 6 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 \$1,961,221.

Advance Refunding Issue

During the year, the County issued \$22,905,000 in general obligation Series 2020E refunding bonds with a par value of \$22,905,000 to advance refund general obligation issue Series 2014A. 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 \$22,470,000 of liabilities has been removed from the statement of net position. The advance refunding reduced cash flows required for future debt service to be repaid by the County and the Board by \$1,281,979 and \$1,573,896 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 \$2,532,163.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 (\$22,318,070). 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, 2021, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.95%
Variable payment to Authority	% of LIBOR	-0.41%
Net interest rate swap payments		3.54%
Variable-rate bond coupon payments		0.11%
Synthetic interest rate on bonds		3.65%

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Fair value. As of June 30, 2021, the swap had a negative fair value of (\$5,023,745), a change of \$2,443,698 compared to the June 30, 2020 balance of (\$7,467,443). 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, 2021, 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, 2021, 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, 2021, 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, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Fiscal Year Ending June 30	<u>Variable Rate Bonds</u>			Total
	Principal	Interest	Net Interest Rate Swap Payment	
2022	\$ 3,750,000	\$ 41,140	\$ 1,322,921	\$ 5,114,061
2023	3,975,000	37,015	1,190,275	5,202,290
2024	4,225,000	32,643	1,049,671	5,307,314
2025	4,500,000	27,995	900,223	5,428,218
2026	4,775,000	23,045	741,048	5,539,093
2027-2029	16,175,000	36,300	1,167,283	17,378,583
	\$ 37,400,000	\$ 198,138	\$ 6,371,421	\$ 43,969,559

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, 2021, rates were as follows:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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	-0.38%
Net interest rate swap payments		3.02%
Variable-rate bond coupon payments		0.11%
Synthetic interest rate on bonds		3.13%

Fair value. As of June 30, 2021, the swap had a negative fair value of (\$4,611,897), a change of \$2,391,249 compared to the June 30, 2020 balance of (\$7,003,146). 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, 2021, 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, 2021, 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, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Swap payments and associated debt. As of June 30, 2021, 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		
2022	\$ 4,260,000	\$ 45,606	\$ 1,249,351		\$ 5,554,957
2023	4,500,000	40,920	1,120,980		5,661,900
2024	4,760,000	35,970	985,378		5,781,348
2025	5,020,000	30,734	841,941		5,892,675
2026	5,300,000	25,212	690,669		6,015,881
2027-2029	17,620,000	39,413	1,079,697		18,739,110
	\$ 41,460,000	\$ 217,855	\$ 5,968,016		\$ 47,645,871

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, 2021, rates were as follows:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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	-0.41%
Net interest rate swap payments		3.48%
Variable-rate bond coupon payments		0.52%
Synthetic interest rate on bonds		4.00%

Fair value. As of June 30, 2021, the swap had a negative fair value of (\$12,682,428), a change of \$4,937,590 compared to the June 30, 2020 balance of (\$17,620,018). 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, 2021, 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, 2021, 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, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Long-Term Liabilities (Continued)

Swap payments and associated debt. As of June 30, 2021, 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		
2022	\$ 1,075,000	\$ 265,379	\$ 1,775,423	\$	3,115,802
2023	1,000,000	259,785	1,738,000		2,997,785
2024	1,050,000	254,581	1,703,188		3,007,769
2025	1,100,000	249,118	1,666,635		3,015,753
2026	1,150,000	243,394	1,628,342		3,021,736
2027-2031	19,475,000	1,089,873	7,291,420		27,856,293
2032-2034	26,150,000	275,786	1,845,048		28,270,834
	<u>\$ 51,000,000</u>	<u>\$ 2,637,916</u>	<u>\$ 17,648,056</u>	<u>\$</u>	<u>71,285,972</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, 2021, the Board recorded an estimated liability of \$3,284,220 to be paid in varying annual amounts through 2033.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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>	<u>Federal, State and Other Grants</u>	
Fund balances:					
Nonspendable:					
Inventories	\$ 277,247	\$ -	\$ -	\$ 62,045	\$ 339,292
Prepays	198,717	-	-	3,431	202,148
Investment in Joint Venture	7,200,059	-	-	-	7,200,059
	<u>7,676,023</u>	<u>-</u>	<u>-</u>	<u>65,476</u>	<u>7,741,499</u>
Restricted for:					
Finance and Administration	831,695	-	-	2,410	834,105
Administration of Justice	563,999	-	-	110,796	674,795
Public Safety	731,094	-	-	166,797	897,891
Public Health & Welfare	1,061,895	-	-	1,341,691	2,403,586
Social and Cultural	52,465	-	-	34,867	87,332
Other General Government	-	-	-	575,768	575,768
Engineering & Public Works	-	-	-	13,430	13,430
Debt Service	-	-	3,624,154	-	3,624,154
Capital Projects	-	15,237,375	-	-	15,237,375
	<u>3,241,148</u>	<u>15,237,375</u>	<u>3,624,154</u>	<u>2,245,759</u>	<u>24,348,436</u>
Committed to:					
Finance and Administration	1,172,100	-	-	-	1,172,100
Public Safety	1,200,000	-	-	-	1,200,000
Social and Cultural	700,000	-	-	-	700,000
Other General Government	4,225,673	-	-	-	4,225,673
Debt Service	-	-	11,852,531	-	11,852,531
Capital Projects	-	125,000	-	-	125,000
	<u>7,297,773</u>	<u>125,000</u>	<u>11,852,531</u>	<u>-</u>	<u>19,275,304</u>
Assigned to:					
Finance and Administration	81,039	-	-	-	81,039
Administration of Justice	69,408	-	-	-	69,408
Public Safety	358,633	-	-	-	358,633
Public Health & Welfare	99,171	-	-	-	99,171
Social and Cultural	5,341	-	-	-	5,341
Other General Government	147,891	-	-	-	147,891
	<u>761,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761,483</u>
Unassigned:	<u>81,158,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,158,547</u>
Total fund balances	<u>\$ 100,134,974</u>	<u>\$ 15,362,375</u>	<u>\$ 15,476,685</u>	<u>\$ 2,311,235</u>	<u>\$ 133,285,269</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Fund Equity (Continued)

Nonmajor Governmental Funds

	<u>Constitutional Officers</u>	<u>Governmental Library</u>	<u>Public Library</u>	<u>Solid Waste</u>	<u>Hotel/Motel Tax</u>	<u>Drug Control</u>	<u>Engineering & Public Works</u>	<u>ADA Construction</u>	<u>Total</u>
Fund balances:									
Nonspendable:									
Prepays	\$ -	\$ 151	\$ 4,093	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 4,744
Restricted for:									
Public Safety	-	-	-	-	-	3,523,669	-	-	3,523,669
Social and Cultural	-	-	-	-	1,942,579	-	-	-	1,942,579
	-	-	-	-	1,942,579	3,523,669	-	-	5,466,248
Committed to:									
Public Health & Welfare	-	-	-	1,133,947	-	-	-	-	1,133,947
Social and Cultural	-	44,895	2,228,212	-	-	-	-	-	2,273,107
Engineering & Public Works	-	-	-	-	-	-	7,297,681	-	7,297,681
Capital Projects	-	-	-	-	-	-	-	1,497,089	1,497,089
	-	44,895	2,228,212	1,133,947	-	-	7,297,681	1,497,089	12,201,824
Assigned to:									
Finance and Administration	2,386,584	-	-	-	-	-	-	-	2,386,584
Administration of Justice	2,732,112	-	-	-	-	-	-	-	2,732,112
	5,118,696	-	-	-	-	-	-	-	5,118,696
Total fund balances	\$ 5,118,696	\$ 45,046	\$ 2,232,305	\$ 1,133,947	\$ 1,942,579	\$ 3,523,669	\$ 7,298,181	\$ 1,497,089	\$ 22,791,512

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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>	<u>Internal School Funds</u>	
Fund balances:							
Nonspendable:							
Inventories	\$ 1,073,565	\$ -	\$ -	\$ 181,495	\$ 802,637	\$ -	\$ 2,057,697
Prepays	580,032	-	59,057	9,033	-	-	648,122
	<u>1,653,597</u>	<u>-</u>	<u>59,057</u>	<u>190,528</u>	<u>802,637</u>	<u>-</u>	<u>2,705,819</u>
Restricted for:							
Education	5,652,644 (a)	21,688,844 (b)	-	-	8,400,280 (d)	1,499,218 (f)	37,240,986
Committed to:							
Education	-	-	-	1,529,084 (e)	-	-	1,529,084
Assigned to:							
Education	790,852 (c)	-	-	-	-	10,148,683 (f)	10,939,535
Unassigned:	<u>50,442,416</u>	<u>-</u>	<u>(224,175)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,218,241</u>
Total fund balances	<u>\$ 58,539,509</u>	<u>\$ 21,688,844</u>	<u>\$ (165,118)</u>	<u>\$ 1,719,612</u>	<u>\$ 9,202,917</u>	<u>\$ 11,647,901</u>	<u>\$ 102,633,665</u>

(a) Investment in Stabilization Reserve Trust

(b) School Construction Projects

(c) Assigned Encumbrance Reserve

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

(e) Committed from local revenues and various state grants

(f) Restricted or assigned for use at the individual school level

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 \$276,323,131 for fiscal year 2021 were approximately 98.02 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, 2021

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, 2021, there were 76 PILOT agreements in force with net tax abatements totaling \$5,629,250. 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, 2021

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, 2021 was \$1,407,434.

The remaining 75 PILOT agreements totaling \$4,221,816 in tax abatements at June 30, 2021 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, 2021, there were 33 TIF agreements in force with net tax abatements totaling \$2,531,320. 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, 2021

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). GIS 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 2021 fiscal year, the joint venture received 88 percent of its operating revenues from the participants in the joint venture. GIS charged the County \$428,575 for the year ended June 30, 2021. The County does not retain an equity interest in the joint venture. The financial results of GIS have maintained adequate equity levels. Since the support for GIS is shared with two other entities, the County considers its involvement to be of minimal risk. Complete separate financial statements for GIS 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 \$9,461,197 to the PBA for development, management, and maintenance of County projects during 2021. Complete separate financial statements for PBA may be obtained at Room M-22, City County Building, and 400 Main Street, Knoxville, TN 37902.

The County is a participant in a joint venture with the City of Knoxville in the operation of the Sports Authority of the County of Knox and the City of Knoxville, Tennessee (Sports Authority). The Sports Authority was created (i) to plan, promote, finance, construct, acquire, renovate, equip and enlarge and operate sports complexes, stadiums, arenas, structures and facilities for public participation and enjoyment of professional and amateur sports, fitness, health and recreational activities, and (ii) to do what is reasonable and necessary to attract professional sports franchises to the City of Knoxville and Knox County thereby promoting economic development and prosperity. Permission to organize this Sports Authority has been granted by a resolution duly adopted by the Council of the City of Knoxville, Tennessee on the 15th day of December 2020 and by a resolution duly adopted by the Commission of Knox County, Tennessee on the 21st day of December 2020. The Sports Authority shall be governed by a board of directors, having seven (7) directors, all of whom shall be duly qualified voters and taxpayers in the City of Knoxville and/or Knox County, Tennessee. Each director will be jointly appointed by the Commission of Knox County, Tennessee and the Council of the City of Knoxville, Tennessee. The County does not retain an equity interest in the joint venture. Complete separate financial statements for the Sports Authority may be obtained at their principal office located at 900 South Gay Street, Suite 1700, Knoxville, Tennessee 37902. No financial activity has occurred as of June 30, 2021.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE IV. OTHER INFORMATION (Continued)

A. Joint Ventures (Continued)

Condensed financial information for GIS and PBA as of June 30, 2021 and for the year then ended, is as follows:

ASSETS	<u>GIS</u>	<u>PBA</u>
Cash and Cash Equivalents	\$ 1,139,188	\$ 7,653,544
Receivables	1,785	4,729,163
Inventory	-	6,995
Prepays	5,603	96,934
Capital Assets - Net	<u>97,778</u>	<u>5,266,872</u>
Total Assets	<u>1,244,354</u>	<u>17,753,508</u>
LIABILITIES AND NET POSITION		
Liabilities		
Accounts Payable and Accrued Liabilities	88,207	5,368,956
Due To Others	-	1,166,952
Customer Deposits	-	23,399
Compensated Absences	61,907	666,049
Unearned Revenue	<u>-</u>	<u>20,346</u>
Total Liabilities	<u>150,114</u>	<u>7,245,702</u>
Net Position		
Investment in Capital Assets	97,778	5,266,872
Unrestricted	<u>996,462</u>	<u>5,240,934</u>
Total Net Position	<u>\$ 1,094,240</u>	<u>\$ 10,507,806</u>
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Total Operating Revenues	\$ 1,622,068	\$ 19,002,798
Total Operating Expenses	<u>(1,537,847)</u>	<u>(18,331,908)</u>
Operating Income (Loss)	84,221	670,890
Non-Operating Revenues	628	161
Non-Operating Expenses	-	(1,594,421)
Capital Contributions	<u>-</u>	<u>2,300,000</u>
Increase (Decrease) in Net Position	84,849	1,376,630
Net Position, Beginning of Year	<u>1,009,391</u>	<u>9,131,176</u>
Net Position, End of Year	<u>\$ 1,094,240</u>	<u>\$ 10,507,806</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, the County appropriated operating subsidies of \$1,700,000 to the Community Action Committee.

In 2021, 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, 2021, the County appropriated operating subsidies of \$3,120,000 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, 2021

NOTE IV. OTHER INFORMATION (Continued)

C. Risk Management (Continued)

At June 30, 2021, 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 2021	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2020
Unpaid Claims - Beginning Balance	\$ 1,544,000	\$ 1,666,280	\$ 17,378,980	\$ 17,984,345
Incurred Claims (Including IBNR's)	27,446,791	25,044,517	4,450,316	2,555,598
Claim Payments	(27,477,791)	(25,166,797)	(3,336,940)	(3,160,963)
Unpaid Claims - Ending Balance	<u>\$ 1,513,000</u>	<u>\$ 1,544,000</u>	<u>\$ 18,492,356</u>	<u>\$ 17,378,980</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, 2021, the liabilities were \$2,481,813.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021:

The Tennessee 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 2021 was \$607,128 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 2021 was \$1,340,023 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

E. Commitments and Contingencies

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

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

The County and the Board have several outstanding construction projects as of June 30, 2021. The County also has a five-year Capital Improvement Plan which addresses major capital needs for the County and the Board. Although the Capital Improvement Plan does not represent legal appropriations or contractual commitments, it does represent priorities as determined by the County and the Board. Funding for the first year of the adopted Capital Improvement Plan has been appropriated by action of the County Commission.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE IV. OTHER INFORMATION (Continued)

E. Commitments and Contingencies (Continued)

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

	Spent to Date	Contractual Commitment Remaining at June 30, 2021
<u>Primary Government:</u>		
Centerpoint and Lovell Road	\$ 1,473,217	\$ 191,612
Cherahala Extension	665,678	1,586,407
Emory Road and Bishop Road	272,749	1,444,260
Schaad Road Phase II	21,410,196	36,800,333
Sheriff Video Court	154,238	1,373,840
Other Projects	224,971,243	1,887,124
	<u>\$ 248,947,321</u>	<u>\$ 43,283,576</u>
<u>Component Unit - the Board:</u>		
Farragut Highschool Softball Field	\$ 4,790,563	\$ 1,000,521
Karns Middle School Roof	358,623	1,343,136
Adrian Burnett Elementary	2,502,575	18,254,906
Other Projects	148,981,386	18,013,790
	<u>\$ 156,633,147</u>	<u>\$ 38,612,353</u>

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, 2021

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' Custodial 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, 2021

NOTE IV. OTHER INFORMATION (Continued)

G. Accounting Pronouncements

The County adopted GASB Statement No. 84, *Fiduciary Activities*, required for fiscal periods beginning after December 15, 2019, in fiscal 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The County adopted GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, just those requirements in paragraph 4 and 5 that are effective immediately, in fiscal 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The County considers the defined contribution plans to meet the definition of fiduciary activities.

The County adopted GASB Statement No. 98, *The Annual Comprehensive Financial Report*, required for fiscal periods ending after December 15, 2021, in fiscal 2021. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

H. Accounting Changes and Restatements

During the fiscal year ended June 30, 2021, the County adopted GASB Statement No. 84, *Fiduciary Activities* (see Note IV (G)). As a result of the adoption of this Statement, The Board's Internal School Fund, previously reported as an agency fund, is now reported as a nonmajor special revenue fund in the Board of Education Component Unit. Due to the change in accounting principle resulting from the adoption of this Statement, the Board's financial statements have been restated to include \$11,908,252 of beginning fund balance in its special revenue funds. As a result, the total beginning governmental fund balances have been increased by \$11,908,252 and are reported in the current year at \$62,225,229 compared to the \$50,316,977 reported in the prior year. Furthermore, the adoption of the Statement

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE IV. OTHER INFORMATION (Continued)

H. Accounting Changes and Restatements (Continued)

resulted in a corresponding increase in the Board's beginning net position, reported in the current year at \$448,233,301 compared to \$436,325,049 reported in the prior year.

Also as a result of the adoption of GASB Statement No. 84, fiduciary funds in the primary government previously accounted for as agency funds have been classified as custodial funds during the fiscal year ended June 30, 2021. This change resulted in a restatement of beginning net position in the custodial funds totaling \$35,204,806, compared to \$0 at the end of the prior year for the agency funds.

As described in Note I(A), during the fiscal year ended June 30, 2021, the Great Schools Partnership, previously reported as a component unit of the Board, was merged into the Knox Education Foundation (KEF), which is reported as a nonmajor component unit of the Primary Government. As a result of this change, the Board's beginning net position reported in the prior year Statement of Activities in the County's basic financial statements no longer includes the June 30, 2020 net position of \$2,592,744 attributable to the Great Schools Partnership. As a result, the Board's beginning net position is reported at \$448,233,301, as described above. The KEF beginning net position of \$2,592,744 is reported in the Primary Government's beginning net position for its nonmajor component units.

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS

A. Single-Employer Defined Benefit OPEB Plans

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

OPEB – Retiree Healthcare Plan

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

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

OPEB – Retiree Healthcare Plan (Continued)

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

Employees Covered – As of July 1, 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>

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 \$898,162, which was 0.78% of covered employee payroll.

Net OPEB Liability – The County’s net OPEB liability was measured as of June 30, 2021 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, 2021 were as follows:

Total OPEB Liability	\$ 8,781,185
Less: Fiduciary Net Position	<u>(5,762,172)</u>
Net OPEB Liability	<u><u>\$ 3,019,013</u></u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	<u><u>65.62%</u></u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

OPEB – Retiree Healthcare Plan (Continued)

Actuarial Assumptions – The total OPEB liability as of June 30, 2021, 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	27 Years
Asset Valuation Method	Fair Value
Inflation	2.50%
Healthcare Trend Rates	7.0% initially, decreasing to an ultimate rate of 4.5% in 2025
Salary Increases	3.50%
Payroll Growth	2.50%
Investment Rate of Return	5.77%
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.

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 2021. Best estimates of arithmetic real rates of return for each major investment classification included in the OPEB target asset allocation as of June 30, 2021 are as follows:

Asset Class	Target Allocation	Long-Term Real Returns
US Equity - Large Cap	26.20%	6.05%
US Equity - Small/Mid Cap	19.80%	7.10%
Non-US Equity - Developed	14.50%	6.88%
Non-US Equity - Emerging	4.50%	8.87%
US Corporate Bonds - Core	2.80%	1.47%
US Corporate Bonds - High Yield	2.20%	3.55%
US Treasuries	30.00%	0.00%

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

OPEB – Retiree Healthcare Plan (Continued)

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, 2021 was 26.38%.

Discount Rate – The discount rate used in fiscal year 2021 to measure the total OPEB liability was 5.77%. 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.

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 6/30/20	\$ 7,992,320	\$ 4,113,461	\$ -	\$ 3,878,859
Changes for the year:				
Service Cost	389,437	-	-	389,437
Interest	504,148	-	-	504,148
Contributions - Employer Subsidy	-	524,125	374,037	(898,162)
Net Investment Income	-	1,191,501	-	(1,191,501)
Changes in Assumptions	269,317	-	-	269,317
Benefit Payments	(374,037)	-	(374,037)	-
Administrative Expenses	-	(66,915)	-	66,915
Net Changes	788,865	1,648,711	-	(859,846)
Balances at 6/30/21	\$ 8,781,185	\$ 5,762,172	\$ -	\$ 3,019,013

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 (4.77%) or 1-percentage-point higher (6.77%) than the current discount rate:

	1% Decrease (4.77%)	Current Discount Rate (5.77%)	1% Increase (6.77%)
Net OPEB Liability (asset)	\$ 3,781,486	\$ 3,019,013	\$ 2,333,124

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

OPEB – Retiree Healthcare Plan (Continued)

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 (6.00% decreased to 3.50%) or higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Net OPEB Liability (asset)	\$ 2,023,672	\$ 3,019,013	\$ 4,192,296

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the County recognized OPEB expense of \$254,963. At June 30, 2021, 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	\$ 37,708	\$ 1,314,928
Changes of assumptions	685,228	1,244,755
Net difference between projected and actual earnings on OPEB plan investments	-	520,535
Total	\$ 722,936	\$ 3,080,218

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

OPEB – Retiree Healthcare Plan (Continued)

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,		
2022	\$	(385,644)
2023		(392,111)
2024		(417,786)
2025		(482,419)
2026		(404,850)
Thereafter		(274,472)

Payable to the OPEB Plan – At June 30, 2021, Knox County did not report a payable outstanding. Contributions were paid to the OPEB plan as required for the year ended June 30, 2021.

Comparative Statements of Fiduciary Net Position:

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments, at Fair Value:		
Mutual Funds	\$ 3,496,303	\$ 2,243,500
Collective Investment Trusts	1,915,698	685,060
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>350,171</u>	<u>224,839</u>
 Total Investments	 <u>5,762,172</u>	 <u>3,153,399</u>
 Receivables:		
Employer Contributions	 <u>-</u>	 <u>960,062</u>
 Total Receivables	 <u>-</u>	 <u>960,062</u>
 Total Assets	 <u>5,762,172</u>	 <u>4,113,461</u>
 NET POSITION - RESTRICTED FOR OPEB BENEFITS	 <u><u>\$ 5,762,172</u></u>	 <u><u>\$ 4,113,461</u></u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

OPEB – Retiree Healthcare Plan (Continued)

Comparative Statements of Changes in Fiduciary Net Position:

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ 524,125	\$ 960,062
Investment Income (Loss):		
Interest and Dividend Income	139,959	121,273
Net Appreciation (Depreciation) in Fair Value of Investments	<u>1,051,542</u>	<u>(61,053)</u>
Total Investment Income (Loss)	<u>1,191,501</u>	<u>60,220</u>
Total Additions	<u>1,715,626</u>	<u>1,020,282</u>
DEDUCTIONS		
Administrative Expenses	<u>66,915</u>	<u>51,816</u>
Total Deductions	<u>66,915</u>	<u>51,816</u>
CHANGE IN NET POSITION	1,648,711	968,466
NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR	<u>4,113,461</u>	<u>3,144,995</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR	<u>\$ 5,762,172</u>	<u>\$ 4,113,461</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021

NOTE V. OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

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

OPEB – Disability Plan (Continued)

Employees Covered – At January 1, 2021, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Disabled employees currently receiving benefit payments	30
Active employees	<u>4,733</u>
Total	<u><u>4,763</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, 2021, the ADC was \$556,125, which was 0.66% 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, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021. The components of the net OPEB liability at June 30, 2021 were as follows:

Total OPEB Liability	\$ 3,490,428
Less: Fiduciary Net Position	<u>(1,758,039)</u>
Net OPEB Liability	<u><u>\$ 1,732,389</u></u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	<u><u>50.37%</u></u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021 with a measurement date of June 30, 2021 are as follows:

Actuarial Cost Method	Individual Entry Age, Normal Cost
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	13 Years
Asset Valuation Method	5-year smoothed, subject to a 20% corridor around the fair value of assets
Inflation	2.24%
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-2020 Projection Period: Fully Generational UOPP & STAR Pre-Retirement: Base Table: SOA RP-2014 Adjusted to 2006 Blue Collar Mortality Improvement Scale: MP-2020 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, 2021

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 2.24% for fiscal year 2021. Best estimates of arithmetic real rates of return for each major investment classification included in the OPEB target asset allocation as of June 30, 2021 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Arithmetic Return
US Equity - Large Cap	26.20%	5.59%
US Equity - Small / Mid Cap	19.80%	6.62%
Non-US Equity - Developed	14.50%	6.41%
Non-US Equity - Emerging	4.50%	8.35%
US Corporate Bonds - Core	2.80%	1.12%
US Corporate Bonds - High Yield	2.20%	3.15%
US Treasuries (Cash Equivalent)	30.00%	-0.32%

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, 2021 was 29.16%.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 2021 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 6/30/20	\$ 3,443,442	\$ 1,111,174	\$ 2,332,268
Changes for the year:			
Service Cost	240,239	-	240,239
Interest	243,891	-	243,891
Difference between Expected and Actual Experience	(31,500)	-	(31,500)
Changes of Assumptions	278	-	278
Contributions Employer	-	1,198,898	(1,198,898)
Net Investment Income	-	474,210	(474,210)
Benefit Payments	(405,922)	(405,922)	-
Administrative Expenses	-	(606,159)	606,159
Other Changes	-	(14,162)	14,162
Net Changes	46,986	646,865	(599,879)
Balances at 6/30/21	\$ 3,490,428	\$ 1,758,039	\$ 1,732,389

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)	\$ 1,860,619	\$ 1,732,389	\$ 1,608,767

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, the County recognized OPEB expense of \$868,876. At June 30, 2021, 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	\$ -	\$ 236,559
Changes of assumptions	2,485	186
Net difference between projected and actual earnings on OPEB plan investments	-	253,667
Total	\$ 2,485	\$ 490,412

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,	
2022	\$ (181,611)
2023	(161,207)
2024	(69,192)
2025	(75,917)

Payable to the OPEB Plan – At June 30, 2021, Knox County did not report a payable outstanding. Contributions were paid to the OPEB plan as required for the year ended June 30, 2021.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2020, the following employees of the Board were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefit payments	342
Inactive employees entitled to but not yet receiving benefit payments	2
Active employees	<u>4,994</u>
Total	<u><u>5,338</u></u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 paid \$2,180,544 in 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, 2020 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	2.10%
Salary Increases	Graded salary ranges from 3.44% to 8.72% based on age, including inflation, averaging 4.00%.
Healthcare Cost Trend Rates	9.02% for pre-65 in 2020, decreasing annually over over a 10 year period to an ultimate rate of 4.50% 7.56% for post-65 in 2020, 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, 2020 valuations were the same as those employed in the July 1, 2019 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, 2021

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 2.21%. 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 6/30/20	\$ 45,181,672
Changes for the year:	
Service Cost	2,541,296
Interest	1,626,047
Difference Between Expected and Actual Experience	6,017,583
Changes in Assumptions	6,205,315
Benefit Payments	(2,817,967)
Net Changes	13,572,274
Balances at 6/30/21	\$ 58,753,946
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 19,300,143
Employer's proportionate share of the collective total OPEB liability	\$ 39,453,803
Employer's proportion of the collective total OPEB liability	67.15%

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 1.69% from the prior measurement date. The Board recognized \$1,433,764 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 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2021. This change in assumption increased the total OPEB liability.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 (1.21%) or 1-percent-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Proportionate Share of Collective total OPEB Liability	\$ 42,308,765	\$ 39,453,803	\$ 36,740,418

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 (8.02%/6.56% decreasing to 3.50%)	Current Healthcare Cost Trend Rate Assumption (9.02%/7.56% decreasing to 4.50%)	1% Increase (10.02%/8.56% decreasing to 5.50%)
OPEB Liability	\$ 35,262,520	\$ 39,453,803	\$ 44,424,249

OPEB Expense – For the fiscal year ended June 30, 2021, the Board recognized OPEB expense of \$4,534,092.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, 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	\$ 5,612,906	\$ 4,540,872
Changes of assumptions	4,411,191	2,978,664
Changes in proportions	953,555	461,150
Employer payments subsequent to the measurement date	2,180,544	-
Total	\$ 13,158,196	\$ 7,980,686

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,	
2022	\$ 301,920
2023	301,920
2024	301,920
2025	301,920
2026	301,920
Thereafter	1,487,366

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, 2021

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, 2020, the following employees of the Board were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefit payments	1,127
Inactive employees entitled to but not yet receiving benefit payments	608
Active employees	3,741
Total	5,476

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2020 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	2.10%
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, 2020 valuations were the same as those employed in the July 1, 2019 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 2.21%. 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, 2021

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 6/30/20	\$ 13,910,927
Changes for the year:	
Service Cost	292,062
Interest	488,566
Difference Between Expected and Actual Experience	84,095
Changes in Assumptions	2,943,278
Benefit Payments	(572,370)
Net Changes	3,235,631
Balances at 6/30/21	\$ 17,146,558
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 17,146,558
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 \$911,788 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 3.51% as of the beginning of the measurement period to 2.21% as of June 30, 2021. This change in assumption increased the total OPEB liability.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, the Board recognized OPEB expense of \$911,788. 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, 2021, 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	\$ 3,019	\$ 723	\$ 3,080	\$ 255
Disability	1,732	3	490	869
	<u>4,751</u>	<u>726</u>	<u>3,570</u>	<u>1,124</u>
Component Unit - The Board:				
Closed Teacher				
Group OPEB Plan	39,454	13,158	7,981	4,534
Closed Tennessee Plan	-	-	-	912
	<u>39,454</u>	<u>13,158</u>	<u>7,981</u>	<u>5,446</u>
Totals	<u>\$ 44,205</u>	<u>\$ 13,884</u>	<u>\$ 11,551</u>	<u>\$ 6,570</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, the MERP had 1,036 members and 749 of them contributed funds to the plan. During the year employer expense and member contributions amounted to \$86,311 and \$191,802 respectively.

At June 30, 2021, the County reported a payable outstanding to the plan of \$3,596.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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:

DB Plans

County DB Plan
 UOPP DB Plan
 Teacher's DB Plan
 TCRS Knox County Executive and Officials
 TCRS Teacher's Legacy
 TCRS Teacher Retirement

Funds

County – General Fund
 County – General Fund
 Board – General Purpose School Fund
 County – General Fund
 Board – General Purpose School Fund
 Board – General Purpose School Fund

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

General Information about the Defined Benefit Pension Plans (Continued)

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

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

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

General Information about the Defined Benefit Pension Plans (Continued)

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

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

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

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, the valuation date, the following participants were covered by the benefit terms:

	<u>County DB Plan</u>	<u>UOPP DB Plan</u>	<u>Teacher's DB Plan</u>
Inactive employees or beneficiaries currently receiving benefits	618	242	387
Inactive employees entitled to, but not yet receiving benefits	9	47	-
Active employees	<u>34</u>	<u>402</u>	<u>-</u>
Total	<u>661</u>	<u>691</u>	<u>387</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 2021, the employer contributions for the County, UOPP, and the Teacher's DB Plans were approximately 281.47%, 36.02%, 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, 2021, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of January 1, 2021.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021 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	12 Years	30 Years	12 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	2.24%	2.24%	2.24%
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 Mortality Table Improvement Scale: MP-2020 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-2020 Projection Period: 6 years beyond each valuation date	Pre-Retirement: Base Table: RP2014 Blue Collar, Adjusted to 2006 Improvement Scale: MP-2020 Projection Period: Fully Generational Post-Retirement: Base Table: RP2014 Blue Collar table with 140% adjustment for Males and Females Improvement Scale: MP-2020 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-2020 Projection Period: 6 years beyond 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, 2021

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%	5.59%
US Equity - Small / Mid Cap	10.00%	6.62%
Non-US Equity - Developed	13.00%	6.41%
Non-US Equity - Emerging	4.00%	8.35%
US Corporate Bonds-Core	18.00%	1.12%
US Corporate Bonds-High Yield	3.00%	3.15%
Non-US Debt - Developed	7.00%	0.28%
US Treasuries (Cash Equivalent)	6.00%	-0.32%
Real Estate	7.00%	5.29%
Hedge Funds	11.00%	3.39%

UOPP DB Plan:

Asset Class:	Target Allocation	Long-Term Expected Real Arithmetic Return
US Equity - Large Cap	22.00%	5.59%
US Equity - Small / Mid Cap	20.00%	6.62%
Non-US Equity - Developed	15.00%	6.41%
Non-US Equity - Emerging	5.00%	8.35%
US Corporate Bonds-Core	13.00%	1.12%
US Corporate Bonds-High Yield	5.00%	3.15%
Non-US Debt - Developed	4.00%	0.28%
US Treasuries (Cash Equivalent)	2.00%	-0.32%
Real Estate	3.00%	5.29%
Hedge Funds	11.00%	3.39%

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Net Pension Liability (Continued)

Teacher's DB Plan:	Target	Long-Term Expected Real
<u>Asset Class:</u>	<u>Allocation</u>	<u>Arithmetic Return</u>
US Equity - Large Cap	21.00%	5.59%
US Equity - Small / Mid Cap	16.00%	6.62%
Non-US Equity - Developed	15.00%	6.41%
Non-US Equity - Emerging	4.00%	8.35%
US Corporate Bonds-Core	15.00%	1.12%
US Corporate Bonds-High Yield	3.00%	3.15%
Non-US Debt - Developed	6.00%	0.28%
US Treasuries (Cash Equivalent)	4.00%	-0.32%
Real Estate	5.00%	5.29%
Hedge Funds	11.00%	3.39%

The assumed inflation rate is 2.24% 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, 2021 were as follows:

Defined Benefit Plans:	<u>2021</u>
County DB Plan	22.54%
UOPP DB Plan	28.99%
Teacher's DB Plan	26.74%

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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

B. Single-Employer Defined Benefit Plans (Continued)

Net Pension Liability (Continued)

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, 2021, the County, UOPP, and Teacher’s DB Plan’s funded ratios were all greater than 60%. 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.

