



KNOX COUNTY
TENNESSEE



**POPULAR ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR 2019**



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A MESSAGE FROM THE MAYOR

My fellow Knox Countians,

It is with deep pride and humility that I thank you for allowing me to serve as your mayor. I appreciate the opportunity to present Knox County's Financial Report for 2019.

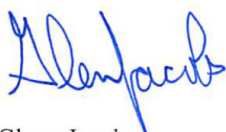
Knox County is filled with innovators and artists, educators and students, athletes, business leaders, blue collar workers, families and young people. They all share the feeling that Knox County is the best place to live and work. Knox County is a place where people want to raise a family; where businesses want to locate and where visitors from across our great state and country want to spend time and make memories.

Located at the foothills of the Smoky Mountains, Knox County is a special place with beautiful mountain views, gleaming waterways, numerous hiking trails, biking and outdoor activities, along with the University of Tennessee, which adds to our volunteer spirit. In my opinion, there is no other county in Tennessee that shares our diverse landscape. I have been very fortunate to travel the globe, including all 50 of our states.

I am proud that my family and I chose to make this our home. Knox County will continue to move forward as we strive to recruit new industries and businesses, improve our roads and infrastructure, and continue to focus on ensuring our students receive a quality education.

Although this year is one of transition and adaption, I expect Knox County to emerge as a stronger, more unified community.

Sincerely,



Glenn Jacobs
Knox County Mayor



Mayor
Glenn Jacobs





ABOUT THE PAFR

The Knox County Department of Finance is proud to present this Popular Annual Financial Report (PAFR). This report provides summarized information about the County's financial activities and is intended to give readers an overview of the County and its finances.

Although the PAFR is not audited, the financial information reported is based on the audited 2019 Comprehensive Annual Financial Report (CAFR). The Department of Finance is responsible for the preparation of the CAFR. The CAFR contains three basic sections: the introductory section, which provides general information on the government's structure, personnel, economic situation and finances; the financial section, which includes information on fund types, individual funds and account groups; and the statistical section, which provides a broad range of trend data covering key financial indicators from the past ten fiscal years. The report also contains demographic and miscellaneous data useful in assessing the County's financial situation.

The 2019 CAFR is available online at [knoxcounty.org/finance](https://www.knoxcounty.org/finance).



GFOA AWARDS

The Government Finance Officer Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Knox County Government for its comprehensive annual financial report for the fiscal year that ended June 30, 2018. This was the 23rd consecutive year our government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized, comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The County has also received, for the 24th consecutive time, the GFOA Award for Distinguished Budget Presentation for its 2019 Annual Operating Budget. In qualifying for this award, the County’s budget document was judged to be proficient in several categories, including policy documentation, financial planning and organization.



23rd
Consecutive Year
GFOA Certificate of Achievement for Excellence in Financial Reporting

24th
Consecutive Year
GFOA Award for Distinguished Budget Presentation for its 2019 Annual Operating Budget

KNOX COUNTY GOVERNMENT



Back Row: Randy Smith, Brad Anders, Larsen Jay, John Schoonmaker, Justin Biggs, Richie Beeler
Front Row: Evelyn Gill, Hugh Nystrom, Michele Carringer, Carson Dailey, Charles Busler

Knox County is governed by an eleven-member board of commissioners, elected by district and at-large in partisan countywide elections held in August of even-numbered years. Commissioners serve four-year terms.

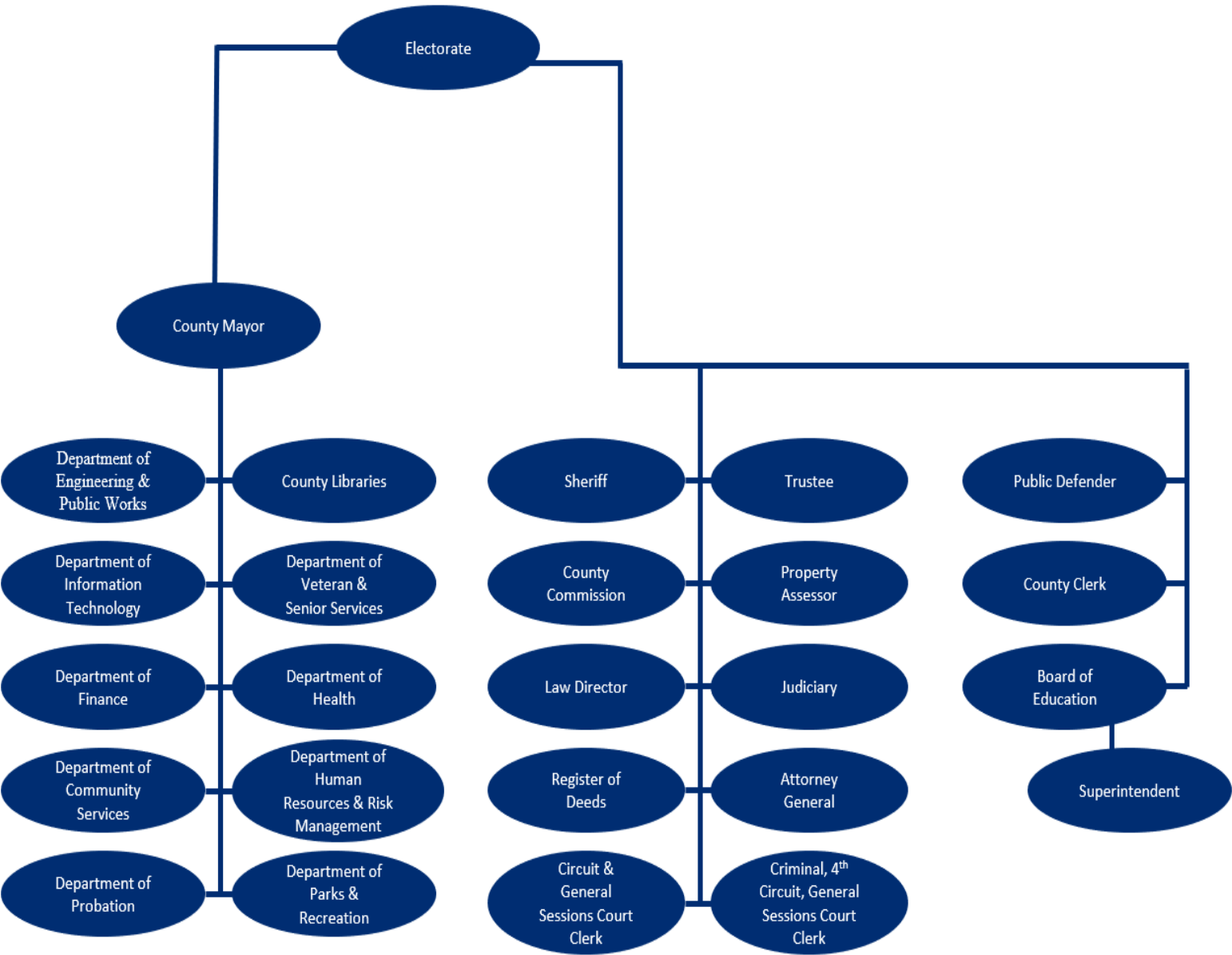
The board's primary duties are to adopt ordinances, emergency ordinances and resolutions governing the operation of government or to regulate the conduct and affairs of the residents of Knox County. Each member of the Knox County Commission serves all Knox Countians eagerly and are happy to be of assistance to you.

