

**THE PUBLIC BUILDING AUTHORITY
OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE
Knoxville, Tennessee**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
June 30, 2019 and 2018**

**PREPARED BY:
FINANCE DEPARTMENT**

**ROBYN SMITH, CPA
DIRECTOR OF FINANCE**

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

**JUNE 30, 2019 AND 2018
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INTRODUCTORY SECTION



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Jayne Burritt, Administrator/CEO

Board of Directors

Scott Davis, Chair
Chuck Severance, Vice Chair
Hubert Smith, Secretary
Shane Jackson, Treasurer

Heather Anderson
Winston Frazier
Jennifer Holder
Jason Legg
Daniel Brown
Keena Strickland
Billy Stokes

October 29, 2019

Board of Directors of
The Public Building Authority of the County
of Knox and City of Knoxville, Tennessee
Knoxville, Tennessee

State law and the Comptroller of the Treasury, State of Tennessee, requires that every political subdivision of municipal corporation publish within six months of the close of each fiscal year-end, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill these requirements for the fiscal years ended June 30, 2019 and 2018.

Internal Controls

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this 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 from material misstatement.

The Comprehensive Annual Financial Report

The CAFR is presented in four sections: Introductory, Financial, Statistical and Internal Control and Compliance. The Introductory Section includes this Letter of Transmittal, the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, a Roster of Officials and Others, and our Organizational Chart. The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Notes to Financial Statements, and Supplementary Information. The Statistical Section provides selected unaudited financial information.

Independent Audit

Mauldin & Jenkins, LLC has issued an unmodified ("clean") opinion on PBA's financial statements for the fiscal years ended June 30, 2019 and 2018. As stated in the independent auditor's report, the audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A)

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of MD&A. The Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. PBA's MD&A can be found immediately following the Independent Auditor's Report.

Profile of The PBA

The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (PBA) is a joint venture between the County of Knox (The County) and the City of Knoxville (The City) and was created under the authority of the State of Tennessee, Tennessee Code Annotated (TCA), Sections 12-10-101 to 12-10-124. The PBA was incorporated on August 6, 1971. Under various agreements, the PBA manages and operates certain public buildings that house the governments of the City, the County, and certain other related governmental organizations. Public parking facilities are also included under this PBA umbrella of management. These activities include security, custodial, maintenance, and grounds services and are coordinated within the Property Management Department.

The PBA develops public properties for the City and the County at their direction. These activities include construction management as the owner's representative and are coordinated within the Property Development Department.

Additionally, the PBA provides management and maintenance for telecommunications systems and services of the City, County, and Board of Education.

The PBA is considered a political subdivision or municipal corporation of the State of Tennessee. The PBA is a special purpose financial reporting entity and has no component units. It is governed by an eleven member Board of Directors (the Board), of which six are appointed by the County and five by the City, for six-year terms. The Board hires an Administrator/CEO who is responsible for the management of the PBA.

Budgeting

Following review by the Board, budgets are submitted annually to the City and County and other related governmental clients for approval. Budgets are separated between the operating activities of Property Management, Property Development, and Telecommunication Services mirroring the delineation in operating agreements with the City and the County. Further, within Property Management, budgets are prepared on a property-by-property basis in compliance with the associated operating agreements.

Each budget is fully costed, containing both the direct and indirect costs of providing services. An operating reserve has been funded, at an amount agreed upon with each client as appropriate, within each budget through the end of fiscal year 2020.

Local Economy

Knox County is the third most populated county in the State of Tennessee. The City of Knoxville is the County seat. Knoxville is located on the Tennessee River near the geographic center of East Tennessee. Because of its central location in the eastern United States, the Knoxville area serves thousands of industrial and commercial customers in a concentrated eight-state area. It is within 500 miles of approximately one-half of the population of the United States. The County for many years has been known as one of the South's leading wholesale markets. Located within the County are 1,127 wholesale establishments, 1,801 retail establishments, and 8,673 service establishments.

Tourism also plays a vital role in the economic development of the area. Knox County is the principal Gateway to the Great Smoky Mountains National Park, located 40 miles to the southeast. There are over 500,000 acres that make up the nation's most visited National Park, extending over the States of Tennessee and North Carolina. More than 11.4 million people visited the National Park in 2018, a .9% increase over 2017.

The presence of the University of Tennessee and the Tennessee Valley Authority in Knoxville lends stability to the area, making the local economy less cyclical than either the national or state economy. This contributes to a low unemployment rate, which was 3.6% in Knox County at June 30, 2019. This compares favorably to the national unemployment rate of 3.8% and the state rate of 4.0%.

The overall economic health of the Knoxville/Knox County area continues to improve. The City of Knoxville serves as the economic hub of the entire upper East Tennessee area, and its trade sector is one of the strongest in the state. Knox County has the fifth highest per capita sales tax rate in the state, at roughly 201.65% of the state average. In fiscal years 2019 and 2018, respectively, sales tax collections on a countywide basis were \$882,605,585 and \$844,110,844. This represents an increase of 5%.

Long-Term Financial Planning

The PBA's costs are covered by fees charged to the City and County and certain other rated governmental organizations for management and development of public properties. Both the City and the County have long-term capital plans allocating significant resources totaling \$34,212,895 and \$7,250,828 respectively in which PBA is involved.

<u>Projects</u>	<u>Total Budget</u>	<u>FY 2020 *</u>	<u>FY 2021 to FY 2024</u>
<u>City Projects:</u>			
City ADA Improvements	\$ 1,300,000	\$ 1,300,000	\$ 0
City County Building Development Services – City Portion	683,000	683,000	0
City County Building 5 th Floor Renovations	17,000	17,000	0
Fort Kid Wall Stabilization	300,000	300,000	0
Harriet Tubman Park Clubhouse/Playground	450,000	450,000	0
Harriet Tubman Tennis Courts Repairs	36,095	36,095	0
Knoxville Civic Auditorium & Coliseum	10,830,000	10,830,000	0
Ned McWherter Boat Ramp Repair	542,000	542,000	0
Public Works Complex – Ph III	681,349	681,349	0
Public Works Complex – Ph IV	762,451	762,451	0
State Street Garage Additions (2 decks)	11,000,000	11,000,000	0
Suttree Landing Pavilion & Shoreline	2,086,000	2,086,000	0
Volunteer Landing Dock & Replacements	500,000	500,000	0
World's Fair Park Amphitheater & Sunsphere	2,500,000	2,500,000	0
World's Fair Park Performance Lawn & Stage	2,525,000	2,525,000	0
Total City Projects	<u>34,212,895</u>	<u>34,212,895</u>	<u>0</u>
<u>County Projects:</u>			
City County Building – Jury Room & Restroom Renovations	214,000	214,000	0
IC King Park Expansion	1,350,000	1,350,000	0
Halls Greenway Connector Concept Plan	16,000	16,000	0
Jail Assessment & Feasibility Study	65,000	65,000	0
Knox County Programming (<i>Initial Estimate-Scope pending</i>)	396,828	396,828	0
Knox-Blount Greenway (TDOT)	1,451,000	1,451,000	0
South Doyle Middle School Athletic Fields	1,158,000	1,158,000	0
West Knox Senior Center Relocation & Renovation	2,600,000	2,600,000	0
Total County Projects	<u>7,250,828</u>	<u>7,250,828</u>	<u>0</u>
Total All Projects	<u>\$ 41,463,723</u>	<u>\$ 41,463,723</u>	<u>\$ 0</u>

*FY 2020 allocations may include amounts from prior years.

As projects are completed and opened for public use, the PBA often assumes the role of property manager. Senior centers are good examples where PBA transitions from development manager to property manager as the capital projects are completed and put in service.

Major Initiatives

The PBA is operating in an environment of changing leadership in both the City and County, with the arrival of the new County Mayor, Glenn Jacobs, in September 2018. In addition, the City will have a new mayor before the end of 2019. With the change in leadership, the PBA hopes to maintain a consistent growth while working with the new administrations. Our goal remains to look internally to improve our processes as we strive to be good stewards of taxpayer dollars. Management continues to focus on working as a team and building a strong foundation for our employees. Our employees remain the backbone of our organization. They are the reasons that we continue to grow at a steady pace.

Property Management continues to take on more properties as we expand in custodial, maintenance and security. HVAC upgrades and on-going monitoring has been a major focus and will continue to expand as new efficiencies are presented to our clients. Custodial was a major area of focus last year and will be evaluated for improvements to better serve our clients. We did bring some of the smaller properties in-house to determine if it could be done at a lower cost. We have found that we can do it better in house, but cost remains a major hurdle. It is important to find the most cost-effective way to service our properties. Recent renovations and upgrades to our Comm Center have expanded the number of cameras being monitored for security. This is one of our fastest growing areas as our clients want to improve security and the ability for 24/7 monitoring of their properties.

The PBA Property Development department continues to manage a variety of projects. As the leadership with our clients change with elections, this department concentrates on assisting our clients with capital planning for new projects along with the strategies to maintain their existing capital infrastructure. It is impossible to tell what, if any, new capital projects the new leaders will advance during the next budget cycle.

PBA Telecommunications continue to upgrade our Voice Over Internet Protocol (VoIP) which began three years ago. Phase IV begins in the fall with projected completion estimated as Fall 2020. This project will provide a uniform phone which will enhance services mobility and reduce annual operating costs. Staying updated on advancing technologies to provide our clients with recommendations and solutions remains a constant objective for this department.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the PBA for its comprehensive annual financial report for the fiscal years ended June 30, 2018 and 2017. This was the fifteenth consecutive year that the PBA has received this prestigious award. In order to be awarded a Certificate of Achievement, an organization 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 Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

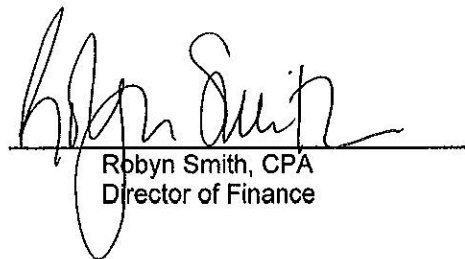
Acknowledgements

The preparation of this CAFR results from the combined efforts of the staff of the Finance Department. Those involved have our sincere appreciation for the individual and collective contributions made in preparation of the report. Thank you very much for your professional dedication.

Recognition and appreciation are also extended to the Board for its continued guidance of the operations of the PBA in a financially responsible and progressive manner.

Respectfully submitted,


Jayne Burritt
Administrator/CEO


Robyn Smith, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Public Building Authority
of the County of Knox and the City
of Knoxville, Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

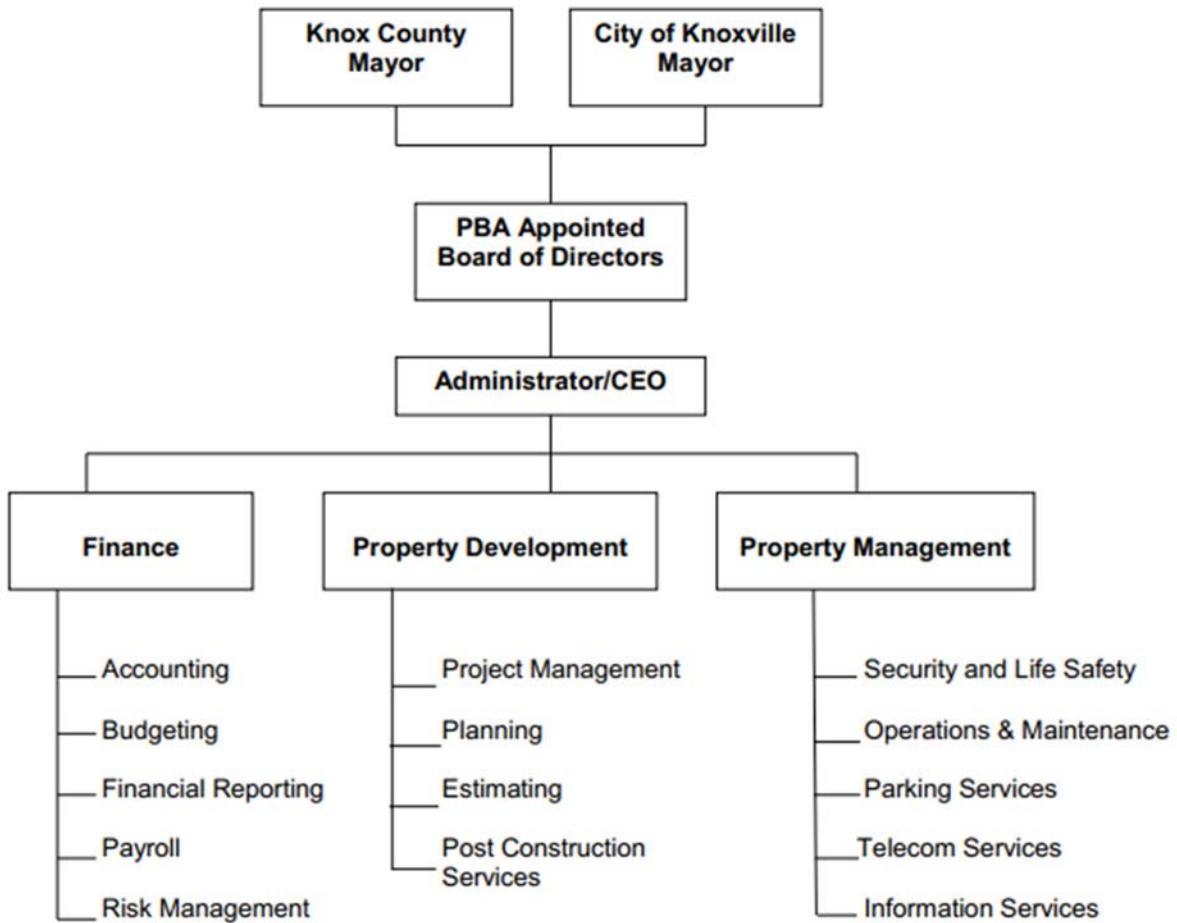
June 30, 2018

Christopher P. Morill

Executive Director/CEO

**The Public Building Authority of the
County of Knox and the
City of Knoxville, Tennessee**

**Organizational Chart
June 30, 2019**



THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE

ROSTER OF OFFICIALS AND OTHERS

June 30, 2019

<u>Board of Directors</u>	<u>Expiration of Term</u>
Scott Davis, Chair	2019
Chuck Severance, Vice-Chair	2021
Hubert Smith, Secretary	2023
Shane Jackson, Treasurer	2023
Billy J. Stokes, Executive Committee	2019
Winston Frazier	2019
Heather Anderson	2021
Jason Legg	2023
Jennifer Holder	2021
Daniel Brown	2024
Keena Strickland	2021

Management

Jayne Burritt, Administrator/CEO

Robyn Smith, Director of Finance

Kristin Grove, Director of Property Development

David Lively, Director of Facilities Operations and Engineering

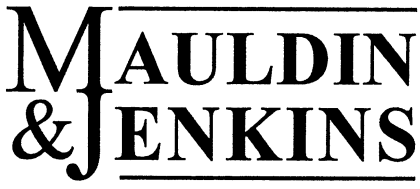
Independent Auditor

Mauldin & Jenkins
Certified Public Accountants
Chattanooga, Tennessee

Legal Counsel

W. Morris Kizer
Gentry, Tipton & McLemore, P.C.
Knoxville, Tennessee

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors of
The Public Building Authority of the County
of Knox and the City of Knoxville, Tennessee
Knoxville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Public Building Authority of the County of Knox and the City of Knoxville, Tennessee ("PBA"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the PBA'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An 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 entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the PBA as of June 30, 2019 and 2018, and the changes in financial position and cash flows for the years 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 4-12 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 an opinion on the financial statements that collectively comprise the PBA's basic financial statements. The supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity), introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity) are the responsibility of management and were derived from and relate 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. In our opinion, the supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019 on our consideration of the PBA'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 our 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 PBA'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 PBA's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
October 28, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the PBA's financial condition and results of operations for the years ending June 30, 2019, 2018 and 2017. This information should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The following are key financial highlights:

- Total assets at June 30, 2019, 2018 and 2017 were \$16,703,388, \$12,614,290, and \$12,353,346, and exceeded liabilities (net position) by \$8,639,040, \$9,044,251 and \$8,999,126 respectively. Of the total net position, \$3,356,522, \$3,945,845 and \$3,556,461 was unrestricted and was available to support short-term operations for the years ending June 30, 2019, 2018 and 2017, respectively.
- Operating revenues were \$18,208,882, \$17,703,274 and \$16,363,612 for the years ending June 30, 2019, 2018 and 2017, representing an increase of 2.9%, 8.19%, and 7.97% from prior years.
- During 2019 there was an increase of \$184,112 in net position investment in capital assets and a decrease in unrestricted net position of \$(589,323) which combined for the overall decrease in net position of \$(405,211).
- Operating expenses before depreciation increased by \$1,622,838 and increased by \$776,970 during 2019 and 2018, representing a 10.3% increase and 5.2% increase from 2018 and 2017.
- Operating income for 2019 was \$84,804 representing a decrease of \$(1,149,384) from 2018. The change in net position, before capital contributions, decreased by \$(1,472,259) when compared to 2018.
- The ratios of operating income to total operating revenues were .5% for 2019, 7.0% for 2018 and 4.0% for 2017.
- Capital asset replacement reserve contributions were \$2,190,579 for 2019, \$1,168,656 for 2018 and \$1,150,000 for 2017.
- Capital contributions returned were \$2,610,733 for 2019, \$2,303,966 for 2018 and \$1,789,698 for 2017, an increase of \$306,767 and an increase of \$514,268 when compared to 2018 and 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's review and analysis of PBA's financial condition and performance. Summary financial statement data, key financial and operational indicators used in PBA's budget, and other management tools were used for this analysis.