Changes in the Net Pension Liability

The changes in the net pension liability for the plans for the fiscal year ended June 30, 2021 are as follows (dollar amounts in thousands):

	County DB Plan			UOPP DB Plan			Teachers' DB Plan		
	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, 2020	\$ 68,403	\$ 36,969	\$ 31,434	\$ 268,574	\$ 178,717	\$ 89,857	\$ 62,749	\$ 47,713	\$ 15,036
Changes for the Year:									
Service Cost	146	-	146	2,704	-	2,704	-	-	-
Interest	4,569	-	4,569	19,248	-	19,248	4,170	-	4,170
Difference between Expected and Actual Expense	(1,362)	-	(1,362)	5,997	-	5,997	(334)	-	(334)
Change of Assumptions	(124)	-	(124)	338	-	338	(74)	-	(74)
Contribution - Employer	-	3,536	(3,536)	-	7,471	(7,471)	-	1,200	(1,200)
Contribution - Employee	-	69	(69)	-	1,158	(1,158)	-	-	-
Net Investment Income (Loss)	-	8,325	(8,325)	-	51,507	(51,507)	-	12,283	(12,283)
Benefit Payments including Refunds of Employee Contributions	(6,680)	(6,680)	-	(11,782)	(11,782)	-	(6,460)	(6,460)	-
Administrative Expense	-	(134)	134	-	(850)	850	-	(128)	128
Transfers	-	(17)	17	-	-	-	-	-	-
Net Changes	(3,451)	5,099	(8,550)	16,505	47,504	(30,999)	(2,698)	6,895	(9,593)
Balance at June 30, 2021	\$ 64,952	\$ 42,068	\$ 22,884	\$ 285,079	\$ 226,221	\$ 58,858	\$ 60,051	\$ 54,608	\$ 5,443

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County DB Plan Net Pension Liability	\$ 28,248,366	\$ 22,883,952	\$ 18,237,229
Teachers' DB Plan Net Pension Liability	\$ 9,770,785	\$ 5,443,392	\$ 1,618,529
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
UOPP DB Plan Net Pension Liability	\$ 97,445,178	\$ 58,858,015	\$ 26,975,174

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, 2021, the County and the Board recognized pension expense of \$1,654,221, \$9,910,507, and \$(967,590), for the County, UOPP, and Teacher's Plans, respectively. At June 30, 2021, the County, UOPP, and Teacher's Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>County DB Plan</u>		<u>UOPP DB Plan</u>		<u>Teachers' DB Plan</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,245,614	\$ 23,747,453	\$ -	\$ -	\$ -
Changes of assumptions	565,780	131,218	12,582,503	2,965,228	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,093,272	-	20,450,295	-	4,907,344
Total	\$ 565,780	\$ 4,470,104	\$ 36,329,956	\$ 23,415,523	\$ -	\$ 4,907,344

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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>
2022	\$ (920,137)	\$ 2,867,098	\$ (1,074,135)
2023	(1,105,430)	3,244,616	(895,845)
2024	(709,100)	2,269,153	(1,120,198)
2025	(1,169,657)	(931,583)	(1,817,166)
2026	-	5,188,060	-
Thereafter	-	277,089	-
Total	<u>\$ (3,904,324)</u>	<u>\$ 12,914,433</u>	<u>\$ (4,907,344)</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, 2021.

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, 2021

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, 2021

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

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

General Information about the Pension Plan (Continued)

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

Employees Covered by Benefit Terms - At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	1
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, 2021, employer contributions made by Knox County were \$111,106 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, 2021

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, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Reporting Date	June 30, 2021
Measurement Date	June 30, 2020
Actuarial Valuation Date	June 30, 2020
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	Customized table based on actual experience including a projection of mortality improvement using Scale MP-2019 (static projection to 6 years beyond the valuation date)

The actuarial assumptions used in the June 30, 2020 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, 2021

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.

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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2019	\$ 2,854,030	\$ 3,039,743	\$ (185,713)
Changes for the Year:			
Service Cost	38,528	-	38,528
Interest	206,145	-	206,145
Differences between expected and actual experience	80,897	-	80,897
Contributions - Employer	-	108,511	(108,511)
Contributions - Employees	-	58,909	(58,909)
Net Investment Income	-	152,472	(152,472)
Benefit Payments, including refunds of employee contributions	(98,359)	(98,359)	-
Administrative Expense	-	(620)	620
Net Change	227,211	220,913	6,298
Balance at June 30, 2020	\$ 3,081,241	\$ 3,260,656	\$ (179,415)

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)	\$ 144,020	\$ (179,415)

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

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

Net Pension Liability (Asset) (Continued)

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

Pension Expense - For the year ended June 30, 2021, Knox County recognized a pension expense of \$22,702.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2021, 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	\$ 48,045	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	26,344	-
Contributions Subsequent to the Measurement date of June 30, 2020	111,106	-
Total	\$ 185,495	\$ -

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2020,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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)

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
2022	\$ 39,529
2023	7,797
2024	12,988
2025	14,075

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, 2021, Knox County did not report a payable outstanding. Contributions were paid to the pension plan as required for the year ended June 30, 2021.

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, 2021

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, 2021

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 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 1/2%. A 1% COLA is granted if the CPI change is between 1/2% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions - Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5% of salary and the LEAs make employer contributions at the rate set by the Board of Trustees of TCRS as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Knox County Schools for the year ended June 30, 2021 to the Teacher Legacy Pension Plan were \$20,107,636 which is 10.28% 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, 2021, there were 3,245 active Board participants.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, the Board reported an asset of (\$46,070,839) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Board's proportion of the net pension asset was based on the Board's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2020, the Board's proportion was 6.04%. The proportion measured as of June 30, 2019 was 5.52%.

Pension Expense (Income)- For the year ended June 30, 2021, the Board recognized pension income of \$331,531.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2021, the Board 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	\$ 1,751,409	\$ 22,150,040
Changes in Assumptions	4,185,322	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	10,289,452	-
Changes in Proportion of Net Pension Liability (Asset)	1,772,534	1,382,636
Board's Contributions Subsequent to the Measurement date of June 30, 2020	<u>20,107,636</u>	<u>-</u>
Total	<u>\$ 38,106,353</u>	<u>\$ 23,532,676</u>

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 Board’s employer contributions of \$20,107,636, reported as pension related deferred outflows of resources subsequent to the measurement date of June 30, 2020, will be recognized as an (increase) of net pension (asset) in the year ended June 30, 2022. 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>
2022	\$ (11,334,548)
2023	(1,213,580)
2024	198,145
2025	6,816,024

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, 2020 actuarial valuation was determined using the following 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-2019

The actuarial assumptions used in the June 30, 2020 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, 2021

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, 2021

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 the Board’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25%, as well as what the Board’s 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>\$ 143,279,288</u>	<u>\$ (46,070,839)</u>	<u>\$ (203,086,571)</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, 2021, the Board reported a payable of \$1,679,639 for the outstanding amount of contributions to the pension plan required during the year ended June 30, 2021.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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 the Board's 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 Board's proportionate share of the net pension liability (asset) is increasing or decreasing over time and whether the Board'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 The Board 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, 2021

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 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 1/2%. A 1% COLA is granted if the CPI change is between 1/2% and 1%. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions - Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary and the LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, unless the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2021 to the Teacher Retirement Plan were \$1,879,524, which is 2.02% 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, 2021

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 2021, employer contributions to the SRT were \$1,776,721. 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, 2021, there were 1,954 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, 2021, the Board reported an asset of (\$3,602,386) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Board's proportion of the net pension asset was based on the Board's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2020, the Board's proportion was 6.34%. The proportion measured as of June 30, 2019 was 5.75%.

Pension Expense (Income) – For the year ended June 30, 2021, the Board recognized pension expense of \$1,463,794.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, the Board 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	\$ 133,830	\$ 902,748
Changes in Assumptions	112,955	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	293,462	-
Changes in Proportion of Net Pension Liability (Asset)	515,744	419,692
Board's Contributions Subsequent to the Measurement date of June 30, 2020	1,879,524	-
Total	\$ 2,935,515	\$ 1,322,440

The Board's employer contributions of \$1,879,524 reported as pension related deferred outflows of resources, subsequent to the measurement date of June 30, 2020, will be recognized as an increase of net pension (asset) in the year ended June 30, 2022. 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
2022	\$ (22,322)
2023	20,086
2024	41,708
2025	47,868
2026	(51,530)
Thereafter	(302,259)

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, 2021

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, 2020 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-2019

The actuarial assumptions used in the June 30, 2020 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.

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:

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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)

<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.

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 the Board 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.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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)

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Board's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25%, as well as what the Board's 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>\$ 2,802,057</u>	<u>\$ (3,602,386)</u>	<u>\$ (8,323,254)</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, 2021, the Board reported a payable of \$156,163 for outstanding contributions to the pension plan required during the year ended June 30, 2021.

Trend Information

The schedule of the Board'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 Board's contributions are in accordance with the actuarially determined amounts.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

NOTE VI. EMPLOYEE RETIREMENT PLANS (Continued)

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, 2021 was as follows:

(dollar amounts in thousands)				
Defined Benefit Plan	Governmental Activities			Pension Expense (Income)
	Net Pension Liability (Asset)	Deferred Outflows	Deferred Inflows	
Primary Government - The County:				
County DB	\$ 22,884	\$ 566	\$ 4,470	\$ 1,654
UOPP DB	58,858	36,330	23,416	9,911
TCRS - County Executive & Officials	(179)	185	-	23
	81,563	37,081	27,886	11,588
Component Unit - The Board:				
Teacher's DB	5,443	-	4,907	(968)
TCRS - Teacher's Legacy	(46,071)	38,106	23,533	332
TCRS - Teacher Retirement	(3,602)	2,936	1,322	1,464
	(44,230)	41,042	29,762	828
Totals	\$ 37,333	\$ 78,123	\$ 57,648	\$ 12,416

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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
- One loan permitted at any time

Employees of the Board, Charter Schools, 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, 2021

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, 2021, there were 4,671 active Plan members. During the year, the County's and Board's employer expense and member contributions amounted to \$9,713,839 and \$9,710,682 respectively. Non-vested forfeitures of \$252,035 were transferred to the County Disability OPEB Plan as described in Note V-A.

At June 30, 2021, the County and the Board reported a payable for employer contributions and participant contributions of \$473,685 and \$473,685, respectively.

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, 2021

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, 2021, there were 837 active Plan members in the Knox County Voluntary 457(b) Plan. During the year, member contributions amounted to \$2,669,365 and the County and Board made employer contribution of \$1,783,582.

At June 30, 2021, the County and the Board reported a payable for participant contributions of \$126,493 and employer contributions of \$81,793.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021, the STAR Plan had 408 active members. During the year employees contributed \$846,749 and the employer expensed \$1,411,246 for the basic 10% contribution and \$282,245 for the 2% supplemental contribution. Non-vested forfeitures of \$390,737 were transferred to the County Disability OPEB Plan as described in Note V-A.

At June 30, 2021, the County reported a payable for participant contributions of \$30,057 and employer contributions of \$60,115.

KNOX COUNTY, TENNESSEE
Notes to Financial Statements
June 30, 2021

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, 2021 there were 98 active participants. During the year participant contributions amounted to \$660,381.

At June 30, 2021, the Board reported a payable of \$55,053 for 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, 2021 there were 1,954 active participants. During the year the Board employer contribution expense and participant contributions amounted to \$4,652,425 and \$2,781,922, respectively.

At June 30, 2021, the Board reported a payable for participant contributions of \$251,508 and employer contributions of \$386,809.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

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 Seven Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

Single-Employer Defined Benefit Plan	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability							
Service Cost	\$ 146	\$ 174	\$ 195	\$ 135	\$ 162	\$ 176	\$ 164
Interest	4,569	4,758	4,683	4,756	4,982	5,149	5,126
Differences between Expected and Actual Experience	(1,362)	(640)	(430)	906	(851)	(225)	447
Changes of Assumptions	(124)	(117)	3,768	452	-	-	2,214
Benefits Payment, including Refunds of Employee Contributions	<u>(6,680)</u>	<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	(3,451)	(2,832)	967	(1,196)	(3,246)	(2,325)	134
Total Pension Liability - Beginning of Year *	<u>68,403</u>	<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>\$ 64,952</u>	<u>\$ 68,403</u>	<u>\$ 71,235</u>	<u>\$ 70,268</u>	<u>\$ 71,464</u>	<u>\$ 74,710</u>	<u>\$ 77,035</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 3,536	\$ 3,623	\$ 3,160	\$ 3,044	\$ 3,119	\$ 3,160	\$ 2,695
Contributions - Employees	69	76	86	90	96	94	109
Net Investment Income (Loss)	8,325	115	2,308	3,654	4,970	(419)	1,288
Other	-	-	-	-	-	-	6
Benefits Paid, including Refunds of Employee Contributions	<u>(6,680)</u>	<u>(7,007)</u>	<u>(7,249)</u>	<u>(7,445)</u>	<u>(7,539)</u>	<u>(7,425)</u>	<u>(7,817)</u>
Administrative Expenses	(134)	(161)	(138)	(219)	(187)	(229)	(355)
Transfers	<u>(17)</u>	<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	5,099	(3,377)	(1,494)	(904)	424	(4,858)	(4,119)
Plan Fiduciary Net Position, Beginning of Year	<u>36,969</u>	<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>\$ 42,068</u>	<u>\$ 36,969</u>	<u>\$ 40,346</u>	<u>\$ 41,840</u>	<u>\$ 42,744</u>	<u>\$ 42,320</u>	<u>\$ 47,178</u>
County's Net Pension Liability - Ending (a)-(b)	<u>\$ 22,884</u>	<u>\$ 31,434</u>	<u>\$ 30,889</u>	<u>\$ 28,428</u>	<u>\$ 28,720</u>	<u>\$ 32,390</u>	<u>\$ 29,857</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.77%	54.05%	56.64%	59.54%	59.81%	56.65%	61.24%
Covered Payroll **	\$ 1,160	\$ 1,256	\$ 1,477	\$ 1,585	\$ 1,672	\$ 1,953	\$ 2,038
County's Net Pension Liability as a Percentage of Covered Payroll	1973.55%	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, 2021

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 Seven Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

<u>Single-Employer Defined Benefit Plan</u>	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 2,704	\$ 2,802	\$ 2,527	\$ 2,779	\$ 3,163	\$ 3,387	\$ 3,605
Interest	19,248	17,970	15,775	14,445	13,252	12,354	11,498
Differences between Expected and Actual Experience	5,997	8,497	3,659	6,769	11,652	1,812	2,569
Changes of Assumptions	338	(115)	18,458	(3,184)	(2,659)	1,900	-
Benefits Payment, including Refunds of Employee Contributions	(11,782)	(11,106)	(9,747)	(8,916)	(7,089)	(5,723)	(4,757)
Net Change in Total Pension Liability	16,505	18,048	30,672	11,893	18,319	13,730	12,915
Total Pension Liability - Beginning of Year *	268,574	250,526	219,854	207,961	189,642	175,912	162,997
Total Pension Liability - End of Year (a)	<u>\$ 285,079</u>	<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	\$ 7,471	\$ 6,947	\$ 5,683	\$ 5,330	\$ 4,077	\$ 3,553	\$ 3,449
Contributions - Employees	1,158	1,249	1,306	1,351	1,579	1,620	1,654
Net Investment Income (Loss)	51,507	(1,661)	8,030	13,611	19,443	(214)	3,493
Benefits Paid, including Refunds of Employee Contributions	(11,782)	(11,106)	(9,747)	(8,916)	(7,089)	(5,723)	(4,757)
Administrative Expenses	(850)	(1,033)	(676)	(443)	(410)	(439)	(788)
Net Change in Plan Fiduciary Net Position	47,504	(5,604)	4,596	10,933	17,600	(1,203)	3,051
Plan Fiduciary Net Position, Beginning of Year	178,717	184,321	179,725	168,792	151,192	152,395	149,344
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 226,221</u>	<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>\$ 58,858</u>	<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	79.35%	66.54%	73.57%	81.75%	81.17%	79.72%	86.63%
Covered Payroll **	\$ 21,152	\$ 20,738	\$ 22,732	\$ 23,063	\$ 24,457	\$ 27,464	\$ 29,171
County's Net Pension Liability as a Percentage of Covered Payroll	278.27%	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, 2021

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 Seven Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

Single-Employer Defined Benefit Plans	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Interest	\$ 4,170	\$ 4,322	\$ 4,404	\$ 4,532	\$ 4,719	\$ 4,906	\$ 5,073
Differences between Expected and Actual Experience	(334)	117	(862)	(690)	(775)	(937)	(821)
Changes of Assumptions	(74)	(108)	1,809	891	-	-	-
Benefits Payment, including Refunds of Employee Contributions	(6,460)	(6,528)	(6,532)	(6,587)	(6,633)	(6,655)	(6,617)
Net Change in Total Pension Liability	(2,698)	(2,197)	(1,181)	(1,854)	(2,689)	(2,686)	(2,365)
Total Pension Liability - Beginning of Year *	62,749	64,946	66,127	67,981	70,670	73,356	75,721
Total Pension Liability - End of Year (a)	<u>\$ 60,051</u>	<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	\$ 1,200	\$ 754	\$ 475	\$ 552	\$ 727	\$ 832	\$ 1,134
Contributions - Employees	-	-	-	-	1	4	9
Net Investment Income (Loss)	12,283	87	2,670	4,813	6,814	(437)	1,733
Benefits Paid, including Refunds of Employee Contributions	(6,460)	(6,527)	(6,534)	(6,587)	(6,633)	(6,655)	(6,617)
Administrative Expenses	(128)	(161)	(106)	(168)	(172)	(122)	(274)
Transfers to Other DC Plans for Disability Benefits	-	-	(339)	-	-	-	-
Net Change in Plan Fiduciary Net Position	6,895	(5,847)	(3,834)	(1,390)	737	(6,378)	(4,015)
Plan Fiduciary Net Position, Beginning of Year	47,713	53,560	57,394	58,784	58,047	64,425	68,440
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 54,608</u>	<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>\$ 5,443</u>	<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	90.94%	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	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, 2021

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 Seven Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

Single-Employer Defined Benefit Plan	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 3,533	\$ 3,611	\$ 3,153	\$ 2,956	\$ 3,119	\$ 3,111	\$ 2,660
Contributions in Relation to the Actuarially Determined Contribution	<u>3,536</u>	<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>\$ (3)</u>	<u>\$ (12)</u>	<u>\$ (7)</u>	<u>\$ (88)</u>	<u>\$ -</u>	<u>\$ (49)</u>	<u>\$ (35)</u>
Covered Payroll *	\$ 1,256	\$ 1,477	\$ 1,585	\$ 1,672	\$ 1,953	\$ 2,038	\$ 2,407
Contributions as a Percentage of Covered Payroll	281.47%	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 Date: 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-2019, Fully Generational Post-retirement: SOA RP-2014 Blue Collar table with 102% adjustment for Males and 97% adjustment for Females, Scale MP-2019, 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, 2021

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

Last Seven Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

Single-Employer Defined Benefit Plan	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 7,356	\$ 6,942	\$ 5,675	\$ 5,298	\$ 4,077	\$ 3,547	\$ 3,434
Contributions in Relation to the Actuarially Determined Contribution	<u>7,471</u>	<u>6,947</u>	<u>5,683</u>	<u>5,330</u>	<u>4,077</u>	<u>3,553</u>	<u>3,449</u>
Contribution Deficiency (Excess)	<u>\$ (115)</u>	<u>\$ (5)</u>	<u>\$ (8)</u>	<u>\$ (32)</u>	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ (15)</u>
Covered Payroll *	\$ 20,738	\$ 22,732	\$ 23,063	\$ 24,457	\$ 27,469	\$ 29,171	\$ 30,343
Contributions as a Percentage of Covered Payroll	36.02%	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 Date: 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, 30 Years as of 1/1/2020
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 - varies by age and service
Mortality Table	RP-2014 Blue Collar Table with 140% adjustment for Males and Females (Scale MP-2019)
Disability Table	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, 2021

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

Last Seven Fiscal Years Ending June 30

(Dollar Amounts in Thousands)

Single-Employer Defined Benefit Plan	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 820	\$ 754	\$ 475	\$ 552	\$ 727	\$ 832	\$ 1,134
Contributions in Relation to the Actuarially Determined Contribution	1,200	754	475	552	727	832	1,134
Contribution Deficiency (Excess)	<u>\$ (380)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	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 Date: 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-2019) Projection 6 yrs beyond each valuation date

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

KNOX COUNTY RETIREMENT AND PENSION BOARD AND SYSTEM
PENSION TRUST FUNDS OF KNOX COUNTY, TENNESSEE
CLOSED DEFINED BENEFIT PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Seven Fiscal Years Ending June 30

Single-Employer Defined Benefit Plans	<u>2021</u>	<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>22.54%</u>	<u>0.29%</u>	<u>5.56%</u>	<u>8.71%</u>	<u>11.98%</u>	<u>(0.90%)</u>	<u>2.59%</u>

UOPP PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Seven Fiscal Years Ending June 30

Single-Employer Defined Benefit Plans	<u>2021</u>	<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>28.99%</u>	<u>(0.91%)</u>	<u>4.51%</u>	<u>8.14%</u>	<u>12.92%</u>	<u>(0.14%)</u>	<u>2.34%</u>

TEACHER'S PLAN
SCHEDULE OF INVESTMENT RETURNS

Last Seven Fiscal Years Ending June 30

Single-Employer Defined Benefit Plans	<u>2021</u>	<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>26.74%</u>	<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: These are 10-year schedules; however, the information in these schedules is not required to be presented retroactively.
Years will be added to these schedules in future fiscal years until 10 years of information is available.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

**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 Seven Fiscal Years Ending June 30*

Agent Multiple-Employer Defined Benefit Plan - TCRS	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Total Pension Liability							
Service Cost	\$ 38,528	\$ 50,511	\$ 54,971	\$ 34,497	\$ 45,891	\$ 38,325	\$ 52,980
Interest	206,145	194,228	201,571	170,637	157,436	142,449	134,723
Differences between Expected and Actual Experience	80,897	22,793	(270,056)	269,763	64,944	91,692	9,345
Change of Assumptions	-	-	-	91,662	-	-	-
Benefits Payment, including Refunds of Employee Contributions	(98,359)	(84,001)	(82,602)	(81,204)	(80,538)	(79,872)	(78,871)
Net Change in Total Pension Liability	227,211	183,531	(96,116)	485,355	187,733	192,594	118,177
Total Pension Liability - Beginning of Year	2,854,030	2,670,499	2,766,615	2,281,260	2,093,527	1,900,933	1,782,756
Total Pension Liability - End of Year (a)	<u>\$ 3,081,241</u>	<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	\$ 108,511	\$ 131,794	\$ 130,224	\$ 121,769	\$ 105,298	\$ 102,177	\$ 90,961
Contributions - Employees	58,909	57,754	57,166	56,063	48,435	47,000	42,505
Net Investment Income	152,472	207,018	205,080	241,276	52,836	57,404	256,275
Benefits Paid, including Refunds of Employee Contributions	(98,359)	(84,001)	(82,602)	(81,204)	(80,538)	(79,872)	(78,871)
Administrative Expenses	(620)	(642)	(665)	(581)	(454)	(305)	(313)
Net Change in Plan Fiduciary Net Position	220,913	311,923	309,203	337,323	125,577	126,404	310,557
Plan Fiduciary Net Position, Beginning of Year	3,039,743	2,727,820	2,418,617	2,081,294	1,955,717	1,829,313	1,518,756
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 3,260,656</u>	<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>\$ (179,415)</u>	<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	105.82%	106.51%	102.15%	87.42%	91.23%	93.42%	96.23%
Covered Payroll	\$ 1,178,188	\$ 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	-15.23%	-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, 2021

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 Eight Fiscal Years Ending June 30

<u>Agent Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution (ADC)	\$ 111,106	\$ 108,511	\$ 131,795	\$ 130,224	\$ 121,769	\$ 105,298	\$ 102,177	\$ 90,961
Contributions in Relation to the Actuarially Determined Contribution	<u>111,106</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$1,206,371	\$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%	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, 2021 were based on the results of the June 30, 2019 actuarial valuation. Details below are the methods and assumptions used in the June 30, 2019 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-2018 (static projection to 6 years beyond the valuation date)
Cost of Living Adjustments	2.25%

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

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

Last Seven Fiscal Years Ending June 30*

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2021*</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)	6.04%	5.52%	6.91%	6.10%	6.21%	6.26%	6.25%
Knox County School's Proportionate Share of the Net Pension Liability (Asset)	\$ (46,070,839)	\$ (56,730,932)	\$ (24,319,977)	\$ (1,995,550)	\$ 38,804,134	\$ 2,564,810	\$ (1,016,013)
Knox County School's Covered Payroll	\$200,768,986	\$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	(22.95%)	(30.67%)	(10.04%)	(0.92%)	17.31%	1.09%	(0.41%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.09%	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, 2021

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

Last Eight Fiscal Years Ending June 30

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (B)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 20,107,636	\$ 21,374,430	\$ 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>20,107,636</u>	<u>21,374,430</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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Knox County School's Covered Payroll	\$195,633,907	\$200,768,986	\$184,915,833	\$242,116,434	\$216,664,053	\$224,140,267	\$234,393,501	\$245,412,706
Contributions as a Percentage of Knox County School's Covered Payroll	10.28%	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, 2021

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

Last Six Fiscal Year Ending June 30*

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2021*</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)	6.33%	5.75%	7.02%	6.24%	6.43%	6.97%
Knox County School's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,602,386)	\$ (3,243,062)	\$ (3,182,975)	\$ (1,645,866)	\$ (668,960)	\$ (280,487)
Knox County School's Covered Payroll	\$ 80,297,958	\$ 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	(4.49%)	(5.34%)	(5.20%)	(4.13%)	(2.37)%	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.52%	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, 2021

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

Last Seven Fiscal Years Ending June 30

<u>Cost Sharing Multiple-Employer Defined Benefit Plan - TCRS</u>	<u>2021</u>	<u>2020</u>	<u>2019 (A)</u>	<u>2018 (B)</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>
Contractually Required Contribution	\$ 1,879,524	\$ 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>1,879,524</u>	<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>\$ -</u>	<u>\$ (423,208)</u>	<u>\$ (217,296)</u>
Knox County School's Covered Payroll	\$ 93,046,290	\$ 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	2.02%	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, 2021

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

Last Four Fiscal Years

(Dollar Amounts in Thousands)

OPEB - Retiree Healthcare Plan	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (A)</u>
Total OPEB Liability				
Service Cost	\$ 390	\$ 350	\$ 470	\$ 394
Interest	504	485	647	615
Differences between Expected and Actual Experience	-	(1,764)	-	77
Changes of Assumptions	269	(1,371)	(361)	923
Benefits Payment, including Refunds of Employee Contributions	(374)	(290)	(395)	(359)
Net Change in Total OPEB Liability	789	(2,590)	361	1,650
Total OPEB Liability - Beginning of Year	7,992	10,582	10,221	8,571
Total OPEB Liability - End of Year (a)	<u>\$ 8,781</u>	<u>\$ 7,992</u>	<u>\$ 10,582</u>	<u>\$ 10,221</u>
Plan Fiduciary Net Position				
Contributions - Trust	\$ 524	\$ 960	\$ 960	\$ 850
Contributions - Employer Non Trust	374	290	395	359
Benefit Payments	(374)	(290)	(395)	(359)
Net Investment Income	1,192	60	65	106
Administrative Expense	(67)	(52)	(59)	(49)
Net Change in Plan Fiduciary Net Position	1,649	968	966	907
Plan Fiduciary Net Position, Beginning of Year*	4,113	3,145	2,179	1,272
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 5,762</u>	<u>\$ 4,113</u>	<u>\$ 3,145</u>	<u>\$ 2,179</u>
County's Net OPEB Liability - Ending (a) - (b)	<u>\$ 3,019</u>	<u>\$ 3,879</u>	<u>\$ 7,437</u>	<u>\$ 8,042</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	65.62%	51.47%	29.72%	21.32%
Covered Employee Payroll **	\$ 114,623	\$ 110,747	\$ 105,467	\$ 101,900
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	2.63%	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, 6.16% for 2018, 6.57% for 2019, 6.15% for 2020, 5.77% for 2021.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

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

Last Four Fiscal Years

(Dollar Amounts in Thousands)

<u>OPEB - Retiree Healthcare Plan</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (A)</u>
Actuarially Determined Contribution (ADC)	\$ 648	\$ 674	\$ 960	\$ 874
Contributions in Relation to the Actuarially Determined Contribution	<u>898</u>	<u>1,250</u>	<u>1,355</u>	<u>1,209</u>
Contribution Deficiency (Excess)	<u>\$ (250)</u>	<u>\$ (576)</u>	<u>\$ (395)</u>	<u>\$ (335)</u>
Covered Employee Payroll*	\$ 114,623	\$ 110,747	\$ 105,467	\$ 101,900
Contributions as a Percentage of Covered Employee Payroll	0.78%	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: July 1, 2019

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	27 Years
Asset Valuation	Fair Value
Inflation	2.50%
Healthcare Trend Rates	7.0% initially, decreasing to an ultimate rate of 4.5% in 2025
Salary Increases	3.50%
Payroll Growth	2.50%
Investment Rate of Return	5.77%
Average Assumed Retirement Age	61
Mortality Table	RP 2000 Fully Generational with Scale BB

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

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

Last Four Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018(A)</u>
Annual Money-Weighted Rate of Return (Loss), Net of Investment Expenses	<u>26.38%</u>	<u>4.27%</u>	<u>0.27%</u>	<u>4.27%</u>

Note:

(A) FY 2018 was the first year that GASB 75 was adopted. Additional years will be added in the future until 10 years of information is available.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

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

Last Four Fiscal Years

(Dollar Amounts in Thousands)

OPEB - Disability Plan	2021	2020	2019	2018 (A)
Total OPEB Liability				
Service Cost	\$ 240	\$ 238	\$ 230	\$ 315
Interest	243	265	252	209
Differences between Expected and Actual Experience	(32)	(420)	(36)	1,053
Changes of Assumptions	2	(3)	24	(618)
Benefits Payment, including Refunds of Employee Contributions	(406)	(328)	(281)	(247)
Net Change in Total OPEB Liability	47	(248)	189	712
Total OPEB Liability - Beginning of Year	3,443	3,691	3,502	2,790
Total OPEB Liability - End of Year (a)	<u>\$ 3,490</u>	<u>\$ 3,443</u>	<u>\$ 3,691</u>	<u>\$ 3,502</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,199	\$ 1,228	\$ 1,422	\$ 1,166
Net Investment Income	474	11	(13)	165
Other	(14)	(11)	(41)	(13)
Benefit Payments	(406)	(328)	(281)	(247)
Administrative Expense	(606)	(960)	(907)	(1,351)
Net Change in Plan Fiduciary Net Position	647	(60)	180	(280)
Plan Fiduciary Net Position, Beginning of Year*	1,111	1,171	991	1,271
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 1,758</u>	<u>\$ 1,111</u>	<u>\$ 1,171</u>	<u>\$ 991</u>
County's Net OPEB Liability - Ending (a) - (b)	<u>\$ 1,732</u>	<u>\$ 2,332</u>	<u>\$ 2,520</u>	<u>\$ 2,511</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	50.37%	32.27%	31.73%	28.30%
Covered Employee Payroll **	\$ 183,771	\$ 181,072	\$ 178,757	\$ 170,264
County's Net OPEB Liability as a Percentage of Covered Employee Payroll	0.94%	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, 2021

OPEB - DISABILITY PLAN
SCHEDULE OF COUNTY'S OPEB CONTRIBUTIONS

Last Four Fiscal Years

(Dollar Amounts in Thousands)

<u>OPEB - Disability Plan</u>	2021	2020	2019	2018 (A)
Actuarially Determined Contribution (ADC)	\$ 556	\$ 579	\$ 503	\$ 453
Contributions in Relation to the Actuarially Determined Contribution	<u>1,199</u>	<u>1,228</u>	<u>1,422</u>	<u>1,166</u>
Contribution Deficiency (Excess)	<u>\$ (643)</u>	<u>\$ (649)</u>	<u>\$ (919)</u>	<u>\$ (713)</u>
Covered Employee Payroll*	\$ 181,072	\$ 178,757	\$ 170,264	\$ 162,813
Contributions as a Percentage of Covered Employee Payroll	0.66%	0.69%	0.84%	0.72%

Notes:

* The covered employee payroll is for the 12 month period ended June 30.