Mission & Vision

Knox County's mission is to provide superior public service and support in an efficient and fiscally responsible way so that all residents can improve their quality of life while enjoying the benefits of a vibrant community. We believe that if we focus on transparency, invest in education and partner with our stakeholders, we will be able to create a pervasive culture of community vitality that guides us to becoming the workforce development center of East Tennessee.



ORGANIZATIONAL CHART



KNOX COUNTY AT-a-GLANCE

History

Knox County was created on June 11, 1792, by Governor William Blount from parts of Greene and Hawkins counties, and has the distinction of being one of only eight counties created during territorial administration. It is one of nine United States counties named for American Revolutionary War general and first United States Secretary of War Henry Knox. Parts of Knox County later became Blount (1795), Anderson (1801), Roane (1801) and Union (1850) counties.

Geography

According to the U.S. Census Bureau, the county has a total area of 526 square miles, of which 508 square miles is land, and 17 square miles (3.29%) is water.

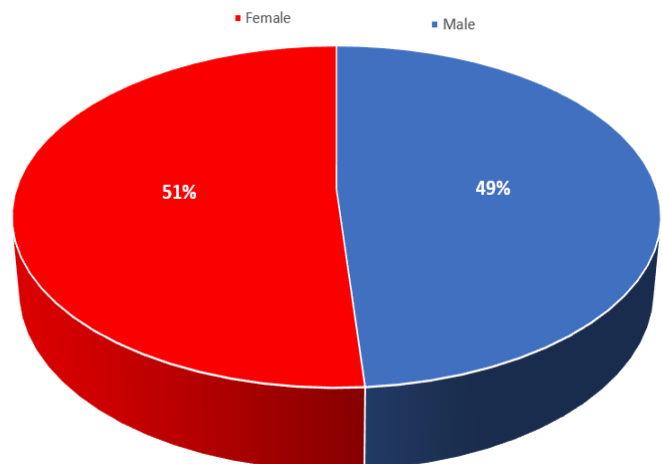
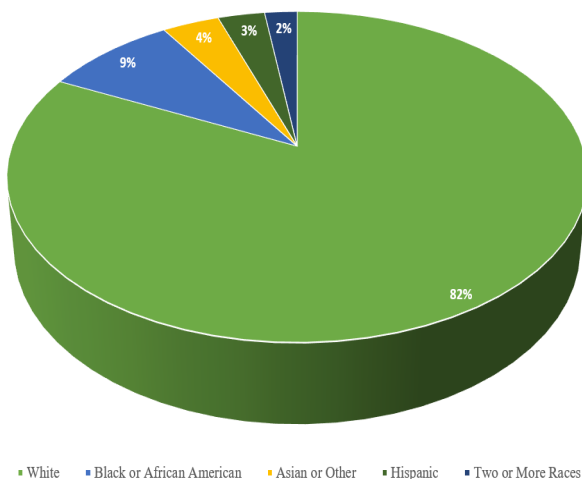
Post-Secondary Education

Four two-year colleges and ten four-year universities are located in Knox County and the surrounding area. The University of Tennessee was ranked 52nd among the nation's top public schools in 2019 by U.S. News and World Report.

Civic Organizations

The Knoxville Chamber has more than 2,200 members. United Way, Community Shares and Community Action Committee support many youth, family and social service programs. More than 250 neighborhood associations and many civic groups are active throughout the city and county.