The financial statements report information about the PBA using full accrual accounting methods as utilized by similar business-type activities in the private sector.

The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents the financial position of the PBA on a full accrual basis of accounting. While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the 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 the related cash flows. This statement also provides certain information about the PBA's recovery of its costs.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or the depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the PBA's accounting policies, contracts, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information includes a schedule of net position and schedule of revenues, expenses and changes in net position by projects. Also, included is a separate schedule of revenues, expenses and changes in net position – budget to actual by project.

SUMMARY OF ORGANIZATION AND BUSINESS

The PBA is a joint venture between the County of Knox and the City of Knoxville, Tennessee and was created under the authority of the State of Tennessee, Tennessee Code Annotated (TCA), Sections 12-10-101 to 12-10-124. The PBA was incorporated on August 16, 1971. PBA began operations through an operating agreement signed by Knox County and the City of Knoxville on July 1, 1975. The purpose of the PBA is to "acquire, design, construct, operate, and manage public buildings and facilities."

The PBA is governed by 11 Board of Directors (the Board) of which six are appointed by the County and five by the City. Board members serve a six year term. The Board hires an Administrator/Chief Executive Officer (CEO) who is responsible for the management of the PBA.

The PBA's capital assets consist of building improvements, site improvements, machinery and equipment, office equipment and vehicles.

The PBA has no taxing authority. The PBA's revenues are derived from rental income, management fees, net parking revenues, and miscellaneous charges. Rental income and management fees are annually negotiated with the County and City and certain other related governmental organizations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information provides key financial data and indicators for management, monitoring, and planning.

Condensed Statements of Net Position
(In Thousands of Dollars)
June 30, 2019 and 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
ASSETS			
Current Assets	\$ 11,421	\$ 7,516	\$ 6,911
Net Capital Assets	<u>5,282</u>	<u>5,098</u>	<u>5,443</u>
 TOTAL ASSETS	 <u>\$ 16,703</u>	 <u>\$ 12,614</u>	 <u>\$ 12,354</u>
 LIABILITIES			
Current Liabilities	\$ 7,892	\$ 3,403	\$ 3,173
Non-Current Liabilities	<u>172</u>	<u>167</u>	<u>182</u>
 TOTAL LIABILITIES	 <u>8,064</u>	 <u>3,570</u>	 <u>3,355</u>
 NET POSITION			
Investment in Capital Assets	5,282	5,098	5,443
Unrestricted	<u>3,357</u>	<u>3,946</u>	<u>3,556</u>
 Total Net Position	 <u>8,639</u>	 <u>9,044</u>	 <u>8,999</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 16,703</u>	 <u>\$ 12,614</u>	 <u>\$ 12,354</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

(In Thousands of Dollars) For the Fiscal Years Ended June 30, 2019 and 2018 and 2017

	2019	2018	2017
Operating Revenues			
Rentals – Net	\$ 4,837	\$ 4,766	\$ 4,558
Management Fees	9,289	8,975	8,009
Parking	4,083	3,962	3,796
Total Operating Revenues	18,209	17,703	16,363
Operating Expenses			
Salaries and Benefits	8,528	7,928	7,729
Office	137	120	141
Education and Training	15	15	6
Purchased Services and Supplies	1,760	1,490	1,541
Operating Contracts	2,768	2,510	2,058
Utilities	2,326	2,204	2,232
Communications	106	125	148
Insurance	283	306	311
Professional Fees	64	67	70
Depreciation	737	705	728
Maintenance Facility	110	120	129
Other	1,290	879	622
Total Operating Expenses	18,124	16,469	15,715
Operating Income (Loss)	85	1,234	648
Non-Operating Revenues (Expenses)			
Interest Income	47	35	28
Bank Charges	(100)	(89)	(89)
Capital Asset Retirement	(17)	0	0
Capital Contributions Returned	(2,611)	(2,304)	(1,790)
Total Non-Operating Revenues (Expenses) – Net	(2,681)	(2,358)	(1,851)
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	(2,596)	(1,124)	(1,203)

(Continued)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Capital Contributions			
Capital Contributions	<u>2,191</u>	<u>1,169</u>	<u>1,150</u>
Extraordinary Loss			
Transfer of Capital Assets	<u>0</u>	<u>0</u>	<u>(2,175)</u>
Increase (Decrease) in Net Position	(405)	45	(2,228)
Net Position, Beginning of Year	<u>9,044</u>	<u>8,999</u>	<u>11,227</u>
Net Position, End of Year	\$ <u>8,639</u>	\$ <u>9,044</u>	\$ <u>8,999</u>

OTHER SELECTED INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Space (in Square Feet) Under Management	1,652,177	1,633,247	1,606,971
Number of Parking Spaces Under Management	8,248	7,612	6,770
Parks – Number of Acres Under Management	32	32	32
Employees at Year-End:			
Facilities Management	73	69	65
Safety and Security	66	58	59
Property Development	5	5	5
Telecommunications	12	11	10
Administrative	<u>10</u>	<u>9</u>	<u>8</u>
Total	<u>166</u>	<u>152</u>	<u>147</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average Number of Employees	160	150	150
Per Average Employee:			
Operating Revenues	\$ 113,806	\$ 118,022	\$ 109,091
Operating Expenses	\$ 113,275	\$ 109,794	\$ 104,766
Ratio of Operating Revenues to:			
Operating Expenses	100%	107%	104%
Operating Expenses – Net of Depreciation	105%	112%	109%
Total Assets	109%	140%	121%
Net Position	211%	196%	182%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL CONDITION

The PBA's financial condition remained strong at year-end with adequate liquid assets and a reasonable level of unrestricted net position. The current financial condition, staff capabilities, operating plans and upgrade plans to meet future City and County requirements are well balanced and under control.

Net position increased (decreased) by \$(405,211), \$45,125 and \$(2,227,455) for the years ending June 30, 2019, 2018 and 2017, respectively. At the request of the City of Knoxville, we returned capital asset replacement reserves at June 30, 2019 resulting in a decrease in net position. Also, at the request of our clients (City of Knoxville and Knox County), we returned City and County assets at the beginning of fiscal year 2017 resulting in a decrease in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

RESULTS OF OPERATIONS

Capital Contributions (Deductions)

The PBA collects operating and capital asset replacement reserve contributions from the County and City for future capital asset improvements and replacements. Capital contributions are annually budgeted with the County and City.

Operating and capital asset replacement reserve contributions were \$2,190,579 and \$1,168,656 for 2019 and 2018, respectively. The contributions consist of the following:

<u>June 30, 2019</u>	<u>Capital Reserves</u>
County:	
City County Building	\$ 938,902
Telecommunications	<u>263,611</u>
Total County	1,202,513
City:	
City County Building	287,000
City Parks	239,066
KAT Facilities	0
Telecommunications	462,000
Total City	<u>988,066</u>
Others	<u>0</u>
Total	<u>\$ 2,190,579</u>
<u>June 30, 2018</u>	<u>Capital Reserves</u>
County:	
City County Building	\$ 713,000
Telecommunications	<u>150,000</u>
Total County	863,000
City:	
City County Building	287,000
City Parks	0
KAT Facilities	0
Telecommunications	<u>18,656</u>
Total City	<u>305,656</u>
Others	<u>0</u>
Total	<u>\$ 1,168,656</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

RESULTS OF OPERATIONS (Continued)

Capital Contributions (Deductions) (Continued)

Reserves returned to the City and County during 2019 totaled \$2,517,156 which represented a \$1,880,768 refund of operating results above the calculated desired reserve and a \$636,388 return of capital asset replacement reserves to the City. Additionally, operating reserves of \$1,219 were refunded to the Emergency Communications District, \$5,594 to the Development Corporation Board, \$25,705 to Knox County Schools, \$46,866 to Knoxville Utilities Board, and \$14,193 to the Industrial Development Board, also representing operating reserves above the calculated needed reserve.

Reserves returned to the City and County during 2018 totaled \$2,239,273 and represented a refund of operating results above the calculated desired reserve. Additionally, operating reserves of \$25,033 were refunded to the Emergency Communications District, \$5,877 to the Development Corporation Board, \$18,641 to Knox County Schools, \$5,998 to Knoxville Utilities Board, and \$9,144 to the Industrial Development Board, also representing operating reserves above the calculated needed reserve.

Operating Expenses

Operating expenses during 2019, 2018, and 2017 increased/(decreased) by \$1,654,992, \$754,118 and \$1,151,709 or 10.0%, 4.8%, and 7.9%, respectively. This was a result of major increases (decreases) such as:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Salaries and Benefits	\$ 600,779	\$ 198,640	\$ 1,252,248
Purchased Services and Supplies	270,186	(50,668)	(36,815)
Operating Contracts	256,981	452,889	152,312
Utilities	121,598	(27,767)	97,925
Other - Net	<u>405,448</u>	<u>181,024</u>	<u>(313,961)</u>
Total	<u>\$ 1,654,992</u>	<u>\$ 754,118</u>	<u>\$ 1,151,709</u>

Depreciation expense was \$737,020, \$704,866, and \$727,718 in 2019, 2018 and 2017, respectively.

Capital Assets

During 2019, 2018, and 2017, PBA increased/(decreased) producing capital assets cost by \$855,602, \$360,607 and (\$4,602,679) respectively. These (decreases)/increases consist of the following:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Site Improvements	\$ 0	\$ 0	\$ (1,134,007)
Building Improvements	621,628	151,731	(2,981,130)
Machinery and Equipment	225,956	208,876	(428,015)
Data Processing Equipment and Software	10,940	0	(59,527)
Vehicles	<u>(2,922)</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 855,602</u>	<u>\$ 360,607</u>	<u>\$ (4,602,679)</u>

The PBA's capital asset activity for 2019 and 2018 is described in Note 6 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS AND NEXT FISCAL YEAR

- There is an overall 4.4% increase in budgeted salaries for FY 2020.
- Insurance and utilities expenses is expected to increase slightly.
- There is a 3.2% and 13.8% projected increase in operating expense budgets related to the City and County, respectively.
- County property budgets increased due to the addition of new properties – West Knox Senior Center, Relocation of Knox County Schools and Summer Place Parking Garage.
- Operating contracts budget increased by 38.7% over prior year FY 2019 budget.
- FY 2020 Budget is summarized as follows:

Revenues	\$	21,564,884
Expenses		<u>20,490,627</u>
Change in Net Position	\$	<u>1,074,257</u>

FINAL COMMENTS

The PBA is committed to providing the County and City cost effective and efficient public property development and management. The PBA is constantly examining its work practices to find more efficient and productive property development and management.

CONTACTING THE PBA

This financial report is designed to provide our customers, creditors and regulatory agencies with a general overview of the PBA's finances. If you have any questions about this report or need additional information, you may contact the PBA at:

Robyn Smith, CPA
PBA Director of Finance
Andrew Johnson Building, Suite 710
912 South Gay Street
Knoxville, TN 37902
865-215-4630

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 6,707,148	\$ 6,470,191
Receivables:		
Other Receivables	25,085	69,028
Due from City and County	4,552,122	878,655
Due from Other Governmental Agencies	27,939	575
Inventory	12,272	10,755
Prepaid Items	<u>96,305</u>	<u>86,680</u>
Total Current Assets	<u>11,420,871</u>	<u>7,515,884</u>
CAPITAL ASSETS		
Property and Equipment	12,996,465	12,140,863
Less: Accumulated Depreciation	(7,814,963)	(7,143,473)
Land	101,016	101,016
Construction in Progress	<u>0</u>	<u>0</u>
Net Capital Assets	<u>5,282,518</u>	<u>5,098,406</u>
TOTAL ASSETS	<u>\$ 16,703,389</u>	<u>\$ 12,614,290</u>

(Continued)

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

LIABILITIES AND NET POSITION

	2019	2018
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 5,521,782	\$ 1,687,225
Due to City and County	1,911,106	1,292,379
Due to Other Governmental Agencies	46,712	64,693
Unearned Revenues	3,719	1,525
Customer Deposits	46,566	30,159
Compensated Absences Payable, Current Portion	362,152	327,463
Total Current Liabilities	7,892,037	3,403,444
NON-CURRENT LIABILITIES		
Compensated Absences Payable	172,312	166,595
Total Non-Current Liabilities	172,312	166,595
Total Liabilities	8,064,349	3,570,039
NET POSITION		
Investment in capital assets	5,282,518	5,098,406
Unrestricted	3,356,522	3,945,845
Total Net Position	8,639,040	9,044,251
TOTAL LIABILITIES AND NET POSITION	\$ 16,703,389	\$ 12,614,290

The accompanying notes are an integral part of these financial statements

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Rental Income from City and County	\$ 4,626,896	\$ 4,518,188
Management Fees from City and County	8,954,577	8,642,266
Management Fees from Other Governmental Agencies	334,736	332,988
Other Rental Income - Net	209,896	248,321
Parking Revenues	4,082,777	3,961,511
Total Operating Revenues	18,208,882	17,703,274
OPERATING EXPENSES		
Salaries and Benefits	8,528,384	7,927,605
Office	136,712	119,614
Education and Training	14,705	14,765
Purchased Services and Supplies	1,759,935	1,489,749
Operating Contracts	2,767,609	2,510,628
Utilities	2,325,886	2,204,288
Communications	106,258	125,015
Insurance	283,150	306,291
Professional Fees	64,141	67,601
Depreciation	737,020	704,866
Maintenance Facility	109,715	119,686
Other	1,290,563	878,978
Total Operating Expenses	18,124,078	16,469,086
OPERATING INCOME	\$ 84,804	\$ 1,234,188

(Continued)

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	\$ 47,380	\$ 35,683
Bank Charges	(100,339)	(89,436)
Capital Returned to City and County	(2,517,156)	(2,239,273)
Capital Returned to Other Governmental Agencies	(93,577)	(64,693)
Capital Asset Retirements	(16,902)	0
Total Non-Operating Revenues (Expenses) - Net	(2,680,594)	(2,357,719)
DECREASE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(2,595,790)	(1,123,531)
CAPITAL CONTRIBUTIONS		
Cash:		
Capital Contributions from the City and County	2,190,579	1,168,656
INCREASE/(DECREASE) IN NET POSITION	(405,211)	45,125
NET POSITION, BEGINNING OF YEAR	9,044,251	8,999,126
NET POSITION, END OF YEAR	\$ 8,639,040	\$ 9,044,251

The accompanying notes are an integral part of these financial statements

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from City and County	\$ 9,908,006	\$ 13,471,056
Receipts from Other Governmental Agencies	307,372	337,602
Receipts from Other Customers	4,353,023	4,223,899
Payments to Employees	(8,487,977)	(7,914,685)
Payments to Suppliers	<u>(5,033,066)</u>	<u>(8,075,523)</u>
Net Cash Provided by Operating Activities	<u>1,047,358</u>	<u>2,042,349</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributed by City and County	2,190,579	1,168,656
Capital Returned to City and County	(1,945,294)	(1,835,103)
Capital Returned to Other Governmental Agencies	(64,693)	(28,544)
Capital Asset Additions	<u>(938,034)</u>	<u>(360,607)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(757,442)</u>	<u>(1,055,598)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Deposits	47,380	35,683
Bank Charges	<u>(100,339)</u>	<u>(89,436)</u>
Net Cash Provided (Used) by Investing Activities	<u>(52,959)</u>	<u>(53,753)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>236,957</u>	<u>932,998</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,470,191</u>	<u>5,537,193</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,707,148</u>	<u>\$ 6,470,191</u>

(Continued)

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

STATEMENTS OF CASH FLOWS (Continued)

For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 84,804	\$ 1,234,188
Depreciation	737,020	704,866
Changes in:		
Accounts Receivable	43,944	(3,877)
Due from City and County	(3,673,468)	310,602
Due from Other Governmental Agencies	(27,364)	4,614
Prepaid Items	(9,625)	14,962
Inventory	(1,517)	1,495
Accounts Payable and Accrued Liabilities	3,834,557	(254,264)
Customer Deposits	16,407	17,944
Compensated Absences Payable	40,406	12,919
Unearned Revenues	<u>2,194</u>	<u>(1,100)</u>
 Net Cash Provided by Operating Activities	 \$ <u>1,047,358</u>	 \$ <u>2,042,349</u>

The accompanying notes are an integral part of these financial statements

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 - ORGANIZATION

The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (PBA) was incorporated as a joint venture between the City of Knoxville (the City) and the County of Knox (the County) pursuant to provisions of the Public Building Authority Act, Tennessee Code Annotated (TCA), Sections 12-10-101 to 12-10-124 (the Act). The PBA is considered a political subdivision or municipal corporation, of the State of Tennessee. The PBA is considered to be a special purpose financial reporting entity and has no component units. The PBA has entered into lease transactions with the City and the County for the purchase, construction, refurbishment, maintenance, and operation of certain public building complexes to house the governments of the City and the County and to provide off-street parking facilities in connection with certain projects, as provided by the Act. Additionally, the PBA has entered into certain other operating and property development contracts with the City, County, or other governmental agencies to provide specified services related to projects as discussed in the following notes.

