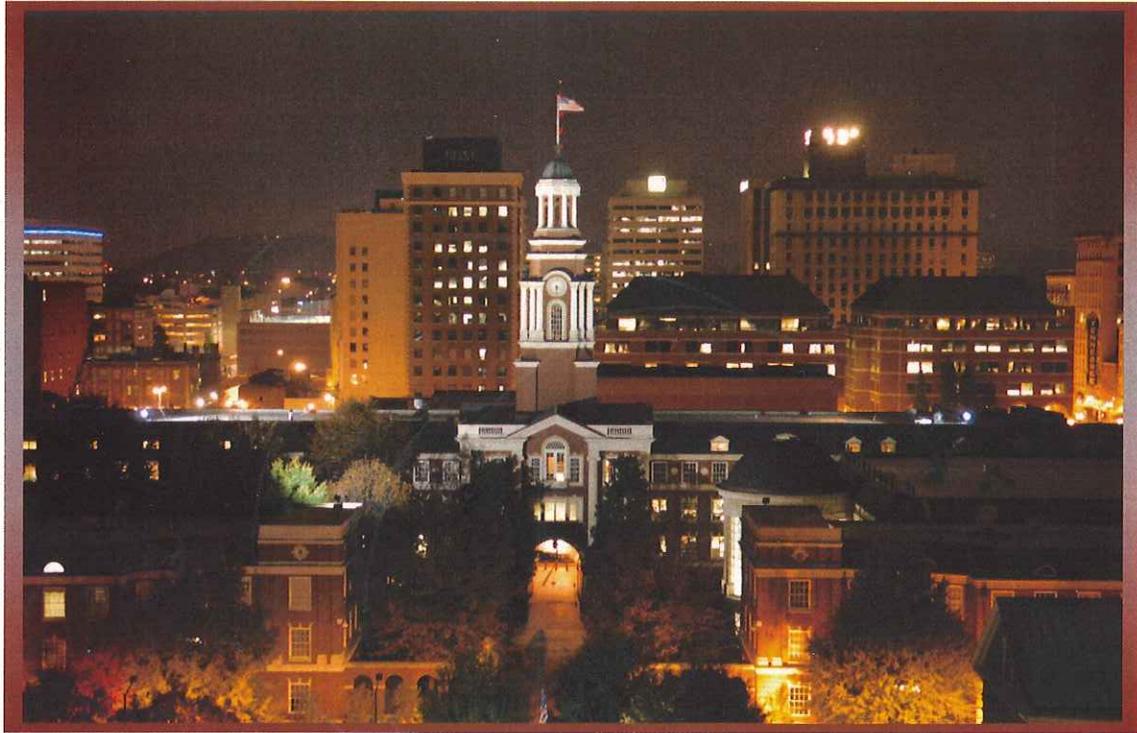


# Knox County, Tennessee



## *Comprehensive Annual Financial Report*

For The Fiscal Year Ended

**June 30, 2009**

Michael R. Ragsdale  
Knox County Mayor

**KNOX COUNTY, TENNESSEE**  
**Comprehensive Annual Financial Report**  
**For The Fiscal Year Ended June 30, 2009**

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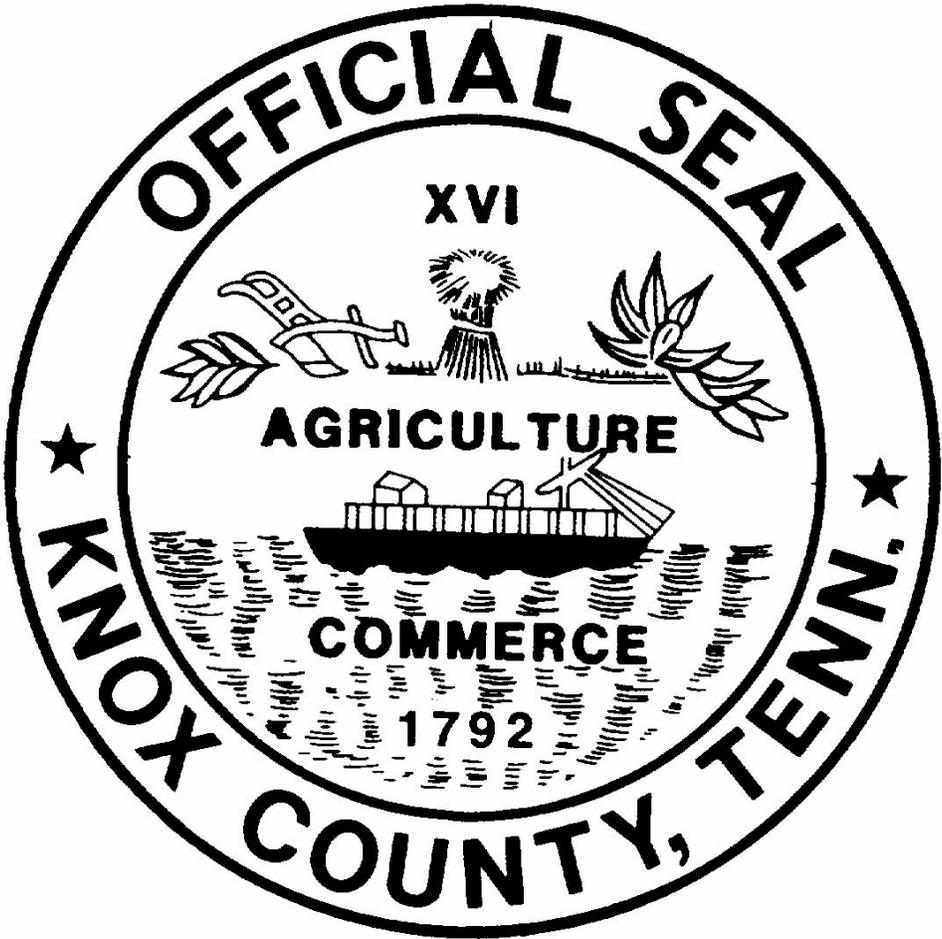
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# Introductory Section





## OFFICE OF COUNTY MAYOR

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

November 25, 2009

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

The Comprehensive Annual Financial Report (CAFR) of Knox County, Tennessee (the County) for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentations, including all disclosures, rests with the County. County management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for that purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County and its component units. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

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

State law requires that the County obtain an annual audit of its books and records. The independent audit performed by KPMG LLP, Certified Public Accountants, has been obtained to fulfill that requirement. The auditors have issued an unqualified ("clean") opinion on the County's financial statements for the year ended June 30, 2009. The independent auditors' report is located at the front of the financial section of this report. The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended 1996, and U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*. Information related to this single audit, including schedules of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in a separately issued report.

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

***GOVERNMENTAL STRUCTURE***

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