Demographics



GREETINGS from



3RD

Knox is the Third Largest County in the State

465,289

2018 Population of Knox

526

Knox Area in Square Miles

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#GREETINGS404



BUILDING PERMITS

\$151

million

Commercial Valuations

\$491

million

Residential Valuations

2,828

Permits Issued

49

Parks

184

Miles of Greenways & Walking Trails



SHERIFF

1,069

Employees

10,802

Arrests

3.6%

Unemployment Rate

\$55,266

Per Capita Income

\$207,000

Median House Value

Largest Employer U.S Department of Energy, Oak Ridge, 12,387 Employees

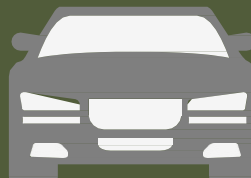


3,028

Fire Inspections

102

Fires Extinguished



81

Traffic Signals

2,256

Miles of Streets

27

Streets Resurfaced (Miles)



MAJOR INITIATIVES

- Working with the state and federal governments on the responsible placement of refugees.
- Renovating and improving the athletic fields at South Doyle Middle School.
- Building three new elementary schools including beginning the planning phase of construction on the new Lonsdale Elementary School, and significant renovations at Pond Gap Elementary, Powell Middle and Inskip Elementary Schools
- Bringing the Schaad Road Project into Phase II.
- Creating the 44-mile Knox County Water Trail along Beaver Creek.





2019 ACCOMPLISHMENTS



- A \$100,000 check was presented to Knoxville Public Safety Foundation.
- The All4Knox program was launched to create a community-wide strategic plan to combat substance abuse.
- Read City USA—a collaborative reading initiative designed to help all children, regardless of socioeconomic background, learn to read early and well- was introduced.



- The new senior center in Farragut was opened.
- Extended contracts for some Knox County Schools librarians to keep school libraries open through the summer months were funded.

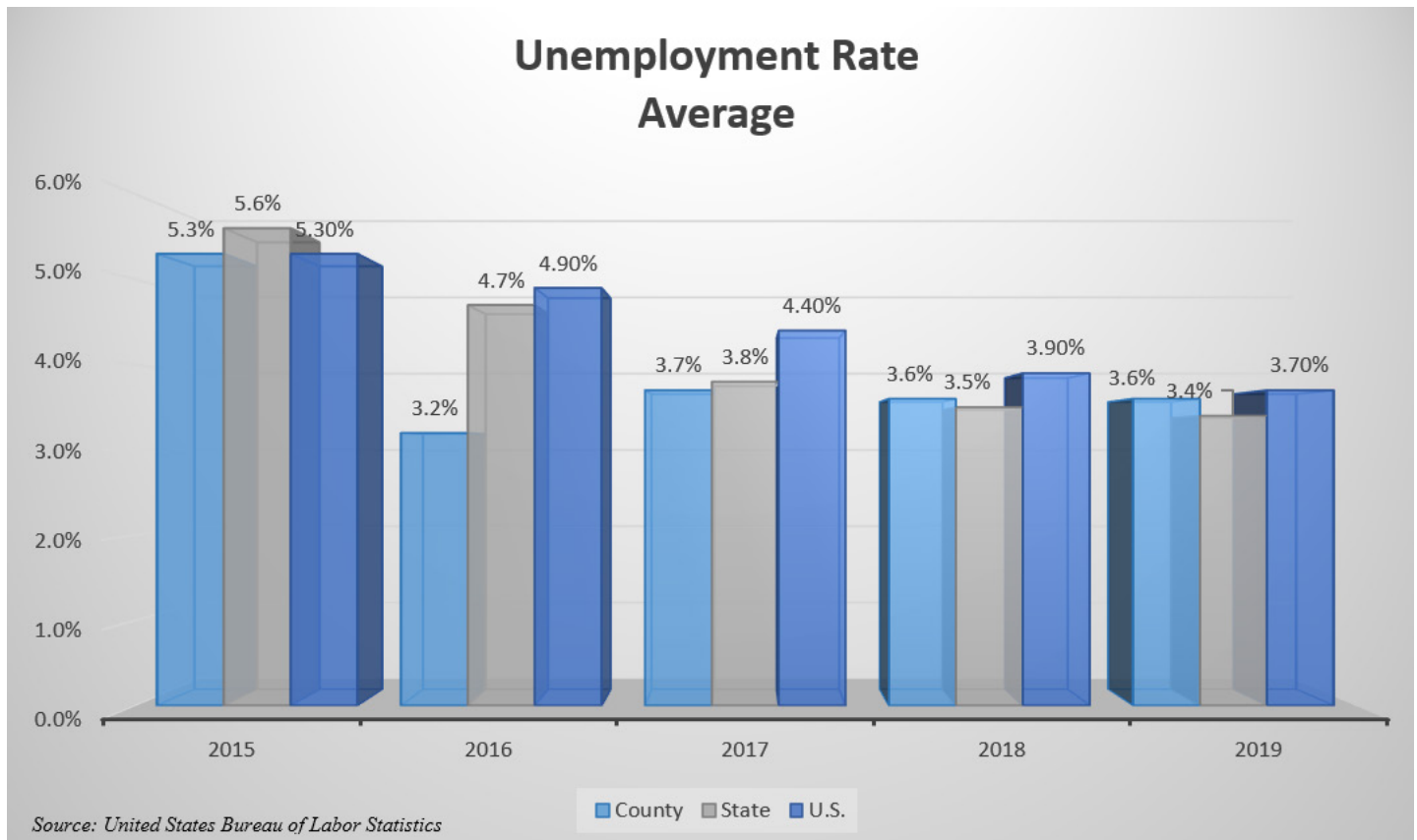


- The Knox County Public Library provided nearly 4,000 library cards to community school students.
- The Mayor hosted his first-ever School Mania, which provided school supplies to Knox County students.