The PBA is governed by 11 Board of Directors (the Board), of which six are appointed by the County and five by the City. Board members serve a six year term.

The Board hires an Administrator/Chief Executive Officer (CEO) who is responsible for the management of PBA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - The financial statements of the PBA have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

All activities of the PBA are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to customers on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The PBA makes a distinction between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operations. The principal operating revenues of the PBA are charges to the City, County or other governmental entities for operating, maintaining and developing publicly-owned facilities. Operating expenses consist of salaries, benefits, utilities, and operating contracts for maintenance, insurance and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the PBA is determined by its measurement focus. The transactions of the PBA are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into investment in capital assets and unrestricted components.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting - The PBA adopts flexible annual operating and capital budgets for each property location or project. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details PBA's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash contributions from the City and County for capital improvements.

The budgets are approved by the Board, and as required by various lease or management contracts, are submitted annually to the City and County for approval.

All unexpended and unencumbered appropriations in the operating budget remaining at the end of the fiscal year lapse. No appropriation for a capital project in the capital budget lapses until the purpose for which the appropriation was made has been accomplished or abandoned.

Management submits proposed budgets to the Board prior to the March meeting. The budgets are adopted by resolution prior to July 1. Transfers within the approved budgets, including use of the capital asset replacement reserves (designated net position), are authorized by the Administrator/CEO and subject to the review of the Board. Any use of an operating reserve is reported to the City or County, as appropriate.

The PBA's direct and indirect costs of providing service are considered operating costs. By agreement with the City and the County, operating reserves for property management activities are being established at 8% of the subsequent year's operating budget. For properties managed, life-cycle based capital asset replacement schedules are prepared and presented to the City and County. For City-owned properties a capital asset replacement reserve is included in the budgets. The County provides for scheduled costs within its Capital Improvement Plan.

The net increase (decrease) in net position is considered unrestricted and, by agreement with the City and County, is designated as part of the operating and capital asset replacement reserves.

Reimbursable Projects - Reimbursable projects primarily consist of various City and County owned capital projects in which the PBA is acting as the City or County's project manager or agent. The construction costs are reimbursed by the City and County and are excluded from PBA's operating revenues, expenses, and net position.

Cash and Cash Equivalents - Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, interest in State Treasurer's Pool, certificates of deposit, daily sweep repurchase accounts, and debt security investments with a maturity at purchase of three months or less.

The carrying amount of cash equivalents and deposits approximates market value.

Receivables and Revenues - Operating revenues consist of net rentals, management fees and parking revenues.

City and County operating lease revenues are billed on a quarterly basis. Rental revenues for other properties are billed monthly. Rental revenues are recognized as earned over the appropriate time period.

Management fees for various City and County operating and property development contracts are billed quarterly or monthly as determined by the contract. Revenues are recognized as earned over the appropriate time period or construction phase.

Parking revenues are recorded as gross proceeds to reflect the in-house management of parking facilities. Parking revenues are recorded monthly.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables are stated at the amount management expects to collect from outstanding balances. The PBA considers receivables to be fully collectible; accordingly, no allowance for uncollectible receivables is recorded. Receivable balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to operating revenues.

Inventories and Prepaid Items - Inventories consist of telecommunications supplies which are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors for maintenance agreements and insurance premiums reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets - Capital assets are defined by the PBA as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Property, plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Under GASB-S72:79, donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at estimated acquisition value. Assets acquired through contributions from the County, City, or other customers are capitalized at their acquisition value, if available, or at engineers' estimated acquisition value or cost to construct at the date of the contribution.

Maintenance and repairs, which do not significantly extend the life or increase the value of property, plant and equipment, are expensed as incurred.

Interest is not capitalized on project costs funded by contributed capital from the City and County. Interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds. Depreciation is not recorded until the assets are actually put into use.

Capital assets are depreciated on the straight-line method. Depreciation is calculated using the following estimated useful lives:

	<u>Years</u>
Site Improvements	5-20
Buildings and Improvements	7-45
Machinery and Equipment	5-10
Data Processing Equipment and Software	5
Vehicles	5-7

The City County Building (CCB) and Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage (AJ/DKMPG) are not recorded on PBA's statement of net position. These facilities were previously "sold" to the City and County under a direct financing capital lease. According to GAAP, this type of transaction is an "in-substance" sale by the PBA to the City and County. Currently, title to the CCB remains with the PBA; however, since the City and County can exercise an option for the transfer of ownership, the agreements constitute a capitalized lease transaction.

Compensated Absences Payable - Accumulated annual leave eligible to be paid to employees at termination or retirement is recorded as an expense and liability as the benefits are earned by the employee. PBA has assumed a first-in, first-out method of using accumulated compensated time and the related liability has been recorded as a current and long-term liability in the financial statements. Effective July 1, 2013, retiring full time employees may be eligible to receive a payment for unused accumulated sick leave at a rate of \$100 per day of accumulated sick leave up to a maximum of \$10,000. If an employee is terminated, sick leave is forfeited.

Capital Asset Replacement Reserve Contributions - The City and County provide capital asset replacement reserve contributions and are recognized in the statement of revenues, expenses, and changes in net position when earned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position - Net position comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position are classified in the following two components: investment in capital assets and unrestricted net position. Investment in capital assets, consists of all capital assets, net of accumulated depreciation and related outstanding debt. Unrestricted consists of net results of the PBA's operating activities. PBA had designated part of its unrestricted net position for capital replacement, which is described in Note 8.

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

Reclassifications - Certain amounts presented in the prior year have been reclassified to be consistent with the current year's presentation. The reclassification did not affect the prior year's results of operations.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

NOTE 3 - RENTAL AGREEMENTS WITH THE COUNTY AND CITY

Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage (AJ/DKMPG) - On December 1, 1991, the PBA entered into a capital and operating lease with the County of Knox which expired on June 30, 2011. Thereafter, the lease shall continue from year to year until the governing body of the County shall elect to terminate the contract at the end of a fiscal year. Under the terms of the agreement (as amended on September 1, 1992 and September 1, 1996) the County leased an office building, off-street parking facility, the land and related equipment thereon in return for rentals in amounts necessary to meet the debt-service requirements of the related bond issue, but due to the redemption of the related debt in 2001, the County is no longer required to submit the debt service rentals. According to the original lease agreement, Section 12.8, p.31, upon full payment of the debt, the County, at its option, may direct the PBA to transfer title of the properties to the County. During 2005, the County exercised its option, and requested that the PBA transfer title to the County. Other rental commitments continuing under this lease agreement are equal to the related aggregate of (a) sums equal to the annual estimated expenses for the operation and maintenance of the project as budgeted by the PBA, (b) amounts equal to the unpaid telephone service, (c) sums equal to the annual estimated administrative expenses of the project as budgeted by the PBA, and (d) amounts necessary to pay taxes or assessments levied or made against the PBA as they become due. After the original lease term, the lease shall continue from year to year until the County shall elect to terminate the lease at the end of a fiscal year.

City County Building (CCB) - The PBA constructed and leases the public building complex, the land and the related equipment thereon to the County and City under a 25 year capital and operating lease which expired on June 30, 2001, and is now being extended on an annual basis. According to the original operating agreement between the PBA and the County and City, dated July 1, 1975, Article VIII, in the event of termination of the lease and after all expenses and obligations of the PBA have been met, the City and County shall direct the PBA to whom and in what manner, title to the City County Building is to be transferred and may direct disposition of any excess funds remaining. Rentals committed under the lease agreement are equal to the related aggregate of (a) amounts necessary, together with other available funds of PBA, to pay the annual estimated expenses for the operation and maintenance of the project as budgeted by the PBA, (b) amounts equal to the unpaid telephone service, (c) amounts necessary, together with other available funds of the PBA, to pay the annual estimated administrative expenses of the project as budgeted by the PBA, and (d) amounts sufficient to pay taxes or assessments levied or made against the PBA as they become due. The 2019 and 2018 rents are apportioned 71.3% to the County and 28.7% to the City.

NOTE 4 - OPERATING CONTRACTS

The PBA has entered into various operating contracts with the County and the City as described below:

County Property Development and Operations

The PBA and the County entered into a contract in May 1995 subsequently amended in July 1997 and June 2004, for planning, construction, and property management services for various County owned properties. Under the terms of the contract, the County reimburses the PBA for all direct and indirect costs and expenses incurred related to these services. The PBA is required to submit an annual budget for each project and/or location to the County Mayor and Commission for approval. This contract or any project can be terminated upon 180 days written notice by either party.

The following County owned properties are currently being managed by PBA:

- Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage
- Family Investment Center
- Forensic Center
- Health Department Facilities
- Juvenile Justice Center
- Knox Central
- Knox County Libraries
- Knox County Public Works Complex
- Old Court House
- Public Defender
- Senior Citizen Centers
- Young Williams AWC

City Operating Contracts

City Parking Facilities - The PBA and the City entered into an operating contract on August 11, 2005, as amended, for management services for the Market Square Parking Garage, the State Street Parking Garage, the Main Avenue Parking Garage, the Promenade Parking Lot, the Jackson Avenue Parking Lot, the CBID parking lots, and the Riverwalk Parking Garage. Under the terms of the agreement, the City shall reimburse the PBA for all costs and expenses. This contract may be terminated upon 30 days written notice by either party.

Downtown Cinema - The PBA, the City, and the Industrial Development Board of the City of Knoxville for the Downtown Cinema, Inc. (the IDB) entered into a tri-party operating contract on March 28, 2007, for property management services of the Downtown Cinema. Under terms of the contract, the PBA will perform the IDB's repair and maintenance obligations under the terms of their lease with Regal Cinemas. The PBA is required to submit an annual budget to the City and the IDB for approval. The contract will expire June 30, 2020. The contract may be terminated upon 60 days written notice by any party.

Knoxville Area Transit Center/Magnolia Facility – The PBA and the City entered into operating contracts on July 15, 2010 to provide property management, maintenance, landscaping, security and custodial services for the Knoxville Area Transit Center and was amended on July 1, 2011 to add the Knoxville Area Transit Magnolia Facility. Under the terms of the agreement, the City shall reimburse the PBA for all costs and expenses. The contract will expire July 14, 2020. This contract may be terminated upon 180 days written notice by either party.

Knoxville Police Department - The PBA and the City entered into operating contracts on July 19, 2005 to provide access control management for the Knoxville Police Department (KPD) and was amended on January 21, 2011 to add the Moses Training Facility. Under the agreement, the PBA will purchase, install, manage, and maintain an access control system for the KPD and training facility and the City shall reimburse the PBA for all costs and expenses. The contract will expire on June 30, 2020.

NOTE 4 - OPERATING CONTRACTS (continued)

City Operating Contracts (continued)

Locust Street Parking Garage - The PBA entered into a contract with the City on December 1, 2000 whereby the PBA will design, develop, operate and maintain a parking facility with 645 spaces and related retail space. Under the terms of the agreement, the City shall reimburse the PBA for all costs and expenses. This contract may be terminated upon 30 days written notice by either party.

Volunteer Landing Public Park - The PBA entered into a contract with the City on September 7, 2001 to maintain the Volunteer Landing Public Park and related facilities. Under the terms of this contract, the City will reimburse the PBA for all costs and expenses. The contract will expire on June 30, 2022. This contract may be terminated upon 30 days written notice by either party.

World's Fair Park and Second Creek Greenway - The PBA entered into a contract with the City on July 1, 2001 to manage and maintain the World's Fair Park. This contract was amended on July 1, 2008, to add the Second Creek Greenway. Under the terms of the contract the PBA will provide general and scheduling services, property management and road maintenance. The City will reimburse the PBA for all costs and expenses incurred related to this project. This contract may be terminated upon 30 days written notice by either party.

Public Works Complex - The PBA entered into a contract with the City on January 15, 2017. Under the agreement, the PBA will provide property management, building maintenance and custodial services.

On Street Parking Enforcement - The PBA entered into a contract with the City on June 30, 2016 for management services. Under the terms of this contract, the City will reimburse the PBA for costs and expenses relating to the enforcement of parking violations at the following locations: Gay Street, Cumberland Ave., and the CBID. This contract may be terminated upon 30 days written notice by either party.

City Development Contracts

The PBA and the City entered into a contract in February 2005 for planning and construction services for various City owned properties. Under the terms of the contract, the City reimburses the PBA for all direct and indirect costs and expenses incurred related to these services. The PBA is required to submit a project budget to the City Mayor and Council for approval. This contract (180 days) or any project (30 days) can be terminated upon written notice by either party.

City/County Emergency Communications District (District)

The PBA and the District entered into an operating contract on October 1, 2003 for property management services for the District's communications center. Under the terms of the contract, the District reimburses the PBA for all direct and indirect costs and expenses related to property management. The PBA is required to submit an annual budget to the District's Board of Directors for approval. The contract may be terminated upon 30 days written notice by either party.

Fairview Technology Center

The PBA and the Development Corporation of Knox County, Inc. entered into an operating contract on July 1, 2004 for property management services of the Fairview Technology Center. Under terms of the contract, the Development Corporation will reimburse the PBA for all direct and indirect costs related to property management. The PBA is required to submit an annual budget to the Development Corporation's Board of Directors for approval. This contract can be terminated upon 180 days written notice by either party.

NOTE 4 - OPERATING CONTRACTS (continued)

City Development Contracts (continued)

City/County Telecommunications

The PBA and the City and County entered into an operating contract on October 30, 2003 for the management of telecommunications services and equipment. Under terms of the contract, the City and County will reimburse the PBA for all direct and indirect costs related to telecommunications. The PBA is required to submit an annual budget to City Council and County Commission for approval. This contract can be terminated upon 90 days written notice by any party.

Knox County Board of Education Telecommunications

The PBA and the County and Board of Education entered into a tri-party operating contract on December 15, 2003 for the management of telecommunications services and equipment. Under terms of the contract, the County will reimburse the PBA for all direct and indirect costs related to telecommunications. The PBA is required to submit an annual budget to the County for approval. This contract can be terminated upon 180 days written notice by any party.

NOTE 5 - DEPOSITS AND INVESTMENTS

Credit Risk – Deposits - Various state statutes restrict the types of deposits available to the PBA. Deposits are limited to bank demand deposits, certificates of deposits, governmental overnight repurchase accounts, and the State Local Government Investment Pool (SLGIP).

Custodial Credit Risk – Deposits - TCA, Section 9-4-105, requires the PBA to secure deposits by having banks pledge governmental securities as collateral. The state statute requires collateral whose market value is equal to 105% of the deposit, less the amount protected by the Federal Deposit Insurance Corporation (FDIC). In lieu of pledged collateral, the bank may participate in the bank collateral pool as administered by the Tennessee State Treasurer. Banks that participate in the bank collateral pool may use one of three different security pledge levels (90, 100 or 105%) depending on the specific bank holding the deposit. Participating banks determine the aggregate balance of their public fund accounts for the PBA. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Cash and Cash Equivalents - In lieu of a daily sweep overnight repurchase account, the PBA utilizes a special money rate checking account for public funds. All funds, less a required reserve of 10%, automatically earn interest at the rate of Federal Funds plus 30 basis points for 2019 and 30 basis points for 2018. The effective rate of interest on all collected funds was .30% at year-end 2019 and .30% at the year-end 2018. All funds are available on demand.

The PBA's cash and cash equivalents at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Petty Cash	\$ 2,150	\$ 2,150
Demand Deposits	<u>6,704,998</u>	<u>6,468,041</u>
Total	<u>\$ 6,707,148</u>	<u>\$ 6,470,191</u>

The demand deposits were covered by the state bank collateral pool as described above.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk – Investments - Various state statutes restrict the type of investments available to the PBA. Investments are limited to bank certificates of deposits, direct obligations of the State of Tennessee and U.S. Government, Federal Agency securities, Tennessee Municipal bonds and the SLGIP. It is PBA's policy to limit investments in securities issued by United States agencies to the highest rating by two nationally recognized ratings organizations, Standard and Poor's, and Moody's Investor Services.

Custodial Credit Risk – Investments - The PBA's investment policy requires that debt securities be registered in the PBA's name. All safekeeping receipts for investment instruments are held in accounts in the PBA's name and all securities are registered in the PBA's name.

Concentration of Credit Risk – Investments - The PBA's investment policy permits 100% of its investment portfolio to be invested in U.S. Government obligations. At no time will the portfolio be comprised of more than 55% of Federal Agency securities. The PBA does not require diversification among authorized investment institutions and considers its approved bank as the approved investment institution.