(A) FY2018 was the first year that GASB 75 was adopted. Additional years will be added in the future until 10 years of information is available.

Valuation Date: January 1, 2019

Measurement Date: June 30, 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	2.24%
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, UOPP & STAR Pre-Retirement Base Table: RP 2014 Total Dataset Improvement Scale: Scale MP-2019 Projection Period: Fully Generational

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

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

Last Four Fiscal Years

	2021	2020	2019	2018(A)
Annual Money-Weighted Rate of Return (Loss), Net of Investment Expenses	29.16%	0.87%	0.15%	11.89%

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, 2021

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

Last Four Fiscal Years

(Dollar Amounts in Thousands)

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 2,541	\$ 2,632	\$ 2,949	\$ 3,172
Interest	1,626	1,630	1,838	1,538
Differences between Expected and Actual Experience	6,018	3,746	(9,298)	-
Changes of Assumptions	6,205	(3,686)	1,405	(2,376)
Benefit Payments	(2,818)	(3,065)	(3,277)	(3,078)
Net Change in Total OPEB Liability	13,572	1,257	(6,383)	(744)
Total OPEB Liability - Beginning	45,182	43,925	50,308	51,052
Total OPEB Liability - Ending	<u>\$ 58,754</u>	<u>\$ 45,182</u>	<u>\$ 43,925</u>	<u>\$ 50,308</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	<u>\$ 19,300</u>	<u>\$ 15,607</u>	<u>\$ 14,726</u>	<u>\$ 17,348</u>
Employer's Proportionate Share of the Collective Total OPEB Liability	<u>\$ 39,454</u>	<u>\$ 29,575</u>	<u>\$ 29,198</u>	<u>\$ 32,960</u>
Covered Employee Payroll	<u>\$ 200,022</u>	<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	19.72%	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, 3.51% as of 2019, 3.51% as of 2020, 2.21% as of 2021.

KNOX COUNTY, TENNESSEE
Required Supplementary Information
June 30, 2021

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

Last Four Fiscal Years

(Dollar Amounts in Thousands)

Closed Tennessee OPEB Plan

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 292	\$ 217	\$ 289	\$ 354
Interest	489	425	507	448
Differences between Expected and Actual Experience	84	1,782	(2,594)	-
Changes of Assumptions	2,943	232	(93)	(1,338)
Benefit Payments	(572)	(536)	(520)	(500)
Net Change in Total OPEB Liability	3,236	2,120	(2,411)	(1,036)
Total OPEB Liability - Beginning	13,911	11,791	14,202	15,238
Total OPEB Liability - Ending	<u>\$ 17,147</u>	<u>\$ 13,911</u>	<u>\$ 11,791</u>	<u>\$ 14,202</u>
Nonemployer Contributing Entities Proportionate Share of the Collective Total OPEB Liability	<u>\$ 17,147</u>	<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>	<u>\$ -</u>
Covered Employee Payroll	<u>\$ 200,022</u>	<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%	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, 3.51% as of 2019, 3.51% as of 2020, 2.21% as of 2021.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the County (i.e., public safety, recreation, health and welfare, general government, etc.). These activities are funded principally by property taxes on individuals and businesses.

KNOX COUNTY, TENNESSEE**General Fund
Comparative Balance Sheets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 83,802,087	\$ 45,145,773
Investments, at Fair Value	1,476,598	18,758,662
Receivables (Net of Allowances for Uncollectibles):		
Accounts	6,544,160	12,379,832
Local Taxes	127,046,431	125,803,630
Notes	162,000	318,000
Due from Other Funds	6,249,972	12,789,251
Inventories	277,247	335,745
Prepaid Items	198,717	199,593
Investments in Joint Venture	7,200,059	6,270,043
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 232,957,271</u>	<u>\$ 222,000,529</u>
LIABILITIES		
Accounts Payable	\$ 5,264,550	\$ 4,791,558
Accrued Liabilities	2,880,029	2,482,786
Due to Other Funds	-	2,649,904
Due to Component Units	-	409,907
Unearned Revenue	136,182	108,291
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>8,280,761</u>	<u>10,442,446</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes and Notes Receivable	<u>124,541,536</u>	<u>123,318,628</u>
FUND BALANCES		
Nonspendable	7,676,023	6,805,381
Restricted	3,241,148	2,956,169
Committed	7,297,773	5,200,000
Assigned	761,483	695,016
Unassigned	81,158,547	72,582,889
	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>100,134,974</u>	<u>88,239,455</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 232,957,271</u>	<u>\$ 222,000,529</u>

KNOX COUNTY, TENNESSEE
General Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	2021	2020
Revenues		
County Property Taxes	\$ 129,930,136	\$ 126,640,655
Local Option Sales Taxes	9,773,736	7,672,552
Business Taxes	11,541,602	10,809,938
Wheel Taxes	595,939	564,983
Other Local Taxes	1,715,029	2,036,010
Licenses and Permits	3,270,600	5,340,198
Fines, Forfeitures and Penalties	1,444,113	2,313,421
Charges for Current Services	8,081,856	7,829,148
Other Local Revenues	4,136,846	4,315,058
Investment Income	1,473,679	1,916,267
State of Tennessee	12,865,323	16,092,038
Federal Government	3,009,348	2,597,015
Other Governments and Citizen Groups	448,113	796,941
Increase in Equity Interest in Joint Venture	930,016	408,316
Total Revenues	189,216,336	189,332,540
Expenditures		
Current:		
General Government:		
Finance and Administration	28,472,296	27,366,005
Finance and Administration - Payments to Component Unit	4,432,000	5,333,874
Administration of Justice	20,127,356	20,015,623
Public Safety	86,787,105	87,430,413
Public Safety - Payments to Component Unit	1,166,603	1,191,595
Public Health and Welfare	17,483,484	18,245,423
Public Health and Welfare - Payments to Component Unit	166,628	166,628
Social and Cultural Services	5,484,322	5,893,413
Agricultural and Natural Resources	391,064	488,941
Other General Government	18,335,776	15,671,764
Other General Government - Payments to Component Unit	730,500	730,500
Total Expenditures	183,577,134	182,534,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,639,202	6,798,361
Other Financing Sources (Uses)		
Transfers from Other Funds	13,262,586	11,647,080
Transfers to Other Funds	(7,006,269)	(11,826,322)
Total Other Financing Sources	6,256,317	(179,242)
Net Change in Fund Balances	11,895,519	6,619,119
Fund Balances, July 1	88,239,455	81,620,336
Fund Balances, June 30	\$ 100,134,974	\$ 88,239,455

CAPITAL PROJECTS FUNDS - MAJOR

Capital Projects Funds are used to account for the acquisition and construction of major facilities other than those financed by proprietary or trust funds.

Public Improvement Fund: This fund is used to account for the County construction projects in process. These public improvement construction projects include, but are not limited to, highway projects, sewer lines, recreation facilities, public library facilities, City-County Building renovations, Knox Central facilities, and golf course improvements.

KNOX COUNTY, TENNESSEE

Public Improvement Capital Projects Fund (Major)
Comparative Balance Sheets
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments, at Fair Value	\$ 25,580,248	\$ 25,285,687
Receivables (Net of Allowances for Uncollectibles):		
Accounts	2,188,971	152,497
Loans	<u>125,000</u>	<u>150,000</u>
TOTAL ASSETS	<u><u>\$ 27,894,219</u></u>	<u><u>\$ 25,588,184</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 8,024,307	\$ 2,294,702
Due to Other Funds	<u>4,507,537</u>	<u>3,986,083</u>
TOTAL LIABILITIES	<u>12,531,844</u>	<u>6,280,785</u>
 Fund Balances:		
Restricted	15,237,375	19,157,399
Committed	<u>125,000</u>	<u>150,000</u>
TOTAL FUND BALANCES	<u>15,362,375</u>	<u>19,307,399</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 27,894,219</u></u>	<u><u>\$ 25,588,184</u></u>

KNOX COUNTY, TENNESSEE

**Public Improvement Capital Projects Fund (Major)
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances**

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Other Local Revenues	\$ 2,928,965	\$ -
State of Tennessee	2,908,218	250,000
Federal Government	404,028	313,707
	<u>6,241,211</u>	<u>563,707</u>
Expenditures		
Capital Projects	37,384,075	14,989,272
Payments to Component Unit	35,800,000	15,800,000
Debt Issuance Costs	284,964	210,558
	<u>73,469,039</u>	<u>30,999,830</u>
Total Revenues	<u>6,241,211</u>	<u>563,707</u>
Total Expenditures	<u>73,469,039</u>	<u>30,999,830</u>
Deficiency of Revenues Under Expenditures	<u>(67,227,828)</u>	<u>(30,436,123)</u>
Other Financing Sources (Uses)		
Long-term Bonds Issued	55,155,000	37,230,000
Premium on Long-term Debt Issued	8,127,804	3,057,567
Transfers from Other Funds	-	4,225,000
	<u>63,282,804</u>	<u>44,512,567</u>
Total Other Financing Sources (Uses)	<u>63,282,804</u>	<u>44,512,567</u>
Net Change in Fund Balances	(3,945,024)	14,076,444
Fund Balances, July 1	<u>19,307,399</u>	<u>5,230,955</u>
Fund Balances, June 30	<u><u>\$ 15,362,375</u></u>	<u><u>\$ 19,307,399</u></u>

KNOX COUNTY, TENNESSEE

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

For the Year Ended June 30, 2021

	Project Budget	Expenditures and Transfers			Available
		Prior Years	Current	Total	
Expenditures					
<i>Capital Projects:</i>					
<i>Road Construction:</i>					
Bridge Replacement	\$ 9,388,693	\$ 8,663,080	\$ 304,622	\$ 8,967,702	\$ 420,991
General Road Improvements	10,167,300	2,523,372	(40,348)	2,483,024	7,684,276
State Road Projects	9,762,000	8,760,725	-	8,760,725	1,001,275
Rutledge Pike & Roberts Road Sign	239,421	10,579	38,072	48,651	190,770
Emory Rd & Bishop/Taggart	1,851,399	130,170	272,749	402,919	1,448,480
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	1,119,884	696,307	38,772	735,079	384,805
West Beaver Creek Relocation	1,167,600	-	-	-	1,167,600
Schaad Road Phase II	35,601,582	3,432,737	10,758,649	14,191,386	21,410,196
Buttermilk Road Realignment	3,632	3,632	-	3,632	-
Brickyard w/Beaver Creek	1,800,000	220,668	255,853	476,521	1,323,479
TDOT Partnerships	1,926,607	432,684	1,040,533	1,473,217	453,390
Cherahala Extension	4,000,000	263,916	401,763	665,679	3,334,321
Campbell Station Rd Realignment	500,000	-	-	-	500,000
Harrell/Carpenter Intersection	725,000	-	131,509	131,509	593,491
Ledgerwood Intersection Improvements	600,000	-	-	-	600,000
Coward Mill Project	-	5,630	1,228,701	1,234,331	(1,234,331)
Total Road Construction	82,647,838	28,513,056	14,430,875	42,943,931	39,703,907
<i>Building Renovations:</i>					
TVA East Tower	6,718,054	196,938	7,537,099	7,734,037	(1,015,983)
TVA - Summerplace	4,467,839	-	4,786,227	4,786,227	(318,388)
County Clerk East Office	-	-	211,416	211,416	(211,416)
Juvenile Court/ Detention	14,768,828	15,216,893	261,861	15,478,754	(709,926)
Knox Central	2,862,548	2,864,591	27,211	2,891,802	(29,254)
Fairview Technical Center	215,500	193,634	-	193,634	21,866
AJ/ Dwight Kessel Garage	3,189,371	2,316,840	51,318	2,368,158	821,213
City/County Improvement	18,294,039	16,835,954	1,426,000	18,261,954	32,085
Knox County Health Renovations	11,960,466	11,920,495	1,400	11,921,895	38,571
Old Courthouse Renovation	4,299,540	3,784,180	110,723	3,894,903	404,637
Jail Improvements	1,311,550	1,239,761	3,456	1,243,217	68,333
ADA Improvements	1,420,000	1,092,278	-	1,092,278	327,722
Family Justice Center	391,200	323,757	35,360	359,117	32,083
E-911 Center	1,624,855	257,018	-	257,018	1,367,837
Total Building Renovations	71,523,790	56,242,339	14,452,071	70,694,410	829,380
<i>Building Construction:</i>					
Lawson McGhee Library	1,776,757	1,776,285	422	1,776,707	50
Carter Branch Library	40,000	31,225	-	31,225	8,775
Senior Centers	151,800	115,060	10,621	125,681	26,119
Corryton Senior Center	-	953	-	953	(953)
South Knox Senior Center	-	1,310	-	1,310	(1,310)
Carter Senior Center	1,296,359	1,297,483	-	1,297,483	(1,124)
Frank Strang Center	1,560,256	2,674,571	55,817	2,730,388	(1,170,132)
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
Total Building Construction:	7,005,172	7,655,554	66,860	7,722,414	(717,242)

KNOX COUNTY, TENNESSEE

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

For the Year Ended June 30, 2021

Expenditures	Expenditures and Transfers				
	Project Budget	Prior Years	Current	Total	Available
<i>Other:</i>					
Beaver Creek Blueway	\$ -	\$ -	\$ 46,534	\$ 46,534	\$ (46,534)
BMX	1,020,000	993,567	3,781	997,348	22,652
Knox-Blount Greenway-Phase II	456,148	588,391	525,595	1,113,986	(657,838)
Halls Park - School Link Phase II	394,294	394,717	-	394,717	(423)
Northshore Connectivity Project	100,196	96,245	125	96,370	3,826
Park Facility Improvement	1,290,803	1,288,623	-	1,288,623	2,180
Playground Safety Upgrades	418,320	111,504	180,540	292,044	126,276
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	673,103	-	673,103	576,897
Criminal Court Imaging System	400,000	339,576	-	339,576	60,424
PBA Project Management	5,215,740	5,792,117	344,650	6,136,767	(921,027)
Public Defender	106,000	76,301	-	76,301	29,699
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	3,409,603	2,848,469	544,942	3,393,411	16,192
Major Equipment - Information Technology	1,766,338	1,317,240	449,098	1,766,338	-
Major Equipment - Sheriff's Department	15,298,283	11,117,347	2,846,445	13,963,792	1,334,491
Major Equipment - Parks & Recreation	1,039,328	779,024	105,157	884,181	155,147
Major Equipment - Public Library	587,641	576,071	2,134	578,205	9,436
Major Equipment - Codes Administration	219,071	196,408	22,663	219,071	-
Major Equipment - Solid Waste	867,467	438,080	157,540	595,620	271,847
Major Equipment - Circuit Court	136,044	132,958	-	132,958	3,086
Major Equipment - Juvenile Court	151,000	120,086	8,998	129,084	21,916
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	18,912,845	15,295,601	134,947	15,430,548	3,482,297
Geometric Improvements	4,528,687	3,721,792	152,850	3,874,642	654,045
Sidewalk Construction	816,484	-	48,636	48,636	767,848
Dutchtown Conv. Center Expansion	20,000	-	-	-	20,000
Sewer Infrastructure Assessment	20,000	-	-	-	20,000
Video Court - Sheriff	-	-	154,258	154,258	(154,258)
ADA Transition Plan	1,100,000	1,205,000	-	1,205,000	(105,000)
Info Tech Equipment	1,244,305	1,222,896	-	1,222,896	21,409
Facility Improvements	1,031,541	966,932	28,909	995,841	35,700
Major Equipment - Health Dept.	148,278	95,245	-	95,245	53,033
Major Equipment - Animal Center	400,000	577,001	67,013	644,014	(244,014)
I.C. King Park Expansion	1,332,557	1,953,999	52,679	2,006,678	(674,121)
Public Access to Beaver Creek	50,000	7,966	4,500	12,466	37,534
Interagency Partnerships	807,003	553,057	51,796	604,853	202,150
Trustee Tax Software	500,000	-	137,060	137,060	362,940
Execytime Implementation	-	63,390	7,953	71,343	(71,343)
Property Tax Software	2,308,000	1,039,028	895,917	1,934,945	373,055
Play Structure Upgrades	250,000	238,566	-	238,566	11,434
Major Equipment - Property Assess	124,500	86,940	36,079	123,019	1,481
Major Equipment - Attorney General	30,000	28,343	-	28,343	1,657
General Project Management	200,000	-	-	-	200,000
Mobile Command Center	725,000	-	725,000	725,000	-
IT Dept Upgrades	583,218	-	492,605	492,605	90,613
Farragut Library HVAC	47,935	-	47,935	47,935	-
Norwood Parking Lot Resurface	104,000	-	103,826	103,826	174
N. Knoxville Branch Roof	28,500	-	28,500	28,500	-
Corryton Branch Roof	15,000	-	14,605	14,605	395
Corryton Branch Ramp	11,000	-	10,999	10,999	1
<i>Total Other</i>	97,403,841	80,663,385	8,434,269	89,097,654	8,306,187
<i>Total Capital Projects</i>	\$ 258,580,641	\$ 173,074,334	\$ 37,384,075	\$ 210,458,409	\$ 48,122,232

DEBT SERVICE FUND - MAJOR

The Debt Service Fund is used to account for the accumulation of resources for, and related payments of, principal and interest on general long-term debt for the County and for the Knox County Board of Education, a discretely presented component unit.

KNOX COUNTY, TENNESSEE

**Debt Service Fund (Major)
Comparative Balance Sheets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 11,463,124	\$ 10,705,265
Receivables (Net of Allowance for Uncollectibles):		
Property Taxes	60,400,855	59,981,124
Accounts	1,287,336	1,222,745
Advance to Other Entity	<u>2,425,000</u>	<u>2,425,000</u>
TOTAL ASSETS	<u>\$ 75,576,315</u>	<u>\$ 74,334,134</u>
LIABILITIES		
Accounts Payable	<u>\$ 6,146</u>	<u>\$ 11,098</u>
TOTAL LIABILITIES	<u>6,146</u>	<u>11,098</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes and Notes Receivable	<u>60,093,484</u>	<u>59,427,442</u>
FUND BALANCES		
Restricted	3,624,154	3,649,437
Committed	<u>11,852,531</u>	<u>11,246,157</u>
TOTAL FUND BALANCES	<u>15,476,685</u>	<u>14,895,594</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 75,576,315</u>	<u>\$ 74,334,134</u>

KNOX COUNTY, TENNESSEE

Debt Service Fund (Major)
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Property Taxes	\$ 57,063,479	\$ 55,802,383
Investment Revenue	248,218	1,635,652
Other Local Revenues	1,690,563	2,275,656
Payments from Component Units	<u>11,449,356</u>	<u>11,072,668</u>
Total Revenues	<u>70,451,616</u>	<u>70,786,359</u>
Expenditures		
Debt Service:		
Trustee's Commission	1,160,655	1,155,161
Principal	45,465,648	44,738,834
Interest	21,805,079	25,284,411
Other Debt Service	1,634,676	1,716,689
Refunding Bonds Issuance Costs	<u>531,554</u>	<u>350,374</u>
Total Expenditures	<u>70,597,612</u>	<u>73,245,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(145,996)</u>	<u>(2,459,110)</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	195,533	1,695,480
Refunding Bonds Issued	56,105,000	55,510,000
Premium on Refunding Bonds	689,393	6,293,281
Payment to Holders of Refunded Debt	<u>(56,262,839)</u>	<u>(61,452,907)</u>
Total Other Financing Sources (Uses)	<u>727,087</u>	<u>2,045,854</u>
Net Change in Fund Balances	581,091	(413,256)
Fund Balances, July 1	<u>14,895,594</u>	<u>15,308,850</u>
Fund Balances, June 30	<u>\$ 15,476,685</u>	<u>\$ 14,895,594</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, 2021 and 2020

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Property Taxes	\$ 55,532,000	\$ 55,532,000	\$ 57,063,479	\$ 1,531,479	\$ 55,532,000	\$ 55,802,383	\$ 270,383
Investment Revenue	-	-	248,218	248,218	-	1,635,652	1,635,652
Other Local Revenues	1,691,980	1,691,980	1,690,563	(1,417)	2,247,565	2,275,656	28,091
Payments from Component Units	11,449,356	11,449,356	11,449,356	-	12,872,673	11,072,668	(1,800,005)
Total Revenues	68,673,336	68,673,336	70,451,616	1,778,280	70,652,238	70,786,359	134,121
Expenditures							
Debt Service:							
Trustee's Commission	2,000,000	2,000,000	1,160,655	839,345	1,100,000	1,155,161	(55,161)
Principal	44,410,648	45,465,648	45,465,648	-	44,977,211	44,738,834	238,377
Interest	27,389,352	26,299,676	21,805,079	4,494,597	27,775,789	25,284,411	2,491,378
Other Debt Service	1,600,000	1,634,676	1,634,676	-	2,000,000	1,716,689	283,311
Refunding Bonds Issuance Costs	-	531,554	531,554	-	350,374	350,374	-
Total Expenditures	75,400,000	75,931,554	70,597,612	5,333,942	76,203,374	73,245,469	2,957,905
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,726,664)	(7,258,218)	(145,996)	7,112,222	(5,551,136)	(2,459,110)	3,092,026
Other Financing Sources (Uses)							
Transfers from Other Funds	195,533	195,533	195,533	-	195,480	1,695,480	1,500,000
Transfers to Other Funds	(600,000)	(600,000)	-	600,000	(1,247,000)	-	1,247,000
Refunding Bonds Issued	-	56,105,000	56,105,000	-	55,510,000	55,510,000	-
Premium on Refunding Bonds	-	689,393	689,393	-	6,293,281	6,293,281	-
Payment to Holders of Refunded Debt	-	(56,262,839)	(56,262,839)	-	(61,452,907)	(61,452,907)	-
Total Other Financing Sources (Uses)	(404,467)	127,087	727,087	600,000	(701,146)	2,045,854	2,747,000
Net Change in Fund Balances	(7,131,131)	(7,131,131)	581,091	7,712,222	(6,252,282)	(413,256)	5,839,026
Fund Balances, July 1	14,895,594	14,895,594	14,895,594	-	15,308,850	15,308,850	-
Fund Balances, June 30	\$ 7,764,463	\$ 7,764,463	\$ 15,476,685	\$ 7,712,222	\$ 9,056,568	\$ 14,895,594	\$ 5,839,026

FEDERAL, STATE and OTHER GRANTS FUND - MAJOR

The Federal, State and Other Grants Fund is used to account for most Federal and State grant revenues.

KNOX COUNTY, TENNESSEE

Federal, State and Other Grants Fund (Major)

Comparative Balance Sheets

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 62,235,367	\$ -
Receivables (Net of Allowances for Uncollectibles):		
Accounts	4,504,916	6,877,682
Notes	542,591	569,374
Due from Other Funds	-	2,650,444
Inventories	62,045	64,243
Prepaid Items	3,431	3,149
	<u>67,348,350</u>	<u>10,164,892</u>
TOTAL ASSETS	\$ 67,348,350	\$ 10,164,892
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 634,221	\$ 326,917
Accrued Liabilities	328,129	213,945
Due to Other Funds	-	5,878,375
Unearned Revenue	64,074,765	1,610,668
	<u>65,037,115</u>	<u>8,029,905</u>
TOTAL LIABILITIES	65,037,115	8,029,905
Fund Balances:		
Nonspendable	65,476	67,392
Restricted	2,245,759	2,067,595
	<u>2,311,235</u>	<u>2,134,987</u>
TOTAL FUND BALANCES	2,311,235	2,134,987
TOTAL LIABILITIES AND FUND BALANCES	\$ 67,348,350	\$ 10,164,892

KNOX COUNTY, TENNESSEE

Federal, State and Other Grants Fund (Major)
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Fines, Forfeitures, and Penalties	\$ 50,415	\$ 12,700
Charges for Current Services	414,765	405,767
Other Local Revenues	320,769	262,417
State of Tennessee	3,759,028	4,071,990
Federal Government	18,011,943	12,073,555
Other Governmental and Citizen Groups	<u>216,742</u>	<u>183,362</u>
Total Revenues	<u>22,773,662</u>	<u>17,009,791</u>
Expenditures		
Current:		
General Government:		
Finance and Administration	25,000	950,000
Administration of Justice	709,190	877,365
Public Safety	1,730,503	1,372,247
Public Health and Welfare	14,360,219	12,635,478
Social and Cultural Services	361,746	474,532
Other General Government	5,973,531	1,388,680
Engineering and Public Works	<u>139,336</u>	<u>62,110</u>
Total Expenditures	<u>23,299,525</u>	<u>17,760,412</u>
Deficiency of Revenues Under Expenditures	<u>(525,863)</u>	<u>(750,621)</u>
Other Financing Sources		
Transfers from Other Funds	<u>702,111</u>	<u>840,842</u>
Total Other Financing Sources Over Expenditures	<u>702,111</u>	<u>840,842</u>
Net Change in Fund Balances	176,248	90,221
Fund Balances, July 1	<u>2,134,987</u>	<u>2,044,766</u>
Fund Balances, June 30	<u>\$ 2,311,235</u>	<u>\$ 2,134,987</u>

KNOX COUNTY, TENNESSEE

**Federal, State and Other Grants Fund (Major)
Comparative Schedules of Revenues, Expenditures
And Changes in Fund Balances - Budget And Actual
For the Years Ended June 30, 2021 and 2020**

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Charges for Current Services	\$ 160,000	\$ 358,615	\$ 358,615	\$ -	\$ 353,133	\$ 353,533	\$ 400
Other Local Revenues	-	11,633	78,864	67,231	140,498	-	(140,498)
Federal Government	-	847,905	521,140	(326,765)	1,008,158	291,103	(717,055)
Total Revenues	160,000	1,218,153	958,619	(259,534)	1,501,789	644,636	(857,153)
Expenditures							
Current:							
General Government:							
Personal Services	-	897,706	635,415	262,291	1,407,068	650,258	756,810
Employee Benefits	-	315,049	212,528	102,521	484,826	212,112	272,714
Contracted Services	145,334	231,276	143,240	88,036	204,641	113,151	91,490
Supplies and Materials	-	87,737	37,195	50,542	166,037	49,115	116,922
Other Charges	14,666	89,666	81,897	7,769	155,164	14,666	140,498
Capital Outlay	-	-	-	-	130,332	-	130,332
Total Expenditures	160,000	1,621,434	1,110,275	511,159	2,548,068	1,039,302	1,508,766
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(403,281)	(151,656)	251,625	(1,046,279)	(394,666)	651,613
Other Financing Sources							
Transfers from Other Funds	-	-	325,000	325,000	14,219	400,000	385,781
Net Change in Fund Balances	-	(403,281)	173,344	576,625	(1,032,060)	5,334	1,037,394
Fund Balances, July 1	98,212	98,212	98,212	-	92,878	92,878	-
Fund Balances, June 30	\$ 98,212	\$ (305,069)	\$ 271,556	\$ 576,625	\$ (939,182)	\$ 98,212	\$ 1,037,394
Reconciliation of Fund Balances (Budget Basis) to Fund Balances (GAAP Basis):							
Fund Balances (Budget Basis)			\$ 271,556			\$ 98,212	
Entity Difference:							
Unbudgeted Funds			2,039,679			2,036,775	
Fund Balances (GAAP Basis)			<u>\$ 2,311,235</u>			<u>\$ 2,134,987</u>	

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.

Governmental Library Fund: This fund accounts for the operation of the law library that is available to the public but is used primarily by attorneys practicing in the courts. User fees are charged by the Governmental Library.

Public Library Fund: This fund is used to account for the operation of the County-wide public library system.

Solid Waste Fund: This fund is used to account for solid waste and recycling activities.

Hotel/Motel Tax Fund: This fund accounts for the collection and use of the amusement tax to promote tourism and related economic activity in the County.

Drug Control Fund: This fund was established pursuant to an amendment of Tennessee Code Annotated Section 39-17-420. This fund is used to account for drug control activities restricted for drug enforcement, drug education and non-recurring general law enforcement expenditures. This fund is primarily funded from the receipt of fines and costs related to drug enforcement cases.

Engineering and Public Works Fund: This fund is used to account for the County's share of the State gasoline and motor fuel taxes that are utilized to maintain non-state roads within the county.

CAPITAL PROJECTS FUND

ADA Construction Capital Projects Fund: This fund is used to account for construction activity related to the Americans with Disabilities Act.