EMPLOYMENT

The County's unemployment rate has been consistently lower than the national rates for the past five years. The following graph presents the average annual unemployment rates for that time. The County's unemployment rate continues to fall; the annual average was 3.6% in 2019, consistent with the previous year.





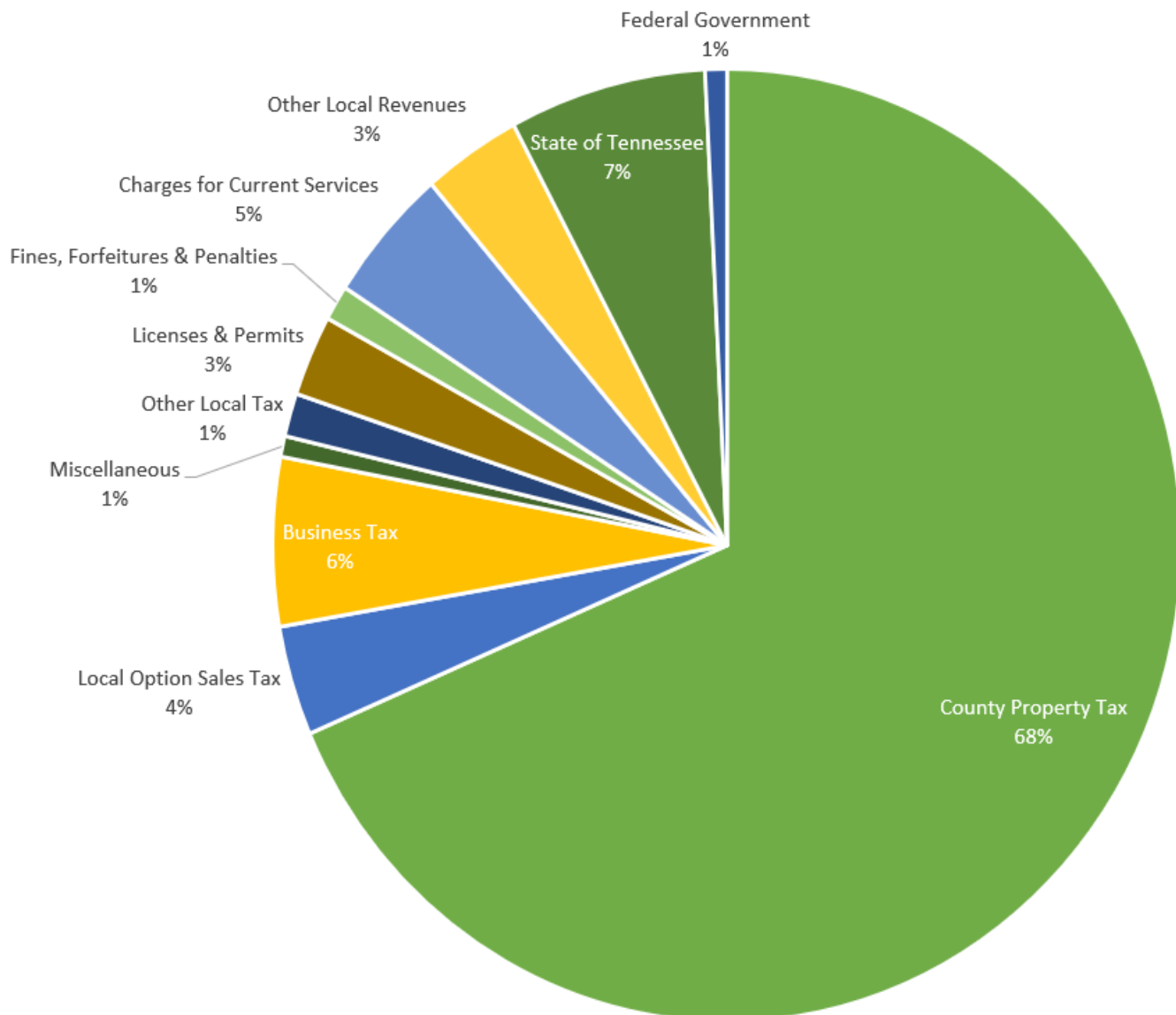
The County is within the Knoxville Metropolitan Statistical Area (MSA) which is home to the U.S Department of Energy and Covenant Health, which are major employers. The County’s primary occupations are in educational services, health care, hospitality and retail trade sectors. Industry sectors such as agriculture, utilities, and management of companies and enterprises comprise small portions of the Knox County Industry Structure. The largest employers by number of employees have remained relatively consistent through the years. The following table lists organizations employing the most area workers as of the most recent available information.