Interest Rate Risk – Investments - Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the investment until maturity. If the yield of the investment portfolio can be improved by selling an investment prior to maturity, management has the authority to do so.

In accordance with its investment policy, the PBA manages its exposure to declines in fair values by limiting the maturity of individual investments to two years or less.

Investment Income - Investment income, which consists of interest income, was \$47,380 and \$35,683 for 2019 and 2018, respectively. Bank charges are shown separately and were \$100,339 and \$89,436 for 2019 and 2018, respectively.

NOTE 6 - CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2019 was as follows:

	Balances July 1, 2018	Additions	Disposals	Transfers	Balances June 30, 2019
Capital Assets, Not Being Depreciated:					
Land	\$ 101,016	\$	\$	\$	\$ 101,016
Construction in Progress	<u>0</u>	<u></u>	<u></u>	<u></u>	<u>0</u>
Subtotal	<u>101,016</u>	<u></u>	<u></u>	<u></u>	<u>101,016</u>
Capital Assets Being Depreciated:					
Site Improvements	69,255				69,255
Buildings & Improvements	8,857,875	621,628			9,479,503
Machinery & Equipment	2,609,569	243,966	(18,010)		2,835,525
Data Processing Equipment & Software	176,139	28,440	(17,500)		187,079
Vehicles	<u>428,025</u>	<u>44,000</u>	<u>(46,922)</u>	<u></u>	<u>425,103</u>
Subtotal	<u>12,140,863</u>	<u>938,034</u>	<u>(82,432)</u>	<u></u>	<u>12,996,465</u>
Less: Accumulated Depreciation:					
Site Improvements	(62,104)	(4,754)			(66,858)
Building Improvements	(4,624,302)	(450,638)			(5,074,940)
Machinery & Equipment	(1,934,883)	(236,524)	16,195		(2,155,212)
Data Processing Equipment & Software	(167,375)	(6,315)	12,232		(161,458)
Vehicles	<u>(354,809)</u>	<u>(38,789)</u>	<u>37,103</u>	<u></u>	<u>(356,495)</u>
Subtotal	<u>(7,143,473)</u>	<u>(737,020)</u>	<u>65,530</u>	<u></u>	<u>(7,814,963)</u>
Total Capital Assets Being Depreciated – Net	<u>4,997,390</u>	<u>201,014</u>	<u>(16,902)</u>	<u></u>	<u>5,181,502</u>
Total Capital Assets - Net	<u>\$ 5,098,406</u>	<u>\$ 201,014</u>	<u>\$ (16,902)</u>	<u>\$</u>	<u>\$ 5,282,518</u>

NOTE 6 - CAPITAL ASSETS (continued)

Capital asset activity during the year ended June 30, 2018 was as follows:

	<u>Balances</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balances</u> <u>June 30, 2018</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 101,016	\$	\$	\$	\$ 101,016
Construction in Progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u>101,016</u>	<u> </u>	<u> </u>	<u> </u>	<u>101,016</u>
Capital Assets Being Depreciated:					
Site Improvements	69,255				69,255
Buildings & Improvements	8,706,144	151,731			8,857,875
Machinery & Equipment	2,400,693	208,876			2,609,569
Data Processing Equipment & Software	176,139				176,139
Vehicles	<u>428,025</u>	<u> </u>	<u> </u>	<u> </u>	<u>428,025</u>
Subtotal	<u>11,780,256</u>	<u>360,607</u>	<u> </u>	<u> </u>	<u>12,140,863</u>
Less: Accumulated Depreciation:					
Site Improvements	(57,350)	(4,754)			(62,104)
Building Improvements	(4,209,883)	(414,419)			(4,624,302)
Machinery & Equipment	(1,695,673)	(239,210)			(1,934,883)
Data Processing Equipment & Software	(161,333)	(6,042)			(167,375)
Vehicles	<u>(314,368)</u>	<u>(40,441)</u>	<u> </u>	<u> </u>	<u>(354,809)</u>
Subtotal	<u>(6,438,607)</u>	<u>(704,866)</u>	<u> </u>	<u> </u>	<u>(7,143,473)</u>
Total Capital Assets Being Depreciated – Net	<u>5,341,649</u>	<u>(344,259)</u>	<u> </u>	<u> </u>	<u>4,997,390</u>
Total Capital Assets - Net	<u>\$ 5,442,665</u>	<u>\$ (344,259)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,098,406</u>

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense was charged as follows:

	<u>2019</u>	<u>2018</u>
Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage	\$ 699	\$ 699
City County Building	580,813	542,944
City Parking Facilities	9,383	9,383
City Parks	5,538	7,566
Juvenile Justice Center	6,526	7,636
Knox Central	1,998	1,998
Old Court House	1,028	2,039
Other	12,376	13,010
Telecom	<u>118,659</u>	<u>119,591</u>
Total	<u>\$ 737,020</u>	<u>\$ 704,866</u>

NOTE 7 - COMPENSATED ABSENCES PAYABLE

Compensated absences activity during the years ended June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Balance, Beginning of Year	\$ 494,058	\$ 481,139
Earned	375,179	331,817
Used	<u>334,773</u>	<u>318,898</u>
Balance, End of Year	<u>\$ 534,464</u>	<u>\$ 494,058</u>
Current Portion	\$ 362,152	\$ 327,463
Non-Current Portion	<u>172,312</u>	<u>166,595</u>
Total	<u>\$ 534,464</u>	<u>\$ 494,058</u>

NOTE 8: - NET POSITION

Net position represents the difference between assets and liabilities. The net position at June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Investment in Capital Assets:		
Net Capital Assets	\$ 5,282,518	\$ 5,098,406
Unrestricted:		
Designated for Operating Reserve	984,548	1,214,394
Designated for Capital Asset Replacement	<u>2,371,974</u>	<u>2,731,451</u>
	<u>3,356,522</u>	<u>3,945,845</u>
 Total	 \$ <u>8,639,040</u>	 \$ <u>9,044,251</u>

Since the PBA is a joint venture between the City and the County, the net position represents the equity ownership of the City, County and others. The joint venture equity in the PBA at June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
City	\$ 2,751,803	\$ 3,455,700
County	5,861,727	5,563,041
Others:		
Development Corp. of Knox County	4,610	4,610
Emergency Communications District	9,500	9,500
Knox County Schools	<u>11,400</u>	<u>11,400</u>
 Total	 \$ <u>8,639,040</u>	 \$ <u>9,044,251</u>

NOTE 9 – OPERATING REVENUES

Operating revenues earned during the years ended June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Rental Income from City and County	\$ <u>4,626,896</u>	\$ <u>4,518,188</u>
Other Rental Income:		
Gross Revenues	<u>209,896</u>	<u>248,321</u>
Other Rental Income – Net	<u>209,896</u>	<u>248,321</u>
Management Fees from the City and County	<u>8,954,577</u>	<u>8,642,266</u>
Management Fees from Other Governmental Agencies	<u>334,736</u>	<u>332,988</u>
 Parking Revenues	 <u>4,082,777</u>	 <u>3,961,511</u>
 Total	 \$ <u>18,208,882</u>	 \$ <u>17,703,274</u>

NOTE 10 – CAPITAL CONTRIBUTIONS AND DEDUCTIONS

During the year ended June 30, 2019, capital contributions and deductions were as follows:

	<u>City</u>	<u>County</u>	<u>Others</u>	<u>Total</u>
Capital Contributions				
Capital Asset Replacement Reserves	\$ 988,066	1,202,513	0	2,190,579
Capital Deductions				
Capital Contributions Returned	<u>(1,842,322)</u>	<u>(674,834)</u>	<u>(93,577)</u>	<u>(2,610,733)</u>
Total - Net	<u>\$ (854,256)</u>	<u>527,679</u>	<u>(93,577)</u>	<u>(420,154)</u>

During the year ended June 30, 2018, capital contributions and deductions were as follows:

	<u>City</u>	<u>County</u>	<u>Others</u>	<u>Total</u>
Capital Contributions				
Capital Asset Replacement Reserves	\$ 305,656	863,000	0	1,168,656
Capital Deductions				
Capital Contributions Returned	<u>(1,751,371)</u>	<u>(487,902)</u>	<u>(64,693)</u>	<u>(2,303,966)</u>
Total - Net	<u>\$ (1,445,715)</u>	<u>375,098</u>	<u>(64,693)</u>	<u>(1,135,310)</u>

During the year ended June 30, 2019, the PBA returned to the City, the County, the Emergency Communications District, Knox County Schools, the Development Corporation Board, and the Industrial Development Board operating funds in excess of those agreed upon to be held in separate operating reserves; \$1,205,934 was returned to the City, \$674,834 was returned to the County, \$1,219 was returned to the Emergency Communications District, \$25,705 was returned to Knox County Schools, \$5,594 was returned to the Development Corporation Board, \$46,866 was returned to Knoxville Utilities Board and \$14,193 was returned to the Industrial Development Board. These funds represented the results of operations. Additional returns to the City included \$636,388 from capital asset replacement reserves.

During the year ended June 30, 2018, the PBA returned to the City, the County, the Emergency Communications District, Knox County Schools, the Development Corporation Board, and the Industrial Development Board operating funds in excess of those agreed upon to be held in separate operating reserves; \$1,751,371 was returned to the City, \$487,902 was returned to the County, \$25,033 was returned to the Emergency Communications District, \$18,641 was returned to Knox County Schools, \$5,877 was returned to the Development Corporation Board, \$5,998 was returned to Knoxville Utilities Board and \$9,144 was returned to the Industrial Development Board. These funds represented the results of operations.

NOTE 11 – RISK MANAGEMENT

The PBA is exposed to various risks of losses related to torts; theft or damage to, and destruction of assets; injuries to employees; and natural disasters. The PBA carries commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12 – RELATED PARTY TRANSACTIONS AND ECONOMIC CONCENTRATION

PBA's two joint venture "owners," Knox County and the City of Knoxville, had the following activity during 2019 and 2018:

June 30, 2019	City	County	Total
Due From, End of Year	\$ 3,996,091	\$ 556,031	\$ 4,552,122
Due To, End of Year	1,236,272	674,834	1,911,106
Rental Income	1,327,919	3,298,977	4,626,896
Management Fees	4,932,402	4,022,175	8,954,577
Parking Revenues	3,284,149	798,628	4,082,777
June 30, 2018	City	County	Total
Due From, End of Year	\$ 709,565	\$ 169,090	\$ 878,655
Due To, End of Year	804,476	487,903	1,292,379
Rental Income	1,296,720	3,221,468	4,518,188
Management Fees	4,975,003	3,667,263	8,642,266
Parking Revenues	3,195,895	765,616	3,961,511

During the years ended June 30, 2019 and 2018, approximately 52% and 53% of operating revenues, respectively, were from the City. During the years ended June 30, 2019 and 2018, approximately 45% and 43% of operating revenues, respectively, were from the County.

NOTE 13 - RETIREMENT PLANS

Overview

As described in the Operating Agreement, Article IV, dated July 1, 1975, the PBA employees have been designated as "County employees" for the purpose of participating in the County's retirement plans.

The County has two retirement plans available to the PBA employees:

1. The *County Defined Contribution Retirement (DC) Asset Accumulation Plan* is a defined contribution plan established by Knox County under Sections 401(a)(9) and 457 of the Internal Revenue Code. The Plan covers substantially all full-time employees of PBA, who are regularly scheduled to work 18.5 hours or more per week. 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 the *County DB* retirement plan are required to participate.
2. The *County Defined Contribution (DC) Medical Retirement Plan*, a voluntary defined contribution plan (an asset accumulation plan), was established by the County on July 1, 1998, 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.

All Plan provisions and contribution requirements are established and may be amended by the Knox County Retirement Board. The plans are administered by USI Consulting Group.

NOTE 13 - RETIREMENT PLANS (continued)

The financial statements of the County's retirement plans are reported within Knox County's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019. The CAFR may be obtained by writing or contacting the Knox County Finance Department at:

Knox County Finance Department
400 Main Avenue
City County Building, Suite 630
Knoxville, Tennessee 37902
865-215-2350
www.knoxcounty.org

Asset Accumulation Retirement 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 requires all participants to contribute a minimum of 6% of compensation and the employer matching contribution is 6%. Participants are always 100% vested in their contributions and become 100% vested in the PBA's matching contributions after completing 5 years of credited service.

Normal retirement age is 65 and early retirement is age 55, both with completion of five years of service. Participants may receive retirement benefit payments in fixed payments, lump-sum or have an option to purchase an annuity from a life insurance company.

During the years ended June 30, 2019 and 2018, PBA employees made contributions of \$371,334 and \$341,468 respectively. During 2019 and 2018, PBA made matching employer contributions of \$371,334 and \$341,468 respectively.

In addition to the 401(a) Plan, the Knox County Asset Accumulation Program incorporated a 457(b) Plan in the Defined Contribution Plan. 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.

During the years ended June 30, 2019 and 2018, PBA employees made voluntary contributions of \$109,385 and \$106,307 respectively. During 2019 and 2018, PBA made matching employer contributions of \$59,219 and \$56,124 respectively.

County Defined Contribution (DC) Medical Expense Retirement Plan

The County DC Medical Retirement Plan (the Plan) is an optional retiree medical savings plan available to full-time PBA employees who are participants in the County's DB or DC pension plans.

Participants who make voluntary after-tax contributions are eligible for a percent match contribution from the Knox County Retirement and Pension Board based on the percent approved by the Board for the year in question.

The minimum participant annual contribution for the years ended June 30, 2019 and 2018 is \$208. The County DC Plan will make matching contributions of 50% of the participant's, up to a maximum of \$208. During 2019 and 2018, the Retirement and Pension Board contributions were \$3,284 and \$3,595, respectively.

Participants are always 100% vested in voluntary and matching contributions. During 2019 and 2018, PBA employees made voluntary contributions of \$6,854 and \$7,090, respectively.

**SUPPLEMENTARY
INFORMATION**

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF NET POSITION BY ACTIVITY
June 30, 2019**

Property Management - City Properties

	Parking Facilities	Police Department	Parks	Transit Facility	Downtown Cinema	On Street Parking	Public Works Complex	Riverwalk Parking Garage	Total City Properties
Assets:									
Current Assets									
Cash and Cash Equivalents	\$ 558,882	3,404	912,151	300,784	43,959	53,717	21,816	(54,224)	1,840,489
Receivables:									
Other Receivables	8,193	0	0	0	0	0	3,399	0	11,592
Due from County	0	0	0	0	0	0	0	0	0
Due from City	0	0	0	0	0	0	0	0	0
Due from Other Governmental Agencies	0	0	0	0	0	0	0	0	0
Due from Other Departments	0	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0	0
Prepaid Items	0	0	0	0	0	0	0	0	0
Total Current Assets	567,075	3,404	912,151	300,784	43,959	53,717	25,215	(54,224)	1,852,081
Capital Assets									
Building Improvements	0	0	0	0	0	0	0	0	0
Site Improvements	0	0	0	0	0	0	0	0	0
Data Processing Equipment and Software	0	0	0	0	0	0	0	0	0
Machinery and Equipment	61,321	0	74,825	0	0	0	0	0	136,146
Vehicles	0	0	185,691	0	0	0	0	0	185,691
Total Capital Assets	61,321	0	260,516	0	0	0	0	0	321,837
Less: Accumulated Depreciation	(61,321)	0	(260,516)	0	0	0	0	0	(321,837)
Construction in Progress	0	0	0	0	0	0	0	0	0
Net Capital Assets	0	0	0	0	0	0	0	0	0
Total Assets	\$ 567,075	3,404	912,151	300,784	43,959	53,717	25,215	(54,224)	1,852,081
Liabilities:									
Current Liabilities									
Accounts Payable and Accrued Liabilities	\$ 219,144	149	165,655	38,962	8,448	24,807	26,430	33,188	516,783
Due to City	0	0	0	0	0	0	0	0	0
Due to County	0	0	0	0	0	0	0	0	0
Due to Other Governmental Agencies	0	0	0	0	0	0	0	0	0
Due to (from) Other Departments	268,705	2,946	628,403	226,277	29,355	12,473	(8,383)	(94,093)	1,065,683
Unearned Revenues	3,719	0	0	0	0	0	0	0	3,719
Customer Deposits	2,500	0	40,119	0	3,947	0	0	0	46,566
Compensated Absences Payable	49,469	209	52,835	24,085	1,497	11,138	4,857	4,527	148,617
Total Current Liabilities	543,537	3,304	887,012	289,324	43,247	48,418	22,904	(56,378)	1,781,368
Non-Current Liabilities									
Compensated Absences Payable	23,538	100	25,139	11,460	712	5,299	2,311	2,154	70,713
Total Non-Current Liabilities	23,538	100	25,139	11,460	712	5,299	2,311	2,154	70,713
Total Liabilities	567,075	3,404	912,151	300,784	43,959	53,717	25,215	(54,224)	1,852,081
Net Position									
Investment in Capital Assets	0	0	0	0	0	0	0	0	0
Unrestricted:									
Designated for Operating Reserve	0	0	0	0	0	0	0	0	0
Designated for Capital Asset Replacement Reserve	0	0	0	0	0	0	0	0	0
Total Net Position	0	0	0	0	0	0	0	0	0
Total Liabilities and Net Position	\$ 567,075	3,404	912,151	300,784	43,959	53,717	25,215	(54,224)	1,852,081