KNOX COUNTY, TENNESSEE**Combining Balance Sheet
Nonmajor Governmental Funds**June 30, 2021

	Special Revenue Funds	ADA Construction Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 17,989,174	\$ 1,514,638	\$ 19,503,812
Receivables (Net of Allowance for Uncollectibles):			
Accounts	6,303,564	-	6,303,564
Taxes	1,470,363	-	1,470,363
Prepaid Items	4,744	-	4,744
TOTAL ASSETS	\$ 25,767,845	\$ 1,514,638	\$ 27,282,483
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 2,097,839	\$ 17,549	\$ 2,115,388
Accrued Liabilities	633,148	-	633,148
Due to Other Funds	1,742,435	-	1,742,435
TOTAL LIABILITIES	4,473,422	17,549	4,490,971
Fund Balances:			
Nonspendable	4,744	-	4,744
Restricted	5,466,248	-	5,466,248
Committed	10,704,735	1,497,089	12,201,824
Assigned	5,118,696	-	5,118,696
TOTAL FUND BALANCES	21,294,423	1,497,089	22,791,512
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,767,845	\$ 1,514,638	\$ 27,282,483

KNOX COUNTY, TENNESSEE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue Funds	ADA Construction Capital Project Fund	Total Nonmajor Governmental Funds
Revenues			
Local Option Sales Taxes	\$ 10,621,062	\$ -	\$ 10,621,062
Lodging Taxes	7,404,768	-	7,404,768
Wheel Taxes	12,327,843	-	12,327,843
Other Local Taxes	2,370,267	-	2,370,267
Fines, Forfeitures and Penalties	1,046,372	-	1,046,372
Charges for Current Services	33,609,782	-	33,609,782
Other Local Revenues	1,193,708	-	1,193,708
Investment Revenues	28,505	-	28,505
State of Tennessee	7,643,563	1,200,000	8,843,563
Federal Government	79,960	-	79,960
Other Governments and Citizen Groups	39,844	-	39,844
Total Revenues	76,365,674	1,200,000	77,565,674
Expenditures			
Current:			
Finance and Administration	9,050,924	-	9,050,924
Administration of Justice	7,208,192	-	7,208,192
Public Safety	463,075	-	463,075
Public Health and Welfare	4,508,167	-	4,508,167
Social and Cultural Services	13,243,349	-	13,243,349
Other General Government	6,946,120	-	6,946,120
Engineering and Public Works	20,173,678	-	20,173,678
Capital Projects	-	206,215	206,215
Total Expenditures	61,593,505	206,215	61,799,720
Excess (Deficiency) of Revenues Over Expenditures	14,772,169	993,785	15,765,954
Other Financing Sources (Uses)			
Transfers from Other Funds	3,362,000	-	3,362,000
Transfers to Other Funds	(14,162,586)	-	(14,162,586)
Total Other Financing Sources (Uses)	(10,800,586)	-	(10,800,586)
Net Change in Fund Balances	3,971,583	993,785	4,965,368
Fund Balances, July 1	17,322,840	503,304	17,826,144
Fund Balances, June 30	\$ 21,294,423	\$ 1,497,089	\$ 22,791,512

KNOX COUNTY, TENNESSEE

**Combining Balance Sheet
Nonmajor Special Revenue Funds**

June 30, 2021

	Constitutional Officers	Governmental Library	Public Library	Solid Waste	Hotel/Motel Tax	Drug Control	Engineering & Public Works	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and Cash Equivalents	\$ 6,861,131	\$ 14,252	\$ 1,384,207	\$ 1,010,859	\$ 591,261	\$ 3,522,620	\$ 4,604,844	\$ 17,989,174
Receivables (Net of Allowance for Uncollectibles):								
Accounts	-	32,125	1,149,754	234,295	3,119,463	3,476	1,764,451	6,303,564
Taxes	-	-	-	-	-	-	1,470,363	1,470,363
Prepaid Items	-	151	4,093	-	-	-	500	4,744
TOTAL ASSETS	\$ 6,861,131	\$ 46,528	\$ 2,538,054	\$ 1,245,154	\$ 3,710,724	\$ 3,526,096	\$ 7,840,158	\$ 25,767,845
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ -	\$ 482	\$ 8,713	\$ 74,412	\$ 1,768,145	\$ 2,427	\$ 243,660	\$ 2,097,839
Accrued Liabilities	-	1,000	297,036	36,795	-	-	298,317	633,148
Due to Other Funds	1,742,435	-	-	-	-	-	-	1,742,435
TOTAL LIABILITIES	1,742,435	1,482	305,749	111,207	1,768,145	2,427	541,977	4,473,422
Fund Balances:								
Nonspendable	-	151	4,093	-	-	-	500	4,744
Restricted	-	-	-	-	1,942,579	3,523,669	-	5,466,248
Committed	-	44,895	2,228,212	1,133,947	-	-	7,297,681	10,704,735
Assigned	5,118,696	-	-	-	-	-	-	5,118,696
TOTAL FUND BALANCES	5,118,696	45,046	2,232,305	1,133,947	1,942,579	3,523,669	7,298,181	21,294,423
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,861,131	\$ 46,528	\$ 2,538,054	\$ 1,245,154	\$ 3,710,724	\$ 3,526,096	\$ 7,840,158	\$ 25,767,845

KNOX COUNTY, TENNESSEE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Constitutional Officers	Governmental Library	Public Library	Solid Waste	Hotel/Motel Tax	Drug Control	Engineering & Public Works	Total Nonmajor Special Revenue Funds
Revenues								
Local Option Sales Taxes	\$ -	\$ -	\$ -	\$ 2,400,000	\$ -	\$ -	\$ 8,221,062	\$ 10,621,062
Lodging Taxes	-	-	-	-	7,404,768	-	-	7,404,768
Wheel Taxes	-	-	12,327,843	-	-	-	-	12,327,843
Other Local Taxes	-	39,020	-	-	-	-	2,331,247	2,370,267
Fines, Forfeitures and Penalties	-	-	-	-	-	1,026,872	19,500	1,046,372
Charges for Current Services	30,639,519	-	97,793	-	-	-	2,872,470	33,609,782
Other Local Revenues	-	-	140,160	643,709	187,712	32,127	190,000	1,193,708
Investment Revenue	28,505	-	-	-	-	-	-	28,505
State of Tennessee	-	-	45,500	517,179	-	-	7,080,884	7,643,563
Federal Government	-	-	6,400	-	-	73,560	-	79,960
Other Governments and Citizen Groups	-	30,000	9,844	-	-	-	-	39,844
Total Revenues	30,668,024	69,020	12,627,540	3,560,888	7,592,480	1,132,559	20,715,163	76,365,674
Expenditures								
Current:								
Finance and Administration	9,050,924	-	-	-	-	-	-	9,050,924
Administration of Justice	7,109,296	98,896	-	-	-	-	-	7,208,192
Public Safety	-	-	-	-	-	463,075	-	463,075
Public Health and Welfare	-	-	-	4,508,167	-	-	-	4,508,167
Social and Cultural Services	-	-	13,243,349	-	-	-	-	13,243,349
Other General Government	-	-	-	-	6,946,120	-	-	6,946,120
Engineering and Public Works	-	-	-	-	-	-	20,173,678	20,173,678
Total Expenditures	16,160,220	98,896	13,243,349	4,508,167	6,946,120	463,075	20,173,678	61,593,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,507,804	(29,876)	(615,809)	(947,279)	646,360	669,484	541,485	14,772,169
Other Financing Sources (Uses)								
Transfers from Other Funds	-	37,000	900,000	800,000	-	-	1,625,000	3,362,000
Transfers to Other Funds	(13,262,586)	-	-	-	(500,000)	-	(400,000)	(14,162,586)
Total Other Financing Sources (Uses)	(13,262,586)	37,000	900,000	800,000	(500,000)	-	1,225,000	(10,800,586)
Net Change in Fund Balances	1,245,218	7,124	284,191	(147,279)	146,360	669,484	1,766,485	3,971,583
Fund Balances, July 1	3,873,478	37,922	1,948,114	1,281,226	1,796,219	2,854,185	5,531,696	17,322,840
Fund Balances, June 30	\$ 5,118,696	\$ 45,046	\$ 2,232,305	\$ 1,133,947	\$ 1,942,579	\$ 3,523,669	\$ 7,298,181	\$ 21,294,423

KNOX COUNTY, TENNESSEE

Constitutional Officers' Special Revenue Fund

Combining Balance Sheets

June 30, 2021

(With Comparative Totals for June 30, 2020)

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Totals	
							2021	2020
ASSETS								
Cash and Cash Equivalents	\$ 510,616	\$ 2,926,947	\$ 321,125	\$ 2,045,131	\$ 631,856	\$ 425,456	\$ 6,861,131	\$ 6,740,067
TOTAL ASSETS	\$ 510,616	\$ 2,926,947	\$ 321,125	\$ 2,045,131	\$ 631,856	\$ 425,456	\$ 6,861,131	\$ 6,740,067
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to Other Funds	\$ 453,015	\$ 1,023,420	266,000	\$ -	\$ -	\$ -	\$ 1,742,435	\$ 2,866,589
TOTAL LIABILITIES	453,015	1,023,420	266,000	-	-	-	1,742,435	2,866,589
Fund Balances (Deficit):								
Assigned	57,601	1,903,527	55,125	2,045,131	631,856	425,456	5,118,696	3,873,478
TOTAL LIABILITIES AND FUND BALANCES	\$ 510,616	\$ 2,926,947	\$ 321,125	\$ 2,045,131	\$ 631,856	\$ 425,456	\$ 6,861,131	\$ 6,740,067

KNOX COUNTY, TENNESSEE

Constitutional Officers' Special Revenue Fund
Combining Schedule of Revenues, Expenditures
And Changes in Fund Balances
For the Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Totals	
							2021	2020
Revenues								
Charges for Services	\$ 11,636,759	\$ 7,281,199	\$ 1,106,398	\$ 4,737,209	\$ 1,436,465	\$ 4,441,489	\$ 30,639,519	\$ 26,865,865
Investment Revenue	467	19,486	-	-	116	8,436	28,505	133,514
Total Revenues	11,637,226	7,300,685	1,106,398	4,737,209	1,436,581	4,449,925	30,668,024	26,999,379
Expenditures								
Current:								
Finance and Administration	2,338,594	4,637,929	-	-	-	2,074,401	9,050,924	8,743,408
Administration of Justice	-	-	1,438,397	4,580,361	1,090,538	-	7,109,296	7,593,331
Total Expenditures	2,338,594	4,637,929	1,438,397	4,580,361	1,090,538	2,074,401	16,160,220	16,336,739
Excess of Revenues Over Expenditures	9,298,632	2,662,756	(331,999)	156,848	346,043	2,375,524	14,507,804	10,662,640
Other Financing Uses								
Transfers to Other Funds	(7,967,594)	(2,445,522)	-	(300,000)	(281,292)	(2,268,178)	(13,262,586)	(11,647,080)
Net Change in Fund Balances	1,331,038	217,234	(331,999)	(143,152)	64,751	107,346	1,245,218	(984,440)
Fund Balances, July 1	(1,273,437)	1,686,293	387,124	2,188,283	567,105	318,110	3,873,478	4,857,918
Fund Balances, June 30	\$ 57,601	\$ 1,903,527	\$ 55,125	\$ 2,045,131	\$ 631,856	\$ 425,456	\$ 5,118,696	\$ 3,873,478

KNOX COUNTY, TENNESSEE

**Governmental Library Fund
Comparative Balance Sheets**

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 14,252	\$ 45,568
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	32,125	2,001
Prepaid Items	151	-
	<u>46,528</u>	<u>47,569</u>
TOTAL ASSETS	<u>\$ 46,528</u>	<u>\$ 47,569</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 482	\$ 8,799
Accrued Liabilities	1,000	848
	<u>1,482</u>	<u>9,647</u>
TOTAL LIABILITIES	<u>1,482</u>	<u>9,647</u>
 Fund Balances:		
Nonspendable	151	-
Committed	44,895	37,922
	<u>45,046</u>	<u>37,922</u>
TOTAL FUND BALANCES	<u>45,046</u>	<u>37,922</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,528</u>	<u>\$ 47,569</u>

KNOX COUNTY, TENNESSEE

Governmental Library Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	2021	2020
	<u> </u>	<u> </u>
Revenues		
Litigation Tax	\$ 39,020	\$ 44,454
Charges for Current Services	-	1,550
Other Local Revenues	-	200
Other Governments and Citizens Groups	<u>30,000</u>	<u>30,000</u>
Total Revenues	<u>69,020</u>	<u>76,204</u>
Expenditures		
Current:		
General Government:		
Administration of Justice	<u>98,896</u>	<u>114,205</u>
Deficiency of Revenues Under Expenditures	<u>(29,876)</u>	<u>(38,001)</u>
Other Financing Sources		
Transfers from Other Funds	<u>37,000</u>	<u>37,500</u>
Net Change in Fund Balances	7,124	(501)
Fund Balances, July 1	<u>37,922</u>	<u>38,423</u>
Fund Balances, June 30	<u>\$ 45,046</u>	<u>\$ 37,922</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, 2021 and 2020**

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Litigation Tax	\$ 55,531	\$ 55,531	\$ 39,020	\$ (16,511)	\$ 60,000	\$ 44,454	\$ (15,546)
Charges for Current Services	3,100	3,100	-	(3,100)	5,179	1,550	(3,629)
Other Local Revenues	250	250	-	(250)	300	200	(100)
Other Governments and Citizens Groups	30,000	30,000	30,000	-	30,000	30,000	-
Total Revenues	88,881	88,881	69,020	(19,861)	95,479	76,204	(19,275)
Expenditures							
Current:							
General Government:							
Administration of Justice:							
Personal Services	27,762	27,897	27,894	3	27,977	27,975	2
Employee Benefits	3,819	3,819	3,815	4	3,842	3,840	2
Contracted Services	6,800	6,850	5,710	1,140	7,494	5,208	2,286
Supplies and Materials	78,600	78,330	59,730	18,600	76,804	75,381	1,423
Other Charges	1,900	2,035	1,747	288	2,016	1,801	215
Total Expenditures	118,881	118,931	98,896	20,035	118,133	114,205	3,928
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,000)	(30,050)	(29,876)	174	(22,654)	(38,001)	(15,347)
Other Financing Sources							
Transfers from Other Funds	30,000	30,000	37,000	7,000	22,500	37,500	15,000
Net Change in Fund Balances	-	(50)	7,124	7,174	(154)	(501)	(347)
Fund Balances, July 1	37,922	37,922	37,922	-	38,423	38,423	-
Fund Balances, June 30	\$ 37,922	\$ 37,872	\$ 45,046	\$ 7,174	\$ 38,269	\$ 37,922	\$ (347)

KNOX COUNTY, TENNESSEE

Public Library Fund
Comparative Balance Sheets
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,384,207	\$ 961,167
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	1,149,754	1,172,480
Prepaid Items	<u>4,093</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,538,054</u>	<u>\$ 2,133,647</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 8,713	\$ 27,751
Accrued Liabilities	<u>297,036</u>	<u>157,782</u>
TOTAL LIABILITIES	<u>305,749</u>	<u>185,533</u>
Fund Balances:		
Nonspendable	4,093	-
Committed	<u>2,228,212</u>	<u>1,948,114</u>
TOTAL FUND BALANCES	<u>2,232,305</u>	<u>1,948,114</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,538,054</u>	<u>\$ 2,133,647</u>

KNOX COUNTY, TENNESSEE

Public Library Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Wheel Taxes	\$ 12,327,843	\$ 11,687,477
Charges for Current Services	97,793	226,711
Other Local Revenues	140,160	120,549
State of Tennessee	45,500	45,500
Federal Government	6,400	6,400
Other Governments and Citizens Groups	9,844	18,102
	<hr/>	<hr/>
Total Revenues	12,627,540	12,104,739
	<hr/>	<hr/>
Expenditures		
Current:		
General Government:		
Social and Cultural Services	13,243,349	12,933,630
	<hr/>	<hr/>
Deficiency of Revenues Under Expenditures	(615,809)	(828,891)
	<hr/>	<hr/>
Other Financing Sources (Uses)		
Transfers from Other Funds	900,000	540,000
	<hr/>	<hr/>
Total Other Financing Sources	900,000	540,000
	<hr/>	<hr/>
Net Change in Fund Balances	284,191	(288,891)
	<hr/>	<hr/>
Fund Balances, July 1	1,948,114	2,237,005
	<hr/>	<hr/>
Fund Balances, June 30	\$ 2,232,305	\$ 1,948,114
	<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, 2021 and 2020**

	2021				2020		
	Original	Final	Actual	Variance	Final	Actual	Variance
	Budget	Budget		Positive (Negative)			Positive (Negative)
Revenues							
Wheel Taxes	\$ 12,000,000	\$ 12,000,000	\$ 12,327,843	\$ 327,843	\$ 11,729,200	\$ 11,687,477	\$ (41,723)
Charges for Current Services	290,000	290,000	97,793	(192,207)	315,000	226,711	(88,289)
Other Local Revenues	122,000	122,000	140,160	18,160	134,000	120,549	(13,451)
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	-	-	9,844	9,844	-	18,102	18,102
Total Revenues	12,463,900	12,463,900	12,627,540	163,640	12,230,100	12,104,739	(125,361)
Expenditures							
Current:							
General Government:							
Social and Cultural Services:							
Personal Services	7,644,910	7,643,970	7,291,802	352,168	7,649,958	7,055,066	594,892
Employee Benefits	2,261,267	2,261,267	2,144,980	116,287	2,512,280	2,129,774	382,506
Contracted Services	1,313,888	1,312,834	1,117,362	195,472	1,395,631	1,067,836	327,795
Supplies and Materials	1,815,200	1,871,157	1,734,125	137,032	2,066,890	1,750,514	316,376
Other Charges	901,784	903,924	893,645	10,279	902,789	886,410	16,379
Capital Outlay	58,300	61,446	61,435	11	240,000	44,030	195,970
Total Expenditures	13,995,349	14,054,598	13,243,349	811,249	14,767,548	12,933,630	1,833,918
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,531,449)	(1,590,698)	(615,809)	974,889	(2,537,448)	(828,891)	1,708,557
Other Financing Sources (Uses)							
Transfers from Other Funds	1,200,000	1,200,000	900,000	(300,000)	2,040,000	540,000	(1,500,000)
Net Change in Fund Balances	(331,449)	(390,698)	284,191	674,889	(497,448)	(288,891)	208,557
Fund Balances, July 1	1,948,114	1,948,114	1,948,114	-	2,237,005	2,237,005	-
Fund Balances, June 30	\$ 1,616,665	\$ 1,557,416	\$ 2,232,305	\$ 674,889	\$ 1,739,557	\$ 1,948,114	\$ 208,557

KNOX COUNTY, TENNESSEE

**Solid Waste Fund
Comparative Balance Sheets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,010,859	\$ 1,233,272
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>234,295</u>	<u>136,212</u>
TOTAL ASSETS	<u><u>\$ 1,245,154</u></u>	<u><u>\$ 1,369,484</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 74,412	\$ 59,893
Accrued Liabilities	<u>36,795</u>	<u>28,365</u>
TOTAL LIABILITIES	<u>111,207</u>	<u>88,258</u>
 Fund Balances:		
Committed	<u>1,133,947</u>	<u>1,281,226</u>
TOTAL FUND BALANCES	<u>1,133,947</u>	<u>1,281,226</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,245,154</u></u>	<u><u>\$ 1,369,484</u></u>

KNOX COUNTY, TENNESSEE

Solid Waste Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Local Taxes		
Local Option Sales Taxes	\$ 2,400,000	\$ 2,500,000
Other Local Revenues	643,709	357,222
State of Tennessee	517,179	499,006
	<u>3,560,888</u>	<u>3,356,228</u>
Expenditures		
Current:		
General Government:		
Public Health and Welfare	4,508,167	4,743,883
	<u>(947,279)</u>	<u>(1,387,655)</u>
Deficiency of Revenues Under Expenditures		
Other Financing Sources (Uses)		
Transfers from Other Funds	800,000	1,400,000
	<u>800,000</u>	<u>1,400,000</u>
Total Other Financing Sources		
	<u>800,000</u>	<u>1,400,000</u>
Net Change in Fund Balances	(147,279)	12,345
Fund Balances, July 1	1,281,226	1,268,881
Fund Balances, June 30	<u>\$ 1,133,947</u>	<u>\$ 1,281,226</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, 2021 and 2020**

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Local Option Sales Taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -
Other Local Revenues	400,000	560,700	643,709	83,009	620,000	357,222	(262,778)
State of Tennessee	509,000	509,000	517,179	8,179	509,000	499,006	(9,994)
Total Revenues	3,309,000	3,469,700	3,560,888	91,188	3,629,000	3,356,228	(272,772)
Expenditures							
Current:							
Public Health and Welfare:							
Other Public Health and Welfare:							
Personal Services	865,469	854,834	854,834	-	940,229	940,229	-
Employee Benefits	350,008	320,647	320,648	(1)	359,057	359,057	-
Contracted Services	2,227,835	2,935,573	2,934,590	983	2,983,048	2,982,579	469
Supplies and Materials	66,750	47,827	47,826	1	72,085	72,071	14
Other Charges	294,409	294,586	286,259	8,327	294,409	286,897	7,512
Litter and Trash Collection:							
Personal Services	70,403	28,269	28,270	(1)	56,379	56,379	-
Employee Benefits	23,802	11,837	11,837	-	19,402	19,402	-
Contracted Services	20,400	16,276	16,276	-	13,868	13,866	2
Supplies and Materials	12,300	7,627	7,627	-	13,410	13,403	7
Total Expenditures	3,931,376	4,517,476	4,508,167	9,309	4,751,887	4,743,883	8,004
Excess (Deficiency) of Revenues Over (Under) Expenditures	(622,376)	(1,047,776)	(947,279)	100,497	(1,122,887)	(1,387,655)	(264,768)
Other Financing Sources (Uses)							
Transfers from Other Funds	375,000	800,000	800,000	-	842,765	1,400,000	557,235
Net Change in Fund Balances	(247,376)	(247,776)	(147,279)	100,497	(280,122)	12,345	292,467
Fund Balances, July 1	1,281,226	1,281,226	1,281,226	-	1,268,881	1,268,881	-
Fund Balances, June 30	\$ 1,033,850	\$ 1,033,450	\$ 1,133,947	\$ 100,497	\$ 988,759	\$ 1,281,226	\$ 292,467

KNOX COUNTY, TENNESSEE

**Hotel/Motel Tax Fund
Comparative Balance Sheets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 591,261	\$ 1,642,378
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>3,119,463</u>	<u>1,768,447</u>
TOTAL ASSETS	<u>\$ 3,710,724</u>	<u>\$ 3,410,825</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	<u>\$ 1,768,145</u>	<u>\$ 1,614,606</u>
TOTAL LIABILITIES	<u>1,768,145</u>	<u>1,614,606</u>
Fund Balances:		
Restricted	<u>1,942,579</u>	<u>1,796,219</u>
TOTAL FUND BALANCES	<u>1,942,579</u>	<u>1,796,219</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,710,724</u>	<u>\$ 3,410,825</u>

KNOX COUNTY, TENNESSEE

Hotel/Motel Tax Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Lodging Taxes	\$ 7,404,768	\$ 7,095,209
Other Local Revenues	<u>187,712</u>	<u>1,050,000</u>
Total Revenues	<u>7,592,480</u>	<u>8,145,209</u>
Expenditures		
Current:		
General Government:		
Other General Government	<u>6,946,120</u>	<u>8,212,378</u>
Excess of Revenues Over Expenditures	646,360	(67,169)
Other Financing Uses		
Transfers to Other Funds	<u>(500,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(500,000)</u>	<u>-</u>
Net Change in Fund Balances	146,360	(67,169)
Fund Balances, July 1	<u>1,796,219</u>	<u>1,863,388</u>
Fund Balances, June 30	<u><u>\$ 1,942,579</u></u>	<u><u>\$ 1,796,219</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, 2021 and 2020**

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Lodging Taxes	\$ 7,800,000	\$ 7,800,000	\$ 7,404,768	\$ (395,232)	\$ 8,600,000	\$ 7,095,209	\$ (1,504,791)
Other Local Revenues	-	-	187,712	187,712	-	1,050,000	1,050,000
Total Revenues	<u>7,800,000</u>	<u>7,800,000</u>	<u>7,592,480</u>	<u>(207,520)</u>	<u>8,600,000</u>	<u>8,145,209</u>	<u>(454,791)</u>
Expenditures							
Current:							
General Government:							
Other General Government	7,022,000	7,022,000	6,946,120	75,880	8,385,001	8,212,378	172,623
Excess of Revenues Over Expenditures	778,000	778,000	646,360	(131,640)	214,999	(67,169)	(282,168)
Other Financing Uses							
Transfers to Other Funds	(800,000)	(800,000)	(500,000)	300,000	(499,999)	-	499,999
Net Change in Fund Balances	(22,000)	(22,000)	146,360	168,360	(285,000)	(67,169)	217,831
Fund Balances, July 1	1,796,219	1,796,219	1,796,219	-	1,863,388	1,863,388	-
Fund Balances, June 30	<u>\$ 1,774,219</u>	<u>\$ 1,774,219</u>	<u>\$ 1,942,579</u>	<u>\$ 168,360</u>	<u>\$ 1,578,388</u>	<u>\$ 1,796,219</u>	<u>\$ 217,831</u>

KNOX COUNTY, TENNESSEE

Drug Control Fund
Comparative Balance Sheets
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 3,522,620	\$ 2,889,361
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>3,476</u>	<u>5,962</u>
TOTAL ASSETS	<u><u>\$ 3,526,096</u></u>	<u><u>\$ 2,895,323</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	<u>\$ 2,427</u>	<u>\$ 41,138</u>
TOTAL LIABILITIES	<u>2,427</u>	<u>41,138</u>
Fund Balances:		
Restricted	<u>3,523,669</u>	<u>2,854,185</u>
TOTAL FUND BALANCES	<u>3,523,669</u>	<u>2,854,185</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,526,096</u></u>	<u><u>\$ 2,895,323</u></u>

KNOX COUNTY, TENNESSEE

Drug Control Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Fines, Forfeitures, and Penalties	\$ 1,026,872	\$ 295,082
Other Local Revenues	32,127	44,330
Federal Government	<u>73,560</u>	<u>50,152</u>
Total Revenues	<u>1,132,559</u>	<u>389,564</u>
Expenditures		
Current:		
General Government:		
Public Safety	<u>463,075</u>	<u>366,355</u>
Total Expenditures	<u>463,075</u>	<u>366,355</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>669,484</u>	<u>23,209</u>
Net Change in Fund Balance	669,484	23,209
Fund Balances, July 1	<u>2,854,185</u>	<u>2,830,976</u>
Fund Balances, June 30	<u><u>\$ 3,523,669</u></u>	<u><u>\$ 2,854,185</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, 2021 and 2020**

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Fines, Forfeitures, and Penalties	\$ -	\$ -	\$ 1,026,872	\$ 1,026,872	\$ 519,500	\$ 295,082	\$ (224,418)
Other Local Revenues	-	-	32,127	32,127	128,000	44,330	(83,670)
Federal Government	-	-	73,560	73,560	-	50,152	50,152
Total Revenues	-	-	1,132,559	1,132,559	647,500	389,564	(257,936)
Expenditures							
Current:							
General Government:							
Public Safety:							
Contracted Services	228,500	235,132	160,569	74,563	262,500	138,612	123,888
Supplies and Materials	204,500	208,462	72,647	135,815	200,000	102,955	97,045
Other Charges	8,800	8,800	23,650	(14,850)	10,000	12,450	(2,450)
Capital Outlay	175,000	229,237	206,209	23,028	175,000	112,338	62,662
Total Expenditures	616,800	681,631	463,075	218,556	647,500	366,355	281,145
Net Change in Fund Balance	(616,800)	(681,631)	669,484	1,351,115	-	23,209	23,209
Fund Balances, July 1	2,854,185	2,854,185	2,854,185	-	2,830,976	2,830,976	-
Fund Balances, June 30	\$ 2,237,385	\$ 2,172,554	\$ 3,523,669	\$ 1,351,115	\$ 2,830,976	\$ 2,854,185	\$ 23,209

KNOX COUNTY, TENNESSEE

Engineering & Public Works Fund

Comparative Balance Sheets

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 4,604,844	\$ 4,206,339
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	1,764,451	1,603,804
Sales Tax Receivable	1,470,363	1,213,365
Prepaid Items	<u>500</u>	<u>500</u>
TOTAL ASSETS	<u><u>\$ 7,840,158</u></u>	<u><u>\$ 7,024,008</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 243,660	\$ 1,294,703
Accrued Liabilities	<u>298,317</u>	<u>197,609</u>
TOTAL LIABILITIES	<u>541,977</u>	<u>1,492,312</u>
 Fund Balances:		
Nonspendable	500	500
Committed	<u>7,297,681</u>	<u>5,531,196</u>
TOTAL FUND BALANCES	<u>7,298,181</u>	<u>5,531,696</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 7,840,158</u></u>	<u><u>\$ 7,024,008</u></u>

KNOX COUNTY, TENNESSEE

Engineering & Public Works Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Local Option Sales Taxes	\$ 8,221,062	\$ 6,828,349
Other Local Taxes	2,331,247	2,207,645
Fines, Forfeitures, and Penalties	19,500	100
Charges for Current Services	2,872,470	-
Other Local Revenues	190,000	184,168
State of Tennessee	<u>7,080,884</u>	<u>6,959,003</u>
Total Revenues	<u>20,715,163</u>	<u>16,179,265</u>
Expenditures		
Current:		
Engineering & Public Works	<u>20,173,678</u>	<u>15,837,604</u>
Total Expenditures	<u>20,173,678</u>	<u>15,837,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>541,485</u>	<u>341,661</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	1,625,000	1,650,000
Transfers to Other Funds	<u>(400,000)</u>	<u>(925,000)</u>
Total Other Financing Sources (Uses)	<u>1,225,000</u>	<u>725,000</u>
Net Change in Fund Balances	1,766,485	1,066,661
Fund Balances, July 1	<u>5,531,696</u>	<u>4,465,035</u>
Fund Balances, June 30	<u>\$ 7,298,181</u>	<u>\$ 5,531,696</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, 2021 and 2020**

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Local Option Sales Taxes	\$ 5,757,946	\$ 5,757,946	\$ 8,221,062	\$ 2,463,116	\$ 6,307,946	\$ 6,828,349	\$ 520,403
Other Local Taxes	1,900,000	1,900,000	2,331,247	431,247	2,050,000	2,207,645	157,645
Fines, Forfeitures and Penalties	-	2,904	19,500	16,596	-	100	100
Charges for Current Services	1,884,400	1,884,400	2,872,470	988,070	-	-	-
Other Local Revenues	-	-	190,000	190,000	-	184,168	184,168
State of Tennessee	6,261,000	6,261,000	7,080,884	819,884	7,111,000	6,959,003	(151,997)
Total Revenues	15,803,346	15,806,250	20,715,163	4,908,913	15,468,946	16,179,265	710,319
Expenditures							
Current:							
Engineering & Public Works:							
Administration:							
Personal Services	1,705,273	1,644,248	1,644,248	-	2,198,730	2,060,482	138,248
Employee Benefits	534,315	477,176	477,176	-	748,967	648,047	100,920
Contracted Services	208,450	210,254	210,137	117	339,025	168,856	170,169
Supplies and Materials	64,000	39,254	39,254	-	90,235	36,304	53,931
Other Charges	673,450	721,834	721,005	829	673,992	675,404	(1,412)
Highways and Bridge Maintenance:							
Personal Services	3,501,923	3,481,735	3,481,735	-	3,118,627	3,118,625	2
Employee Benefits	1,304,781	1,288,073	1,288,073	-	1,101,549	1,101,549	-
Contracted Services	1,172,250	1,577,688	1,575,306	2,382	1,470,154	1,469,722	432
Supplies and Materials	5,812,500	5,978,621	5,978,620	1	5,858,842	4,658,454	1,200,388
Other Charges	538,250	538,617	538,617	-	538,621	538,621	-
Capital Outlay	-	333,000	332,584	416	705,520	448,215	257,305
Various Highway:							
Personal Services	2,073,184	2,067,383	2,039,311	28,072	342,030	342,030	-
Employee Benefits	682,298	692,812	647,584	45,228	127,178	127,178	-
Contracted Services	428,940	586,983	579,140	7,843	250,807	250,385	422
Supplies and Materials	202,275	1,202,029	430,935	771,094	975,056	123,732	851,324
Other Charges	170,657	171,024	171,024	-	70,000	70,000	-
Capital Outlay	-	18,929	18,929	-	-	-	-
Total Expenditures	19,072,546	21,029,660	20,173,678	855,982	18,609,333	15,837,604	2,771,729
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,269,200)	(5,223,410)	541,485	5,764,895	(3,140,387)	341,661	3,482,048
Other Financing Sources (Uses)							
Transfer From Other Funds	3,250,000	3,250,000	1,625,000	(1,625,000)	2,300,000	1,650,000	(650,000)
Transfer To Other Funds	(375,000)	(399,567)	(400,000)	(433)	(925,000)	(925,000)	-
Total Other Financing Sources (Uses)	2,875,000	2,850,433	1,225,000	(1,625,433)	1,375,000	725,000	(650,000)
Net Change in Fund Balances	(394,200)	(2,372,977)	1,766,485	4,139,462	(1,765,387)	1,066,661	2,832,048
Fund Balances, July 1	5,531,696	5,531,696	5,531,696	-	4,465,035	4,465,035	-
Fund Balances, June 30	\$ 5,137,496	\$ 3,158,719	\$ 7,298,181	\$ 4,139,462	\$ 2,699,648	\$ 5,531,696	\$ 2,832,048

KNOX COUNTY, TENNESSEE

ADA Construction Capital Projects Fund

Comparative Balance Sheets

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,514,638	\$ 514,904
	<u>1,514,638</u>	<u>514,904</u>
LIABILITIES AND FUND BALANCES		
Accounts Payable	\$ 17,549	\$ 11,600
	<u>17,549</u>	<u>11,600</u>
Fund Balances:		
Committed	1,497,089	503,304
	<u>1,497,089</u>	<u>503,304</u>
TOTAL FUND BALANCE	<u>1,497,089</u>	<u>503,304</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,514,638</u>	<u>\$ 514,904</u>

KNOX COUNTY, TENNESSEE

ADA Construction Capital Projects Fund
Comparative Statements of Revenues, Expenditures
And Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
State of Tennessee	\$ 1,200,000	\$ -
Total Revenues	<u>1,200,000</u>	<u>-</u>
Expenditures		
Capital Projects	<u>206,215</u>	<u>143,696</u>
Excess of Revenues Over (Under) Expenditures	<u>993,785</u>	<u>(143,696)</u>
Net Change in Fund Balances	993,785	(143,696)
Fund Balances, July 1	<u>503,304</u>	<u>647,000</u>
Fund Balances, June 30	<u><u>\$ 1,497,089</u></u>	<u><u>\$ 503,304</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, the Concord Park Par 3 Course, and the Beverly Park Par 3 Course.