TOP 10 EMPLOYERS 2019

EMPLOYER	NUMBER OF EMPLOYEES	PERCENTAGE OF EMPLOYEES
1 U.S. Department of Energy, Oak Ridge Operations	12,387	3.03%
2 Covenant Health	10,419	2.55%
3 Knox County Public Schools	8,082	1.98%
4 The University of Tennessee	6,689	1.64%
5 Walmart Stores	5,998	1.47%
6 University Health System	5,547	1.36%
7 DENSO Manufacturing	5,000	1.22%
8 The Dollywood Company	4,000	0.98%
9 Clayton Homes	3,662	0.90%
10 K-VA-T Food Stores	3,487	0.85%
TOTAL	65,271	15.98%

COUNTY'S GENERAL FUND

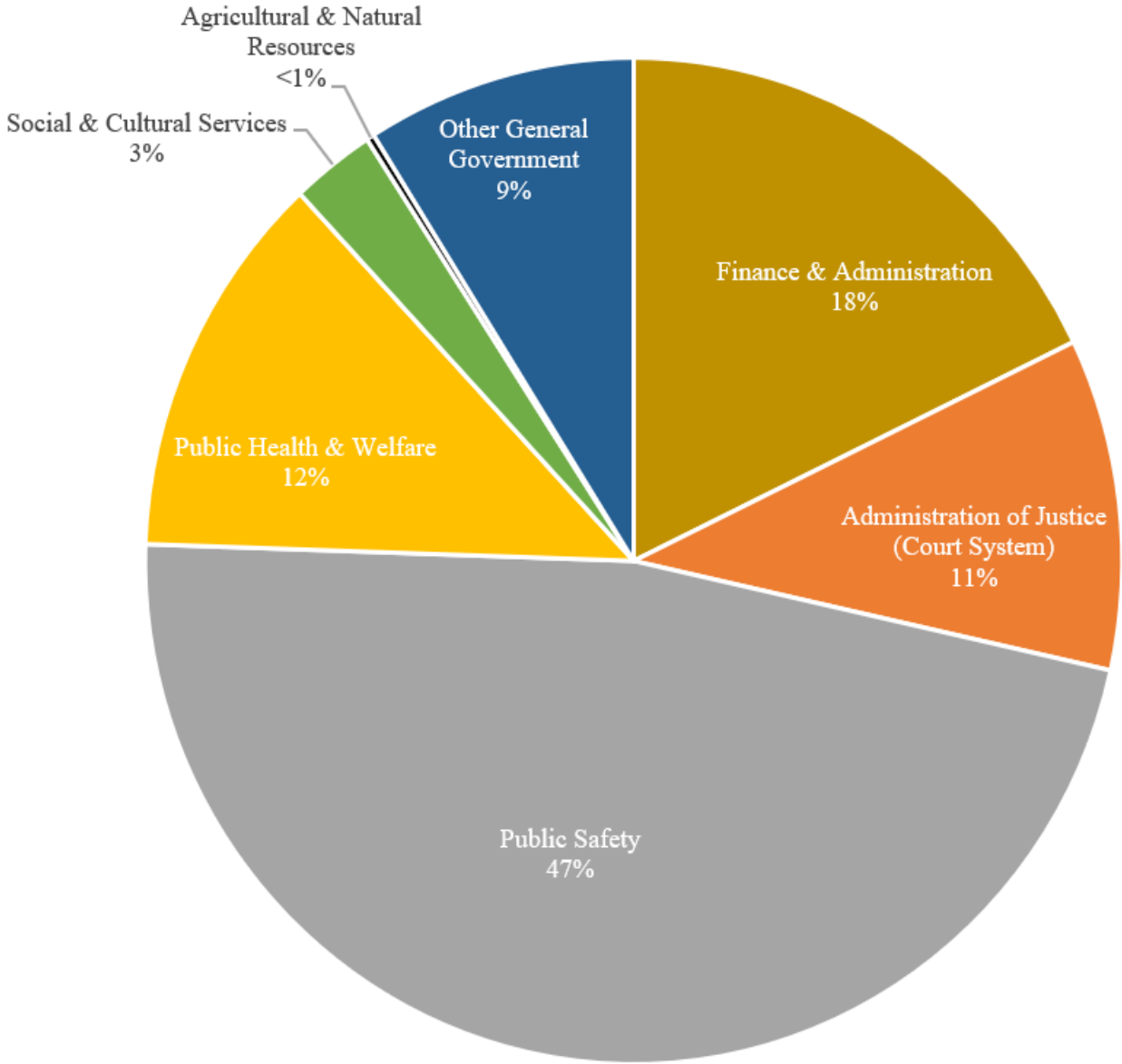
WHERE THE MONEY COMES FROM



The General Fund accounts for resources traditionally associated with governments that are not required legally or by financial management to be accounted for in another fund. The 'Miscellaneous' section consists of the wheel tax, increases in equity interest in joint ventures, and from other government and citizen groups. 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.

COUNTY'S GENERAL FUND

WHERE THE MONEY GOES



COUNTY'S GENERAL FUND

REVENUE - GENERAL FUND

Category	2018	2019	Variance
County Property Tax	\$122,979,983	\$125,637,491	\$ 2,657,508
Local Option Sales Tax	\$ 6,646,573	\$ 6,839,780	\$ 193,207
Business Tax	\$ 9,681,404	\$ 10,492,518	\$ 811,114
Wheel Tax	\$ 556,116	\$ 572,282	\$ 16,166
Other Local Tax	\$ 2,777,092	\$ 2,686,853	\$ (90,239)
Licenses & Permits	\$ 5,220,162	\$ 5,043,155	\$ (177,007)
Fines, Forfeitures & Penalties	\$ 2,155,077	\$ 2,190,263	\$ 35,186
Charges for Current Services	\$ 7,692,955	\$ 8,458,108	\$ 765,153
Other Local Revenues	\$ 4,842,366	\$ 6,423,269	\$ 1,580,903
State of Tennessee	\$ 13,916,623	\$ 12,851,494	\$(1,065,129)
Federal Government	\$ 1,089,621	\$ 1,414,906	\$ 325,285
Other Government & Citizen Groups	\$ 514,993	\$ 421,131	\$ (93,862)
Increase in Equity Interest in Joint Ventures	\$ 406,204	\$ 298,686	\$ (107,518)
Total Revenue	\$178,479,169	\$183,329,936	\$ 4,850,767