***OFFICE OF THE COUNTY MAYOR***

Mayor Mike Ragsdale ran successfully for re-election in 2006. Looking ahead, he has continued to work closely with the department heads and elected officials to provide the highest quality County services and provision of the required infrastructure to support continuous improvement. This section of this document will review some of the successes of Knox County and provide a summary of Mayor Ragsdale's vision for the future.

## Looking Back.....

Moving the County forward and continuing to provide a high level of service in a fiscally challenging year required staff to apply innovative thinking across the board. In every department, Knox County staff rose to the occasion to maintain the level of services provided last year and to offer new and expanded programming, open new facilities and create partnerships. When we presented this year's budget, it was clear that it was going to be a challenging year. As we continued our hiring freeze, we also recognized the increasing need for County services to help our citizens work through the recession.



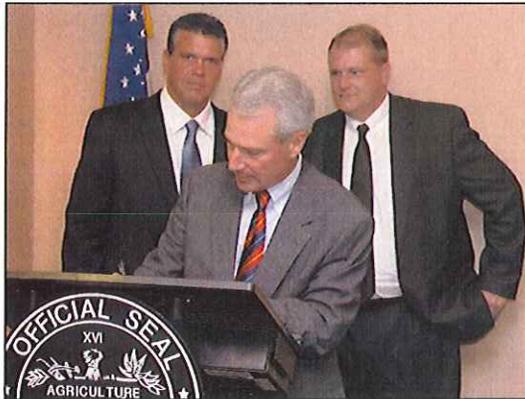
Early in the year, we launched two major partnership initiatives to address critical needs in our community. When Goody's, ImagePoint and other companies around the area announced significant layoffs or closings, we recognized our duty to reach out and help these citizens. We partnered with the Knoxville Chamber to organize a Job Transition Fair that provided a variety of career transition and support services to Knox County citizens who were unemployed or who were concerned that their jobs were in jeopardy.

The second initiative brought together all of Knoxville's media outlets for the first time to do a joint telethon for Mobile Meals program of the Knoxville-Knox County Community Action Committee. Mobile Meals provides nutritious meals for frail, homebound seniors. When Mayor Ragsdale learned that the program was facing a significant funding shortfall, he called together the heads of all of the major media organizations for a brainstorming session. As a result, all local television and radio outlets came together in March for a daylong telethon at West Town Mall and made the community aware that our Mobile Meals program had a great need. Knox County citizens responded overwhelmingly. The telethon raised 145% of the needed funds to meet the shortfall.