Property Management - County Properties

Andrew Johnson Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Forensic Center	Health Department	Juvenile Justice Center	Knox Central	Knox County Public Works	Libraries	Old Court House	Public Defender	Senior Centers	Young Williams AWC	Total County Properties
\$ 215,744	12,160	71,277	32,471	96,702	53,463	98,324	43,077	114,655	42,160	34,700	39,909	854,642
0	0	0	0	0	0	0	0	0	0	0	0	0
3,712	5,186	0	17,775	13,450	0	0	0	0	0	0	0	40,123
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
<u>219,456</u>	<u>17,346</u>	<u>71,277</u>	<u>50,246</u>	<u>110,152</u>	<u>53,463</u>	<u>98,324</u>	<u>43,077</u>	<u>114,655</u>	<u>42,160</u>	<u>34,700</u>	<u>39,909</u>	<u>894,765</u>
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
19,620	0	0	0	0	0	0	0	0	0	0	0	19,620
1,000	0	0	5,028	0	6,656	0	0	0	0	0	0	12,684
0	0	0	0	41,000	10,000	0	0	10,200	0	0	0	61,200
20,620	0	0	5,028	41,000	16,656	0	0	10,200	0	0	0	93,504
(20,620)	0	0	(5,028)	(38,279)	(13,646)	0	0	(10,200)	0	0	0	(87,773)
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	2,721	3,010	0	0	0	0	0	0	5,731
<u>\$ 219,456</u>	<u>17,346</u>	<u>71,277</u>	<u>50,246</u>	<u>112,873</u>	<u>56,473</u>	<u>98,324</u>	<u>43,077</u>	<u>114,655</u>	<u>42,160</u>	<u>34,700</u>	<u>39,909</u>	<u>900,496</u>
\$ 28,547	3,501	13,490	27,399	37,750	6,687	25,373	4,779	22,836	1,410	7,023	1,019	179,814
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
172,002	9,848	51,347	13,877	41,216	39,848	71,626	35,924	67,543	39,498	20,673	36,956	600,358
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
12,811	2,708	4,364	6,078	21,132	4,694	898	1,609	16,449	848	4,746	1,310	77,647
<u>213,360</u>	<u>16,057</u>	<u>69,201</u>	<u>47,354</u>	<u>100,098</u>	<u>51,229</u>	<u>97,897</u>	<u>42,312</u>	<u>106,828</u>	<u>41,756</u>	<u>32,442</u>	<u>39,285</u>	<u>857,819</u>
6,096	1,289	2,076	2,892	10,054	2,234	427	765	7,827	404	2,258	624	36,946
6,096	1,289	2,076	2,892	10,054	2,234	427	765	7,827	404	2,258	624	36,946
<u>219,456</u>	<u>17,346</u>	<u>71,277</u>	<u>50,246</u>	<u>110,152</u>	<u>53,463</u>	<u>98,324</u>	<u>43,077</u>	<u>114,655</u>	<u>42,160</u>	<u>34,700</u>	<u>39,909</u>	<u>894,765</u>
0	0	0	0	2,721	3,010	0	0	0	0	0	0	5,731
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	2,721	3,010	0	0	0	0	0	0	5,731
<u>\$ 219,456</u>	<u>17,346</u>	<u>71,277</u>	<u>50,246</u>	<u>112,873</u>	<u>56,473</u>	<u>98,324</u>	<u>43,077</u>	<u>114,655</u>	<u>42,160</u>	<u>34,700</u>	<u>39,909</u>	<u>900,496</u>

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**
SCHEDULE OF NET POSITION BY ACTIVITY (Continued)
June 30, 2019

	Property Management - Other							Total
	City County Building	Emergency Communi- cations District	Fairview Technology Center	Total Property Management	Property Development	Telecom Services	Corporate	
Assets:								
Current Assets								
Cash and Cash Equivalents	\$ 2,965,797	29,127	13,256	5,703,311	146,440	312,125	545,272	6,707,148
Receivables:								
Other Receivables	10,595	0	0	22,187	0	0	2,898	25,085
Due from County	0	0	33,663	73,786	0	109,645	372,600	556,031
Due from City	0	0	0	0	0	6,193	3,989,898	3,996,091
Due from Other Governmental Agencies	0	0	0	0	0	0	27,939	27,939
Due from Other Departments	0	0	0	0	0	0	1,904,090	1,904,090
Inventory	0	0	0	0	0	12,272	0	12,272
Prepaid Items	0	0	0	0	0	0	96,305	96,305
Total Current Assets	2,976,392	29,127	46,919	5,799,284	146,440	440,235	6,939,002	13,324,961
Capital Assets								
Land	0	0	0	0	0	0	101,016	101,016
Buildings	0	0	0	0	0	0	528,264	528,264
Building Improvements	8,938,438	0	0	8,938,438	0	0	12,801	8,951,239
Site Improvements	69,255	0	0	69,255	0	0	0	69,255
Data Processing Equipment and Software	131,910	0	0	151,530	0	18,751	16,798	187,079
Machinery and Equipment	1,105,381	0	0	1,254,211	0	1,581,314	0	2,835,525
Vehicles	127,080	0	0	373,971	0	51,132	0	425,103
Total Capital Assets	10,372,064	0	0	10,787,405	0	1,651,197	658,879	13,097,481
Less: Accumulated Depreciation	(5,992,076)	0	0	(6,401,686)	0	(1,248,695)	(164,582)	(7,814,963)
Construction in Progress	0	0	0	0	0	0	0	0
Net Capital Assets	4,379,988	0	0	4,385,719	0	402,502	494,297	5,282,518
Total Assets	\$ 7,356,380	29,127	46,919	10,185,003	146,440	842,737	7,433,299	18,607,479
Liabilities:								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 286,882	14,677	34,986	1,033,142	20,784	118,072	4,349,784	5,521,782
Due to City	0	0	0	0	0	0	1,236,272	1,236,272
Due to County	0	0	0	0	0	0	674,834	674,834
Due to Other Governmental Agencies	0	0	0	0	0	0	46,712	46,712
Due to (from) Other Departments	50,727	2,229	6,106	1,725,103	111,869	67,118	0	1,904,090
Unearned Revenues	0	0	0	3,719	0	0	0	3,719
Customer Deposits	0	0	0	46,566	0	0	0	46,566
Compensated Absences Payable	90,016	1,844	825	318,949	9,342	33,861	0	362,152
Total Current Liabilities	427,625	18,750	41,917	3,127,479	141,995	219,051	6,307,602	9,796,127
Non-Current Liabilities								
Compensated Absences Payable	42,829	877	392	151,757	4,445	16,110	0	172,312
Total Non-Current Liabilities	42,829	877	392	151,757	4,445	16,110	0	172,312
Total Liabilities	470,454	19,627	42,309	3,279,236	146,440	235,161	6,307,602	9,968,439
Net Position								
Investment in Capital Assets	4,379,988	0	0	4,385,719	0	402,502	494,297	5,282,518
Unrestricted:								
Designated for Operating Reserve	339,038	9,500	4,610	353,148	0	0	631,400	984,548
Designated for Capital Asset Replacement Reserve	2,166,900	0	0	2,166,900	0	205,074	0	2,371,974
Total Net Position	6,885,926	9,500	4,610	6,905,767	0	607,576	1,125,697	8,639,040
Total Liabilities and Net Position	\$ 7,356,380	29,127	46,919	10,185,003	146,440	842,737	7,433,299	18,607,479

Property Management - County Properties

Andrew Johnson Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Health Department	Forensic Center	Juvenile Justice Center	Knox Central	Knox County Public Works	Libraries	Old Court House	Public Defender	Senior Centers	Young Williams AWC	Total County Properties
\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 198,007	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
102,361	131,725	311,215	267,145	695,873	245,595	198,007	391,494	628,825	75,485	243,699	69,544	3,360,968
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	8,441	0	0	0	0	0	0	0	0	0	8,441
749,351	0	0	0	0	0	0	0	0	0	0	0	749,351
<u>851,712</u>	<u>131,725</u>	<u>319,656</u>	<u>267,145</u>	<u>695,873</u>	<u>245,595</u>	<u>198,007</u>	<u>391,494</u>	<u>628,825</u>	<u>75,485</u>	<u>243,699</u>	<u>69,544</u>	<u>4,118,760</u>
141,249	4,439	8,203	7,795	22,473	9,814	3,994	14,417	12,530	1,551	11,404	1,407	239,276
123,653	17,232	33,014	19,410	226,230	18,611	0	0	232,459	0	12,007	0	682,616
353,444	91,242	242,931	170,393	364,557	162,527	108,161	313,309	273,972	29,400	180,313	26,530	2,316,779
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
<u>618,346</u>	<u>112,913</u>	<u>284,148</u>	<u>197,598</u>	<u>613,260</u>	<u>190,952</u>	<u>112,155</u>	<u>327,726</u>	<u>518,961</u>	<u>30,951</u>	<u>203,724</u>	<u>27,937</u>	<u>3,238,671</u>
19,894	3,202	7,783	6,541	17,080	6,016	5,092	9,861	15,477	1,833	6,022	1,693	100,494
32,509	5,235	12,725	10,699	27,933	9,840	8,362	16,140	25,312	2,998	9,856	2,768	164,377
11,503	1,852	4,500	3,782	9,876	3,479	2,943	5,701	8,948	1,060	3,482	979	58,105
<u>63,906</u>	<u>10,289</u>	<u>25,008</u>	<u>21,022</u>	<u>54,889</u>	<u>19,335</u>	<u>16,397</u>	<u>31,702</u>	<u>49,737</u>	<u>5,891</u>	<u>19,360</u>	<u>5,440</u>	<u>322,976</u>
682,252	123,202	309,156	218,620	668,149	210,287	128,552	359,428	568,698	36,842	223,084	33,377	3,561,647
169,460	8,523	10,500	48,525	27,724	35,308	69,455	32,066	60,127	38,643	20,615	36,167	557,113
1,306	105	350	481	644	248	560	299	783	264	251	221	5,512
(7,241)	(46)	(152)	(210)	(282)	(111)	(246)	(131)	(344)	(115)	(109)	(98)	(9,085)
(1,054)	0	0	0	0	0	0	0	0	0	0	0	(1,054)
<u>(164,224)</u>	<u>(8,582)</u>	<u>(10,698)</u>	<u>(48,796)</u>	<u>(34,611)</u>	<u>(37,443)</u>	<u>(69,769)</u>	<u>(32,234)</u>	<u>(61,594)</u>	<u>(38,792)</u>	<u>(20,757)</u>	<u>(36,290)</u>	<u>(563,790)</u>
<u>(171,213)</u>	<u>(8,523)</u>	<u>(10,500)</u>	<u>(48,525)</u>	<u>(34,249)</u>	<u>(37,306)</u>	<u>(69,455)</u>	<u>(32,066)</u>	<u>(61,155)</u>	<u>(38,643)</u>	<u>(20,615)</u>	<u>(36,167)</u>	<u>(568,417)</u>
<u>(1,753)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,525)</u>	<u>(1,998)</u>	<u>0</u>	<u>0</u>	<u>(1,028)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,304)</u>
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
<u>(1,753)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,525)</u>	<u>(1,998)</u>	<u>0</u>	<u>0</u>	<u>(1,028)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,304)</u>
<u>1,753</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,246</u>	<u>5,008</u>	<u>0</u>	<u>0</u>	<u>1,028</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,035</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 2,721</u>	<u>\$ 3,010</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,731</u>

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Property Management - Other							
	City County Building	Emergency Communic. District	Fairview Technology Center	Total Property Management	Property Development	Telecom Services	Corporate	Total
Operating Revenues:								
Rental Income from City and County	\$ 4,626,896	\$ 0	\$ 0	\$ 4,626,896	\$ 0	\$ 0	\$ 0	\$ 4,626,896
Management Fees from City and County	0	0	0	7,756,980	606,663	590,934	0	8,954,577
Management Fees from Other								
Governmental Agencies	0	108,814	54,965	205,755	0	128,981	0	334,736
Rental and Event Revenues	0	0	0	209,896	0	0	0	209,896
Parking Revenues	69,112	0	0	4,082,777	0	0	0	4,082,777
Total Operating Revenues	4,696,008	108,814	54,965	16,882,304	606,663	719,915	0	18,208,882
Operating Expenses:								
Direct								
Property Management								
Management	769,019	1,680	2,040	2,387,597	0	0	12,376	2,399,973
Safety and Services	825,718	13,290	5,521	3,185,372	0	0	0	3,185,372
Operations and Maintenance	3,891,201	84,083	37,556	9,673,893	0	0	0	9,673,893
Other Management Services								
Property Development	0	0	0	0	430,834	0	0	430,834
Telecom Services	0	0	0	0	0	1,035,174	0	1,035,174
Total Direct Operating Expenses	5,485,938	99,053	45,117	15,246,862	430,834	1,035,174	12,376	16,725,246
Indirect								
Corporate Administration	114,445	2,697	1,347	385,749	22,528	27,023	0	435,300
Finance	187,141	4,409	2,202	630,871	36,794	44,178	0	711,843
MIS	66,172	1,559	779	223,037	13,027	15,625	0	251,689
Total Indirect Operating Expenses	367,758	8,665	4,328	1,239,657	72,349	86,826	0	1,398,832
Total Operating Expenses	5,853,696	107,718	49,445	16,486,519	503,183	1,122,000	12,376	18,124,078
Operating Income (Loss)	(1,157,688)	1,096	5,520	395,785	103,480	(402,085)	(12,376)	84,804
Non-Operating Revenues (Expenses):								
Interest Income	24,983	219	130	44,529	887	1,964	0	47,380
Bank Charges	(11,376)	(96)	(56)	(99,090)	(391)	(858)	0	(100,339)
Gain/(Loss) on Asset Retirement	0	0	0	(16,902)	0	0	0	(16,902)
Capital Returned to City, County and Other Governmental Agencies	0	(1,219)	(5,594)	(2,223,159)	(103,976)	(57,582)	(226,016)	(2,610,733)
Total Non-Operating Revenues (Expenses) - Net	13,607	(1,096)	(5,520)	(2,294,622)	(103,480)	(56,476)	(226,016)	(2,680,594)
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	(1,144,081)	0	0	(1,898,837)	0	(458,561)	(238,392)	(2,595,790)
Capital Contributions (Deductions)								
Cash:								
Operating Reserves from City and County and Other Governmental Agencies	0	0	0	0	0	0	0	0
Capital Asset Replacement Reserves from City and County	1,225,902	0	0	1,464,968	0	725,611	0	2,190,579
Total Capital Contributions	1,225,902	0	0	1,464,968	0	725,611	0	2,190,579
Increase (Decrease) in Net Position	81,821	0	0	(433,869)	0	267,050	(238,392)	(405,211)
Net Position, Beginning of Year	6,804,105	9,500	4,610	7,339,636	0	340,526	1,364,089	9,044,251
Net Position, End of Year	\$ 6,885,926	\$ 9,500	\$ 4,610	\$ 6,905,767	\$ 0	\$ 607,576	\$ 1,125,697	\$ 8,639,040

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY
For the Fiscal Year Ended June 30, 2019**