EXPENDITURES - GENERAL FUND

Category	2018	2019	Variance
Finance & Administration	\$ 30,118,144	\$ 33,493,502	\$ 3,375,358
Administration of Justice	\$ 18,758,678	\$ 20,012,386	\$ 1,253,708
Public Safety	\$ 84,379,458	\$ 88,340,254	\$ 3,960,796
Public Health & Welfare	\$ 22,313,862	\$ 23,457,235	\$ 1,143,373
Social & Cultural Services	\$ 5,218,606	\$ 5,231,099	\$ 12,493
Agricultural & Natural Resources	\$ 520,063	\$ 483,133	\$ (36,930)
Other General Government	\$ 14,699,478	\$ 16,774,661	\$ 2,075,183
Grand Total	\$ 176,008,289	\$ 187,792,270	\$ 11,783,981

SCHOOL'S GENERAL FUND

REVENUE - GENERAL FUND

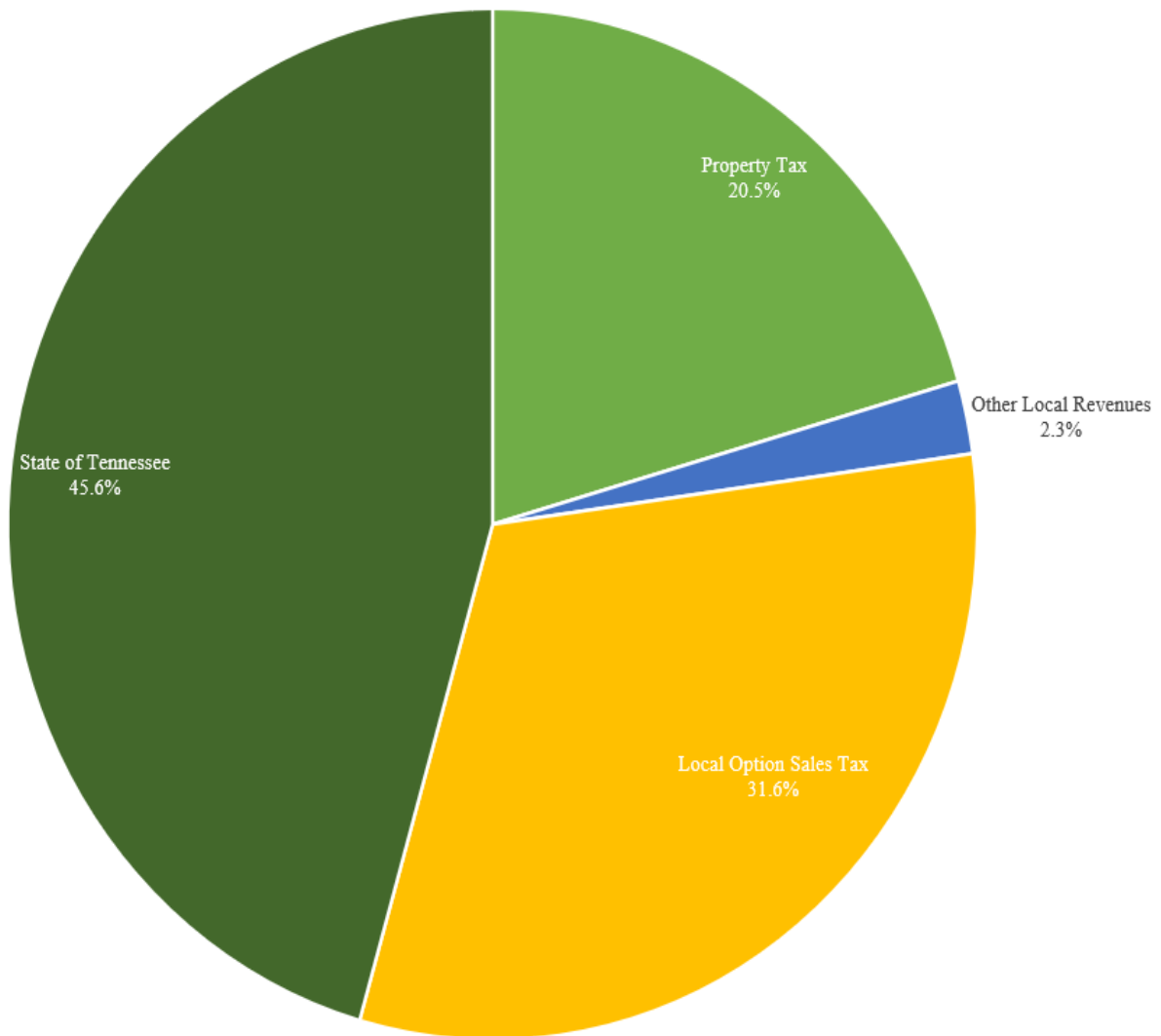
Category	2018	2019	Variance
Property Tax	\$ 100,650,102	\$ 102,501,659	\$ 1,851,557
Local Option Sales Tax	\$ 151,819,824	\$ 157,968,631	\$ 6,148,807
Wheel Tax	\$ 1,671,093	\$ 1,719,672	\$ 48,579
Other Local Tax	\$ 1,065,230	\$ 1,038,560	\$ (26,670)
Licenses & Permits	\$ 33,193	\$ 34,627	\$ 1,434
Charges for Current Services	\$ 809,822	\$ 486,473	\$ (323,349)
Other Local Revenues	\$ 3,079,505	\$ 4,677,941	\$ 1,598,436
State of Tennessee	\$ 215,884,959	\$ 227,710,124	\$ 11,825,165
Federal Government	\$ 649,194	\$ 671,598	\$ 22,404
Other Governments & Citizen Groups	\$ 7,153	\$ 18,449	\$ 11,296
Interest Earned	\$ 452,473	\$ 724,327	\$ 271,854
Payments from Primary Government	\$ 2,652,000	\$ 2,082,000	\$ (570,000)
Total Revenue	\$ 478,774,548	\$ 499,634,061	\$ 20,859,513