There was good news for our economy this year as well. In August, Melaleuca, The Wellness Company, broke ground on a new distribution center. To complete the expansion, the company made a capital investment of \$22 million in construction that employed several hundred sub-contractors and local tradesman. And while the economy continued to be a challenge throughout much of the year, Knox County's unemployment rate consistently was the lowest across the state.

Another significant development in 2009 was a massive contract for energy efficiency



improvements that Knox County signed with Trane. The contract, which would undertake \$16.2 million in improvements by addressing aging infrastructure, would maintain and/or create 176 sustainable jobs in Knox County and would leverage federal stimulus grant money to bring the county one of the nation's largest solar thermal hot water installations.

Knox County continued to improve programming for our seniors, moving our annual senior appreciation picnic to a more temperate time of year in late

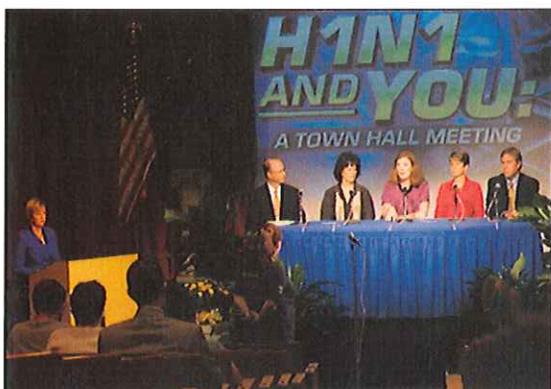
September. Our Senior Services department brought together health partners for a small health fair at the picnic that provided health screenings and information to seniors in attendance. We expanded the day's programming to daylong Senior Appreciation Day, with the Health Department and the Senior Safety Task Force hosting a community-wide Senior Falls Prevention seminar. The day wrapped up "Library Resources for Seniors" workshop presented by the Fountain City Branch Library.



Our Knox County Health Department continued to distinguish itself this year, playing a leadership role as we faced the challenge of dealing with the H1N1 flu. Throughout the spring, summer and fall, the health department leadership and line staff worked together in extraordinary manner to ensure that flu vaccines

were accessible, accurate information reached the public, and our health care and media partners were working together as a team. Partnering with WATE TV, Health Department Director Mark

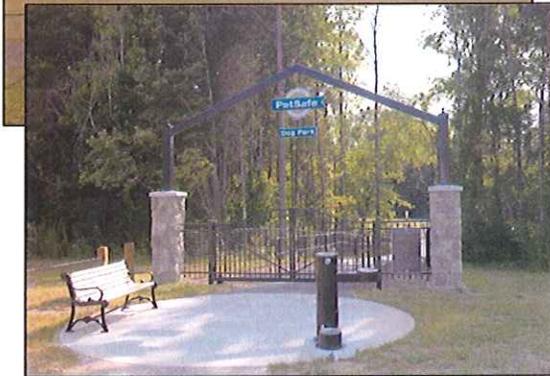
Jones and Chief Medical Officer Dr. Martha Buchanan joined with Tennessee Commissioner of Health Susan Cooper and Superintendent of Schools Dr. Jim McIntyre to hold a town hall meeting on H1N1. The department also held Saturday and extended hour weekday clinics to ensure that citizens had access to the vaccine.



In addition to the H1N1 challenge, the Health Department worked throughout the County conducting phase 1 of a community health initiative called *Together! Healthy Knox*. The first phase was gathering information through surveys and focus groups to provide a baseline for moving forward. Phase 2 of the initiative found the department forming community partnerships to look at the health priorities reflected in public feedback and using that information to develop an action plan to make a lasting and positive impact on health.

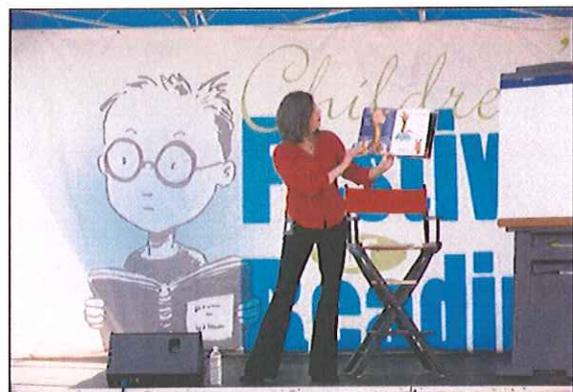
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and the Citizens of Knox County, Tennessee**

There were some real positive notes throughout the year as we cut the ribbon on two long-awaited school projects and the beautiful new Tommy Schumpert Park. The third phase of construction at Cedar Bluff Elementary School was completed in time to cut the ribbon for the opening of school in August. Similarly, renovations at Powell Middle School were wrapped up prior to the opening of school. Both of the projects were undertaken to address overcrowding situations at the schools.