KNOX COUNTY, TENNESSEE

Three Ridges Golf Course Fund

Comparative Statements of Net Position

June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 13,881	\$ -
Accounts Receivable	5,334	6,177
Inventories	55,129	71,348
TOTAL CURRENT ASSETS	74,344	77,525
Capital Assets:		
Capital Assets (Net of Accumulated Depreciation)	415,134	417,533
TOTAL ASSETS	489,478	495,058
LIABILITIES		
Current Liabilities:		
Accounts Payable	26,687	23,936
Accrued Liabilities	20,528	14,950
Due to Other Funds	-	58,204
Compensated Absences Payable	26,734	24,496
TOTAL CURRENT LIABILITIES	73,949	121,586
Noncurrent Liabilities:		
Compensated Absences Payable	31,384	19,689
TOTAL LIABILITIES	105,333	141,275
NET POSITION		
Investment in Capital Assets	415,134	417,533
Unrestricted (Deficit)	(30,989)	(63,750)
TOTAL NET POSITION	\$ 384,145	\$ 353,783

KNOX COUNTY, TENNESSEE

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

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Golf Fees	\$ 761,813	\$ 446,187
Cart and Range Fees	375,513	298,905
Pro Shop	182,715	119,860
Snack Bar	111,265	91,868
Other Income	<u>29,961</u>	<u>-</u>
Total Operating Revenues	<u>1,461,267</u>	<u>956,820</u>
Operating Expenses		
Personal Services	554,876	457,000
Employee Benefits	122,366	99,642
Contracted Services	242,367	204,406
Supplies and Materials	479,734	409,308
Other Charges	129,163	99,256
Depreciation	<u>40,335</u>	<u>37,677</u>
Total Operating Expenses	<u>1,568,841</u>	<u>1,307,289</u>
Operating Income (Loss)	<u>(107,574)</u>	<u>(350,469)</u>
Income (Loss) before Other Revenues and Transfers	<u>(107,574)</u>	<u>(350,469)</u>
Capital Contributions and Transfers		
Capital Contributions	37,936	-
Transfers from Other Funds	<u>100,000</u>	<u>300,000</u>
Total Capital Contributions and Transfers	<u>137,936</u>	<u>300,000</u>
Change in Net Position	30,362	(50,469)
Net Position, July 1	<u>353,783</u>	<u>404,252</u>
Net Position, June 30	<u><u>\$ 384,145</u></u>	<u><u>\$ 353,783</u></u>

KNOX COUNTY, TENNESSEE

Three Ridges Golf Course Fund
Comparative Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Receipts from Customers and Users	\$ 1,462,110	\$ 965,388
Payments to Vendors	(890,498)	(722,050)
Payments to Employees	(535,365)	(443,696)
Payments on Behalf of Employees	(122,366)	(99,642)
	(86,119)	(300,000)
Cash Flows From Noncapital Financing Activities		
Transfers from Other Funds	100,000	300,000
	100,000	300,000
Cash Flows From Capital and Related Financing Activities		
Capital Contributions	37,936	-
Acquisition and Construction of Capital Assets	(37,936)	-
	-	-
Net Cash Provided by Capital and Related Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	13,881	-
Cash and Cash Equivalents - Beginning of Year	-	-
Cash and Cash Equivalents - End of Year	\$ 13,881	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (107,574)	\$ (350,469)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	40,335	37,677
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	843	8,568
Decrease in Inventory	16,219	10,009
Increase (Decrease) in Accounts Payable and Accrued Liabilities	8,329	13,079
Increase (Decrease) in Due to Other Funds	(58,204)	(28,988)
Increase in Compensated Absences Payable	13,933	10,124
	(86,119)	(300,000)
Net Cash Provided (Used) by Operating Activities	\$ (86,119)	\$ (300,000)

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, 2021

	Vehicle Service Center	Mailroom	Employee Benefits	Self Insurance	Building Operations	Technical Support Service	Self Insurance Healthcare	Total
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 933,999	\$ 156,873	\$ 111,989	\$ 23,091,852	\$ 6,162,014	\$ 207,847	\$ 18,874,905	\$ 49,539,479
Receivables:								
Accounts	22,624	-	386,289	-	33,836	8,800	978,633	1,430,182
Inventories	93,660	23,256	-	-	-	-	-	116,916
Prepaid Items	-	-	34,300	-	-	-	-	34,300
TOTAL CURRENT ASSETS	1,050,283	180,129	532,578	23,091,852	6,195,850	216,647	19,853,538	51,120,877
Capital Assets:								
Machinery and Equipment	223,258	-	-	-	-	564,592	-	787,850
Accumulated Depreciation	(178,572)	-	-	-	-	(564,592)	-	(743,164)
Capital Assets (Net of Accumulated Depreciation)	44,686	-	-	-	-	-	-	44,686
TOTAL ASSETS	1,094,969	180,129	532,578	23,091,852	6,195,850	216,647	19,853,538	51,165,563
LIABILITIES								
Current Liabilities:								
Accounts Payable	95,135	3,863	28,986	180	262,558	1,550	19,530	411,802
Accrued Liabilities	18,436	3,401	129,642	26,263	-	23,069	-	200,811
Claims Liabilities	-	-	-	18,492,356	-	-	1,597,978	20,090,334
Compensated Absences Payable	49,958	10,554	42,489	62,757	-	45,534	-	211,292
TOTAL CURRENT LIABILITIES	163,529	17,818	201,117	18,581,556	262,558	70,153	1,617,508	20,914,239
Noncurrent Liabilities:								
Compensated Absences Payable	13,280	2,806	11,294	16,682	-	12,104	-	56,166
TOTAL LIABILITIES	176,809	20,624	212,411	18,598,238	262,558	82,257	1,617,508	20,970,405
NET POSITION								
Investment in Capital Assets	44,686	-	-	-	-	-	-	44,686
Unrestricted (Deficit)	873,474	159,505	320,167	4,493,614	5,933,292	134,390	18,236,030	30,150,472
TOTAL NET POSITION	\$ 918,160	\$ 159,505	\$ 320,167	\$ 4,493,614	\$ 5,933,292	\$ 134,390	\$ 18,236,030	\$ 30,195,158

KNOX COUNTY, TENNESSEE

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended June 30, 2021

	Vehicle Service Center	Mailroom	Employee Benefits	Self Insurance	Building Operations	Technical Support Service	Self Insurance Healthcare	Total
Operating Revenues								
Charges for Services	\$ 2,386,727	\$ 264,815	\$ 32,321,430	\$ 5,685,025	\$ 11,217,261	\$ 744,975	\$ 30,794,862	\$ 83,415,095
Operating Expenses								
Cost of Services	2,253,288	366,632	1,798,396	1,427,006	13,397,549	707,144	1,843,509	21,793,524
Depreciation and Amortization	13,992	-	-	-	-	5,490	-	19,482
Medical Claims	-	-	218,066	-	-	-	27,446,791	27,664,857
Retirement Contributions	-	-	29,345,620	-	-	-	-	29,345,620
OPEB 35% Retiree Healthcare Contributions	-	-	524,125	-	-	-	-	524,125
Other Employee Benefits	-	-	1,051,425	-	-	-	-	1,051,425
Worker's Compensation & Other Claims	-	-	-	4,450,315	-	-	-	4,450,315
Other Expenses	171,700	-	-	85,205	-	371	-	257,276
Total Operating Expenses	2,438,980	366,632	32,937,632	5,962,526	13,397,549	713,005	29,290,300	85,106,624
Income (Loss) before Transfers	(52,253)	(101,817)	(616,202)	(277,501)	(2,180,288)	31,970	1,504,562	(1,691,529)
Transfers								
Transfers from Other Funds	400,000	122,500	524,125	-	2,500,000	-	-	3,546,625
Change in Net Position	347,747	20,683	(92,077)	(277,501)	319,712	31,970	1,504,562	1,855,096
Total Net Position, July 1	570,413	138,822	412,244	4,771,115	5,613,580	102,420	16,731,468	28,340,062
Total Net Position, June 30	\$ 918,160	\$ 159,505	\$ 320,167	\$ 4,493,614	\$ 5,933,292	\$ 134,390	\$ 18,236,030	\$ 30,195,158

KNOX COUNTY, TENNESSEE

**Combining Statement of Cash Flows
Internal Service Funds**

For the Year Ended June 30, 2021

	Vehicle Service Center	Mailroom	Employee Benefits	Self Insurance	Building Operations	Technical Support Service	Self Insurance Healthcare	Total
Operating Activities								
Cash Received from Interfund Services Provided	\$ 2,384,534	\$ 264,815	\$ 32,288,608	\$ 5,685,135	\$ 11,550,748	\$ 736,175	\$ 29,880,480	\$ 82,790,495
Cash Paid to Employees	(441,691)	(75,647)	(426,992)	(607,560)	-	(530,507)	-	(2,082,398)
Cash Paid for Goods and Services	(1,950,959)	(274,137)	(1,852,751)	(4,032,968)	(13,554,270)	(20,347)	(1,843,509)	(23,528,941)
Cash Paid on Behalf of Employees	(139,331)	(30,389)	(32,001,474)	(175,618)	-	(154,496)	(27,640,716)	(60,142,023)
Net Cash Provided by (Used in) Operating Activities	(147,447)	(115,358)	(1,992,609)	868,989	(2,003,522)	30,825	396,255	(2,962,867)
Noncapital Financing Activities								
Transfers from Other Funds	400,000	122,500	524,125	-	2,500,000	-	-	3,546,625
Net Cash Provided by (Used in) Noncapital Financing Activities	400,000	122,500	524,125	-	2,500,000	-	-	3,546,625
Net Increase (Decrease) in Cash and Cash Equivalents	252,553	7,142	(1,468,484)	868,989	496,478	30,825	396,255	583,758
Cash and Cash Equivalents Beginning of Year	681,446	149,731	1,580,473	22,222,863	5,665,536	177,022	18,478,650	48,955,721
End of Year	\$ 933,999	\$ 156,873	\$ 111,989	\$ 23,091,852	\$ 6,162,014	\$ 207,847	\$ 18,874,905	\$ 49,539,479
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities								
Operating Income (Loss)	\$ (52,253)	\$ (101,817)	\$ (616,202)	\$ (277,501)	\$ (2,180,288)	\$ 31,970	\$ 1,504,562	\$ (1,691,529)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Depreciation and Amortization	13,992	-	-	-	-	5,490	-	19,482
Change in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	(2,193)	-	(32,822)	110	333,487	(8,800)	(914,382)	(624,600)
(Increase) in Inventories	(63,581)	(12,006)	-	-	-	-	-	(75,587)
(Increase) Decrease in Prepaid Items	-	-	(12,152)	-	-	-	84,246	72,094
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(41,699)	(2,961)	(1,343,460)	(4,821)	(156,721)	1,488	(332,149)	(1,880,323)
Increase (Decrease) in Due to Other Funds	-	-	-	(540)	-	-	-	(540)
Increase (Decrease) in Compensated Absences	(1,713)	1,426	12,027	38,365	-	677	-	50,782
Increase (Decrease) in Claims Liabilities	-	-	-	1,113,376	-	-	53,978	1,167,354
Total Adjustments	(95,194)	(13,541)	(1,376,407)	1,146,490	176,766	(1,145)	(1,108,307)	(1,271,338)
Net Cash Provided by (Used in) Operating Activities	\$ (147,447)	\$ (115,358)	\$ (1,992,609)	\$ 868,989	\$ (2,003,522)	\$ 30,825	\$ 396,255	\$ (2,962,867)

KNOX COUNTY, TENNESSEE

Vehicle Service Center Fund
Comparative Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 933,999	\$ 681,446
Accounts Receivable	22,624	20,431
Inventories	93,660	30,079
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	1,050,283	731,956
	<hr/>	<hr/>
Capital Assets:		
Machinery and Equipment	223,258	223,258
Accumulated Depreciation	(178,572)	(164,580)
	<hr/>	<hr/>
Capital Assets (Net of Accumulated Depreciation)	44,686	58,678
	<hr/>	<hr/>
TOTAL ASSETS	1,094,969	790,634
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Accounts Payable	95,135	142,495
Accrued Liabilities	18,436	12,775
Compensated Absences	49,958	61,703
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	163,529	216,973
	<hr/>	<hr/>
Noncurrent Liabilities:		
Compensated Absences	13,280	3,248
	<hr/>	<hr/>
TOTAL LIABILITIES	176,809	220,221
	<hr/>	<hr/>
NET POSITION		
Investment in Capital Assets	44,686	58,678
Unrestricted	873,474	511,735
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 918,160	\$ 570,413
	<hr/> <hr/>	<hr/> <hr/>

KNOX COUNTY, TENNESSEE

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

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for Services	<u>\$ 2,386,727</u>	<u>\$ 2,652,684</u>
Operating Expenses		
Cost of Services	2,253,288	2,578,127
Depreciation and Amortization	13,992	18,532
Other Expenses	<u>171,700</u>	<u>172,077</u>
Total Operating Expenses	<u>2,438,980</u>	<u>2,768,736</u>
Loss before Transfers	<u>(52,253)</u>	<u>(116,052)</u>
Transfers		
Transfers from Other Funds	<u>400,000</u>	<u>375,000</u>
Change in Net Position	347,747	258,948
Net Position, July 1	<u>570,413</u>	<u>311,465</u>
Net Position, June 30	<u><u>\$ 918,160</u></u>	<u><u>\$ 570,413</u></u>

KNOX COUNTY, TENNESSEE

Mailroom Fund
Comparative Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 156,873	\$ 149,731
Inventories	<u>23,256</u>	<u>11,250</u>
TOTAL ASSETS	<u>180,129</u>	<u>160,981</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,863	9,094
Accrued Liabilities	3,401	1,131
Compensated Absences	<u>10,554</u>	<u>11,337</u>
TOTAL CURRENT LIABILITIES	<u>17,818</u>	<u>21,562</u>
Noncurrent Liabilities:		
Compensated Absences	<u>2,806</u>	<u>597</u>
TOTAL LIABILITIES	<u>20,624</u>	<u>22,159</u>
NET POSITION		
Unrestricted	<u>\$ 159,505</u>	<u>\$ 138,822</u>

KNOX COUNTY, TENNESSEE

Mailroom Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Position
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for Services	<u>\$ 264,815</u>	<u>\$ 246,384</u>
Operating Expenses		
Cost of Services	<u>366,632</u>	<u>350,036</u>
Income (Loss) before Transfers	<u>(101,817)</u>	<u>(103,652)</u>
Transfers		
Transfers from Other Funds	<u>122,500</u>	<u>87,500</u>
Change in Net Position	20,683	(16,152)
Net Position, July 1	<u>138,822</u>	<u>154,974</u>
Net Position, June 30	<u><u>\$ 159,505</u></u>	<u><u>\$ 138,822</u></u>

KNOX COUNTY, TENNESSEE

Employee Benefits Fund
Comparative Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 111,989	\$ 1,580,473
Accounts Receivable	386,289	353,467
Prepaid Items	<u>34,300</u>	<u>22,148</u>
TOTAL ASSETS	<u>532,578</u>	<u>1,956,088</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	28,986	1,376,388
Accrued Liabilities	129,642	125,700
Compensated Absences	<u>42,489</u>	<u>39,668</u>
TOTAL CURRENT LIABILITIES	<u>201,117</u>	<u>1,541,756</u>
Noncurrent Liabilities:		
Compensated Absences	<u>11,294</u>	<u>2,088</u>
TOTAL LIABILITIES	<u>212,411</u>	<u>1,543,844</u>
NET POSITION		
Unrestricted	<u>\$ 320,167</u>	<u>\$ 412,244</u>

KNOX COUNTY, TENNESSEE

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

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for Services	<u>\$ 32,321,430</u>	<u>\$ 36,866,977</u>
Operating Expenses		
Finance and Administration:		
Cost of Services	1,798,396	1,879,250
Medical Claims	218,066	219,675
Retirement Contributions	29,345,620	33,479,698
VWRP Employee Benefits	-	-
OPEB 35% Retiree Healthcare Contributions	524,125	960,062
Other Employee Benefits	<u>1,051,425</u>	<u>1,047,278</u>
Total Operating Expenses	<u>32,937,632</u>	<u>37,585,963</u>
Loss before Transfers	<u>(616,202)</u>	<u>(718,986)</u>
Transfers		
Transfers from Other Funds	<u>524,125</u>	<u>800,000</u>
Change in Net Position	(92,077)	81,014
Net Position, July 1	<u>412,244</u>	<u>331,230</u>
Net Position, June 30	<u><u>\$ 320,167</u></u>	<u><u>\$ 412,244</u></u>

KNOX COUNTY, TENNESSEE

Self Insurance Fund
Comparative Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 23,091,852	\$ 22,222,863
Accounts Receivable	-	110
	<u>23,091,852</u>	<u>22,222,973</u>
TOTAL CURRENT ASSETS	<u>23,091,852</u>	<u>22,222,973</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	180	17,072
Accrued Liabilities	26,263	14,192
Due to Other Funds	-	540
Claims Liability	18,492,356	17,378,980
Compensated Absences	62,757	39,020
	<u>18,581,556</u>	<u>17,449,804</u>
TOTAL CURRENT LIABILITIES	<u>18,581,556</u>	<u>17,449,804</u>
Noncurrent Liabilities:		
Compensated Absences	16,682	2,054
	<u>16,682</u>	<u>2,054</u>
TOTAL LIABILITIES	<u>18,598,238</u>	<u>17,451,858</u>
NET POSITION		
Unrestricted	<u>\$ 4,493,614</u>	<u>\$ 4,771,115</u>

KNOX COUNTY, TENNESSEE

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

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for Services	\$ 5,685,025	\$ 6,218,333
Operating Expenses		
Cost of Services	1,427,006	1,302,977
Workers' Compensation & Other Claims	4,450,315	2,555,598
Other Expenses	85,205	15,951
Total Operating Expenses	<u>5,962,526</u>	<u>3,874,526</u>
Change in Net Position	(277,501)	2,343,807
Net Position, July 1	<u>4,771,115</u>	<u>2,427,308</u>
Net Position, June 30	<u>\$ 4,493,614</u>	<u>\$ 4,771,115</u>

KNOX COUNTY, TENNESSEE

Building Operations Fund
Comparative Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 6,162,014	\$ 5,665,536
Accounts Receivable	<u>33,836</u>	<u>367,323</u>
TOTAL CURRENT ASSETS	<u>6,195,850</u>	<u>6,032,859</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>262,558</u>	<u>419,279</u>
TOTAL CURRENT LIABILITIES	<u>262,558</u>	<u>419,279</u>
NET POSITION		
Unrestricted	<u>\$ 5,933,292</u>	<u>\$ 5,613,580</u>

KNOX COUNTY, TENNESSEE

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

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for Services	<u>\$ 11,217,261</u>	<u>\$ 11,372,095</u>
Operating Expenses		
Cost of Services	<u>13,397,549</u>	<u>11,774,717</u>
Total Operating Expenses	<u>13,397,549</u>	<u>11,774,717</u>
Income (Loss) before Transfers	<u>(2,180,288)</u>	<u>(402,622)</u>
Transfers		
Transfers from Other Funds	<u>2,500,000</u>	<u>500,000</u>
Change in Net Position	319,712	97,378
Net Position, July 1	<u>5,613,580</u>	<u>5,516,202</u>
Net Position, June 30	<u><u>\$ 5,933,292</u></u>	<u><u>\$ 5,613,580</u></u>

KNOX COUNTY, TENNESSEE

Technical Support Service Fund
Comparative Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 207,847	\$ 177,022
Accounts Receivable	8,800	-
	<u>216,647</u>	<u>177,022</u>
TOTAL CURRENT ASSETS	<u>216,647</u>	<u>177,022</u>
Capital Assets:		
Machinery and Equipment	564,592	564,592
Accumulated Depreciation	<u>(564,592)</u>	<u>(559,102)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>-</u>	<u>5,490</u>
TOTAL ASSETS	<u>216,647</u>	<u>182,512</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,550	7,557
Accrued Liabilities	23,069	15,574
Compensated Absences	<u>45,534</u>	<u>54,113</u>
TOTAL CURRENT LIABILITIES	<u>70,153</u>	<u>77,244</u>
Noncurrent Liabilities:		
Compensated Absences	<u>12,104</u>	<u>2,848</u>
TOTAL LIABILITIES	<u>82,257</u>	<u>80,092</u>
NET POSITION		
Investment in Capital Assets	-	5,490
Unrestricted	<u>134,390</u>	<u>96,930</u>
TOTAL NET POSITION	<u>\$ 134,390</u>	<u>\$ 102,420</u>

KNOX COUNTY, TENNESSEE

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

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for Services	\$ 744,975	\$ 659,220
Operating Expenses		
Cost of Services	707,144	866,624
Depreciation and Amortization	5,490	13,810
Other Expense	371	372
Total Operating Expenses	<u>713,005</u>	<u>880,806</u>
Income (Loss) before Transfers	<u>31,970</u>	<u>(221,586)</u>
Transfers		
Transfers from Other Funds	<u>-</u>	<u>300,000</u>
Change in Net Position	31,970	78,414
Net Position, July 1	<u>102,420</u>	<u>24,006</u>
Net Position, June 30	<u><u>\$ 134,390</u></u>	<u><u>\$ 102,420</u></u>

KNOX COUNTY, TENNESSEE

Self Insurance Healthcare Fund
Comparative Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 18,874,905	\$ 18,478,650
Accounts Receivable	978,633	64,251
Prepaid Items	<u>-</u>	<u>84,246</u>
TOTAL ASSETS	<u>19,853,538</u>	<u>18,627,147</u>
LIABILITIES		
Liabilities:		
Accounts Payable	19,530	351,679
Claims Liability	<u>1,597,978</u>	<u>1,544,000</u>
TOTAL LIABILITIES	<u>1,617,508</u>	<u>1,895,679</u>
NET POSITION		
Unrestricted	<u>\$ 18,236,030</u>	<u>\$ 16,731,468</u>

KNOX COUNTY, TENNESSEE

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

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for Services	<u>\$ 30,794,862</u>	<u>\$ 28,404,671</u>
Operating Expenses		
Cost of Services	1,843,509	1,717,965
Medical Claims	<u>27,446,791</u>	<u>25,044,517</u>
Total Operating Expenses	<u>29,290,300</u>	<u>26,762,482</u>
Change in Net Position	1,504,562	1,642,189
Net Position, July 1	<u>16,731,468</u>	<u>15,089,279</u>
Net Position, June 30	<u><u>\$ 18,236,030</u></u>	<u><u>\$ 16,731,468</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).

CUSTODIAL 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, 2021

	Closed Defined Benefit Plan	Uniformed Officers Pension Plan	Asset Accumulation Plan	Sheriff's Total Accumulation Retirement Plan	Voluntary 457 Plan	Employee Disability Plan	Retiree Healthcare Plan	Medical Expense Retirement Plan	Total
ASSETS									
Cash and Cash equivalents	\$ 250	\$ -	\$ 379,456	\$ -	\$ 34,889	\$ 39,169	\$ -	\$ 15,169	\$ 468,933
Investments, at Fair Value:									
Mutual Funds	42,097,304	226,386,087	308,330,806	8,330,884	25,590,306	1,381,910	3,496,303	5,005,428	620,619,028
Collective Investment Trusts	-	-	22,232,926	278,716	1,736,632	407,614	1,915,698	1,192,509	27,764,095
Investments, at Contract Value:									
Guaranteed Investment Contracts	-	-	90,433,580	2,899,112	6,623,936	123,980	350,171	514,498	100,945,277
Total Investments	42,097,304	226,386,087	420,997,312	11,508,712	33,950,874	1,913,504	5,762,172	6,712,435	749,328,400
Receivables:									
Employee Contributions	2,601	43,594	473,685	30,057	126,493	-	-	8,857	685,287
Employer Contributions	-	-	555,478	60,115	-	-	-	3,596	619,189
Notes Receivable from Participants	-	-	1,788,191	-	-	-	-	-	1,788,191
Total Receivables	2,601	43,594	2,817,354	90,172	126,493	-	-	12,453	3,092,667
Total Assets	42,100,155	226,429,681	424,194,122	11,598,884	34,112,256	1,952,673	5,762,172	6,740,057	752,890,000
LIABILITIES									
Accounts Payable - Administrative Expenses	29,108	165,110	-	-	-	155,465	-	-	349,683
NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS									
	\$ 42,071,047	\$ 226,264,571	\$ 424,194,122	\$ 11,598,884	\$ 34,112,256	\$ 1,797,208	\$ 5,762,172	\$ 6,740,057	\$ 752,540,317

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, 2021**

	Closed Defined Benefit Plan	Uniformed Officers Pension Plan	Asset Accumulation Plan	Sheriff's Total Accumulation Retirement Plan	Voluntary 457 Plan	Employee Disability Plan	Retiree Healthcare Plan	Medical Expense Retirement Plan	Total
ADDITIONS									
Contributions:									
Employer	\$ 3,536,442	\$ 7,355,887	\$ 11,499,761	\$ 1,693,491	\$ -	\$ 592,738	\$ 524,125	\$ 86,311	\$ 25,288,755
Employees	71,396	1,203,276	9,713,128	846,749	2,669,365	-	-	191,802	14,695,716
Rollovers	-	-	346,215	-	31,349	-	-	-	377,564
Total Contributions	3,607,838	8,559,163	21,559,104	2,540,240	2,700,714	592,738	524,125	278,113	40,362,035
Investment Income (Loss):									
Interest and Dividend Income	1,072,573	5,799,501	3,470,724	90,257	269,424	52,481	139,959	181,463	11,076,382
Interest on Notes Receivable from Participants	-	-	86,959	-	-	-	-	-	86,959
Net Appreciation (Depreciation) in Fair Value of Investments	7,277,727	45,919,842	87,873,450	2,139,426	7,157,772	460,900	1,051,542	1,429,988	153,310,647
Total Investment Income (Loss)	8,350,300	51,719,343	91,431,133	2,229,683	7,427,196	513,381	1,191,501	1,611,451	164,473,988
Less Investment Expenses	(25,160)	(97,680)	-	-	-	-	-	-	(122,840)
Net Investment Income (Loss)	8,325,140	51,621,663	91,431,133	2,229,683	7,427,196	513,381	1,191,501	1,611,451	164,351,148
Total Additions	11,932,978	60,180,826	112,990,237	4,769,923	10,127,910	1,106,119	1,715,626	1,889,564	204,713,183
DEDUCTIONS									
Benefits and Refunds	6,696,696	11,783,306	34,785,585	396,203	2,676,123	420,085	-	653,713	57,411,711
Administrative Expenses	134,423	850,096	301,624	390,737	2,667	-	66,915	1,702	1,748,164
Total Deductions	6,831,119	12,633,402	35,087,209	786,940	2,678,790	420,085	66,915	655,415	59,159,875
CHANGE IN NET POSITION	5,101,859	47,547,424	77,903,028	3,982,983	7,449,120	686,034	1,648,711	1,234,149	145,553,308
NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS, BEGINNING OF YEAR	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
NET POSITION - RESTRICTED FOR PENSION, OPEB, AND RETIREMENT BENEFITS, END OF YEAR	\$ 42,071,047	\$ 226,264,571	\$ 424,194,122	\$ 11,598,884	\$ 34,112,256	\$ 1,797,208	\$ 5,762,172	\$ 6,740,057	\$ 752,540,317

KNOX COUNTY, TENNESSEE

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

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 250</u>	<u>\$ 3,592</u>
Investments, at Fair Value:		
Mutual Funds	<u>42,097,304</u>	<u>36,995,720</u>
Receivables:		
Employee Contributions	<u>2,601</u>	<u>-</u>
Total Assets	<u>42,100,155</u>	<u>36,999,312</u>
LIABILITIES		
Accounts Payable - Administrative Expenses	<u>29,108</u>	<u>30,124</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 42,071,047</u></u>	<u><u>\$ 36,969,188</u></u>

KNOX COUNTY, TENNESSEE**Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Closed Defined Benefit Plan
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ 3,536,442	\$ 3,622,967
Employees	71,396	75,623
Total Contributions	<u>3,607,838</u>	<u>3,698,590</u>
Investment Income (Loss):		
Interest and Dividend Income	1,072,573	1,980,937
Net Appreciation (Depreciation) in Fair Value of Investments	<u>7,277,727</u>	<u>(1,843,276)</u>
Total Investment Income (Loss)	8,350,300	137,661
Less Investment Expenses	<u>(25,160)</u>	<u>(22,200)</u>
Net Investment Income (Loss)	<u>8,325,140</u>	<u>115,461</u>
Total Additions	<u>11,932,978</u>	<u>3,814,051</u>
DEDUCTIONS		
Benefits and Refunds	6,696,696	7,006,565
Administrative Expenses	134,423	160,991
Transfers to Other Plans	-	23,400
Total Deductions	<u>6,831,119</u>	<u>7,190,956</u>
CHANGE IN NET POSITION	5,101,859	(3,376,905)
NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>36,969,188</u>	<u>40,346,093</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR	<u>\$ 42,071,047</u>	<u>\$ 36,969,188</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Fiduciary Net Position Pension Trust Fund - Uniformed Officers Pension Plan

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 212,743</u>
Investments, at Fair Value:		
Mutual Funds	<u>226,386,087</u>	<u>178,668,891</u>
Total Investments	<u>226,386,087</u>	<u>178,668,891</u>
Receivables:		
Employee Contributions	<u>43,594</u>	<u>-</u>
Total Assets	<u>226,429,681</u>	<u>178,881,634</u>
LIABILITIES		
Accounts Payable - Administrative Expenses	<u>165,110</u>	<u>164,487</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 226,264,571</u></u>	<u><u>\$ 178,717,147</u></u>

KNOX COUNTY, TENNESSEE**Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Uniformed Officers Pension Plan
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ 7,355,887	\$ 6,946,710
Employees	<u>1,203,276</u>	<u>1,249,306</u>
Total Contributions	<u>8,559,163</u>	<u>8,196,016</u>
Investment Income (Loss):		
Interest and Dividend Income	5,799,501	8,498,339
Net Appreciation (Depreciation) in Fair Value of Investments	<u>45,919,842</u>	<u>(10,126,769)</u>
Total Investment Income	51,719,343	(1,628,430)
Less Investment Expenses	<u>(97,680)</u>	<u>(32,560)</u>
Net Investment Income (Loss)	<u>51,621,663</u>	<u>(1,660,990)</u>
Total Additions	<u>60,180,826</u>	<u>6,535,026</u>
DEDUCTIONS		
Benefits and Refunds	11,783,306	11,106,136
Administrative Expenses	<u>850,096</u>	<u>1,033,117</u>
Total Deductions	<u>12,633,402</u>	<u>12,139,253</u>
CHANGE IN NET POSITION	47,547,424	(5,604,227)
NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>178,717,147</u>	<u>184,321,374</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR	<u><u>\$ 226,264,571</u></u>	<u><u>\$ 178,717,147</u></u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Fiduciary Net Position
Pension Trust Fund - Asset Accumulation Plan**

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 379,456	\$ 83,159
Investments, at Fair Value:		
Mutual Funds	308,330,806	251,309,748
Collective Investment Trusts	22,232,926	17,622,485
Investments, at Contract Value:		
Guaranteed Investment Contracts	90,433,580	75,233,900
 Total Investments	 <u>420,997,312</u>	 <u>344,166,133</u>
Receivables:		
Employee Contributions	473,685	-
Employer Contributions	555,478	-
Notes Receivable from Participants	1,788,191	2,041,802
 Total Receivables	 <u>2,817,354</u>	 <u>2,041,802</u>
 Total Assets	 <u>424,194,122</u>	 <u>346,291,094</u>
 NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS	 <u>\$ 424,194,122</u>	 <u>\$ 346,291,094</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Asset Accumulation Plan
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ 11,499,761	\$ 11,370,491
Employees	9,713,128	9,658,848
Rollovers	346,215	498,750
	<u>21,559,104</u>	<u>21,528,089</u>
Total Contributions		
Investment Income (Loss):		
Interest and Dividend Income	3,470,724	3,744,015
Interest on Notes Receivable from Participants	86,959	85,946
Net Appreciation in Fair Value of Investments	87,873,450	1,529,679
	<u>91,431,133</u>	<u>5,359,640</u>
Net Investment Income (Loss)		
Other Additions:		
Transfers from Other Plans	-	34,613
	<u>112,990,237</u>	<u>26,922,342</u>
Total Additions		
DEDUCTIONS		
Benefits and Refunds	34,785,585	25,325,997
Administrative Expenses	301,624	72,718
Transfer to Other Plans	-	338,357
	<u>35,087,209</u>	<u>25,737,072</u>
Total Deductions		
CHANGE IN NET POSITION	77,903,028	1,185,270
NET POSITION - RESTRICTED FOR RETIREMENT		
BENEFITS, BEGINNING OF YEAR	<u>346,291,094</u>	<u>345,105,824</u>
NET POSITION - RESTRICTED FOR RETIREMENT		
BENEFITS, END OF YEAR	<u>\$ 424,194,122</u>	<u>\$ 346,291,094</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Fiduciary Net Position Pension Trust Fund - Sheriff's Total Accumulation Retirement Plan June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 186,712
Investments, at Fair Value:		
Mutual Funds	8,330,884	5,408,498
Collective Investment Trusts	278,716	196,445
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>2,899,112</u>	<u>1,824,246</u>
Total Investments	<u>11,508,712</u>	<u>7,429,189</u>
Receivables:		
Employee Contributions	30,057	-
Employer Contributions	<u>60,115</u>	<u>-</u>
Total Receivables	<u>90,172</u>	<u>-</u>
Total Assets	<u>11,598,884</u>	<u>7,615,901</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS	<u>\$ 11,598,884</u>	<u>\$ 7,615,901</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Sheriff's Total Accumulation Retirement Plan
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,693,491	\$ 1,579,215
Employees	846,749	788,218
Rollovers	-	6,023
Total Contributions	<u>2,540,240</u>	<u>2,373,456</u>
Investment Income:		
Interest and Dividend Income	90,257	67,175
Net Appreciation (Depreciation) in Fair Value of Investments	<u>2,139,426</u>	<u>(36,504)</u>
Net Investment Income	<u>2,229,683</u>	<u>30,671</u>
Total Additions	<u>4,769,923</u>	<u>2,404,127</u>
DEDUCTIONS		
Benefits and Refunds	396,203	266,751
Administrative Expenses	390,737	-
Transfers to Other Plans	-	310,115
Total Deductions	<u>786,940</u>	<u>576,866</u>
CHANGE IN NET POSITION	3,982,983	1,827,261
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, BEGINNING OF YEAR	<u>7,615,901</u>	<u>5,788,640</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, END OF YEAR	<u>\$ 11,598,884</u>	<u>\$ 7,615,901</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Fiduciary Net Position Pension Trust Fund - Voluntary 457 Plan June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 34,889</u>	<u>\$ -</u>
Investments, at Fair Value:		
Mutual Funds	25,590,306	19,676,610
Collective Investment Trusts	1,736,632	1,349,862
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>6,623,936</u>	<u>5,636,664</u>
 Total Investments	 <u>33,950,874</u>	 <u>26,663,136</u>
Receivables:		
Employee Contributions	<u>126,493</u>	<u>-</u>
 Total Assets	 <u>34,112,256</u>	 <u>26,663,136</u>
 NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS	 <u><u>\$ 34,112,256</u></u>	 <u><u>\$ 26,663,136</u></u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position Pension Trust Fund - Voluntary 457 Plan For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employee	\$ 2,669,365	\$ 2,510,876
Rollovers	<u>31,349</u>	<u>51,341</u>
Total Contributions	<u>2,700,714</u>	<u>2,562,217</u>
Investment Income (Loss):		
Interest and Dividend Income	269,424	282,774
Net Appreciation in Fair Value of Investments	<u>7,157,772</u>	<u>326,273</u>
Total Investment Income (Loss)	<u>7,427,196</u>	<u>609,047</u>
Total Additions	<u>10,127,910</u>	<u>3,171,264</u>
DEDUCTIONS		
Benefits and Refunds	2,676,123	1,738,172
Administrative Expense	<u>2,667</u>	<u>3,801</u>
Total Deductions	<u>2,678,790</u>	<u>1,741,973</u>
CHANGE IN NET POSITION	7,449,120	1,429,291
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, BEGINNING OF YEAR	<u>26,663,136</u>	<u>25,233,845</u>
NET POSITION - RESTRICTED FOR RETIREMENT BENEFITS, END OF YEAR	<u><u>\$ 34,112,256</u></u>	<u><u>\$ 26,663,136</u></u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Fiduciary Net Position
Other Employee Benefit Trust Fund - Employee Disability Plan**