EXPENDITURES - GENERAL FUND

Category	2018	2019	Variance
Personal Services	\$ 310,483,454	\$ 316,257,731	\$ 5,774,277
Employee Benefits	\$ 83,656,709	\$ 88,969,412	\$ 5,312,703
Contracted Services	\$ 28,887,094	\$ 30,432,151	\$ 1,545,057
Supplies & Materials	\$ 24,164,506	\$ 29,791,076	\$ 5,626,570
Other Charges	\$ 14,215,183	\$ 15,147,771	\$ 932,588
Capital Outlay	\$ 870,643	\$ 1,248,501	\$ 377,858
Payments to Primary Government	\$ 13,774,686	\$ 13,297,034	\$ (477,652)
Grand Total	\$ 476,052,275	\$ 495,143,676	\$ 19,091,401

SCHOOL'S GENERAL FUND

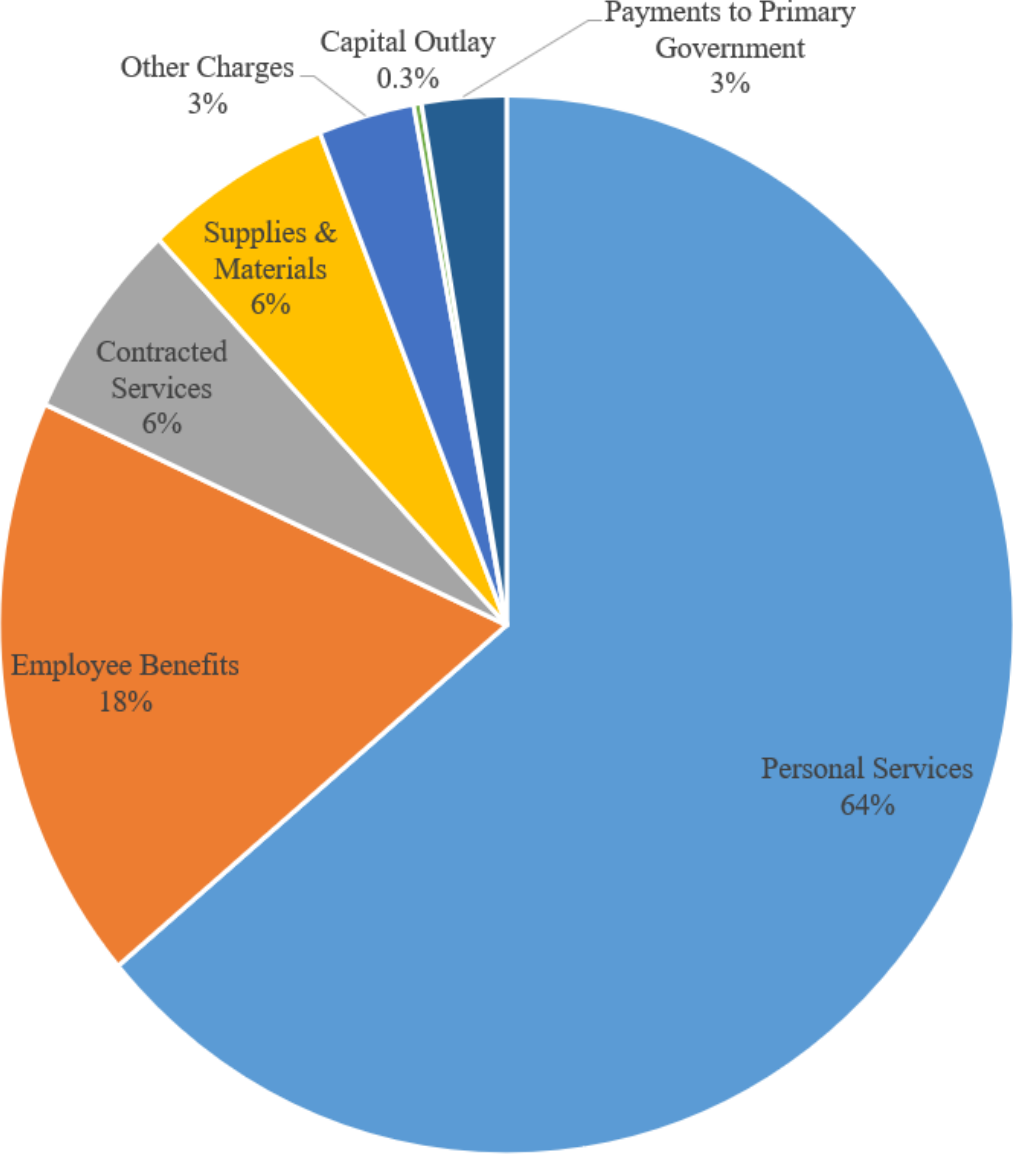
WHERE THE MONEY COMES FROM



General Purpose School Fund: This fund is used to account for general operations of the Board of Education. Major funding is provided through local tax levies and state education funds. The 'Other Local Revenues' section consists of the wheel tax, other local tax, licenses and permits, charges for current services, federal government, other governments and citizen groups, interest earned and payments from the primary government. The General Purpose School Fund also has increased by more than \$13.3 million. The increase in budget reflects the Mayor's commitment to ensure that adequate funding is provided for these essential functions.