In July, Tommy Schumpert Park was officially opened with three multipurpose fields for football, baseball, soccer, and other uses. The baseball field is home field for Central High School. The park is named in honor of two-term county executive Tommy Schumpert, who also serves as Chairman of the Legacy Parks Foundation. Partnerships were important to the Park. Pet Safe made it possible for the park to host Knox County's first Pet Safe Dog Park. Character Counts funded the baseball field's scoreboard and other signs in the park to promote strong character and sportsmanship.

In addition to their day-to-day operations and customer service activities, the Public Library was busy providing special programming for young and old throughout the year. These programs included the Children's Festival of Reading, the environmentally conscious Brown Bag Green Book public discussion series, the ongoing Imagination Library program, Movies on Market Square and The Big Read. The Library's summer reading challenge proved a tremendous success, showing gains in all categories. The children's program enrolled over 12,300 kids with 8,500 completing the program. The teen program recruited nearly 1,400 readers for the summer with a sizable increase of 44% of those who completed their reading goals. But the biggest increase came from the adults who banked a 130% increase in participation. Over 4,600 adults picked up a prize for reading four books or more during the months of June and July.



An initiative that was really taking off as the year wound down was the public version of the Knox Green Team. Last year, employees formed an internal Green Team to encourage employees to

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make personal lifestyle changes that positively affect our shared environment through county-wide green initiatives. Encouraged by the success of the internal effort, the team decided to move forward with a public version of the initiative. When the Knoxville Ice Bears agreed to be the “spokesteam” for the effort, the timetable was stepped up and the Knox Green Team and the “Take 8 for the Environment” and “Kids Take 8 for the Environment” pledges were launched in October. Members of the Solid Waste, Air Quality, Stormwater, and Parks departments worked to design educational materials to help fulfill the terms of the pledge. In addition, team members began reaching out to companies and organizations, including the Knox County School System, to identify ways to publicize and implement the Knox Green Team concepts in cost effective ways. Trane has indicated their interest in being a vital partner in the Green Team and is currently exploring ways that the corporation can support the initiative.

### **FISCAL YEAR 2009 - MAJOR INITIATIVES**

Since the beginning of my administration, we have been working on four goals to make Knox County a great American community. Those goals are:

- No Senior Left Behind
- Every School a Great School
- Economic Results
- Making Government Better Every Day.

With these goals in mind, I have proposed a responsible budget for Knox County that will allow us to continue to move in the right direction, provide the necessary services for our citizens and make Knox County a great American community. I believe this budget is right for our community at this time. Following is a snapshot of additional things that we have achieved to fulfill our goals in 2009.

#### No Senior Left Behind

- The Senior Summit was the opening event of the Blue Cross Healthy Living Expo and was free for seniors, their families and caregivers. It was the third Regional Senior Summit featuring an emphasis on fraud and abuse. Participants were able to receive free health screenings, visit the fit family area and take part in cooking and activity demonstrations.
- Established an East Tennessee Veterans Facebook page through which more than 600 veterans are connecting and learning about opportunities for veterans.

#### Every School a Great School

- Construction was completed on Cedar Bluff Elementary School and it was open for students in the fall of 2009
- Renovations were completed Powell Middle School and it was open for students in the fall of 2009
- KnoxAchieves enrolled its first class of 308 Knox County public high school graduates from the class of 2009 students into community college. The program has recruited 206 mentors to work with the class of 2010 program enrollees.

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- Imagination Library continued to expand in Knox County and now serves 73% of the eligible population, with 17,000 children enrolled. That makes Knox County's program one of the most successful urban programs in America. Imagination Library provides every child from birth until kindergarten one book per month, at no cost to the child.
- Continued "Read with Me" and created a partnership with B97.5 radio and SouthCentral Radio Group to promote the program.
- The third annual Big Read community-wide reading program was held in partnership with the YWCA and ran concurrently with Hispanic Heritage Month. The featured book, *Bless Me, Ultima*, explored Hispanic culture.
- More than 10,000 gathered at World's Fair Park for the Children's Festival of Reading featuring Anna Dewdney's *Llama Llama* series.