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 39,169	\$ -
Investments, at Fair Value:		
Mutual Funds	1,381,910	901,265
Collective Investment Trusts	407,614	275,954
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>123,980</u>	<u>89,742</u>
Total Investments	<u>1,913,504</u>	<u>1,266,961</u>
Total Assets	<u>1,952,673</u>	<u>1,266,961</u>
LIABILITIES		
Accounts Payable - Administrative Expenses	<u>155,465</u>	<u>155,787</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS	<u>\$ 1,797,208</u>	<u>\$ 1,111,174</u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Changes in Fiduciary Net Position
Other Employee Benefit Trust Fund - Employee Disability Plan
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ 592,738	\$ 579,290
Investment Income (Loss):		
Interest and Dividend Income	52,481	53,051
Net Appreciation (Depreciation) in Fair Value of Investments	460,900	(41,334)
Net Investment Income (Loss)	513,381	11,717
Other Additions:		
Transfers From Other Plans	-	648,472
Total Additions	1,106,119	1,239,479
DEDUCTIONS		
Benefits and Refunds	420,085	328,203
Administrative Expenses	-	959,852
Transfers to Other Plans	-	11,213
Total Deductions	420,085	1,299,268
CHANGE IN NET POSITION	686,034	(59,789)
NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR	1,111,174	1,170,963
NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR	\$ 1,797,208	\$ 1,111,174

KNOX COUNTY, TENNESSEE

Comparative Statements of Fiduciary Net Position
Other Employee Benefit Trust Fund - Retiree Healthcare Plan
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments, at Fair Value:		
Mutual Funds	\$ 3,496,303	\$ 2,243,500
Collective Investment Trusts	1,915,698	685,060
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>350,171</u>	<u>224,839</u>
 Total Investments	<u>5,762,172</u>	<u>3,153,399</u>
 Receivables:		
Employer Contributions	<u>-</u>	<u>960,062</u>
 Total Receivables	<u>-</u>	<u>960,062</u>
 Total Assets	<u>5,762,172</u>	<u>4,113,461</u>
 NET POSITION - RESTRICTED FOR		
 OPEB BENEFITS	<u>\$ 5,762,172</u>	<u>\$ 4,113,461</u>

KNOX COUNTY, TENNESSEE

**Comparative Statements of Changes in Fiduciary Net Position
Other Employee Benefit Trust Fund - Retiree Healthcare Plan
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	<u>\$ 524,125</u>	<u>\$ 960,062</u>
Investment Income (Loss):		
Interest and Dividend Income	139,959	121,273
Net Appreciation (Depreciation) in Fair Value of Investments	<u>1,051,542</u>	<u>(61,053)</u>
Total Investment Income (Loss)	<u>1,191,501</u>	<u>60,220</u>
Total Additions	<u>1,715,626</u>	<u>1,020,282</u>
DEDUCTIONS		
Administrative Expenses	<u>66,915</u>	<u>51,816</u>
Total Deductions	<u>66,915</u>	<u>51,816</u>
CHANGE IN NET POSITION	1,648,711	968,466
NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR	<u>4,113,461</u>	<u>3,144,995</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR	<u>\$ 5,762,172</u>	<u>\$ 4,113,461</u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Fiduciary Net Position
Pension Trust Fund - Medical Expense Retirement Plan
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 15,169	\$ -
Investments, at Fair Value:		
Mutual Funds	5,005,428	3,953,440
Collective Investment Trusts	1,192,509	1,061,476
Investments, at Contract Value:		
Guaranteed Investment Contracts	<u>514,498</u>	<u>490,992</u>
 Total Investments	 <u>6,712,435</u>	 <u>5,505,908</u>
Receivables:		
Employee Contributions	8,857	-
Employer Contributions	<u>3,596</u>	<u>-</u>
 Total Receivables	 <u>12,453</u>	 <u>-</u>
 Total Assets	 <u>6,740,057</u>	 <u>5,505,908</u>
 NET POSITION - RESTRICTED FOR		
 OPEB BENEFITS	 <u><u>\$ 6,740,057</u></u>	 <u><u>\$ 5,505,908</u></u>

KNOX COUNTY, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position
Pension Trust Fund - Medical Expense Retirement Plan
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ 86,311	\$ 88,526
Employees	<u>191,802</u>	<u>190,633</u>
Total Contributions	<u>278,113</u>	<u>279,159</u>
Investment Income (Loss):		
Interest and Dividend Income	181,463	216,675
Net Appreciation (Depreciation) in Fair Value of Investments	<u>1,429,988</u>	<u>(98,772)</u>
Net Investment Income (Loss)	<u>1,611,451</u>	<u>117,903</u>
Total Additions	<u>1,889,564</u>	<u>397,062</u>
DEDUCTIONS		
Benefits and Refunds	653,713	627,289
Administrative Expenses	<u>1,702</u>	<u>-</u>
Total Deductions	<u>655,415</u>	<u>627,289</u>
CHANGE IN NET POSITION	1,234,149	(230,227)
NET POSITION - RESTRICTED FOR OPEB BENEFITS, BEGINNING OF YEAR	<u>5,505,908</u>	<u>5,736,135</u>
NET POSITION - RESTRICTED FOR OPEB BENEFITS, END OF YEAR	<u>\$ 6,740,057</u>	<u>\$ 5,505,908</u>

KNOX COUNTY, TENNESSEE
Combining Statements of Fiduciary Net Position
Custodial Funds
June 30, 2021
(With Comparative Totals for June 30, 2020)

	Municipal Sales Tax	Subdivision Bonds	External Agencies	Constitutional Officers	Totals	
					2021	2020
ASSETS						
Cash and Cash Equivalents	\$ 4,980,566	\$ 920,846	\$ 5,610,894	\$ 28,669,135	\$ 40,181,441	\$ 34,521,850
Accounts Receivable	10,301,506	-	-	771,802	11,073,308	9,452,687
TOTAL ASSETS	\$ 15,282,072	\$ 920,846	\$ 5,610,894	\$ 29,440,937	\$ 51,254,749	\$ 43,974,537
LIABILITIES						
Due to Other Governments	\$ 15,282,072	\$ -	\$ -	\$ -	\$ 15,282,072	\$ 8,769,731
NET POSITION - RESTRICTED FOR INDIVIDUALS, ORGANIZATIONS, AND OTHER GOVERNMENTS	\$ -	\$ 920,846	\$ 5,610,894	\$ 29,440,937	\$ 35,972,677	\$ 35,204,806

KNOX COUNTY, TENNESSEE

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds**

For the Year Ended June 30, 2021

	Municipal Sales Tax Fund	Subdivision Bonds	External Agencies Fund	Constitutional Officers Fund	Total All Custodial Funds
ADDITIONS					
Collected for Other Offices/Governments	\$ 58,409,565	\$ -	\$ -	\$ 96,311,023	\$ 154,720,588
Litigants, Heirs, & Others	-	-	-	22,936,452	22,936,452
Charges for Goods/Services	-	-	1,219,775	-	1,219,775
Bonds for New Developments	-	386,900	-	-	386,900
Interest Income	-	-	628	44	672
Grant Proceeds/Match	-	-	49,018,725	-	49,018,725
Community Contributions/Sponsorships	-	-	1,502,607	-	1,502,607
Employee Payroll Contributions	-	-	4,471,985	-	4,471,985
Jail Commissary	-	-	-	1,229,177	1,229,177
Investments	-	-	-	9,172	9,172
Other	-	-	49,597	-	49,597
Total Additions	58,409,565	386,900	56,263,317	120,485,868	235,545,650
DEDUCTIONS					
Distributed to Other Offices/Governments	57,825,469	-	-	100,426,814	158,252,283
Trustee's Commission	584,096	-	12,958	1,967,372	2,564,426
Release of Funds upon Completion of New Developments	-	294,000	-	-	294,000
Bond Foreclosure	-	36,000	-	-	36,000
Salary & Fringe Benefits	-	-	35,059,558	-	35,059,558
Purchase Capital Assets	-	-	787,784	-	787,784
Operating Expenditures	-	-	9,125,554	-	9,125,554
Transfer to other Internal Department	-	-	52,329	-	52,329
Indirect Costs	-	-	58,658	-	58,658
Other Grant Related Expenditures	-	-	10,466,502	-	10,466,502
Jail Commissary Expenditures	-	-	-	1,234,312	1,234,312
Litigants, Heirs, and Others	-	-	-	16,794,071	16,794,071
Other	-	-	-	52,302	52,302
Total Deductions	58,409,565	330,000	55,563,343	120,474,871	234,777,779
CHANGE IN NET POSITION	-	56,900	699,974	10,997	767,871
NET POSITION - RESTRICTED BEGINNING OF YEAR	-	863,946	4,910,920	29,429,940	35,204,806
NET POSITION - RESTRICTED END OF YEAR	\$ -	\$ 920,846	\$ 5,610,894	\$ 29,440,937	\$ 35,972,677

KNOX COUNTY, TENNESSEE

**Combining Statement of Net Position
Nonmajor Component Units
June 30, 2021**

	Nonmajor Component Units				Total Nonmajor Component Units
	Knox County Emergency Communications District	Knox County Development Corporation	Knox County Railroad Authority	Knox Education Foundation	
Assets					
Cash and Cash Equivalents	\$ 21,308,932	\$ 4,421,659	\$ 588,385	\$ 4,251,853	\$ 30,570,829
Accounts Receivable	8,000	92,741	125,979	1,158	227,878
Contributions Receivable	-	-	-	921,079	921,079
Investments	-	-	-	3,605,523	3,605,523
Land Held for Resale	-	39,730,483	-	-	39,730,483
Prepaid Items	137,926	30,892	-	31,277	200,095
Other Assets	-	-	-	1,000	1,000
Net Pension Asset	18,461	-	-	-	18,461
Capital Assets:					
Land and Construction in Process	1,856,089	-	-	-	1,856,089
Other Capital Assets, Net of Accumulated Depreciation	14,111,536	2,018	-	23,094	14,136,648
Total Assets	37,440,944	44,277,793	714,364	8,834,984	91,268,085
Deferred Outflows of Resources					
Deferred Outflows Related to Pensions	855,446	-	-	-	855,446
Liabilities					
Accounts Payable and Accrued Liabilities	248,795	1,017,275	704,084	898,365	2,868,519
Noncurrent Liabilities:					
Due in Less than One Year	400,791	-	-	3,335,000	3,735,791
Due in More than One Year	227,293	591,695	-	-	818,988
Total Liabilities	876,879	1,608,970	704,084	4,233,365	7,423,298
Net Position					
Investment in Capital Assets	15,967,625	2,018	-	23,094	15,992,737
Restricted for:					
Education Purposes	-	-	-	673,367	673,367
Pensions	18,461	-	-	-	18,461
Other Purposes	-	115,902	-	-	115,902
Unrestricted	21,433,425	42,550,903	10,280	3,905,158	67,899,766
Total Net Position	\$ 37,419,511	\$ 42,668,823	\$ 10,280	\$ 4,601,619	\$ 84,700,233

KNOX COUNTY, TENNESSEE

Combining Statement of Activities

Nonmajor Component Units

For the Year Ended June 30, 2021

<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>	<u>KEF</u>	
Knox County Emergency Communications District	\$ 10,147,023	\$ 9,227,805	\$ -	\$ 48,000	\$ (871,218)	\$ -	\$ -	\$ -	\$ (871,218)
Knox County Development Corporation	956,628	283,838	-	-	-	(672,790)	-	-	(672,790)
Knox County Railroad Authority	1,824,563	-	-	1,824,063	-	-	(500)	-	(500)
Knox Education Foundation	5,311,716	-	7,312,534	-	-	-	-	2,000,818	2,000,818
Total component units	<u>\$ 18,239,930</u>	<u>\$ 9,511,643</u>	<u>\$ 7,312,534</u>	<u>\$ 1,872,063</u>	<u>(871,218)</u>	<u>(672,790)</u>	<u>(500)</u>	<u>2,000,818</u>	<u>456,310</u>
General Revenues:									
Investment Revenue					15,801	174,937	-	8,057	198,795
Payments from Primary Government					1,333,231	730,500	-	-	2,063,731
Other Revenues					791,060	-	-	-	791,060
Other Governments and Citizens Groups					-	101,300	-	-	101,300
Grants and Contributions Not Restricted for Specific Programs					1,719,140	-	-	-	1,719,140
Total General Revenues					<u>3,859,232</u>	<u>1,006,737</u>	<u>-</u>	<u>8,057</u>	<u>4,874,026</u>
Change in Net Position					2,988,014	333,947	(500)	2,008,875	5,330,336
Net Position, July 1, as restated					<u>34,431,497</u>	<u>42,334,876</u>	<u>10,780</u>	<u>2,592,744</u>	<u>79,369,897</u>
Net Position, June 30					<u>\$ 37,419,511</u>	<u>\$ 42,668,823</u>	<u>\$ 10,280</u>	<u>\$ 4,601,619</u>	<u>\$ 84,700,233</u>

KNOX COUNTY, TENNESSEE
Schedule of Changes in Long-term Debt by Individual Issue
For the Year Ended June 30, 2021

Governmental Activities, Payable through Debt Service Fund: Description of Indebtedness	Original Issue Amount	Interest Rate	Issuance Date	Last Maturity Date	Outstanding 6/30/2020	Transactions FY 2021:			Outstanding 6/30/2021
						Debt Issued	Principal Payments	Principal Refunded	
<u>Bonds Payable:</u>									
General Obligation, Series 2003	\$ 72,000,000	Variable Rate Swap to 3.95%	10/1/2003	6/1/2029	\$ 40,925,000	\$ -	\$ 3,525,000	\$ -	\$ 37,400,000
General Obligation, Series 2004	70,000,000	Variable Rate Swap to 3.40%	9/23/2004	6/1/2029	45,490,000	-	4,030,000	-	41,460,000
General Obligation Refunding, Series 2005A	47,610,000	3.569 - 5.00%	5/10/2005	5/1/2021	5,920,000	-	5,920,000	-	-
General Obligation, Series 2005	77,000,000	Variable Rate Swap to 3.89%	8/18/2005	6/1/2034	53,625,000	-	2,625,000	-	51,000,000
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	22,815,000	-	2,070,000	-	20,745,000
General Obligation, Qualified School Construction Bonds Series 2010	29,236,000	0.00%	10/7/2010	7/1/2027	13,121,518	-	1,824,281	-	11,297,237
General Obligation, Series 2014A	30,040,000	2.125 - 5.00%	10/30/2014	6/1/2036	23,640,000	-	1,170,000	22,470,000	-
General Obligation Refunding, Series 2014B	56,840,000	0.25 - 3.23%	10/30/2014	6/1/2027	38,205,000	-	5,995,000	32,210,000	-
General Obligation, Series 2016	35,900,000	1.0 - 5.0%	4/15/2016	6/1/2036	29,625,000	-	2,175,000	-	27,450,000
General Obligation, Series 2017	90,265,000	3.0 - 5.0%	5/1/2017	6/1/2037	81,635,000	-	3,275,000	-	78,360,000
General Obligation Refunding, Series 2017B	57,780,000	2.0 - 5.0%	12/1/2017	6/1/2035	57,780,000	-	1,985,000	-	55,795,000
General Obligation, Series 2018	33,165,000	4.0 - 5.0%	7/24/2018	6/1/2038	29,850,000	-	1,660,000	-	28,190,000
General Obligation/Refunding, Series 2019	45,610,000	2.75 - 5.0%	5/15/2019	4/1/2038	41,850,000	-	3,755,000	-	38,095,000
General Obligation, Series 2019B	37,230,000	2.375 - 5.0%	10/10/2019	6/1/2040	37,230,000	-	1,200,000	-	36,030,000
General Obligation Refunding, Series 2020A	17,420,000	1.5 - 5.0%	1/31/2020	8/1/2030	17,420,000	-	1,355,000	-	16,065,000
General Obligation Refunding, Series 2020B	38,090,000	1.875 - 5.0%	4/1/2020	6/1/2038	38,090,000	-	1,045,000	-	37,045,000
General Obligation, Series 2020C	55,155,000	3.0 - 5.0%	11/20/2020	6/1/2040	-	55,155,000	-	-	55,155,000
General Obligation Refunding, Series 2020D	33,200,000	.35 - 1.0%	11/20/2020	6/1/2026	-	33,200,000	635,000	-	32,565,000
General Obligation Refunding, Series 2020E	22,905,000	1.5 - 2.1%	11/20/2020	6/1/2036	-	22,905,000	420,000	-	22,485,000
Total Bonds Payable through Debt Service Fund					\$ 646,221,518	\$ 111,260,000	\$ 44,664,281	\$ 54,680,000	\$ 658,137,237
<u>Loan Payable:</u>									
Energy Efficient Schools Initiative Loan (State of Tennessee) Loan Payable through Debt Service Fund	\$ 5,007,192	0.75%	11/2/2011	7/1/2024	\$ 1,754,661	\$ -	\$ 424,750	\$ -	\$ 1,329,911
<u>Capital Leases Payable:</u>									
Equipment Lease/Purchase Contract (Qualified Energy Conservation Bond Allocation from State of Tennessee)	\$ 12,450,000	4.87%	6/30/2015	12/1/2036	\$ 11,146,559	\$ -	\$ 376,617	\$ -	\$ 10,769,942
Total Capital Leases Payable through Debt Service Fund					\$ 11,146,559	\$ -	\$ 376,617	\$ -	\$ 10,769,942

KNOX COUNTY, TENNESSEE

Knox County Primary Government and Board of Education
 Schedule of Debt Service Requirements
 General Bonded Debt
 June 30, 2021

Fiscal Year Ending June 30,	\$72,000,000 General Obligation Series 2003		\$70,000,000 General Obligation Series 2004		\$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		\$35,900,000 General Obligation Bonds Series 2016		\$90,265,000 General Obligation Bonds Series 2017		\$57,780,000 Refunding Bonds Series 2017B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 1,425,000	\$ 922,563	\$ 3,440,000	\$ 3,092,675	\$ 3,020,000	\$ 1,942,360
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	1,475,000	851,313	3,615,000	2,920,675	3,205,000	1,791,360
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	1,525,000	777,563	3,790,000	2,739,925	3,365,000	1,631,110
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	1,575,000	701,313	3,985,000	2,550,425	3,480,000	1,462,860
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	1,625,000	622,563	4,180,000	2,351,175	3,595,000	1,288,860
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	1,675,000	590,063	4,390,000	2,142,175	3,915,000	1,109,110
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	1,750,000	544,000	4,615,000	1,922,675	3,995,000	1,030,810
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	-	-	1,800,000	495,874	4,795,000	1,738,075	3,930,000	940,923
2030	-	-	-	-	7,750,000	1,887,750	8,450,000	2,338,750	-	-	-	-	1,875,000	446,374	5,035,000	1,498,325	4,190,000	847,584
2031	-	-	-	-	8,050,000	1,539,000	8,900,000	1,916,250	-	-	-	-	1,950,000	390,124	5,285,000	1,246,575	4,365,000	679,985
2032	-	-	-	-	8,375,000	1,176,750	9,325,000	1,471,250	-	-	-	-	2,000,000	331,624	5,445,000	1,088,025	4,460,000	557,765
2033	-	-	-	-	8,700,000	799,875	9,800,000	1,005,000	-	-	-	-	2,075,000	271,624	5,610,000	924,675	4,605,000	428,425
2034	-	-	-	-	9,075,000	408,375	10,300,000	515,000	-	-	-	-	2,150,000	209,374	5,775,000	756,375	4,715,000	292,578
2035	-	-	-	-	-	-	-	-	-	-	-	-	2,225,000	142,187	5,950,000	583,125	4,955,000	151,127
2036	-	-	-	-	-	-	-	-	-	-	-	-	2,325,000	72,656	6,130,000	404,625	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,320,000	205,400	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 37,400,000	\$ 8,105,625	\$ 41,460,000	\$ 7,922,000	\$ 51,000,000	\$ 22,812,750	\$ 69,000,000	\$ 33,815,000	\$ 20,745,000	\$ 4,932,000	\$ 11,297,237	\$ 8,643,755	\$ 27,450,000	\$ 7,369,215	\$ 78,360,000	\$ 26,164,925	\$ 55,795,000	\$ 14,154,857

continued

KNOX COUNTY, TENNESSEE

Knox County Primary Government and Board of Education
 Schedule of Debt Service Requirements
 General Bonded Debt (Continued)
 June 30, 2021

Fiscal Year Ending June 30,	\$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		\$55,155,000 General Obligation Bonds Series 2020C		\$33,200,000 Refunding Bonds Series 2020D		\$22,905,000 Refunding Bonds Series 2020E		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2022	\$ 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	\$ 4,395,000	\$ 2,053,950	\$ 6,520,000	\$ 214,953	\$ 1,405,000	\$ 427,155	\$ 43,304,281
2023	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	2,145,000	1,834,200	6,530,000	192,133	1,395,000	399,055	42,419,281	24,520,028
2024	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	1,590,000	1,726,950	6,475,000	166,012	1,390,000	371,155	42,304,281	22,899,382
2025	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	1,335,000	1,647,450	6,500,000	130,400	1,380,000	343,355	41,304,281	21,276,195
2026	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	1,190,000	1,580,700	6,540,000	65,400	1,390,000	315,755	43,214,281	19,678,420
2027	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	1,010,000	1,521,200	-	-	1,395,000	287,955	44,458,856	18,076,932
2028	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	2,480,000	1,470,700	-	-	1,420,000	260,055	46,881,976	14,993,535
2029	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	2,510,000	1,346,700	-	-	1,450,000	231,655	47,580,000	12,898,682
2030	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	3,310,000	1,221,200	-	-	1,610,000	202,655	42,285,000	10,875,293
2031	1,660,000	530,000	1,885,000	522,006	1,940,000	620,043	660,000	6,600	3,410,000	419,806	3,335,000	1,055,700	-	-	1,610,000	178,505	43,050,000	9,104,594
2032	1,660,000	463,600	1,955,000	446,606	2,015,000	542,443	-	-	3,585,000	317,507	3,370,000	955,650	-	-	1,610,000	152,745	43,800,000	7,503,965
2033	1,655,000	397,200	2,010,000	392,844	2,065,000	494,587	-	-	2,720,000	209,957	3,405,000	854,550	-	-	1,610,000	125,375	44,255,000	5,904,112
2034	1,655,000	331,000	2,070,000	332,544	2,120,000	442,963	-	-	2,835,000	158,957	3,445,000	752,400	-	-	1,610,000	96,395	45,750,000	4,295,961
2035	1,655,000	264,800	2,130,000	273,031	2,175,000	387,312	-	-	5,290,000	105,800	3,490,000	649,050	-	-	1,605,000	65,805	29,475,000	2,622,237
2036	1,655,000	198,600	2,195,000	209,131	2,230,000	330,219	-	-	-	-	3,530,000	544,350	-	-	1,605,000	33,705	19,670,000	1,793,286
2037	1,655,000	132,400	2,260,000	143,281	2,295,000	268,894	-	-	-	-	3,580,000	438,450	-	-	-	-	16,110,000	1,188,425
2038	1,655,000	66,200	2,325,000	72,657	2,355,000	205,783	-	-	-	-	3,630,000	331,050	-	-	-	-	9,965,000	675,690
2039	-	-	-	-	2,420,000	141,019	-	-	-	-	3,675,000	222,150	-	-	-	-	6,095,000	363,169
2040	-	-	-	-	2,485,000	71,443	-	-	-	-	3,730,000	111,900	-	-	-	-	6,215,000	183,343
Totals	\$ 28,190,000	\$ 10,739,400	\$ 38,095,000	\$ 11,264,004	\$ 36,030,000	\$ 12,626,500	\$ 16,065,000	\$ 2,748,512	\$ 37,045,000	\$ 9,161,031	\$ 55,155,000	\$ 20,318,300	\$ 32,565,000	\$ 768,898	\$ 22,485,000	\$ 3,491,325	\$ 658,137,237	\$ 205,038,097

KNOX COUNTY, TENNESSEE

**Knox County Primary Government
Schedule of Debt Service Requirements
General Bonded Debt
June 30, 2021**

Fiscal Year Ending June 30,	\$40,000,000 General Obligation Series 2003		\$46,000,000 General Obligation Series 2004		\$50,000,000 General Obligation Series 2005		\$50,450,000 General Obligation Series 2007		\$26,000,000 General Obligation Series 2008		\$16,515,000 General Obligation Bonds Series 2016		\$31,680,000 General Obligation Bonds Series 2017		\$42,420,000 Refunding Bonds Series 2017B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 580,000	\$ 375,481	\$ 1,205,000	\$ 1,085,325	\$ 2,210,000	\$ 1,431,045
2023	1,978,567	839,508	2,957,143	977,829	649,351	1,458,847	-	2,522,500	1,482,000	603,525	600,000	346,481	1,270,000	1,025,075	2,330,000	1,320,545
2024	2,097,367	740,339	3,128,000	859,543	681,818	1,429,627	-	2,522,500	1,556,750	529,425	620,000	316,481	1,330,000	961,575	2,445,000	1,204,045
2025	2,225,050	634,933	3,298,857	734,423	714,286	1,398,945	-	2,522,500	1,634,750	451,587	640,000	285,481	1,400,000	895,075	2,520,000	1,081,795
2026	2,353,433	522,666	3,482,857	602,469	746,753	1,366,802	-	2,522,500	1,716,000	369,850	665,000	253,481	1,465,000	825,075	2,590,000	955,795
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	685,000	240,181	1,540,000	751,825	2,870,000	826,295
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	710,000	221,344	1,620,000	674,825	2,945,000	768,895
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	735,000	201,818	1,685,000	610,025	2,870,000	702,633
2030	-	-	-	-	5,032,468	1,225,812	6,178,297	1,709,999	-	-	760,000	181,606	1,765,000	525,775	3,125,000	634,469
2031	-	-	-	-	5,227,273	999,351	6,507,319	1,401,084	-	-	790,000	158,806	1,855,000	437,525	3,250,000	509,470
2032	-	-	-	-	5,438,312	764,123	6,818,062	1,075,718	-	-	815,000	135,106	1,910,000	381,875	3,335,000	418,470
2033	-	-	-	-	5,649,351	519,399	7,165,362	734,815	-	-	850,000	110,656	1,970,000	324,575	3,445,000	321,755
2034	-	-	-	-	5,892,857	265,179	7,530,942	376,547	-	-	875,000	85,156	2,025,000	265,475	3,520,000	220,128
2035	-	-	-	-	-	-	-	-	-	-	900,000	57,812	2,090,000	204,725	3,755,000	114,527
2036	-	-	-	-	-	-	-	-	-	-	950,000	29,688	2,150,000	142,025	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	2,220,000	72,150	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 18,333,933	\$ 4,493,802	\$ 27,245,142	\$ 5,205,887	\$ 33,116,885	\$ 14,813,475	\$ 50,450,000	\$ 24,724,155	\$ 13,484,250	\$ 3,205,798	\$ 11,175,000	\$ 2,999,578	\$ 27,500,000	\$ 9,182,925	\$ 41,210,000	\$ 10,509,867

continued

KNOX COUNTY, TENNESSEE

**Knox County Primary Government
Schedule of Debt Service Requirements
General Bonded Debt (Continued)
June 30, 2021**

Fiscal Year Ending June 30,	\$24,177,185		\$25,670,000		\$21,430,000		\$19,527,143		\$20,039,411		\$33,200,000		\$10,275,275		Totals	
	General Obligation Bonds Series 2018		G.O. and Refunding Bonds Series 2019		General Obligation Bonds Series 2019B		Refunding Bonds Series 2020B		General Obligation Bonds Series 2020C		Refunding Bonds Series 2020D		Refunding Bonds Series 2020E		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,210,135	\$ 918,828	\$ 1,665,000	\$ 903,325	\$ 725,000	\$ 747,106	\$ 848,449	\$ 637,878	\$ 1,596,831	\$ 746,260	\$ 6,520,000	\$ 214,953	\$ 630,289	\$ 191,623	\$ 24,166,302	\$ 13,961,666
2023	1,210,135	858,321	1,750,000	820,075	765,000	710,856	871,519	595,455	779,341	666,418	6,530,000	192,133	625,803	179,018	23,798,859	13,116,586
2024	1,210,135	797,814	1,840,000	732,575	800,000	672,606	886,898	551,879	577,693	627,451	6,475,000	166,012	623,560	166,502	24,272,221	12,278,374
2025	1,210,135	737,308	920,000	640,575	840,000	632,606	892,025	507,534	485,044	598,566	6,500,000	130,400	619,074	154,030	23,899,221	11,405,758
2026	1,210,135	676,801	965,000	594,575	885,000	590,606	1,217,563	462,933	432,362	574,314	6,540,000	65,400	623,560	141,649	24,892,663	10,524,916
2027	1,210,135	616,294	1,015,000	546,325	930,000	546,356	1,076,582	402,055	366,962	552,696	-	-	625,803	129,178	23,776,650	9,617,645
2028	1,210,135	555,787	1,065,000	495,575	975,000	499,856	1,143,227	348,226	901,056	534,348	-	-	637,018	116,662	25,849,969	8,587,436
2029	1,210,135	495,281	1,120,000	442,325	1,025,000	451,106	1,194,493	302,497	911,956	489,295	-	-	650,476	103,921	26,812,746	7,471,473
2030	1,210,135	434,774	1,175,000	386,325	1,075,000	399,856	1,714,841	266,662	1,202,619	443,697	-	-	722,252	90,912	23,960,612	6,299,887
2031	1,210,135	386,368	1,225,000	339,325	1,115,000	356,856	1,748,164	215,217	1,211,702	383,566	-	-	722,252	80,078	24,861,845	5,267,646
2032	1,210,135	337,963	1,270,000	290,325	1,160,000	312,256	1,837,879	162,773	1,224,419	347,215	-	-	722,252	68,522	25,741,059	4,294,346
2033	1,206,490	289,558	1,305,000	255,400	1,190,000	284,706	1,394,430	107,636	1,237,135	310,483	-	-	722,252	56,244	26,135,020	3,315,227
2034	1,206,490	241,298	1,345,000	216,250	1,220,000	254,957	1,453,385	81,491	1,251,668	273,369	-	-	722,252	43,243	27,042,594	2,323,093
2035	1,206,490	193,038	1,385,000	177,581	1,250,000	222,931	2,711,960	54,239	1,268,018	235,819	-	-	720,009	29,520	15,286,477	1,290,192
2036	1,206,490	144,779	1,425,000	136,031	1,285,000	190,119	-	-	1,282,551	197,778	-	-	720,009	15,120	9,019,050	855,540
2037	1,206,490	96,519	1,470,000	93,281	1,320,000	154,782	-	-	1,300,718	159,302	-	-	-	-	7,517,208	576,034
2038	1,206,490	48,260	1,515,000	47,344	1,355,000	118,483	-	-	1,318,884	120,280	-	-	-	-	5,395,374	334,367
2039	-	-	-	-	1,395,000	81,219	-	-	1,335,234	80,714	-	-	-	-	2,730,234	161,933
2040	-	-	-	-	1,430,000	41,112	-	-	1,355,217	40,657	-	-	-	-	2,785,217	81,769
Totals	\$ 20,550,425	\$ 7,828,991	\$ 22,455,000	\$ 7,117,212	\$ 20,740,000	\$ 7,268,375	\$ 18,991,415	\$ 4,696,475	\$ 20,039,410	\$ 7,382,228	\$ 32,565,000	\$ 768,898	\$ 10,086,861	\$ 1,566,222	\$ 367,943,321	\$ 111,763,888

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Schedule of Debt Service Requirements
General Bonded Debt
June 30, 2021**