	City Parking Facilities		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Parking Revenue	\$ 2,895,350	\$ 3,198,028	\$ 302,678
Tenant Rental Income	36,828	36,828	-
	<u>2,932,178</u>	<u>3,234,856</u>	<u>302,678</u>
Operating Expenses			
Direct:			
Salaries and Wages	757,756	742,235	15,521
Employee Benefits	284,158	272,980	11,178
Office Expenses	22,200	11,726	10,474
Education and Training	9,400	2,484	6,916
Operating Expenses	178,819	138,427	40,392
Operating Contracts	329,312	560,378	(231,066)
Utilities	201,700	212,015	(10,315)
Communications	28,275	24,885	3,390
Insurance	13,447	13,256	191
Professional Services	3,100	5,249	(2,149)
Maintenance Facility	10,701	8,349	2,352
Depreciation Expense	-	9,383	(9,383)
	<u>1,838,868</u>	<u>2,001,367</u>	<u>(162,499)</u>
Total Indirect Operating Expenses	161,304	149,159	12,145
Total Operating Expenses	<u>2,000,172</u>	<u>2,150,526</u>	<u>(150,354)</u>
Operating Income (Loss)	<u>932,006</u>	<u>1,084,330</u>	<u>152,324</u>
Non-Operating Revenues (Expenses)			
Interest Income	3,400	3,469	69
Bank Charges	(65,000)	(73,488)	(8,488)
Transfer of Operating Reserves	(870,406)	(1,029,931)	(159,525)
Capital Asset Retirement	-	(13,516)	(13,516)
	<u>(932,006)</u>	<u>(1,113,466)</u>	<u>(181,460)</u>
Increase (Decrease) in Net Position			
Before Capital Contributions	<u>-</u>	<u>(29,136)</u>	<u>(29,136)</u>
	<u>-</u>	<u>(29,136)</u>	<u>(29,136)</u>
Increase (Decrease) in Net Position		<u>29,136</u>	
Net Position, Beginning of Year		<u>-</u>	
Net Position, End of Year		<u>-</u>	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	The Knoxville Police Department		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 7,239	\$ 7,239	-
Operating Expenses			
Direct:			
Salaries and Wages	2,692	2,555	137
Employee Benefits	1,010	942	68
Office Expenses	500	0	500
Education and Training	250	0	250
Operating Expenses	2,000	267	1,733
Communications	50	20	30
Insurance	32	23	9
Professional Services	85	-	85
Maintenance Facility	-	-	-
Total Direct Operating Expenses	6,619	3,807	2,812
Total Indirect Operating Expenses	624	560	64
Total Operating Expenses	7,243	4,367	2,876
Operating Income (Loss)	(4)	2,872	2,876
Non-Operating Revenues (Expenses)			
Interest Income	17	21	4
Bank Charges	(13)	(9)	4
Transfer of Operating Reserves	-	(2,884)	(2,884)
Net Non-Operating Revenues (Expenses)	4	(2,872)	(2,876)
Increase (Decrease) in Net Position	-	-	-
Net Position, Beginning of Year		-	
Net Position, End of Year		-	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	City Parks		Variance Positive (Negative)
	Budget	Actual	
Operating Revenues			
Management Fees from City	\$ 2,428,275	\$ 2,428,275	-
Parking Revenues	55,750	66,286	10,536
Rental and Event Income	102,260	112,531	10,271
Total Operating Revenues	<u>2,586,285</u>	<u>2,607,092</u>	<u>20,807</u>
Operating Expenses			
Direct:			
Salaries and Wages	920,936	796,589	124,347
Employee Benefits	345,351	325,811	19,540
Office Expenses	20,000	16,009	3,991
Education and Training	3,500	229	3,271
Operating Expenses	384,225	418,525	(34,300)
Operating Contracts	161,765	150,017	11,749
Utilities	415,000	463,865	(48,865)
Communications	19,250	14,793	4,457
Insurance	22,469	22,139	330
Professional Services	2,500	2,511	(11)
Maintenance Facility	26,340	20,561	5,779
Capital Purchases	50,000	163,460	(113,460)
Depreciation Expense	0	5,538	(5,538)
Total Direct Operating Expenses	<u>2,371,336</u>	<u>2,400,046</u>	<u>(28,710)</u>
Total Indirect Operating Expenses	<u>216,289</u>	<u>200,702</u>	<u>15,587</u>
Total Operating Expenses	<u>2,587,625</u>	<u>2,600,748</u>	<u>(13,123)</u>
Operating Income (Loss)	<u>(1,340)</u>	<u>6,344</u>	<u>7,684</u>
Non-Operating Revenue (Expenses)			
Interest Income	5,840	6,939	1,099
Bank Charges	(4,500)	(3,556)	944
Transfer of Reserves	-	(602,100)	(602,100)
Capital Asset Retirement	-	(2,332)	(2,332)
Net Non-Operating Revenues (Expenses)	<u>1,340</u>	<u>(601,049)</u>	<u>(602,389)</u>
Increase (Decrease) in Net Position			
Before Capital Contributions (Deductions)	<u>-</u>	<u>(594,705)</u>	<u>(594,705)</u>
Capital Contributions (Deductions)			
Capital Asset Replacement Reserve Contributions	<u>-</u>	<u>239,066</u>	<u>239,066</u>
Increase (Decrease) in Net Position	<u>-</u>	<u>(355,639)</u>	<u>(355,639)</u>
Net Position, Beginning of Year		<u>355,639</u>	
Net Position, End of Year		<u>-</u>	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Knoxville Area Transit Facilities		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 1,124,634	\$ 1,124,634	-
Operating Expenses			
Direct:			
Salaries and Wages	402,788	335,674	67,114
Employee Benefits	151,045	142,021	9,024
Office Expenses	7,250	2,835	4,415
Education and Training	3,500	141	3,359
Operating Expenses	116,250	114,004	2,246
Operating Contracts	214,656	202,772	11,884
Utilities	102,386	90,169	12,217
Communications	14,300	10,401	3,899
Insurance	6,632	6,535	97
Professional Services	500	216	284
Maintenance Facility	9,764	7,625	2,139
Capital Purchases	-	24,384	(24,384.00)
Depreciation Expense	-	-	-
Total Direct Operating Expenses	<u>1,029,071</u>	<u>936,777</u>	<u>92,294</u>
Total Indirect Operating Expenses	<u>96,063</u>	<u>89,121</u>	<u>6,942</u>
Total Operating Expenses	<u>1,125,134</u>	<u>1,025,898</u>	<u>99,236</u>
Operating Income (Loss)	<u>(500)</u>	<u>98,736</u>	<u>99,236</u>
Non-Operating Revenues (Expenses)			
Interest Income	2,000	2,220	220
Bank Charges	(1,500)	(971)	529
Transfer of Operating Reserves	-	(215,766)	(215,766)
Net Non-Operating Revenues (Expenses)	<u>500</u>	<u>(214,517)</u>	<u>(215,017)</u>
Increase in Net Position Before Capital Contributions	<u>-</u>	<u>(115,781)</u>	<u>(115,781)</u>
Capital Contributions			
Capital Asset Replacement Reserve	-	-	-
Increase (Decrease) in Net Position	<u>-</u>	<u>(115,781)</u>	<u>(115,781)</u>
Net Position, Beginning of Year		<u>115,781</u>	
Net Position, End of Year		<u>-</u>	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Downtown Cinema		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Rental and Event Revenues	\$ 52,096	\$ 52,096	\$ (0)
Management Fees from City	33,555	33,555	-
Management Fees from Other Governmental Agencies	41,976	41,976	-
Total Operating Revenues	127,627	127,627	(0)
Operating Expenses			
Direct:			
Salaries and Wages	12,104	12,430	(326)
Employee Benefits	4,538	4,440	98
Office Expenses	150	52	98
Operating Expenses	40,400	12,890	27,510
Operating Contracts	54,200	58,328	(4,128)
Utilities	2,000	1,151	849
Communications	800	487	313
Insurance	688	674	14
Professional Services	500	1,811	(1,311)
Maintenance Facility	1,418	1,108	310
Capital Purchases	0	0	0
Total Direct Operating Expenses	116,798	93,372	23,426
Total Indirect Operating Expenses	10,874	10,048	826
Total Operating Expenses	127,672	103,420	24,252
Operating Income (Loss)	(45)	24,207	24,252
Non-Operating Revenues (Expenses)			
Interest Income	230	295	65
Bank Charges	(185)	(129)	56
Transfer of Operating Reserves	0	(28,203)	(28,203)
Net Non-Operating Revenues (Expenses)	45	(28,037)	(28,082)
Increase (Decrease) in Net Position	\$ 0	(3,830)	\$ (3,830)
Net Position, Beginning of Year		3,830	
Net Position, End of Year		\$ (0)	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	On Street Parking		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 549,081	\$ 549,081	\$ 0
Parking Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Revenues	<u>549,081</u>	<u>549,081</u>	<u>0</u>
Operating Expenses			
Direct:			
Salaries and Wages	338,538	348,901	(10,363)
Employee Benefits	126,952	121,179	5,773
Office Expenses	2,000	723	1,277
Education and Training	0	0	0
Operating Expenses	25,000	21,823	3,177
Operating Contracts	0	0	0
Utilities	0	0	0
Communications	5,600	2,474	3,126
Insurance	3,737	3,698	39
Professional Services	0	0	0
Maintenance Facility	0	0	0
Capital Purchases	<u>0</u>	<u>0</u>	<u>0</u>
Total Direct Operating Expenses	<u>501,827</u>	<u>498,798</u>	<u>3,029</u>
Total Indirect Operating Expenses	<u>47,294</u>	<u>43,431</u>	<u>3,863</u>
Total Operating Expenses	<u>549,121</u>	<u>542,229</u>	<u>6,892</u>
Operating Income (Loss)	<u>(40)</u>	<u>6,852</u>	<u>6,892</u>
Non-Operating Revenues (Expenses)			
Interest Income	240	526	286
Bank Charges	(200)	(230)	(30)
Transfer of Operating Reserves	<u>0</u>	<u>(7,148)</u>	<u>(7,148)</u>
Net Non-Operating Revenues (Expenses)	<u>40</u>	<u>(6,852)</u>	<u>(6,892)</u>
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Net Position, Beginning of Year		<u>0</u>	
Net Position, End of Year		<u>\$ 0</u>	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Public Works Complex		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 253,228	\$ 253,228	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	61,737	75,997	(14,260)
Employee Benefits	23,151	22,431	720
Office Expenses	1,500	14	1,487
Education and Training	0	67	(67)
Operating Expenses	33,700	42,898	(9,198)
Operating Contracts	104,871	98,397	6,474
Communications	2,180	729	1,451
Insurance	1,084	1,070	14
Professional Services	500	0	500
Maintenance Facility	2,976	2,326	650
Capital Purchases	0	0	0
Total Direct Operating Expenses	231,699	243,928	(12,229)
Total Indirect Operating Expenses	21,556	20,160	1,396
Total Operating Expenses	253,255	264,088	(10,833)
Operating Income (Loss)	(27)	(10,860)	(10,833)
Non-Operating Revenues (Expenses)			
Interest Income	90	215	125
Bank Charges	(63)	(94)	(31)
Transfer of Operating Reserves	0	10,739	10,739
Net Non-Operating Revenues (Expenses)	27	10,860	10,833
Increase (Decrease) in Net Position	\$ 0	(0)	\$ (0)
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ (0)	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Riverwalk Parking Garage		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City	\$ 271,431	\$ 0	\$ (271,431)
Operating Expenses			
Direct:			
Salaries and Wages	92,442	89,449	2,993
Employee Benefits	34,666	32,791	1,875
Office Expenses	2,000	943	1,057
Education and Training	0	206	(206)
Operating Expenses	44,000	29,323	14,677
Operating Contracts	66,950	13,855	53,095
Utilities	0	1,739	(1,739)
Communications	4,400	1,331	3,069
Insurance	1,000	977	23
Professional Services	500	35	465
Maintenance Facility	2,293	1,788	505
Capital Purchases	0	27,552	(27,552)
Total Direct Operating Expenses	248,251	199,988	48,263
Total Indirect Operating Expenses	23,180	22,749	431
Total Operating Expenses	271,431	222,737	48,694
Operating Income (Loss)	0	(222,737)	(222,737)
Non-Operating Revenues (Expenses)			
Interest Income	50	0	(50)
Bank Charges	(50)	0	50
Transfer of Operating Reserves	0	222,737	222,737
Net Non-Operating Revenues (Expenses)	0	222,737	222,737
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 102,361	\$ 102,361	\$ 0
Parking Revenues	720,000	749,351	29,351
Total Operating Revenues	822,361	851,712	29,351
Operating Expenses			
Direct: Andrew Johnson Building			
Salaries and Wages	171,041	126,878	44,163
Employee Benefits	64,140	59,627	4,513
Office Expenses	2,700	1,100	1,600
Education and Training	500	57	443
Operating Expenses	60,950	44,262	16,688
Operating Contracts	169,819	164,183	5,636
Communications	3,125	2,322	803
Insurance	3,692	3,628	64
Professional Services	1,000	263	737
Maintenance Facility	7,748	6,045	1,703
Depreciation Expense	0	0	0
Total Direct Operating Expenses - Andrew Johnson Building	484,715	408,364	76,351
Direct: Dwight Kessel Metropolitan Parking Garage			
Salaries and Wages	112,502	95,122	17,380
Employee Benefits	41,626	39,953	1,673
Office Expenses	2,750	1,037	1,713
Education and Training	2,600	468	2,132
Operating Expenses	46,807	21,220	25,587
Operating Contracts	47,302	44,753	2,549
Communications	4,100	3,009	1,091
Insurance	2,147	2,116	31
Professional Services	500	145	355
Maintenance Facility	1,876	1,459	417
Depreciation Expense	0	699	(699)
Total Direct Operating Expenses - DKMPG	262,210	209,981	52,229
Total Indirect Operating Expenses	69,486	63,906	5,580
Total Operating Expenses	816,411	682,252	134,159
Operating Income (Loss)	5,950	169,460	163,510
Non-Operating Revenues (Expenses)			
Interest Income	565	1,306	741
Bank Charges	(6,515)	(7,241)	(726)
Transfer of Operating Reserves	0	(164,224)	(164,224)
Capital Asset Retirement	0	(1,054)	(1,054)
Net Non-Operating Revenues (Expenses)	(5,950)	(171,213)	(165,263)
Increase (Decrease) in Net Position Before Extraordinary Item	0	(1,753)	(1,753)
Increase (Decrease) in Net Position	\$ 0	(1,753)	\$ (1,753)
Net Position, Beginning of Year		1,753	
Net Position, End of Year		\$ (0)	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Family Investment Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 131,725	\$ 131,725	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	37,336	35,406	1,930
Employee Benefits	14,001	13,230	771
Office Expenses	500	15	485
Education and Training	500	0	500
Operating Expenses	19,501	17,135	2,366
Operating Contracts	43,618	42,514	1,104
Communications	1,800	1,951	(151)
Insurance	772	767	5
Professional Services	499	282	217
Maintenance Facility	2,060	1,613	447
	120,587	112,913	7,674
Total Direct Operating Expenses			
Total Indirect Operating Expenses	11,170	10,289	881
Total Operating Expenses	131,757	123,202	8,555
Operating Income (Loss)	(32)	8,523	8,555
Non-Operating Revenues (Expenses)			
Interest Income	148	105	(43)
Bank Charges	(116)	(46)	70
Transfer of Operating Reserves	0	(8,582)	(8,582)
Net Non-Operating Revenues (Expenses)	32	(8,523)	(8,555)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Health Department		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Rental Income	\$ 8,441	\$ 8,441	\$ 0
Management Fees from the County	311,215	311,215	0
Total Operating Revenues	<u>319,656</u>	<u>319,656</u>	<u>0</u>
Operating Expenses			
Direct:			
Salaries and Wages	107,470	95,427	12,043
Employee Benefits	40,302	37,988	2,314
Office Expenses	4,200	43	4,157
Education and Training	2,000	55	1,945
Operating Expenses	68,500	84,205	(15,705)
Operating Contracts	59,392	54,416	4,976
Communications	1,870	4,367	(2,497)
Insurance	3,012	2,977	35
Professional Services	500	436	64
Maintenance Facility	5,425	4,235	1,190
Total Direct Operating Expenses	<u>292,671</u>	<u>284,148</u>	<u>8,523</u>
Total Indirect Operating Expenses	<u>27,071</u>	<u>25,008</u>	<u>2,063</u>
Total Operating Expenses	<u>319,742</u>	<u>309,156</u>	<u>10,586</u>
Operating Income (Loss)	<u>(86)</u>	<u>10,500</u>	<u>10,586</u>
Non-Operating Revenues (Expenses)			
Interest Income	387	350	(37)
Bank Charges	(301)	(152)	149
Transfer of Operating Reserves	0	(10,698)	(10,698)
Net Non-Operating Revenues (Expenses)	<u>86</u>	<u>(10,500)</u>	<u>(10,586)</u>
Increase (Decrease) in Net Position	\$ <u><u>0</u></u>	\$ 0	\$ <u><u>0</u></u>
Net Position, Beginning of Year		<u>0</u>	
Net Position, End of Year		\$ <u><u>0</u></u>	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY(Continued)
For the Fiscal Year Ended June 30, 2019**