SCHOOL'S GENERAL FUND

WHERE THE MONEY GOES

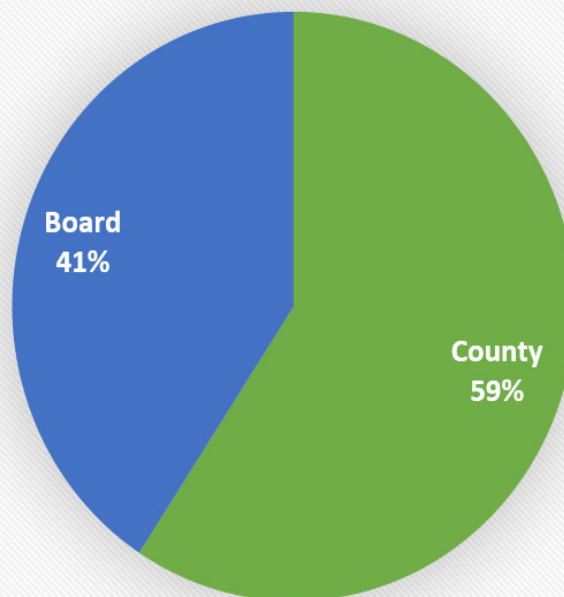


DEBT

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

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

Ending Bond Balance for 2019

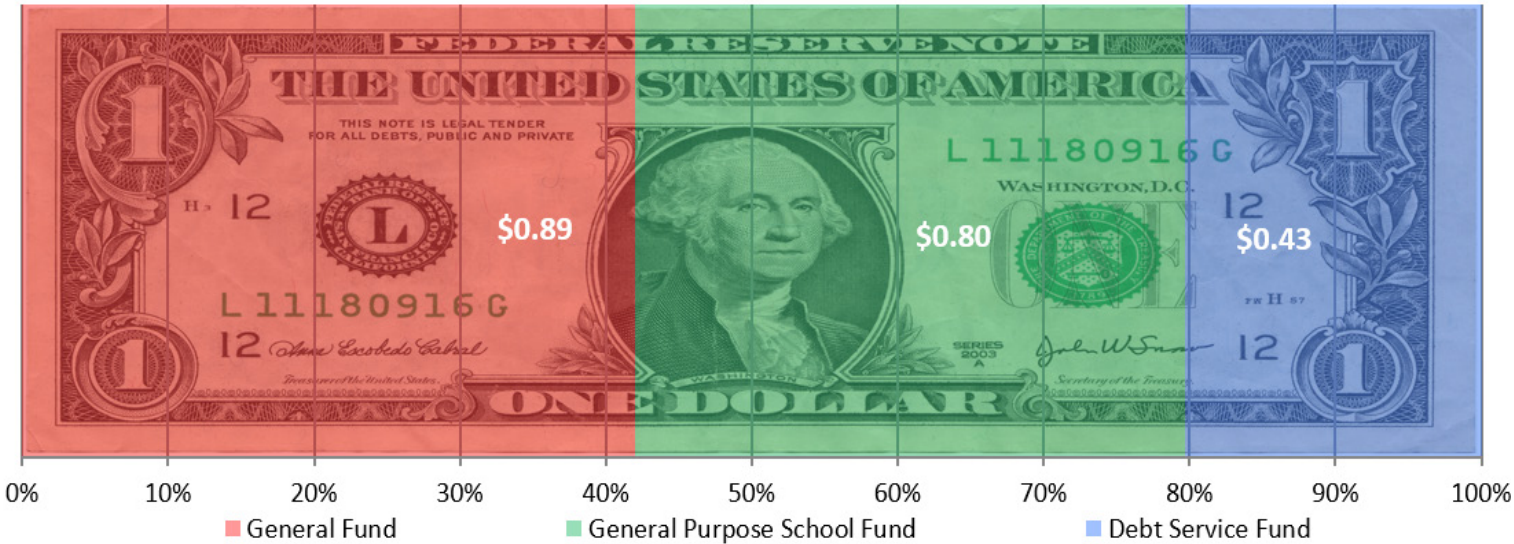




PROPERTY TAX

Knox’s County greatest revenue stream is from property taxes. The amount of property tax collected is established by the Property Assessor, followed by County Commission approval based on the needs of the budget. The tax rate for 2019 was \$2.12 for every \$100 of assessed value. For every property tax dollar collected, 89 cents was used to support Knox County’s general fund, 80 cents was allocated to the general-purpose school fund and 43 cents toward the debt service fund.

	Amount	% Total Levy
General Fund	\$ 0.89	42%
General Purpose School Fund	\$ 0.80	38%
Debt Service Fund	\$ 0.43	20%
Total Tax Levy	\$ 2.12	100%





**KNOX COUNTY
FINANCE DEPARTMENT**

www.knoxcounty.org