Fiscal Year Ending June 30,	\$32,000,000 General Obligation Series 2003		\$24,000,000 General Obligation Series 2004		\$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		\$19,385,000 General Obligation Bonds Series 2016		\$58,585,000 General Obligation Bonds Series 2017	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	\$ 845,000	\$ 547,082	\$ 2,235,000	\$ 2,007,350
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	875,000	504,832	2,345,000	1,895,600
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	905,000	461,082	2,460,000	1,778,350
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	935,000	415,832	2,585,000	1,655,350
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	960,000	369,082	2,715,000	1,526,100
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	990,000	349,882	2,850,000	1,390,350
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	1,040,000	322,656	2,995,000	1,247,850
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	-	-	1,065,000	294,056	3,110,000	1,128,050
2030	-	-	-	-	2,717,532	661,938	2,271,703	628,751	-	-	-	-	1,115,000	264,768	3,270,000	972,550
2031	-	-	-	-	2,822,727	539,649	2,392,681	515,166	-	-	-	-	1,160,000	231,318	3,430,000	809,050
2032	-	-	-	-	2,936,688	412,627	2,506,938	395,532	-	-	-	-	1,185,000	196,518	3,535,000	706,150
2033	-	-	-	-	3,050,649	280,476	2,634,638	270,185	-	-	-	-	1,225,000	160,968	3,640,000	600,100
2034	-	-	-	-	3,182,143	143,196	2,769,058	138,453	-	-	-	-	1,275,000	124,218	3,750,000	490,900
2035	-	-	-	-	-	-	-	-	-	-	-	-	1,325,000	84,375	3,860,000	378,400
2036	-	-	-	-	-	-	-	-	-	-	-	-	1,375,000	42,968	3,980,000	262,600
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,100,000	133,250
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 19,066,067	\$ 3,611,823	\$ 14,214,858	\$ 2,716,113	\$ 17,883,115	\$ 7,999,275	\$ 18,550,000	\$ 9,090,845	\$ 7,260,750	\$ 1,726,202	\$ 11,297,237	\$ 8,643,755	\$ 16,275,000	\$ 4,369,637	\$ 50,860,000	\$ 16,982,000

continued

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Schedule of Debt Service Requirements
General Bonded Debt (Continued)
June 30, 2021**

Fiscal Year Ending June 30,	\$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		\$35,115,589 General Obligation Bonds Series 2020C		\$12,629,725 Refunding Bonds Series 2020E		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 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	\$ 2,798,169	\$ 1,307,690	\$ 774,711	\$ 235,532	\$ 19,137,979	\$ 12,223,182
2023	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	1,365,659	1,167,782	769,197	220,037	18,620,422	11,403,442
2024	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	1,012,307	1,099,499	766,440	204,653	18,032,060	10,621,008
2025	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	849,956	1,048,884	760,926	189,325	17,405,060	9,870,437
2026	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	757,638	1,006,386	766,440	174,106	18,321,618	9,153,504
2027	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	643,038	968,504	769,197	158,777	20,682,206	8,459,287
2028	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	1,578,944	936,352	782,982	143,393	21,032,007	6,406,099
2029	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	1,598,044	857,405	799,524	127,734	20,767,254	5,427,209
2030	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	2,107,381	777,503	887,748	111,743	18,324,388	4,575,406
2031	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	2,123,298	672,134	887,748	98,427	18,188,155	3,836,948
2032	1,125,000	139,295	449,865	125,637	685,000	156,281	855,000	230,187	-	-	1,747,121	154,734	2,145,581	608,435	887,748	84,223	18,058,941	3,209,619
2033	1,160,000	106,670	448,510	107,642	705,000	137,444	875,000	209,881	-	-	1,325,570	102,321	2,167,865	544,067	887,748	69,131	18,119,980	2,588,885
2034	1,195,000	72,450	448,510	89,702	725,000	116,294	900,000	188,006	-	-	1,381,615	77,466	2,193,332	479,031	887,748	53,152	18,707,406	1,972,868
2035	1,200,000	36,600	448,510	71,762	745,000	95,450	925,000	164,381	-	-	2,578,040	51,561	2,221,982	413,231	884,991	36,285	14,188,523	1,332,045
2036	-	-	448,510	53,821	770,000	73,100	945,000	140,100	-	-	-	-	2,247,449	346,572	884,991	18,585	10,650,950	937,746
2037	-	-	448,510	35,881	790,000	50,000	975,000	114,112	-	-	-	-	2,279,282	279,148	-	-	8,592,792	612,391
2038	-	-	448,510	17,940	810,000	25,313	1,000,000	87,300	-	-	-	-	2,311,116	210,770	-	-	4,569,626	341,323
2039	-	-	-	-	-	-	1,025,000	59,800	-	-	-	-	2,339,766	141,436	-	-	3,364,766	201,236
2040	-	-	-	-	-	-	1,055,000	30,331	-	-	-	-	2,374,783	71,243	-	-	3,429,783	101,574
Totals	\$ 14,585,000	\$ 3,644,990	\$ 7,639,575	\$ 2,910,409	\$ 15,640,000	\$ 4,146,792	\$ 15,290,000	\$ 5,358,125	\$ 16,065,000	\$ 2,748,512	\$ 18,053,585	\$ 4,464,556	\$ 35,115,590	\$ 12,936,072	\$ 12,398,139	\$ 1,925,103	\$ 290,193,916	\$ 93,274,209

KNOX COUNTY, TENNESSEE

Schedule of Salaries and Insurance Coverage of Principal Elected Officials
For the year ended June 30, 2021

OFFICIAL	AUTHORIZATION FOR SALARY	SALARY PAID DURING YEAR	POLICY AMOUNT	INSURANCE COMPANY
Assessor of Property	Section 8-24-102 (k), T.C.A.	\$ 160,728	\$ 400,000	Hiscox Insurance
Attorney General	Section 8-6-104, T.C.A.	\$ 19,260	N/A	N/A
Circuit and Civil Sessions Court Clerk	Section 8-24-102 (k), T.C.A.	\$ 153,739	\$ 400,000	Hiscox Insurance
County Clerk	Section 8-24-102 (k), T.C.A.	\$ 139,763	\$ 400,000	Hiscox Insurance
County Mayor	Section 8-24-102, T.C.A.	\$ 185,640	\$ 400,000	Hiscox Insurance
Criminal and Fourth Circuit Court Clerk	Section 8-24-102 (k), T.C.A.	\$ 153,621	\$ 400,000	Hiscox Insurance
Law Director	Section 3.08, Knox County Charter	\$ 183,840	N/A	N/A
Register of Deeds	Section 8-24-102 (k), T.C.A.	\$ 139,764	\$ 400,000	Hiscox Insurance
Sheriff	Section 8-24-102 (j), T.C.A.	\$ 176,800	\$ 100,000	Hartford Fire Insurance
Trustee	Section 8-24-102 (k), T.C.A.	\$ 139,763	\$ 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, four special revenue funds, and a pension trust fund. This section also includes the Statement of Net Position and Statement of Activities for the Board.

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.

SPECIAL REVENUE FUND

School Federal Projects Fund: This fund is used to account for restricted federal revenues that must be expended on specific education programs.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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.

Internal School Fund: This fund accounts for the activity related to individual public school funds held at each school.

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.

Knox County Board of Education

Statement of Net Position

June 30, 2021

	Board of Education
	Total -- Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 56,153,647
Investments, at Fair Value	38,845,433
Accounts Receivable	30,137,372
Local Taxes Receivable, net	145,955,761
Inventories	2,057,697
Prepaid Items	648,122
Net Pension Asset	49,673,225
Capital Assets:	
Land and Construction in Process	40,247,265
Other Capital Assets, Net of Accumulated Depreciation	387,957,091
Total Assets	<u>751,675,613</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	41,041,868
Deferred Outflows Related to Other Post-Employment Benefits	13,158,196
Total Deferred Outflows of Resources	<u>54,200,064</u>
Liabilities	
Accounts Payable and Accrued Liabilities	55,833,867
Unearned Revenue	3,411,102
Self-insurance Liability	2,481,813
Noncurrent Liabilities:	
Portion Due in Less than One Year	9,549,425
Portion Due in More than One Year:	
Net Pension Liability	5,443,392
Net Other Post-Employment Benefits Liability	39,453,803
Other Long-term Obligations	23,690,321
Total Liabilities	<u>139,863,723</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	29,762,460
Deferred Inflows Related to Other Post-Employment Benefits	7,980,686
Deferred Inflows of Property Taxes	109,607,832
Total Deferred Inflows of Resources	<u>147,350,978</u>
Net Position	
Investment in Capital Assets	424,826,002
Net Investment in Capital Assets	23,943
Restricted for:	
Education Purposes	15,552,142
Capital Purposes-Education	21,688,844
Pensions	49,673,225
Unrestricted	6,896,820
Total Net Position	<u>\$ 518,660,976</u>

Knox County Board of Education

Statement of Activities

For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Changes in Net Position</u>
		<u>Services</u>	<u>Grants and</u>	<u>Governmental</u>
			<u>Contributions</u>	<u>Activities</u>
Knox County Board of Education:				
Governmental activities:				
Education	\$ 593,898,354	\$ 15,853,777	\$ 87,426,909	\$ (490,617,668)
Education - Payment to Primary Government	11,449,356	-	-	(11,449,356)
Total primary government	<u>\$ 605,347,710</u>	<u>\$ 15,853,777</u>	<u>\$ 87,426,909</u>	<u>(502,067,024)</u>
General Revenues:				
Property Taxes				105,713,245
Sales Taxes				186,716,867
Wheel Taxes				1,790,760
Other Local Taxes				673,680
Interest Income				978,019
Miscellaneous				829
State of Tennessee Basic Education Program				236,529,378
Payments from Knox County Primary Government				37,732,000
Intergovernmental Revenues				2,359,921
Total General Revenues				<u>572,494,699</u>
Change in Net Position				70,427,675
Net Position, July 1, as restated				448,233,301
Net Position, June 30				<u>\$ 518,660,976</u>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit

Knox County Board of Education

Balance Sheet

Governmental Funds

June 30, 2021

	General Purpose School	School Construction Capital Projects	School Federal Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 37,471,577	\$ -	\$ -	\$ 18,682,070	\$ 56,153,647
Investments, at Fair Value	6,082,358	32,763,075	-	-	38,845,433
Receivables (Net of Allowance for Uncollectibles):					
Accounts	1,544,647	-	20,227,612	8,365,113	30,137,372
Local Taxes	145,955,761	-	-	-	145,955,761
Due from Other Funds	24,645,731	-	-	-	24,645,731
Inventories	1,073,565	-	-	984,132	2,057,697
Prepaid Items	580,032	-	59,057	9,033	648,122
TOTAL ASSETS	\$ 217,353,671	\$ 32,763,075	\$ 20,286,669	\$ 28,040,348	\$ 298,443,763
LIABILITIES					
Accounts Payable	\$ 4,199,504	\$ 5,073,261	\$ 3,260,830	\$ 554,913	\$ 13,088,508
Accrued Liabilities	42,812,828	-	-	50,099	42,862,927
Due to Other Funds	-	6,000,970	14,313,794	4,330,967	24,645,731
Unearned Revenue	-	-	2,877,163	533,939	3,411,102
TOTAL LIABILITIES	47,012,332	11,074,231	20,451,787	5,469,918	84,008,268
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes and Other Receivable	111,801,830	-	-	-	111,801,830
FUND BALANCES					
Nonspendable	1,653,597	-	59,057	993,165	2,705,819
Restricted	5,652,644	21,688,844	-	9,899,498	37,240,986
Committed	-	-	-	1,529,084	1,529,084
Assigned	790,852	-	-	10,148,683	10,939,535
Unassigned (Deficit)	50,442,416	-	(224,175)	-	50,218,241
TOTAL FUND BALANCES (DEFICIT)	58,539,509	21,688,844	(165,118)	22,570,430	102,633,665
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 217,353,671	\$ 32,763,075	\$ 20,286,669	\$ 28,040,348	\$ 298,443,763

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, 2021

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

Ending Fund Balance - Governmental Funds	\$	102,633,665
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		428,204,356
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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.		49,673,225
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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	\$	41,041,868	
Deferred outflows related to other postemployment benefits		13,158,196	
Deferred inflows related to pensions		(29,762,460)	
Deferred inflows related to other postemployment benefits		<u>(7,980,686)</u>	16,456,918

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.		2,193,998
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated Absences	\$	19,592,464	
Loans Payable		7,008,651	
Capital Lease Obligation		3,354,411	
Termination Benefits		3,166,652	
Self-insurance Liability		2,481,813	
Net Other Post-Employment Benefits Liability		39,453,803	
Net Pension Liability		<u>5,443,392</u>	<u>(80,501,186)</u>

Net Position of Governmental Activities	\$	<u>518,660,976</u>
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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, 2021

	General Purpose School	School Construction Capital Projects	School Federal Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 106,153,334	\$ -	\$ -	\$ -	\$ 106,153,334
Local Option Sales Taxes	186,716,867	-	-	-	186,716,867
Wheel Tax	1,790,760	-	-	-	1,790,760
Other Local Taxes	673,680	-	-	-	673,680
Licenses and Permits	34,999	-	-	-	34,999
Charges for Current Services	410,389	-	-	3,207,817	3,618,206
Other Local Revenues	3,819,895	-	-	10,963,323	14,783,218
Fees Received from County Officials	-	-	-	37,585	37,585
State of Tennessee	244,215,921	-	-	9,100,785	253,316,706
Federal Government	615,460	-	49,036,504	19,784,317	69,436,281
Other Governments and Citizen Groups	215,335	-	-	766,069	981,404
Interest Earned	940,434	-	-	-	940,434
Payments from Primary Government	1,932,000	35,800,000	-	-	37,732,000
Total Revenues	547,519,074	35,800,000	49,036,504	43,859,896	676,215,474
Expenditures					
Current:					
Education	500,079,599	-	41,013,599	48,440,261	589,533,459
Capital Outlay	2,073,915	26,454,914	6,252,401	42,993	34,824,223
Payments to Primary Government	11,449,356	-	-	-	11,449,356
Total Expenditures	513,602,870	26,454,914	47,266,000	48,483,254	635,807,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,916,204	9,345,086	1,770,504	(4,623,358)	40,408,436
Other Financing Sources (Uses)					
Transfers from Other Funds	15,784	-	33,661	6,466,531	6,515,976
Transfers to Other Funds	(3,656,927)	-	(1,969,521)	(889,528)	(6,515,976)
Total Other Financing Sources (Uses)	(3,641,143)	-	(1,935,860)	5,577,003	-
Net Change in Fund Balances	30,275,061	9,345,086	(165,356)	953,645	40,408,436
Fund Balances, July 1, as restated	28,264,448	12,343,758	238	21,616,785	62,225,229
Fund Balances (Deficit), June 30	\$ 58,539,509	\$ 21,688,844	\$ (165,118)	\$ 22,570,430	\$ 102,633,665

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, 2021

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

Net Change in Fund Balances - Total Governmental Funds	\$	40,408,436
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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 capital outlays (\$24,862,268) exceeded depreciation (\$21,630,877) in the current period.

		3,231,391
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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.

		2,193,998
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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.

		(2,634,087)
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Certain assets, liabilities, deferred inflows, and deferred outflows accounted for using the economic resources focus and accrual basis of accounting are reported in the Statement of Net Position but are not reported in the fund financial statements, which encompasses only items that are accounted using current financial resources measurement and modified accrual basis of accounting. These amounts do not provide or require the use of current financial resources and, therefore, are not reflected in the revenues or expenditures of governmental funds:

Increase (decrease) in assets and deferred outflows:		
Net Pension Asset	\$ (10,300,769)	
Deferred Outflows Related to Other Post-Employment Benefits	8,145,965	
Deferred Outflows Related to Pensions	3,006,167	851,363

(Increase) decrease in liabilities and deferred inflows:		
Self-insurance Liability	45,242	
Termination Benefits	915,997	
Net Other Post-Employment Benefits Liability	(9,878,559)	
Net Pension Liability	9,592,608	
Deferred Inflows Related to Pensions	22,422,571	
Deferred Inflows Related to Other Post-Employment Benefits	812,810	
Compensated Absences Liability	(1,322,991)	
Loans Payable	3,504,273	
Capital Lease Liability	284,623	26,376,574

Change in Net Position of Governmental Activities	\$	70,427,675
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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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 37,471,577	\$ 10,536,587
Investments, at Fair Value	6,082,358	6,732,491
Receivables (Net of Allowance for Uncollectibles):		
Accounts	1,544,647	1,389,205
Local Taxes	145,955,761	140,135,106
Due from Primary Government	-	409,907
Due from Other Funds	24,645,731	17,563,351
Prepaid Items	580,032	487,039
Inventories	1,073,565	1,065,916
TOTAL ASSETS	<u><u>\$ 217,353,671</u></u>	<u><u>\$ 178,319,602</u></u>
LIABILITIES		
Accounts Payable	\$ 4,199,504	\$ 2,335,761
Accrued Liabilities	42,812,828	36,682,717
Due to Other Funds	-	378,625
TOTAL LIABILITIES	<u>47,012,332</u>	<u>39,397,103</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Taxes and Other Receivable	<u>111,801,830</u>	<u>110,658,051</u>
FUND BALANCES		
Nonspendable	1,653,597	1,552,955
Restricted	5,652,644	2,980,977
Assigned	790,852	557,894
Unassigned	50,442,416	23,172,622
TOTAL FUND BALANCES	<u>58,539,509</u>	<u>28,264,448</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u><u>\$ 217,353,671</u></u>	<u><u>\$ 178,319,602</u></u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
General Fund - General Purpose School
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Property Taxes	\$ 106,153,334	\$ 103,802,639
Local Option Sales Taxes	186,716,867	163,255,052
Wheel Tax	1,790,760	1,697,739
Other Local Taxes	673,680	787,312
Licenses and Permits	34,999	33,275
Charges for Current Services	410,389	400,960
Other Local Revenues	3,819,895	4,533,456
State of Tennessee	244,215,921	235,017,640
Federal Government	615,460	673,679
Other Governments and Citizen Groups	215,335	12,000
Interest Earned	940,434	329,345
Payment from Primary Government	1,932,000	1,932,000
	<u>547,519,074</u>	<u>512,475,097</u>
Expenditures		
Current:		
Education	500,079,599	496,780,497
Capital Outlay	2,073,915	1,188,577
Payments to Primary Government	11,449,356	11,072,668
	<u>513,602,870</u>	<u>509,041,742</u>
Total Expenditures		
Excess of Revenues Over Expenditures	<u>33,916,204</u>	<u>3,433,355</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	15,784	87,000
Transfers to Other Funds	(3,656,927)	(1,751,708)
	<u>(3,641,143)</u>	<u>(1,664,708)</u>
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	30,275,061	1,768,647
Fund Balances, July 1	<u>28,264,448</u>	<u>26,495,801</u>
Fund Balances, June 30	<u>\$ 58,539,509</u>	<u>\$ 28,264,448</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, 2021 and 2020**

	2021				2020			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	
Revenues								
Property Taxes	\$ 104,570,000	\$ 104,570,000	\$ 106,153,334	\$ 1,583,334	\$ 104,570,000	\$ 103,802,639	\$ (767,361)	
Local Option Sales Taxes	150,549,000	167,125,000	186,716,867	19,591,867	160,949,000	163,255,052	2,306,052	
Wheel Tax	1,775,000	1,775,000	1,790,760	15,760	1,704,000	1,697,739	(6,261)	
Other Local Taxes	900,000	900,000	673,680	(226,320)	1,000,000	787,312	(212,688)	
Licenses and Permits	35,000	35,000	34,999	(1)	35,000	33,275	(1,725)	
Charges for Current Services	425,000	425,000	410,389	(14,611)	627,000	400,960	(226,040)	
Other Local Revenues	4,247,000	4,247,000	3,819,895	(427,105)	3,450,340	4,533,456	1,083,116	
State of Tennessee	241,979,000	239,703,000	242,268,770	2,565,770	233,175,000	233,354,463	179,463	
Federal Government	600,000	600,000	615,460	15,460	600,000	673,679	73,679	
Other Governments and Citizen Groups	-	-	215,335	215,335	10,000	12,000	2,000	
Interest Earned	815,000	815,000	940,434	125,434	510,000	329,345	(180,655)	
Payments from Primary Government	1,932,000	1,932,000	1,932,000	-	1,932,000	1,932,000	-	
Total Revenues	507,827,000	522,127,000	545,571,923	23,444,923	508,562,340	510,811,920	2,249,580	
Expenditures								
Current:								
Education:								
Personal Services	329,897,601	340,343,043	340,169,080	173,963	328,381,151	328,241,913	139,238	
Employee Benefits	93,504,395	94,504,395	94,427,585	76,810	93,335,555	93,091,698	243,857	
Contracted Services	30,775,343	31,068,526	28,660,108	2,408,418	32,523,426	31,149,169	1,374,257	
Supplies and Materials	24,197,711	25,568,600	22,807,460	2,761,140	29,633,607	28,003,070	1,630,537	
Other Charges	16,110,540	16,080,420	12,068,215	4,012,205	16,167,197	14,631,470	1,535,727	
Capital Outlay	392,554	2,192,554	2,073,915	118,639	1,332,063	1,188,577	143,486	
Payments to Primary Government	11,449,356	11,449,356	11,449,356	-	11,072,668	11,072,668	-	
Total Expenditures	506,327,500	521,206,894	511,655,719	9,551,175	512,445,667	507,378,565	5,067,102	
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,499,500	920,106	33,916,204	32,996,098	(3,883,327)	3,433,355	7,316,682	
Other Financing Sources (Uses)								
Transfers from Other Funds	-	-	15,784	15,784	-	87,000	87,000	
Transfers to Other Funds	(1,499,500)	(1,478,000)	(3,656,927)	(2,178,927)	(1,500,127)	(1,751,708)	(251,581)	
Total Other Financing Sources (Uses)	(1,499,500)	(1,478,000)	(3,641,143)	(2,163,143)	(1,500,127)	(1,664,708)	(164,581)	
Net Change in Fund Balances	-	(557,894)	30,275,061	30,832,955	(5,383,454)	1,768,647	7,152,101	
Fund Balances, July 1	28,264,448	28,264,448	28,264,448	-	26,495,801	26,495,801	-	
Fund Balances, June 30	\$ 28,264,448	\$ 27,706,554	\$ 58,539,509	\$ 30,832,955	\$ 21,112,347	\$ 28,264,448	\$ 7,152,101	

Note: The revenue and expenditure totals in this statement do not include \$1,947,151 for FY '21 and \$1,663,177 for FY '20 of non-cash on-behalf payments that are not included in the budget.

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School Construction Capital Projects Fund
Comparative Balance Sheets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments, at Fair Value	\$ 32,763,075	\$ 15,573,977
TOTAL ASSETS	<u>\$ 32,763,075</u>	<u>\$ 15,573,977</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 5,073,261	\$ 773,569
Due to Other Funds	<u>6,000,970</u>	<u>2,456,650</u>
TOTAL LIABILITIES	<u>11,074,231</u>	<u>3,230,219</u>
Fund Balances:		
Restricted	<u>21,688,844</u>	<u>12,343,758</u>
TOTAL FUND BALANCES	<u>21,688,844</u>	<u>12,343,758</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,763,075</u>	<u>\$ 15,573,977</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School Construction Capital Projects Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Payments from Primary Government	\$ 35,800,000	\$ 16,600,000
Total Revenues	<u>35,800,000</u>	<u>16,600,000</u>
Expenditures		
Capital Projects	<u>26,454,914</u>	<u>9,749,526</u>
Total Expenditures	<u>26,454,914</u>	<u>9,749,526</u>
Net Change in Fund Balance	9,345,086	6,850,474
Fund Balances, July 1	<u>12,343,758</u>	<u>5,493,284</u>
Fund Balances, June 30	<u><u>\$ 21,688,844</u></u>	<u><u>\$ 12,343,758</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, 2021*

	Project Budget	Expenditures			Available
		Prior Years	Current	Total	
Expenditures					
<i>Capital Projects:</i>					
<i>School Renovation:</i>					
Physical Plant Upgrades	\$ 12,044,324	\$ 3,176,736	\$ 1,520,405	\$ 4,697,141	\$ 7,347,183
Foundation Stabilization	500,000	229,950	98,600	328,550	171,450
Security Upgrades	12,975,000	10,398,764	1,574,140	11,972,904	1,002,096
Tech Upgrades Systemwide	1,746,876	1,266,391	22,085	1,288,476	458,400
School Accessibility	400,000	90,788	70,484	161,272	238,728
HVAC Upgrades	9,458,137	7,824,410	1,443,994	9,268,404	189,733
Roofing Upgrades	7,769,655	4,322,215	1,176,575	5,498,790	2,270,865
Land Acquisition	3,122,508	696,046	2,406,004	3,102,050	20,458
BEP Growth Mod Class Relocation	2,952,391	2,883,642	447,726	3,331,368	(378,977)
Drive Parking Upgrades	2,150,000	1,505,813	577,034	2,082,847	67,153
Env. Testing & Rem.	750,000	478,285	192,576	670,861	79,139
Inskip Elementary Addition	6,380,729	6,357,044	23,685	6,380,729	-
Analysis/Design: Tipton St. Road	1,650,000	74,500	1,474,690	1,549,190	100,810
Cafeteria Upgrades - Powell High School	3,072,720	199,696	2,360,127	2,559,823	512,897
Adrian Burnett Elementary	3,830,000	104,678	2,397,897	2,502,575	1,327,425
Lonsdale Construction	17,800,000	-	3,740,098	3,740,098	14,059,902
Halls High Renovation	1,000,000	-	-	-	1,000,000
Gibbs High Stadium Upgrade	2,000,000	-	107,359	107,359	1,892,641
Farragut Elementary	100,000	-	38,177	38,177	61,823
Title IX Solutions	1,500,000	-	353,802	353,802	1,146,198
Fire Alarm System Upgrades	1,000,000	-	912,096	912,096	87,904
Northwest Elementary	3,000,000	-	911,013	911,013	2,088,987
Brickey-McCloud Additions	3,000,000	-	152,064	152,064	2,847,936
Trane III	-	-	4,454,283	4,454,283	(4,454,283)
<i>Total Capital Projects</i>	<i>\$ 98,202,340</i>	<i>\$ 39,608,958</i>	<i>\$ 26,454,914</i>	<i>\$ 66,063,872</i>	<i>\$ 32,138,468</i>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School Federal Projects Fund
Comparative Balance Sheets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Receivables (Net of Allowance for Uncollectibles):		
Accounts	\$ 20,227,612	\$ 16,502,895
Prepaid Items	59,057	4,799
TOTAL ASSETS	<u>\$ 20,286,669</u>	<u>\$ 16,507,694</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 3,260,830	\$ 3,002,667
Due to Other Funds	14,313,794	13,504,789
Unearned Revenue	2,877,163	-
TOTAL LIABILITIES	<u>20,451,787</u>	<u>16,507,456</u>
 Fund Balances:		
Nonspendable	59,057	4,799
Restricted	-	241
Unassigned (Deficit)	(224,175)	(4,802)
TOTAL FUND BALANCES (DEFICIT)	<u>(165,118)</u>	<u>238</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,286,669</u>	<u>\$ 16,507,694</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School Federal Projects Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Federal Government	\$ 49,036,504	\$ 42,513,168
Total Revenues	<u>49,036,504</u>	<u>42,513,168</u>
Expenditures		
Current:		
Education	41,013,599	35,891,688
Capital Outlay	<u>6,252,401</u>	<u>5,071,992</u>
Total Expenditures	<u>47,266,000</u>	<u>40,963,680</u>
Excess of Revenues Over Expenditures	<u>1,770,504</u>	<u>1,549,488</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	33,661	53,252
Transfers to Other Funds	<u>(1,969,521)</u>	<u>(1,605,783)</u>
Total Other Financing Uses	<u>(1,935,860)</u>	<u>(1,552,531)</u>
Net Change in Fund Balances	(165,356)	(3,043)
Fund Balances, July 1	<u>238</u>	<u>3,281</u>
Fund Balances (Deficit), June 30	<u>\$ (165,118)</u>	<u>\$ 238</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, 2021 and 2020

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Federal Government	\$ -	\$ 104,665,674	\$ 49,036,504	\$ (55,629,170)	\$ 53,236,706	\$ 42,513,168	\$ (10,723,538)
Total Revenues	-	104,665,674	49,036,504	(55,629,170)	53,236,706	42,513,168	(10,723,538)
Expenditures							
Current:							
Education:							
Personal Services	-	39,838,549	27,190,313	12,648,236	27,848,225	23,699,333	4,148,892
Employee Benefits	-	11,320,514	6,582,887	4,737,627	7,563,132	6,306,183	1,256,949
Contracted Services	-	5,417,352	1,547,311	3,870,041	1,270,587	1,032,767	237,820
Supplies and Materials	-	16,038,749	2,391,040	13,647,709	3,247,736	2,404,584	843,152
Other Charges	-	9,369,671	3,302,048	6,067,623	3,737,601	2,448,821	1,288,780
Capital Outlay	-	19,977,125	6,252,401	13,724,724	7,562,975	5,071,992	2,490,983
Total Expenditures	-	101,961,960	47,266,000	54,695,960	51,230,256	40,963,680	10,266,576
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,703,714	1,770,504	(933,210)	2,006,450	1,549,488	(456,962)
Other Financing Sources (Uses)							
Transfer from Other Funds	-	168,111	33,661	(134,450)	163,682	53,252	(110,430)
Transfer to Other Funds	-	(2,908,556)	(1,969,521)	939,035	(2,157,764)	(1,605,783)	551,981
Total Other Financing Sources (Uses)	-	(2,740,445)	(1,935,860)	804,585	(1,994,082)	(1,552,531)	441,551
Net Change in Fund Balances	-	(36,731)	(165,356)	(128,625)	12,368	(3,043)	(15,411)
Fund Balances, July 1	238	238	238	-	3,281	3,281	-
Fund Balances (Deficit), June 30	\$ 238	\$ (36,493)	\$ (165,118)	\$ (128,625)	\$ 15,649	\$ 238	\$ (15,411)

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

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit

Knox County Board of Education

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

	<u>School General Projects</u>	<u>Central Cafeteria</u>	<u>Internal School Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 6,693,341	\$ 11,988,729	\$ 18,682,070
Receivables (Net of Allowance for Uncollectibles):				
Accounts	5,963,547	2,376,591	24,975	8,365,113
Inventories	181,495	802,637	-	984,132
Prepaid Items	9,033	-	-	9,033
TOTAL ASSETS	<u>\$ 6,154,075</u>	<u>\$ 9,872,569</u>	<u>\$ 12,013,704</u>	<u>\$ 28,040,348</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 97,996	\$ 91,114	\$ 365,803	\$ 554,913
Accrued Liabilities	-	50,099	-	50,099
Due to Other Funds	4,330,967	-	-	4,330,967
Unearned Revenue	5,500	528,439	-	533,939
TOTAL LIABILITIES	<u>4,434,463</u>	<u>669,652</u>	<u>365,803</u>	<u>5,469,918</u>
Fund Balances:				
Nonspendable	190,528	802,637	-	993,165
Restricted	-	8,400,280	1,499,218	9,899,498
Committed	1,529,084	-	-	1,529,084
Assigned	-	-	10,148,683	10,148,683
TOTAL FUND BALANCES	<u>1,719,612</u>	<u>9,202,917</u>	<u>11,647,901</u>	<u>22,570,430</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,154,075</u>	<u>\$ 9,872,569</u>	<u>\$ 12,013,704</u>	<u>\$ 28,040,348</u>

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, 2021

	School General Projects	Central Cafeteria	Internal School Funds	Total Nonmajor Governmental Funds
Revenues				
Charges for Current Services	\$ 2,393,671	\$ 814,146	\$ -	\$ 3,207,817
Other Local Revenues	99,837	656,150	10,207,336	10,963,323
Investment Revenues	-	37,585	-	37,585
State of Tennessee	8,862,399	238,386	-	9,100,785
Federal Government	-	19,784,317	-	19,784,317
Other Governments and Citizen Groups	766,069	-	-	766,069
Total Revenues	12,121,976	21,530,584	10,207,336	43,859,896
Expenditures				
Current:				
Education	14,265,061	20,789,034	13,386,166	48,440,261
Capital Outlay	36,735	6,258	-	42,993
Total Expenditures	14,301,796	20,795,292	13,386,166	48,483,254
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,179,820)	735,292	(3,178,830)	(4,623,358)
Other Financing Sources (Uses)				
Transfers from Other Funds	3,548,052	-	2,918,479	6,466,531
Transfers to Other Funds	(889,528)	-	-	(889,528)
Total Other Financing Sources (Uses)	2,658,524	-	2,918,479	5,577,003
Net Change in Fund Balances	478,704	735,292	(260,351)	953,645
Fund Balances, July 1, as restated	1,240,908	8,467,625	11,908,252	21,616,785
Fund Balances, June 30	\$ 1,719,612	\$ 9,202,917	\$ 11,647,901	\$ 22,570,430