	Juvenile Justice Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 695,873	\$ 695,873	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	274,007	265,801	8,206
Employee Benefits	101,383	97,610	3,773
Office Expenses	2,000	1,976	24
Education and Training	1,250	77	1,173
Operating Expenses	91,500	96,095	(4,595)
Operating Contracts	147,684	132,777	14,907
Communications	6,500	2,188	4,312
Insurance	3,410	3,349	61
Professional Services	500	180	320
Maintenance Facility	8,561	6,682	1,879
Depreciation Expense	0	6,526	(6,526)
	636,795	613,260	23,535
Total Direct Operating Expenses			
Total Indirect Operating Expenses	59,207	54,889	4,318
Total Operating Expenses	696,002	668,149	27,853
Operating Income (Loss)	(129)	27,724	27,853
Non-Operating Revenues (Expenses)			
Interest Income	570	644	74
Bank Charges	(441)	(282)	159
Transfer of Operating Reserves	0	(34,611)	(34,611)
Net Non-Operating Revenues (Expenses)	129	(34,249)	(34,378)
Increase (Decrease) in Net Position	\$ 0	(6,525)	\$ (6,525)
Net Position, Beginning of Year		9,246	
Net Position, End of Year		\$ 2,721	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Forensic Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from the County	\$ 267,145	\$ 267,145	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	63,715	69,287	(5,572)
Employee Benefits	23,893	22,877	1,016
Office Expenses	3,000	24	2,976
Education and Training	1,000	67	933
Operating Expenses	87,000	30,281	56,719
Operating Contracts	57,639	55,167	2,472
Communications	2,300	515	1,785
Insurance	1,391	1,372	19
Maintenance Facility	4,594	3,588	1,006
Capital Purchases	0	14,421	(14,421)
	244,532	197,598	46,934
Total Direct Operating Expenses			
Total Indirect Operating Expenses	22,613	21,022	1,591
Total Operating Expenses	267,145	218,620	48,525
Operating Income (Loss)	0	48,525	48,525
Non-Operating Revenues (Expenses)			
Interest Income	249	481	232
Bank Charges	(249)	(210)	39
Transfer of Operating Reserves	0	(48,796)	(48,796)
Net Non-Operating Revenues (Expenses)	0	(48,525)	(48,525)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Knox Central		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from the County	\$ 245,595	\$ 245,595	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	89,062	68,496	20,566
Employee Benefits	33,398	31,454	1,944
Office Expenses	7,650	7,005	645
Education and Training	1,000	200	800
Operating Expenses	31,350	22,906	8,444
Operating Contracts	50,945	47,605	3,340
Communications	4,700	5,879	(1,179)
Insurance	1,920	1,884	36
Professional Services	500	145	355
Maintenance Facility	4,323	3,379	944
Depreciation Expenses	0	1,998	(1,998)
	224,848	190,952	33,896
Total Direct Operating Expenses			
Total Indirect Operating Expenses	20,783	19,335	1,448
Total Operating Expenses	245,631	210,287	35,344
Operating Income (Loss)	(36)	35,308	35,344
Non-Operating Revenues (Expenses)			
Interest Income	169	248	79
Bank Charges	(133)	(110)	23
Transfer of Operating Reserves	0	(37,443)	(37,443)
Net Non-Operating Revenues (Expenses)	36	(37,306)	(37,342)
Increase (Decrease) in Net Position	\$ 0	(1,998)	(1,998)
Net Position, Beginning of Year		5,008	
Net Position, End of Year		\$ 3,010	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Knox County Public Works Complex		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from the County	\$ 198,007	\$ 198,007	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	72,670	21,913	50,757
Employee Benefits	27,251	25,027	2,225
Office Expenses	2,000	0	2,000
Operating Expenses	65,000	52,876	12,124
Operating Contracts	9,000	8,298	702
Communications	0	47	(47)
Insurance	1,000	977	23
Professional Services	500	0	500
Maintenance Facility	3,865	3,017	848
Depreciation Expenses	0	0	0
Total Direct Operating Expenses	181,286	112,155	69,131
Total Indirect Operating Expenses	16,721	16,397	324
Total Operating Expenses	198,007	128,552	69,455
Operating Income (Loss)	0	69,455	69,455
Non-Operating Revenues (Expenses)			
Interest Income	50	560	510
Bank Charges	(50)	(246)	(196)
Transfer of Operating Reserves	0	(69,769)	(69,769)
Net Non-Operating Revenues (Expenses)	0	(69,455)	(69,455)
Increase (Decrease) in Net Position	\$ 0	0	0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Libraries		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from the County	\$ 391,494	\$ 391,494	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	22,943	33,883	(10,940)
Employee Benefits	8,603	8,364	239
Office Expenses	1,000	0	1,000
Education and Training	0	0	0
Operating Expenses	10,000	30,877	(20,877)
Operating Contracts	305,882	247,028	58,854
Communications	150	42	108
Insurance	1,705	1,674	31
Maintenance Facility	7,507	5,859	1,648
Depreciation Expenses	0	0	0
	Total Direct Operating Expenses	327,726	30,064
	Total Indirect Operating Expenses	31,702	2,017
	Total Operating Expenses	359,428	32,081
	Operating Income (Loss)	32,066	32,081
Non-Operating Revenues (Expenses)			
Interest Income	60	299	239
Bank Charges	(45)	(131)	(86)
Transfer of Operating Reserves	0	(32,234)	(32,234)
	Net Non-Operating Revenues (Expenses)	(32,066)	(32,081)
Increase (Decrease) in Net Position	\$ 0	(0)	(0)
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ (0)	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Old Court House		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 628,825	\$ 628,825	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	273,763	243,031	30,732
Employee Benefits	101,292	97,396	3,896
Office Expenses	2,350	644	1,706
Education and Training	1,000	37	963
Operating Expenses	72,200	64,916	7,284
Operating Contracts	103,659	100,355	3,304
Communications	11,100	3,375	7,725
Insurance	2,985	2,930	55
Professional Services	500	180	320
Maintenance Facility	6,490	5,069	1,421
Depreciation Expense	0	1,028	(1,028)
	575,339	518,961	56,378
Total Direct Operating Expenses			
Total Indirect Operating Expenses	53,611	49,737	3,874
Total Operating Expenses	628,950	568,698	60,252
Operating Income (Loss)	(125)	60,127	60,252
Non-Operating Revenue (Expenses)			
Interest Income	600	783	183
Bank Charges	(475)	(344)	131
Transfer of Operating Reserves	0	(61,594)	(61,594)
Net Non-Operating Revenue (Expenses)	125	(61,155)	(61,280)
Increase (Decrease) in Net Position	\$ 0	(1,028)	\$ (1,028)
Net Position, Beginning of Year		1,028	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Public Defender		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 75,485	\$ 75,485	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	14,569	9,830	4,739
Employee Benefits	5,464	5,098	366
Office Expenses	250	0	250
Education and Training	500	0	500
Operating Expenses	45,000	13,049	31,951
Operating Contracts	1,000	500	500
Communications	500	927	(427)
Insurance	397	395	2
Professional Services	0	0	0
Maintenance Facility	1,478	1,152	326
Depreciation Expense	0	0	0
Total Direct Operating Expenses	69,158	30,951	38,207
Total Indirect Operating Expenses	6,378	5,891	487
Total Operating Expenses	75,536	36,842	38,694
Operating Income (Loss)	(51)	38,643	38,694
Non-Operating Revenues (Expenses)			
Interest Income	249	264	15
Bank Charges	(198)	(115)	83
Transfer of Operating Reserves	0	(38,792)	(38,792)
Net Non-Operating Revenues (Expenses)	51	(38,643)	(38,694)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Senior Centers		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 243,699	\$ 243,699	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	71,614	65,825	5,789
Employee Benefits	26,855	25,511	1,344
Office Expenses	451	195	256
Education and Training	750	0	750
Operating Expenses	33,200	36,388	(3,188)
Operating Contracts	83,571	70,687	12,884
Communications	1,160	480	680
Insurance	1,086	1,070	16
Professional Services	75	176	(101)
Maintenance Facility	4,346	3,390	956
Depreciation Expense	0	0	0
	223,108	203,724	19,384
Total Direct Operating Expenses			
Total Indirect Operating Expenses	20,617	19,360	1,257
Total Operating Expenses	243,725	223,084	20,641
Operating Income (Loss)	(26)	20,615	20,641
Non-Operating Revenues (Expenses)			
Interest Income	113	251	138
Bank Charges	(87)	(109)	(22)
Transfer of Operating Reserves	0	(20,757)	(20,757)
Net Non-Operating Revenues (Expenses)	26	(20,615)	(20,641)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Young Williams Aminmal Welfare Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from County	\$ 69,544	\$ 69,544	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	19,302	13,783	5,519
Employee Benefits	7,142	6,757	385
Office Expenses	250	0	250
Education and Training	0	0	0
Operating Expenses	35,000	5,827	29,173
Operating Contracts	0	0	0
Communications	250	111	139
Insurance	406	395	11
Professional Services	0	0	0
Maintenance Facility	1,361	1,064	297
Depreciation Expense	0	0	0
Total Direct Operating Expenses	63,711	27,937	35,774
Total Indirect Operating Expenses	5,876	5,440	436
Total Operating Expenses	69,587	33,377	36,210
Operating Income (Loss)	(43)	36,167	36,210
Non-Operating Revenues (Expenses)			
Interest Income	202	221	19
Bank Charges	(159)	(98)	61
Transfer of Operating Reserves	0	(36,290)	(36,290)
Net Non-Operating Revenues (Expenses)	43	(36,167)	(36,210)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)**

For the Fiscal Year Ended June 30, 2019

	City County Building		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Rental Income from City and County	\$ 4,626,896	\$ 4,626,896	\$ 0
Parking Revenues	56,000	69,112	13,112
Total Operating Revenues	<u>4,682,896</u>	<u>4,696,008</u>	<u>13,112</u>
Operating Expenses			
Direct:			
Salaries and Wages	1,024,961	1,030,130	(5,169)
Employee Benefits	379,236	367,971	11,265
Office Expenses	25,250	29,085	(3,835)
Education and Training	15,000	1,873	13,127
Operating Expenses	371,000	410,601	(39,601)
Operating Contracts	642,838	602,384	40,454
Utilities	1,596,854	1,556,948	39,906
Communications	12,865	14,327	(1,462)
Insurance	142,406	140,322	2,084
Professional Services	2,500	10,090	(7,590)
Maintenance Facility	26,369	20,550	5,819
Capital Purchases	1,050,000	720,844	329,156
Depreciation Expense	0	580,813	(580,813)
Total Direct Operating Expenses	<u>5,289,279</u>	<u>5,485,938</u>	<u>(196,659)</u>
Total Indirect Operating Expenses	<u>397,040</u>	<u>367,758</u>	<u>29,282</u>
Total Operating Expenses	<u>5,686,319</u>	<u>5,853,696</u>	<u>(167,377)</u>
Operating Income (Loss)	<u>(1,003,423)</u>	<u>(1,157,688)</u>	<u>(154,265)</u>
Non-Operating Revenues (Expenses)			
Interest Income	15,423	24,983	9,560
Bank Charges	(12,000)	(11,376)	624
Net Non-Operating Revenues (Expenses)	<u>3,423</u>	<u>13,607</u>	<u>10,184</u>
Increase (Decrease) in Net Position Before Capital Contributions	<u>(1,000,000)</u>	<u>(1,144,081)</u>	<u>(144,081)</u>
Capital Contributions			
Capital Asset Replacement Reserve Contributions from City and County	<u>1,000,000</u>	<u>1,225,902</u>	<u>225,902</u>
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>81,821</u>	<u>\$ 81,821</u>
Net Position, Beginning of Year		<u>6,804,105</u>	
Net Position, End of Year		<u>\$ 6,885,926</u>	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Emergency Communications District		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from Other Governmental Agencies	\$ 108,814	\$ 108,814	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	29,330	36,708	(7,378)
Employee Benefits	10,999	10,584	415
Office Expenses	100	797	(697)
Education and Training	500	0	500
Operating Expenses	27,750	21,400	6,350
Operating Contracts	29,127	28,059	1,068
Communications	224	293	(69)
Insurance	516	512	4
Professional Services	250	118	133
Maintenance Facility	739	581	158
Depreciation Expense	0	0	0
Total Direct Operating Expenses	99,535	99,053	482
Total Indirect Operating Expenses	9,311	8,665	646
Total Operating Expenses	108,846	107,718	1,128
Operating Income (Loss)	(32)	1,096	1,128
Non-Operating Revenues (Expenses)			
Interest Income	123	219	96
Bank Charges	(91)	(96)	(5)
Transfer of Operating Reserves	0	(1,219)	(1,219)
Net Non-Operating Revenues (Expenses)	32	(1,096)	(1,128)
Increase (Decrease) in Net Position	\$ 0	(0)	\$ 0
Net Position, Beginning of Year		9,500	
Net Position, End of Year		\$ 9,500	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Fairview Technology Center		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from Other Governmental Agencies	\$ 54,965	\$ 54,965	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	19,139	21,614	(2,475)
Employee Benefits	7,177	6,580	597
Office Expenses	225	73	152
Education and Training	0	0	0
Operating Expenses	12,690	6,880	5,810
Operating Contracts	8,327	7,736	591
Communications	2,100	1,703	397
Insurance	258	256	2
Professional Services	0	0	0
Maintenance Facility	345	274	71
Depreciation Expense	0	0	0
Total Direct Operating Expenses	50,261	45,117	5,144
Total Indirect Operating Expenses	4,704	4,328	376
Total Operating Expenses	54,965	49,445	5,520
Operating Income (Loss)	0	5,520	5,520
Non-Operating Revenues (Expenses)			
Interest Income	90	130	40
Bank Charges	(90)	(56)	34
Transfer of Operating Reserves	0	(5,594)	(5,594)
Net Non-Operating Revenues (Expenses)	0	(5,520)	(5,520)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		4,610	
Net Position, End of Year		\$ 4,610	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Fiscal Year Ended June 30, 2019**

	Property Development		
	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Management Fees from City and County	\$ 606,663	\$ 606,663	\$ 0
Management Fees from Other Governmental Agencies	0		0
Total Operating Revenues	606,663	606,663	0
Operating Expenses			
Direct:			
Salaries and Wages	342,494	295,361	47,133
Employee Benefits	126,723	107,801	18,922
Office Expenses	23,000	12,824	10,176
Education and Training	13,000	838	12,162
Operating Expenses	5,000	2,016	2,984
Operating Contracts		0	0
Communications	1,600	672	928
Insurance	716	698	18
Professional Services	15,000	10,625	4,375
Depreciation Expense	0	0	0
Total Direct Operating Expenses	527,533	430,834	96,699
Total Indirect Operating Expenses	79,130	72,349	6,781
Total Operating Expenses	606,663	503,183	103,480
Operating Income (Loss)	0	103,480	103,480
Non-Operating Revenues (Expenses)			
Interest Income	500	887	387
Bank Charges	(500)	(391)	109
Transfer of Operating Reserves	0	(103,976)	(103,976)
Net Non-Operating Revenues (Expenses)	0	(103,480)	(103,480)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)**

For the Fiscal Year Ended June 30, 2019

	Telecommunications Services		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from City and County	\$ 590,934	590,934	\$ 0
Management Fees Related to KCS	128,981	128,981	0
Total Operating Revenues	<u>719,915</u>	<u>719,915</u>	<u>0</u>
Direct Operating Expenses			
Telecom			
Salaries and Wages	338,710	325,002	13,708
Employee Benefits	124,988	120,084	4,904
Office Expenses	11,500	9,606	1,894
Education and Training	5,000	1,988	3,012
Operating Expenses	12,160	15,566	(3,406)
Operating Contracts	5,000	2,500	2,500
Communications	6,300	5,658	642
Insurance	8,354	8,232	122
Professional Services	2,000	223	1,777
Capital Purchases	300,000	339,902	(39,902)
Depreciation Expense	0	118,660	(118,660)
Telecom Operating Expenses	<u>814,012</u>	<u>947,421</u>	<u>(133,409)</u>
Knox County Schools			
Salaries and Wages	78,996	57,807	21,189
Employee Benefits	29,228	28,075	1,153
Office Expenses	1,500	202	1,298
Education and Training	600	638	(38)
Operating Expenses	600	626	(26)
Communications	900	78	822
Insurance	337	326	11
Professional Services	0	0	0
Schools Operating Expenses	<u>112,161</u>	<u>87,753</u>	<u>24,408</u>
Total Direct Operating Expenses	<u>926,173</u>	<u>1,035,174</u>	<u>(109,001)</u>
Total Indirect Operating Expenses	<u>93,927</u>	<u>86,826</u>	<u>7,101</u>
Total Operating Expenses	<u>1,020,100</u>	<u>1,122,000</u>	<u>(101,900)</u>
Operating Income (Loss)	<u>(300,185)</u>	<u>(402,085)</u>	<u>(101,900)</u>
Non-Operating Revenues (Expenses)			
Interest Income	1,260	1,964	704
Bank Charges	(1,075)	(858)	217
Transfer of Operating Reserves	0	(57,582)	(57,582)
Net Non-Operating Revenues (Expenses)	<u>185</u>	<u>(56,476)</u>	<u>(56,661)</u>
Increase (Decrease) in Net Position Before Capital Contributions	<u>(300,000)</u>	<u>(458,561)</u>	<u>(158,561)</u>
Capital Contributions			
Capital Asset Replacement Reserve Contributions from City and County	<u>300,000</u>	<u>725,611</u>	<u>425,611</u>
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>267,050</u>	<u>\$ 267,050</u>
Net Position, Beginning of Year		<u>340,526</u>	
Net Position, End of Year		<u>\$ 607,576</u>	

STATISTICAL SECTION

This part of PBA’s Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about PBA’s overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the PBA’s financial performance and well-being have changed over time.....	63-64
Revenue Capacity	
These schedules contain information to help the reader assess the PBA’s operating revenues and customer statistics. As a joint venture between the City of Knoxville and Knox County, the PBA’s revenues are materially earned from revenue derived from rental income, management fees, net parking revenues, and miscellaneous charges. Rental income and management fees are annually negotiated with the City and County and approved by the City Council and the County Commission.	65-68
Debt Capacity	
The PBA is a joint venture between the City of Knoxville and Knox County; the PBA has no taxing authority. Debt for capital projects managed for the City and the County are funded by debt issued by these two government entities. Information on the City’s and County’s debt capacity is contained in their individual CAFRs.	N/A
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which PBA’s financial activities take place approved by the City Council and the County Commission.	69-70
Operating Information	
This schedule contains service data to help the reader understand how the information in the PBA’s financial report relates to services provided and the activities performed.	71