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -
Knox County Board of Education
School General Projects Fund
Comparative Balance Sheets
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 1,210,956
Receivables (Net of Allowance for Uncollectibles):		
Accounts	5,963,547	456,618
Prepaid Items	9,033	4,750
Inventories	181,495	571,686
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 6,154,075</u>	<u>\$ 2,244,010</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 97,996	\$ 32,521
Due to Other Funds	4,330,967	946,581
Unearned Revenue	5,500	24,000
	<hr/>	<hr/>
TOTAL LIABILITIES	4,434,463	1,003,102
Fund Balances:		
Nonspendable	190,528	576,436
Committed	1,529,084	664,472
	<hr/>	<hr/>
TOTAL FUND BALANCES	1,719,612	1,240,908
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,154,075</u>	<u>\$ 2,244,010</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
School General Projects Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Charges for Current Services	\$ 2,393,671	\$ 2,160,302
Other Local Revenues	99,837	618,180
State of Tennessee	8,862,399	2,706,993
Other Governments and Citizens Groups	766,069	228,397
Payments from Component Unit	-	423,745
	<hr/>	<hr/>
Total Revenues	12,121,976	6,137,617
	<hr/>	<hr/>
Expenditures		
Current:		
Education	14,265,061	9,354,264
Capital Outlay	36,735	46,162
	<hr/>	<hr/>
Total Expenditures	14,301,796	9,400,426
	<hr/>	<hr/>
Deficiency of Revenues Under Expenditures	(2,179,820)	(3,262,809)
	<hr/>	<hr/>
Other Financing Sources (Uses)		
Transfers from Other Funds	3,548,052	3,304,239
Transfers to Other Funds	(889,528)	(87,000)
	<hr/>	<hr/>
Total Other Financing Sources	2,658,524	3,217,239
	<hr/>	<hr/>
Net Change in Fund Balances	478,704	(45,570)
Fund Balances, July 1	1,240,908	1,286,478
	<hr/>	<hr/>
Fund Balances, June 30	\$ 1,719,612	\$ 1,240,908
	<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, 2021 and 2020

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Charges for Current Services	\$ -	\$ 1,697,363	\$ 2,393,671	\$ 696,308	\$ 2,156,776	\$ 2,160,302	\$ 3,526
Other Local Revenues	-	530,400	99,837	(430,563)	6,528,433	618,180	(5,910,253)
State of Tennessee	-	12,088,477	8,862,399	(3,226,078)	3,348,595	2,706,993	(641,602)
Payments from Component Unit	-	-	-	-	-	423,745	423,745
Other Governments and Citizens Groups	-	1,610,783	766,069	(844,714)	711,840	228,397	(483,443)
Total Revenues	-	15,927,023	12,121,976	(3,805,047)	12,745,644	6,137,617	(6,608,027)
Expenditures							
Current:							
Education:							
Personal Services	-	10,000,491	9,413,916	586,575	5,593,000	5,212,533	380,467
Employee Benefits	-	2,259,680	1,749,111	510,569	1,514,734	1,393,175	121,559
Contracted Services	-	3,626,563	1,283,182	2,343,381	908,761	510,573	398,188
Supplies and Materials	-	3,756,038	1,131,659	2,624,379	7,327,742	1,632,815	5,694,927
Other Charges	-	1,039,091	687,193	351,898	953,046	605,168	347,878
Capital Outlay	-	114,509	36,735	77,774	149,636	46,162	103,474
Total Expenditures	-	20,796,372	14,301,796	6,494,576	16,446,919	9,400,426	7,046,493
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(4,869,349)	(2,179,820)	2,689,529	(3,701,275)	(3,262,809)	438,466
Other Financing Sources (Uses)							
Transfers from Other Funds	-	4,183,929	3,548,052	(635,877)	2,972,545	3,304,239	331,694
Transfers to Other Funds	-	(6,000)	(889,528)	(883,528)	(10,000)	(87,000)	(77,000)
Total Other Financing Sources (Uses)	-	4,177,929	2,658,524	(1,519,405)	2,962,545	3,217,239	254,694
Net Change in Fund Balances	-	(691,420)	478,704	1,170,124	(738,730)	(45,570)	693,160
Fund Balances, July 1	1,240,908	1,240,908	1,240,908	-	1,286,478	1,286,478	-
Fund Balances, June 30	\$ 1,240,908	\$ 549,488	\$ 1,719,612	\$ 1,170,124	\$ 547,748	\$ 1,240,908	\$ 693,160

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

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Central Cafeteria Fund
Comparative Balance Sheets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,693,341	\$ 8,539,717
Receivables (Net of Allowance for Uncollectibles):		
Accounts	2,376,591	-
Due from Other Funds	-	378,625
Inventories	802,637	898,417
TOTAL ASSETS	<u>\$ 9,872,569</u>	<u>\$ 9,816,759</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 91,114	\$ 110,655
Accrued Liabilities	50,099	38,375
Due to Other Funds	-	655,331
Unearned Revenue	528,439	544,773
TOTAL LIABILITIES	<u>669,652</u>	<u>1,349,134</u>
Fund Balances:		
Nonspendable	802,637	898,417
Restricted	8,400,280	7,569,208
TOTAL FUND BALANCES	<u>9,202,917</u>	<u>8,467,625</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,872,569</u>	<u>\$ 9,816,759</u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Central Cafeteria Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Charges for Current Services	\$ 814,146	\$ 4,422,730
Other Local Revenues	656,150	425,479
Investment Revenues	37,585	119,663
State of Tennessee	238,386	243,098
Federal Government	<u>19,784,317</u>	<u>18,588,073</u>
Total Revenues	<u>21,530,584</u>	<u>23,799,043</u>
Expenditures		
Current:		
Education:		
Food Service	20,789,034	24,855,361
Capital Outlay	<u>6,258</u>	<u>151,495</u>
Total Expenditures	<u>20,795,292</u>	<u>25,006,856</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>735,292</u>	<u>(1,207,813)</u>
Net Change in Fund Balances	735,292	(1,207,813)
Fund Balances, July 1	<u>8,467,625</u>	<u>9,675,438</u>
Fund Balances, June 30	<u>\$ 9,202,917</u>	<u>\$ 8,467,625</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, 2021 and 2020**

	2021				2020		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenues							
Charges for Current Services	\$ 5,575,000	\$ 5,575,000	\$ 814,146	\$ (4,760,854)	\$ 5,850,000	\$ 4,422,730	\$ (1,427,270)
Other Local Revenues	285,000	285,000	656,150	371,150	300,000	425,479	125,479
Investment Revenue	140,000	140,000	37,585	(102,415)	100,000	119,663	19,663
State of Tennessee	250,000	250,000	238,386	(11,614)	250,000	243,098	(6,902)
Federal Government	21,355,000	21,355,000	19,784,317	(1,570,683)	20,810,000	18,588,073	(2,221,927)
Total Revenues	27,605,000	27,605,000	21,530,584	(6,074,416)	27,310,000	23,799,043	(3,510,957)
Expenditures							
Current:							
Education:							
Food Service:							
Personal Services	8,990,000	8,990,000	8,175,640	814,360	9,085,000	9,084,147	853
Employee Benefits	2,757,000	2,757,000	2,481,972	275,028	2,709,000	2,683,788	25,212
Contracted Services	1,448,000	1,448,000	1,140,894	307,106	1,495,000	1,130,900	364,100
Supplies & Materials	12,655,000	12,655,000	8,990,478	3,664,522	12,199,800	10,421,733	1,778,067
Other Charges	1,555,000	1,555,000	50	1,554,950	1,665,000	1,534,793	130,207
Capital Outlay	200,000	200,000	6,258	193,742	1,183,000	151,495	1,031,505
Total Expenditures	27,605,000	27,605,000	20,795,292	6,809,708	28,336,800	25,006,856	3,329,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	735,292	735,292	(1,026,800)	(1,207,813)	(181,013)
Fund Balances, July 1	8,467,625	8,467,625	8,467,625	-	9,675,438	9,675,438	-
Fund Balances, June 30	\$ 8,467,625	\$ 8,467,625	\$ 9,202,917	\$ 735,292	\$ 8,648,638	\$ 8,467,625	\$ (181,013)

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Internal School Funds
Comparative Balance Sheets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 11,988,729	\$ 11,910,736
Receivables (Net of Allowance for Uncollectibles):		
Accounts	<u>24,975</u>	<u>19,493</u>
TOTAL ASSETS	<u><u>\$ 12,013,704</u></u>	<u><u>\$ 11,930,229</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	<u>\$ 365,803</u>	<u>\$ 21,977</u>
TOTAL LIABILITIES	<u>365,803</u>	<u>21,977</u>
Fund Balances:		
Restricted for Education	1,499,218	1,346,569
Assigned for Education	<u>10,148,683</u>	<u>10,561,683</u>
TOTAL FUND BALANCES	<u>11,647,901</u>	<u>11,908,252</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 12,013,704</u></u>	<u><u>\$ 11,930,229</u></u>

KNOX COUNTY, TENNESSEE

**Discretely Presented Component Unit -
Knox County Board of Education
Internal School Funds
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Other Local Revenues	\$ 10,207,336	\$ 18,129,433
Total Revenues	<u>10,207,336</u>	<u>18,129,433</u>
Expenditures		
Current:		
Operation of Non-instructional Services	<u>13,386,166</u>	<u>16,466,701</u>
Total Expenditures	<u>13,386,166</u>	<u>16,466,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,178,830)</u>	<u>1,662,732</u>
Other Financing Sources (Uses)		
Transfers from Other Funds	<u>2,918,479</u>	<u>-</u>
Net Change in Fund Balances	(260,351)	1,662,732
Fund Balances, July 1, as restated	<u>11,908,252</u>	<u>10,245,520</u>
Fund Balances, June 30	<u>\$ 11,647,901</u>	<u>\$ 11,908,252</u>

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments, at Fair Value:		
Mutual Funds	<u>\$ 54,635,543</u>	<u>\$ 47,741,586</u>
Total Assets	<u>54,635,543</u>	<u>47,741,586</u>
LIABILITIES		
Accounts Payable - Administrative Expenses	<u>27,902</u>	<u>28,350</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 54,607,641</u></u>	<u><u>\$ 47,713,236</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,200,000	\$ 754,318
Total Contributions	<u>1,200,000</u>	<u>754,318</u>
Investment Income (Loss):		
Interest and Dividend Income	1,450,209	2,509,201
Net Appreciation (Depreciation) in Fair Value of Investments	<u>10,857,998</u>	<u>(2,413,246)</u>
Total Investment Income (Loss)	12,308,207	95,955
Less Investment Expense	<u>(25,160)</u>	<u>(8,880)</u>
Net Investment Income (Loss)	<u>12,283,047</u>	<u>87,075</u>
Total Additions	<u>13,483,047</u>	<u>841,393</u>
DEDUCTIONS		
Benefits and Refunds	6,460,308	6,527,566
Administrative Expenses	<u>128,334</u>	<u>161,407</u>
Total Deductions	<u>6,588,642</u>	<u>6,688,973</u>
CHANGE IN NET POSITION	6,894,405	(5,847,580)
NET POSITION - RESTRICTED FOR PENSION BENEFITS, BEGINNING OF YEAR	<u>47,713,236</u>	<u>53,560,816</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS, END OF YEAR	<u>\$ 54,607,641</u>	<u>\$ 47,713,236</u>

STATISTICAL SECTION (Unaudited)

This part of Knox County Government’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Knox County’s overall financial health.

Contents	Page
Financial Trends	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 annual comprehensive financial reports for the relevant year.

KNOX COUNTY, TENNESSEE

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary government										
Governmental activities										
Net investment in capital assets	\$ 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	\$ 239,891,274
Restricted	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	14,756,724
Unrestricted	(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)	(270,054,056)
Total primary governmental activities net position	\$ 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)	\$ (15,406,058)
Business-type activities										
Three Ridges Golf Course										
Investment in capital assets	\$ 634,436	\$ 503,880	\$ 453,946	\$ 568,919	\$ 509,820	\$ 489,809	\$ 489,551	\$ 455,210	\$ 417,533	\$ 415,134
Unrestricted	215,757	99,523	73,842	18,491	2,719	(45,569)	(46,609)	(50,958)	(63,750)	(30,989)
Total business-type activities net position	\$ 850,193	\$ 603,403	\$ 527,788	\$ 587,410	\$ 512,539	\$ 444,240	\$ 442,942	\$ 404,252	\$ 353,783	\$ 384,145
Component units										
Investment in capital assets	\$ 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	\$ 440,842,682
Restricted	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	87,721,941
Unrestricted	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	74,796,586
Total component units activities net position	\$ 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	\$ 603,361,209
Total reporting unit activities net position	\$ 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	\$ 588,339,296

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Primary government:										
Governmental activities:										
Finance and Administration	\$ 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	\$ 39,808,990
Finance and Administration - payment to component unit	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	4,432,000
Administration of Justice	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	29,053,536
Public Safety	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	95,264,684
Public Safety - payment to component unit	326,200	326,200	326,200	326,200	485,002	856,322	1,191,595	1,191,595	1,191,595	1,166,603
Public Health and Welfare	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	37,358,134
Public Health and Welfare - payment to component unit	256,628	256,628	211,628	166,628	166,628	166,628	166,628	166,628	166,628	166,628
Social and Cultural Services	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	22,062,342
Agricultural and Natural Resources	365,774	435,231	519,433	470,977	490,451	518,339	520,063	483,133	488,941	391,064
Other General Government	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	31,269,894
Other General Government - payment to component unit	-	675,000	600,000	600,000	625,000	665,000	700,000	725,000	730,500	730,500
Engineering & Public Works	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	38,100,893
Education - payment to component unit	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	35,800,000
Debt Service - interest and fees	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	21,787,904
Debt Service - other	-	-	745,863	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>357,393,172</u>
Business-type activities:										
Three Ridges Golf Course	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	1,568,841
Total primary government expenses	<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>	<u>\$ 358,962,013</u>
Component units:										
Board of Education	\$ 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	\$ 605,347,710
Nonmajor Component Units	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	18,239,930
Total component units expenses	<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>	<u>\$ 623,587,640</u>
Total reporting unit expenses	<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>	<u>\$ 982,549,653</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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues										
Primary government:										
Governmental activities:										
Charges for Services:										
Finance and Administration	\$ 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	\$ 27,616,419
Administration of Justice	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	9,092,938
Public Safety	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	7,365,806
Public Health and Welfare	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	3,927,295
Social and Cultural Services	949,557	950,683	885,537	778,733	771,108	890,986	816,249	762,846	603,244	545,902
Other General Government	592,251	290,846	282,845	298,127	303,569	318,940	280,504	260,242	306,041	312,346
Engineering & Public Works	758,766	883,998	267,125	122,259	142,101	473,550	154,050	154,100	184,268	3,081,970
Operating grants and contributions	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	34,132,084
Capital grants and contributions	-	-	-	-	-	-	3,440,398	6,215,851	6,548,486	8,020,823
Total governmental activities	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	94,095,583
Business-type activities:										
Charges for Services	978,000	877,775	861,989	798,212	788,756	759,401	814,837	819,556	956,820	1,461,267
Capital grants and contributions	-	-	-	-	-	35,000	44,876	27,250	-	37,936
Total business-type activities	978,000	877,775	861,989	798,212	788,756	794,401	859,713	846,806	956,820	1,499,203
Total primary government program revenues	\$ 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	\$ 95,594,786
Component units:										
Charges for Services:										
Board of Education	\$ 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	\$ 15,853,777
Nonmajor Component Units	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	9,511,643
Operating grants and contributions	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	94,739,443
Capital grants and contributions	-	747,638	883,814	-	-	-	4,515,483	48,000	122,959	1,872,063
Total component units program revenues	\$ 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	\$ 121,976,926
Total reporting unit program revenues	\$ 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	\$ 217,571,712
Net (expenses)/revenues										
Primary government activities	\$ (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)	\$ (263,367,227)
Component units	(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)	(501,610,714)
Total net (expenses) revenues for reporting unit	\$ (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)	\$ (764,977,941)

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Primary government:										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 186,269,007
Sales taxes	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	20,394,798
Lodging taxes	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	7,404,768
Business taxes	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	11,541,602
Wheel taxes	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	12,923,782
Other local taxes	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	4,085,296
Investment revenue	(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	5,845,263
Other revenues	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	25,160,648
Contracts - other governments and citizens	96,628	264,452	728,102	381,842	296,117	308,350	428,174	352,694	309,730	300,542
Miscellaneous	667,645	262,735	966,103	828,323	746,701	1,443,103	1,176,215	788,341	1,788,758	877,491
Transfers	-	-	-	(250,000)	(200,000)	(275,000)	(320,000)	(320,000)	(300,000)	(100,000)
Total governmental activities	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	274,703,197
Business-type activities:										
Transfers	-	-	-	250,000	200,000	275,000	320,000	320,000	300,000	100,000
Total primary government	\$ 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	\$ 274,803,197
Component units:										
Taxes										
Property taxes	\$ 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	\$ 105,713,245
Sales taxes	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	186,716,867
Wheel taxes	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	1,790,760
Other local taxes	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	673,680
Investment revenue	42,669	166,662	229,295	286,000	498,372	501,758	946,448	1,704,749	1,144,891	1,176,814
Payments from component units	-	-	-	2,162,546	-	-	-	-	-	-
Payments from primary government	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	39,795,731
Intergovernmental and Other revenues	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	3,150,981
Contracts - other governments and citizens	1,719,140	78,725	90,080	5,658,174	368,295	96,520	2,787,924	101,290	101,300	101,300
Miscellaneous	503,211	377,361	219,340	122,317	88,892	110,930	388,502	337,268	89,248	829
Grants and Contributions Not Restricted for Specific Programs	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	1,719,140
State of Tennessee - Basic Education Program	-	-	-	-	-	197,263,894	210,692,256	222,386,625	230,224,430	236,529,378
Total component units	\$ 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	\$ 577,368,725
Total reporting unit	\$ 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	\$ 852,171,922
Change in Net Position										
Primary government activities	\$ 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	\$ 11,435,970
Component units activities	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)	75,758,011
Total reporting unit	\$ 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	\$ 87,193,981

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

KNOX COUNTY, TENNESSEE

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

Fiscal Year	Property Tax	Sales Tax	Lodging Tax	Business Tax	Wheel Tax	Other Local Tax	Total
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
2021	186,269,007	20,394,798	7,404,768	11,541,602	12,923,782	4,085,296	242,619,253

KNOX COUNTY, TENNESSEE

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

Fiscal Year	Property Tax	Sales Tax	Wheel Tax	Other Local Tax	Total
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
2021	105,713,245	186,716,867	1,790,760	673,680	294,894,552

KNOX COUNTY, TENNESSEE

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

Fiscal Year	Property Tax	Sales Tax	Lodging Tax	Business Tax	Wheel Tax	Other Local Tax	Total
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
2021	291,982,252	207,111,665	7,404,768	11,541,602	14,714,542	4,758,976	537,513,805

KNOX COUNTY, TENNESSEE

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ 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	\$ 7,676,023
Restricted	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	3,241,148
Committed	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	7,297,773
Assigned	465,211	1,089,640	1,401,378	1,130,360	789,441	387,963	921,525	251,677	695,016	761,483
Unassigned	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	81,158,547
Total general fund	<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>	<u>\$ 100,134,974</u>
All other governmental funds										
Nonspendable	\$ 5,776,505	\$ 5,762,434	\$ 3,953,715	\$ 3,958,516	\$ 114,681	\$ 104,525	\$ 93,419	\$ 79,623	\$ 67,892	\$ 70,220
Restricted	27,243,240	6,277,249	12,693,130	18,807,905	12,528,271	12,681,604	7,932,661	13,987,983	29,524,835	26,573,536
Committed	23,331,278	25,942,402	29,062,822	27,427,505	31,353,805	21,979,815	23,328,510	21,867,673	20,697,919	24,179,355
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	5,118,696
Unassigned	-	-	-	-	-	-	(13,247,367)	-	-	-
Total all other governmental funds	<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>	<u>\$ 55,941,807</u>

KNOX COUNTY, TENNESSEE

Changes in Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 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	\$ 243,343,861
Licenses and permits	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	3,270,600
Fines, forfeitures and penalties	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	2,540,900
Charges for current services	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	42,106,403
Other local revenues	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	10,270,851
State of Tennessee	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	28,376,132
Federal government	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	21,505,279
Other governments and citizen groups	1,454,345	1,103,013	723,019	646,219	1,210,967	592,769	1,748,187	998,711	1,028,405	704,699
Investment earnings	2,111,750	2,214,606	2,023,800	15,686	18,121	-	-	-	-	1,750,402
Payments from component units	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	11,449,356
Increase in equity interest in joint venture	331,142	918,162	-	-	-	-	406,204	298,686	408,316	930,016
Total revenues	294,855,653	301,414,938	297,841,407	303,451,641	315,638,013	319,777,562	337,976,198	339,247,956	344,942,985	366,248,499
Expenditures										
Finance and administration	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	37,548,220
Finance and administration - payments to component unit	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	4,432,000
Administration of justice	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	28,044,738
Public safety	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	88,980,683
Public safety - payments to component unit	326,200	326,200	326,200	326,200	485,002	856,322	1,191,595	1,191,595	1,191,595	1,166,603
Public health and welfare	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	36,351,870
Public health and welfare - payments to component unit	256,628	256,628	211,628	166,628	166,628	166,628	166,628	166,628	166,628	166,628
Social and cultural services	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	19,089,417
Agricultural and natural resources	365,774	435,231	519,433	470,977	490,451	518,339	520,063	483,133	488,941	391,064
Other general government	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	31,255,427
Other general government - payments to component unit	-	-	600,000	600,000	625,000	665,000	700,000	725,000	730,500	730,500
Engineering & Public Works	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	20,313,014
Decrease in equity interest in joint venture	-	-	493,210	931,800	153,036	180,513	-	-	-	-
Debt proceeds paid to component unit	13,578,202	13,182,024	38,763,934	24,271,315	19,385,000	70,750,000	2,000,000	-	-	-
Debt issuance cost	106,387	-	745,863	209,442	196,957	481,587	-	461,032	210,558	284,964
Education - Payments to component unit	-	-	-	-	-	9,968,536	-	39,410,750	15,800,000	35,800,000
Capital Outlay	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	37,590,290
Debt Service:										
Principal	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	45,465,648
Interest	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	21,805,079
Other charges	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	3,326,885
Total expenditures	293,523,491	320,423,347	344,891,758	339,090,291	353,914,412	422,622,546	347,187,088	391,917,678	363,228,380	412,743,030
Excess (deficiency) of revenues over (under) expenditures	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)	(46,494,531)
Other financing sources (uses)										
Transfers in	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	17,522,230
Transfers out	(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)	(21,168,855)
Capital lease proceeds	-	13,182,024	14,872,404	12,450,000	-	-	-	-	-	-
Refunding bonds issued	21,505,000	-	-	72,860,000	-	-	57,780,000	12,860,000	55,510,000	56,105,000
Bonds issued	14,400,000	-	39,075,000	30,040,000	35,900,000	90,265,000	-	65,915,000	37,230,000	55,155,000
Loan issued	-	-	5,962,500	-	-	-	-	-	-	-
Premium on debt issued	1,367,889	-	350,920	1,484,442	2,206,016	8,436,587	-	6,867,466	3,057,567	8,127,804
Premium on refunding bonds	-	-	-	1,716,531	-	-	3,980,220	1,127,772	6,293,281	689,393
Payments to holders of refunded debt	(22,469,358)	-	-	(74,181,478)	-	-	(61,368,872)	(13,975,000)	(61,452,907)	(56,262,839)
Notes issued	5,000,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	17,562,328	9,071,918	54,930,744	43,725,732	35,909,689	95,890,385	(2,561,273)	71,534,938	38,275,441	60,167,733
Net change in fund balances	\$ 18,894,490	\$ (9,936,491)	\$ 7,880,393	\$ 8,087,082	\$ (2,366,710)	\$ (6,954,599)	\$ (11,772,163)	\$ 18,865,216	\$ 19,990,046	\$ 13,673,202
Debt service as a percentage of noncapital expenditures	21.93%	20.75%	19.67%	20.16%	19.92%	16.44%	20.67%	18.60%	20.43%	17.88%

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						
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%
2020	7,847,852,391	4,510,514,179	695,596,126	243,333,142	13,297,295,838	2.12	45,967,322,280	28.93%

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Knox County Direct Rates										
General	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.96	\$ 0.96	\$ 0.97	\$ 0.97	\$ 0.89	\$ 0.89	\$ 0.89
Debt Service	0.31	0.31	0.31	0.30	0.48	0.47	0.47	0.43	0.43	0.43
Schools	1.08	1.08	1.08	1.06	0.88	0.88	0.88	0.80	0.80	0.80
Total direct rate	2.36	2.36	2.36	2.32	2.32	2.32	2.32	2.12	2.12	2.12
City of Knoxville Rates	2.46	2.46	2.46	2.39	2.73	2.73	2.73	2.46	2.46	2.46
Total direct & overlapping rates	<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>	<u>\$ 4.58</u>

Sources: *Knox County, Tennessee.*
City of Knoxville, Tennessee.

KNOX COUNTY, TENNESSEE

**Principal Property Taxpayers
Tax Year 2020 and Nine Years Ago
(Unaudited)**

<u>Taxpayer</u>	Tax Year 2020			Tax Year 2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Metro Knoxville	\$ 44,770,040	1	0.34%	-	-	-
AT&T Mobility	33,245,708	2	0.25%	\$ 15,486,937	6	0.15%
West Town Mall	28,557,280	3	0.21%	26,700,440	3	0.26%
Cellco Partnership	27,598,853	4	0.21%	-	-	-
Pilot Corporation	24,194,386	5	0.18%	-	-	-
Greystone Point	19,477,960	6	0.15%	-	-	-
Bellsouth Telecommunications	18,922,420	7	0.14%	64,772,676	1	0.64%
Riverwalk Investors	18,195,785	8	0.14%	-	-	-
Comcast	18,128,127	9	0.14%	-	-	-
Quarry Trail	16,717,240	10	0.13%	-	-	-
Verizon	-	-	-	32,164,373	2	0.32%
Tennessee Holding	-	-	-	21,816,880	4	0.22%
Behringer Harvard Riverview	-	-	-	16,665,120	5	0.17%
Knoxville Center	-	-	-	14,828,040	7	0.15%
Concord Telephone Exchange	-	-	-	13,577,231	8	0.13%
Rohm & Haas	-	-	-	12,775,881	9	0.13%
Parkside Drive LLC	-	-	-	12,721,600	10	0.13%
Totals	\$ 249,807,799		1.89%	\$ 231,509,178		2.30%

Source: Knox County, Tennessee Trustee Department.

KNOX COUNTY, TENNESSEE

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2021	281,908	275,362	97.7%	962	276,324	98.0%

Source: Knox County, Tennessee Trustee Department.

KNOX COUNTY, TENNESSEE

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

Fiscal Year	Primary Government		Component Units	Total Reporting Unit	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds and Loans	Capital Leases	Capital Leases and Loans Payable			
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	2.87%	1,455
2019	663,118	32,343	3,913	699,374	2.87%	1,501
2020	675,809	11,147	14,152	701,108	2.70%	1,492
2021	691,153	10,770	10,363	712,286	2.74% (2)	1,496 (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.

KNOX COUNTY, TENNESSEE

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
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%	1,433
2021	689,823	1.50% (3)	1,450 (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.

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

KNOX COUNTY, TENNESSEE

Direct and Overlapping Governmental Activities Debt
As of June 30, 2021
(amounts expressed in thousands)
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 712,286	100.00%	\$ 712,286
Subtotal, direct debt	<u>712,286</u>		<u>712,286</u>
City of Knoxville overlapping debt	114,340	100.00%	114,340
Town of Farragut overlapping debt	-	100.00%	-
Subtotal, overlapping debt	<u>114,340</u>		<u>114,340</u>
Total direct and overlapping debt	<u>\$ 826,626</u>		<u>\$ 826,626</u>

Note: Percentage of overlap based on assessed property values.

KNOX COUNTY, TENNESSEE

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

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (1)	Per Capita Personal Income (1)	Median Age (3)	School Enrollment (3)	Unemployment Rate (2)
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	115,119	2.9%
2020	470,313	25,988,024	54,642	37.7	115,119 (4)	8.1%
2021	475,609 (4)	25,988,024 (4)	54,642 (4)	37.7 (4)	115,119 (4)	4.8%

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 2020 and Nine Years Ago
(Unaudited)**

Employer (1)	2020			2011		
	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	17,079	1	4.08%	13,925	1	4.07%
Covenant Health	11,060	2	2.64%	9,000	3	2.63%
Knox County Public Schools	9,519	3	2.28%	6,945	4	2.03%
The University of Tennessee	8,959	4	2.14%	9,326	2	2.72%
Walmart Stores	6,863	5	1.64%	4,336	6	1.27%
University Health System	5,137	6	1.23%	3,802	8	1.11%
K-VA-T Food Stores	4,634	7	1.11%	3,983	7	1.16%
The Dollywood Company	4,500	8	1.08%	-	-	-
Clayton Homes	4,262	9	1.02%	-	-	-
DENSO Mfg	4,200	10	1.00%	3,750	9	1.10%
State of Tennessee, Regional Office	-	-	-	3,750	10	0.89%
Mercy Health Partners	-	-	-	5,700	5	1.66%
Total	76,213		18.23%	64,517		19.53%

(1) Based on employers in the Knoxville area which includes Anderson, Blount, Grainger, Jefferson, Knox, Loudon, Monroe, Roane, Sevier and Union Counties.

(2) Greater Knoxville Chamber of Commerce.

(3) Tennessee Department of Labor and Workforce Development.

KNOX COUNTY, TENNESSEE

**Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years
(Unaudited)**

	Full-time Equivalent Employees by Function									
Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	503	504	508	529	547	552	549	553	555	535
Public safety	1,025	1,037	1,038	1,041	1,054	1,063	1,040	1,069	1,084	1,086
Public health and welfare	310	291	283	286	298	306	290	294	292	287
Highways	114	116	113	115	117	116	118	123	125	151
Social, cultural, and recreation	194	197	197	200	200	202	198	204	210	208
Total	2,146	2,145	2,139	2,171	2,216	2,239	2,195	2,243	2,266	2,267

Source: Knox County Budget.

KNOX COUNTY, TENNESSEE

**Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sheriff (1)										
Arrests	25,571	25,533	24,969	23,400	23,498	11,722	10,802	10,461	8,283	*
Accidents	3,080	2,793	2,903	2,861	3,097	3,131	3,365	2,840	2,256	*
Incidents	32,414	30,949	30,707	29,653	28,960	31,366	30,868	28,160	26,890	*
Health services (2)										
Community Health:										
Presentations performed by Community Health Division	-	-	-	-	-	-	-	119	144	114
Attendees at Community Health Presentations	-	-	-	-	-	-	-	2,667	3,209	1,711
Air Quality:										
Compliance evaluations/complaint investigations conducted	-	-	-	-	-	-	-	752	864	704
Environmental Health:										
Inspections on food establishments, mobile food units, childcare facilities, school cafeterias conducted	-	-	-	-	-	-	-	2,786	7,024	3,827
Communicable and Environmental Disease:										
Reportable disease investigations conducted	-	-	-	-	-	-	-	7,564	11,774	90,017
Health Services:										
Patient encounters	-	-	-	-	-	-	-	83,048	76,073	128,859
Vaccines administered	-	-	-	-	-	-	-	34,487	27,993	65,719
Dental Services:										
Patient encounters	-	-	-	-	-	-	-	4,768	6,365	4,178
Children served through school-based sealant program	-	-	-	-	-	-	-	1,671	1,504	224
Emergency Preparedness:										
Outreach events	-	-	-	-	-	-	-	30	45	127
Regional exercises	-	-	-	-	-	-	-	4	9	2
Epidemiology data reports	-	-	-	-	-	-	-	6	5	2
Engineering & public works (2)										
Street resurfacing (miles)	17	22	21	12	25	48	50	27	9	34
Road maintenance service orders processed	1,973	2,876	2,563	2,302	2,653	2,560	2,471	2,872	3,815	2,017
Litter reduction from right of way (miles)	637	839	1,035	906	1,040	766	749	779	719	773
Parks & recreation (2)										
Number of park shelter reservations	3,800	4,500	5,500	6,000	7,000	4,875	4,854	5,467	5,705	5,832
Total all participants on all teams	37,000	37,000	40,000	60,000	22,750	39,668	32,135	31,026	28,235	30,130
Total number of attendees at events	90,000	125,084	160,000	170,000	63,600	114,801	101,792	104,076	99,972	104,490

* 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	9	9	9	9	9	9	9	9	9	9
K-9 Training Facility	-	-	-	-	-	-	-	1	1	1
Engineering & Public Works										
Streets (lane miles)	2,107	2,107	2,230	2,236	2,241	2,244	2,248	2,256	2,263	2,265
Bridges	142	142	143	143	143	143	145	148	148	149
Traffic signals	65	68	70	73	75	76	81	81	85	86
Parks & Recreation										
Parks acreage	3,347	3,347	2,600	2,025	2,169	2,169	2,169	2,176	2,262	2,262
Parks	50	51	49	48	48	48	48	49	52	52
Spray pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	7	7	13	13	13	13	13	13	13	13

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