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**NET POSITION BY COMPONENT
Last Ten Fiscal Years**

Fiscal Year	Investment in Capital Assets	Unrestricted	Total
2010	\$ 7,292,398	\$ 3,390,254	\$ 10,682,652
2011	7,451,392	3,571,882	11,023,274
2012	8,160,543	3,198,172	11,358,715
2013	8,832,369	3,256,753	12,089,122
2014	9,257,296	2,605,776	11,863,072
2015	7,975,147	3,269,503	11,244,650
2016	7,987,860	3,238,721	11,226,581
2017	5,442,665	3,556,461	8,999,126
2018	5,098,406	3,945,845	9,044,251
2019	5,282,518	3,356,522	8,639,040

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY OF KNOX AND
THE CITY OF KNOXVILLE, TENNESSEE**

**CHANGES IN NET POSITION
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues										
Rental Income from City and County	\$ 4,626,896	\$ 4,518,188	\$ 4,328,993	\$ 4,327,759	\$ 4,215,037	\$ 4,101,739	\$ 4,013,581	\$ 3,912,814	\$ 3,999,608	\$ 3,887,410
Other Rental Income - Net	209,896	248,321	229,219	252,697	241,439	225,648	232,474	208,204	196,173	130,853
Management Fees from City and County	8,954,577	8,642,266	7,697,552	7,177,821	6,596,204	6,770,676	5,915,239	5,652,775	5,776,189	5,833,766
Management Fees from Other										
Governmental Agencies	334,736	332,988	312,006	313,766	305,775	163,956	189,380	161,299	153,846	179,713
Parking Revenues	4,082,777	3,961,511	3,795,842	3,083,416	2,922,562	2,986,198	2,721,805	2,848,822	2,816,686	2,832,092
Total Operating Revenues	18,208,882	17,703,274	16,363,612	15,155,459	14,281,017	14,248,217	13,072,479	12,783,914	12,942,502	12,863,834
Operating Expenses										
Salaries and Benefits	8,528,384	7,927,605	7,728,965	6,476,717	6,593,584	6,005,836	5,569,032	5,489,707	5,625,169	5,896,222
Office	136,712	119,614	141,114	146,403	105,780	120,030	105,534	93,329	72,415	89,703
Education and Training	14,705	14,765	6,306	13,360	21,507	17,241	8,723	6,703	10,335	6,806
Purchased Services and Supplies	1,759,935	1,489,749	1,540,417	1,577,232	1,287,942	1,151,072	1,157,287	1,055,814	1,049,751	988,458
Operating Contracts	2,767,609	2,510,628	2,057,739	1,905,427	1,695,954	1,675,598	1,608,672	1,586,372	1,448,345	1,382,944
Utilities	2,325,886	2,204,288	2,232,055	2,134,130	2,007,525	2,100,368	2,050,996	1,879,794	2,059,794	1,844,483
Communications	106,258	125,015	148,030	111,963	88,539	82,609	95,780	72,458	67,270	60,503
Insurance	283,150	306,291	310,951	309,888	308,154	298,444	269,125	236,013	228,725	224,990
Professional Fees	64,141	67,601	69,992	251,921	91,862	58,113	48,926	59,226	77,905	110,701
Depreciation	737,020	704,866	727,718	1,117,721	2,152,372	950,153	981,701	906,441	803,661	722,568
Maintenance Facility	109,715	119,686	129,310	106,568	86,222	86,008	81,728	76,560	73,593	72,643
Other	1,290,563	878,978	622,371	411,929	336,426	309,728	103,652	143,840	41,678	243,499
Total Operating Expenses	18,124,078	16,469,086	15,714,968	14,563,259	14,775,867	12,855,200	12,081,156	11,606,257	11,558,641	11,643,520
Operating Income (Loss)	84,804	1,234,188	648,644	592,200	(494,850)	1,393,017	991,323	1,177,657	1,383,861	1,220,314
Non-Operating Revenues (Expenses)										
Interest Income	47,380	35,683	28,043	21,844	27,528	19,038	16,271	28,448	27,264	28,997
Gain (Loss) on Disposal of Capital Assets						(489,579)	0	0	0	0
Bank Charges	(100,339)	(89,436)	(89,499)	(62,065)	(59,585)	(17,373)	(12,232)	(8,224)	(8,210)	(7,706)
Impairment Gain - Insurance Settlement	0	0	0	0	0	0	1,039,555	0	0	0
Interest Expense	0	0	0	0	0	0	0	0	0	0
Capital Returned to the City and County	(2,517,156)	(2,239,273)	(1,761,154)	(1,829,891)	(1,668,938)	(2,135,304)	(1,563,423)	(1,728,491)	(1,730,881)	(1,801,089)
Capital Returned to Other										
Governmental Agencies	(93,577)	(64,693)	(28,544)	(38,695)	(35,641)	(66,008)	(34,853)	(16,414)	(42,537)	(111,666)
Noncash:										
Capital Asset Retirements from the City and County	(16,902)	0	0	0	(19,674)	0	0	0	0	0
Total Non-Operating Revenues (Expenses) - Net	(2,680,594)	(2,357,719)	(1,851,154)	(1,908,807)	(1,756,310)	(2,689,226)	(554,682)	(1,724,681)	(1,754,364)	(1,891,464)
Increase (Decrease) in Net Position Before Capital Contributions and Extraordinary Item	(2,595,790)	(1,123,531)	(1,202,510)	(1,316,607)	(2,251,160)	(1,296,209)	436,641	(547,024)	(370,503)	(671,150)
Capital Contributions										
Capital Contributions from the City and County	2,190,579	1,168,656	1,150,000	1,298,538	1,632,738	548,501	815,424	882,465	711,125	332,128
Capital Contributions from Other Governmental Agencies	0	0	0	0	0	0	0	0	0	0
Noncash:										
Capital Asset Retirements from the City and County	0	0	0	0	0	0	0	0	0	0
Total Capital Contributions	2,190,579	1,168,656	1,150,000	1,298,538	1,632,738	548,501	815,424	882,465	711,125	332,128
Extraordinary Item	0	0	(2,174,945)	0	0	0	0	0	0	0
Increase (Decrease) in Net Position	(405,211)	45,125	(2,227,455)	(18,069)	(618,422)	(747,708)	1,252,065	335,441	340,622	(339,022)
Net Position, Beginning of Year	9,044,251	8,999,126	11,226,581	11,244,650	11,863,072	12,610,780	11,358,715	11,023,274	10,682,652	11,021,674
Net Position, End of Year	\$ 8,639,040	\$ 9,044,251	\$ 8,999,126	\$ 11,226,581	\$ 11,244,650	\$ 11,863,072	\$ 12,610,780	\$ 11,358,715	\$ 11,023,274	\$ 10,682,652

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**PROPERTIES MANAGED
Last Ten Fiscal Years**

Property	Space in Square Feet									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
County Owned										
Andrew Johnson Building	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661
Beck Cultural Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fairview Technology Center	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Senior Centers (4)	38,940	38,940	38,940	38,940	33,738	33,738	33,738	33,738	33,738	33,738
Health Department (1 main facility, 3 community clinics, and air quality lab)	157,800	157,800	157,800	157,800	157,800	157,800	157,800	157,800	157,800	157,800
John Tarleton Homes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	80,000	80,000	80,000
Juvenile Justice Center	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209
Knox Central	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000
Knox County Public Works	18,930									
Library System (1 main location, 1 history center, and 16 community branches)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Old Court House	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098
County Clerk Satellite Offices (5)	12,084	12,084	11,773	11,773	11,773	11,773				
Family Investment Center	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Forensic Center	19,435	19,435	19,435	19,435	19,435					
Public Defender's Office	23,405	23,405	23,405	23,405						
Young Williams Animal Center	21,308	21,308	21,308	21,308						
City Owned										
Volunteer Landing Park	16,331	16,331	16,331	16,331	16,331	16,331	16,331	16,331	16,331	16,331
World's Fair Park	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600
Downtown Cinema	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Public Works Complex	71,525	71,525	45,560							
Knoxville Station Transit Center	103,717	103,717	103,717	103,717	103,717	103,717	103,717	103,717	103,717	
Knoxville Area Transit - Magnolia Facility	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000		
PBA Owned										
City County Building	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634
Owned by Other Governmental Agencies										
Emergency Communications District	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Totals	1,652,177	1,633,247	1,606,971	1,561,411	1,511,496	1,492,061	1,480,288	1,560,288	1,525,288	1,421,571

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**PROPERTIES MANAGED (Continued)
Last Ten Fiscal Years**

Location	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NUMBER OF PARKING SPACES										
County Owned										
Dwight Kessel Metropolitan Parking Garage	964	964	964	964	964	964	964	964	964	964
State Street Parking Lot	283	283	283	283	283	283	283	283	283	283
City Owned										
Hill Avenue Parking Lot	16	16	16	16	16	16	16	16		
Jackson Avenue Parking Lot	190	190	190	190	190	190	190	190	190	190
Locust Street Garage	645	645	645	645	645	645	645	645	645	645
Main Avenue Garage	475	475	475	475	475	475	475	475	475	475
Market Square Garage	677	677	677	677	677	677	677	700	700	700
Promenade Garage	262	262	262	277	277	277	277	277	277	277
State Street Garage	1,718	1,082	1,082	1,082	1,082	1,082	842	842	842	842
World's Fair Parking Lots	201	201	698	698	698	698	698	698	698	698
Tennessee Department of Transportation (TDOT)	469	469	469	469	469	469	469	469	469	0
Supreme Court Parking Lot	159	159	159	159						
CBID	535	535								
Riverwalk Parking Garage	804	804								
PBA Owned										
City County Building Garage	850	850	850	850	850	850	850	850	850	850
Totals	8,248	7,612	6,770	6,785	6,626	6,626	6,386	6,409	6,393	5,924
PARKS										
City Owned										
World's Fair Park: Number of Acres	18	18	18	18	18	18	18	18	18	18
Volunteer Landing Park: Number of Acres	5	5	5	5	5	5	5	5	5	5
Second Creek Greenway: Number of Acres	9	9	9	9	9	9	9	9	9	9
Estimated Park Visitors Annually	214,565	239,945	262,945	699,608	706,236	671,988	678,733	689,518	648,530	610,955

Source: PBA Property Management Department.

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**CAPITAL PROJECTS COMPLETED
Last Five Fiscal Years**

Projects	Managed Budget
COUNTY PROJECTS	
ADA Remediation - Bearden Elementary	\$ 500,000
ADA Remediation - Maynard Elementary	1,000,000
ADA Remediation - Powell High School	49,000
Andrew Johnson Building Reroof - Phase II	350,000
City County Building - Court Clerk Desk Renovations	75,000
City County Building - DA Office Renovations	26,231
City County Building -General Sessions Clerk Office Renovations	185,000
Health Department Fitness Center - Main	150,000
Old Courthouse Exterior Renovations	237,072
Young Williams Animal Center Renovations	88,575
County Subtotal	\$ 2,660,878
CITY PROJECTS	
Beardsley Farm Building	235,000
Convention Center Pedestrian Enhancements	2,818,658
Convention Center Warranty Repairs	711,000
Ed Cothren Pool Resurfacing	126,929
Fire Station #7 Interior Renovations and Concrete Bay	259,000
Fire Station #10 Soffit, Fascia, Concrete and Roof Repairs	137,681
Fire Station #12 Structural Repairs	562,710
Fire Station #15 Concrete Bay Room Replacement	85,000
Fire Station #16 Concrete Apron Work	35,000
Fort Kid Wall Assessment	14,100
Fulton High School Tennis Court Resurfacing	23,905
Knoxville Convention & Exhibition Center	2,127,000
Krutch Park	56,000
Lakeshore Administration Building - Phase I	1,200,000
Lakeshore Administration Building - Phase II	2,100,000
Locust Street Garage Brick Repair	85,000
Promenade Roof Removal	350,000
Promenade Walking Deck Improvements	350,000
Public Works Complex - Phases I and II	18,417,819
Safety Building Tenant Improvements	100,000
Solid Waste Transfer Center	148,000
Solid Waste Transfer Station	25,000
Solid Waste Management Storm Water and Roof Additions	300,000
State Street Archway Art Renovations	25,000
State Street Garage Lower Addition	500,000
Transit Center Deck Repairs	129,626
Transit Center Doors	70,500
Volunteer Landing Dock Replacement	265,000
Volunteer Landing Master Plan	25,000
Volunteer Landing Stair Repairs	146,640
Whittle Springs Golf Shed	25,000
World's Fair Park Master Plan	25,000
City Subtotal	\$ 31,479,568

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**TELECOMMUNICATION SERVICES
Last Ten Fiscal Years**

	Fiscal Year									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
CITY AND COUNTY										
Total Extensions	8,241	8,297	8,313	8,305	8,299	8,243	8,280	8,280	8,367	8,156
Telephone Lines	822	822	822	811	805	804	360	360	360	360
Cellular Telephones	80	76	109	95	140	144	127	131	96	145
Pagers	8	8	33	33	33	33	34	50	72	106
Repair Work Orders	1,741	1,436	1,477	1,387	1,002	823	716	807	905	829
SCHOOLS										
Total Extensions	269	473	598	797	855	852	852	929	817	785
Telephone Lines	775	1,604	2,041	2,242	2,300	2,338	2,329	2,285	2,430	2,391
Repair Work Orders	369	472	662	614	591	627	562	644	594	728

Source: PBA Telecommunications Services Department.

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

Calendar Year	Population	Personal Income (Thousands of Dollars)	Per Capita Personal Income	Unemployment Rate	
				County	State
2009	435,725	\$ 15,371,687	\$ 35,278	8.0	10.5
2010	432,226	15,222,567	35,219	7.0	9.5
2011	436,104	16,961,829	38,894	6.9	9.2
2012	440,725	18,149,825	41,182	6.3	8.0
2013	441,311	18,466,333	41,844	5.6	7.9
2014	448,664	19,297,297	43,011	5.7	6.6
2015	451,324	20,241,530	44,849	4.8	5.6
2016	456,132	21,121,133	46,305	4.7	5.1
2017	459,396	22,243,142	48,160	2.9	3.3
2018	464,819	-	-	2.8	3.3

- Notes:
- (a) N/A = Data not available.
 - (b) Only Knox County is presented.
 - (c) Population – U.S. Bureau of the Census.
 - (d) Income - Bureau of Economic Analysis, U.S. Department of Commerce.
 - (e) Unemployment Rates - Tennessee Department of Labor and Workforce Development.

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**PRINCIPAL EMPLOYERS
Current Calendar Year and Nine Years Ago**

Employer (a)	Industry	2018		2009	
		Number of Employees	% of Total Knox County Workforce	Number of Employees	% of Total Knox County Workforce
Covenant Health	Health Care	10,419	4.34	8,982	3.90 %
Knox County Schools	Education	8,082	3.37	8,382	3.64
The University of Tennessee	Government	6,689	2.79	11,901	5.17
Walmart	Retail	5,998	2.50	5330	2.31
University Health Systems	Health Care	5,547	2.31	3,724	1.62
Tennova Healthcare	Health Care	2,500	1.04	N/A	N/A
Mercy Health Partners	Health Care	N/A	N/A	4,368	1.90
State of Tennessee	Government	3,208	1.34	3,709	1.61
K-VA-T Food Stores	Retail Grocery	3,487	1.45	4,118	1.79
Knox County	Government	2,500	1.04	3,055	1.33
The Kroger Co.	Retail Grocery	2,952	1.23	2,269	0.99
Total		<u>51,382</u>	<u>21.41 %</u>	<u>55,838</u>	<u>24.26 %</u>

Notes: (a) Only Knox County is presented.

Source: Greater Knoxville Chamber Partnership

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**

**NUMBER OF EMPLOYEES BY ACTIVITY
Last Ten Fiscal Years**

Department	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Facilities Management	73	69	65	67	44	41	41	40	38	38
Safety and Security	66	58	59	53	47	51	41	40	42	37
Property Development	5	5	5	4	4	6	4	4	4	5
Telecommunications/MIS/PBX	12	11	10	11	12	11	9	9	9	8
Administrative	10	9	8	7	9	9	9	8	9	9
Total	166	152	147	142	116	118	104	101	102	97

Source: PBA Payroll Department.

**INTERNAL CONTROL
AND
COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors of
The Public Building Authority of the County
of Knox and the City of Knoxville, Tennessee
Knoxville, Tennessee**

We have audited, in accordance with the 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, the financial statements of the Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (the "PBA") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the PBA's basic financial statements, and have issued our report thereon dated October 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PBA's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PBA's internal control. Accordingly, we do not express an opinion on the effectiveness of the PBA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PBA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Chattanooga, TN
October 28, 2019