Economic Results

- The County's Supplier Diversity department joined with SunTrust Bank, USDA Smoky Mountain RC&D, the Kingsport Office of Small Business Enterprise (KOSBE), and the State of Tennessee Business Enterprise Resource Office to present Expanding Your Business Around the Globe in April to help small business owners learn how to find international buyers and use trade finance tools to win international sales and grow their businesses.

Making Government Better Every Day

- Knox County maintained its best-ever AA+ bond rating from Standard & Poor's, which underscored the county's financial strength during a challenging economic time.
- The County's Purchasing Department achieved the Outstanding Agency Accreditation Achievement Award from the National Institute of Governmental Purchasing for its excellence in public procurement.
- The Government Finance Officers Association awarded Knox County its 13th consecutive Distinguished Budget Presentation Award for satisfying "nationally recognized guidelines for effective budget presentation," which gauge how well the budget serves the County and its citizens.
- The County continued to add transparency to its operations. Throughout the year, the "County Snapshot" section of [www.knoxcounty.org](http://www.knoxcounty.org) was expanded to include fleet records, purchasing and travel card statements, salaries by position, and recent contract awards.
- Parks and Recreation launched a very successful Adopt-A-Park program that recruits and trains citizens to assist in the general care, supervision and maintenance of neighborhood parks and greenways.
- The Health Department offered a special, free enhanced series of free diabetes management classes in February and October called the Comprehensive Approach to Reducing Diabetes (CARD) Program.
- The Probation Department's DUI Litter Pick Up Program oversaw 327 people who cleaned litter from more than 221 miles of county roads during the first 9 months of 2009. They cleaned up a total of 98,330 pounds of litter and 81,839 of recycled material.
- The Dutchtown Convenience Center was expanded to provide more recycling options. The expansion included reconstruction of the garbage compactor pads and the installation of a new site drainage system.

***Legislative Initiatives***

*Impact of State Funding:* Knox County, like the other 94 county governments in Tennessee, receives significant support from state-shared revenues -- mainly in the form of education and highway dollars. Because of this dependence, the legislative activities of the Tennessee General Assembly are carefully monitored. Thanks to the continuing leadership of our Governor, the State again passed a responsible, balanced budget. We at the local level are thankful for the fiscal responsibility demonstrated by the State Budget. The rating agencies have recognized these positive trends toward financial responsibility enabling the State to regain its “triple AAA” bond rating, as has been our tradition for a long time. A healthy State budget means more stable and predictable revenues for all cities and counties.

***Capital Improvement Initiatives***

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

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

*General Construction/Renovation:*

- General Project Management
- Powell Middle School
- Detention Facility
- Senior Centers
- City County Improvements/Developments
- Many Parks and Greenways Improvements

*Road Construction/Improvements:*

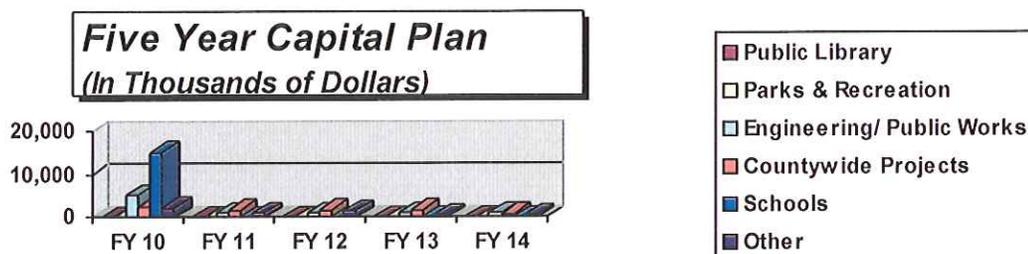
- Ball Camp Pike
- Various Stormwater Improvements
- Lovell Road
- Nubbin Ridge Road
- General Road Improvements

*School Construction/Renovation:*

- Elementary Growth
- Roofing and HVAC upgrades
- Hardin Valley High School

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

Project Description	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	TOTAL
Libraries	\$ -	\$ 100	\$ 100	\$ 100	\$ 100	\$ 400
Countywide Projects	2,477	1,677	1,777	1,777	777	8,485
Parks & Recreation	210	150	150	150	150	810
Engineering & Public Works	5,270	1,000	1,000	1,000	1,000	9,270
Building Upgrades through PBA	2,192	926	1,483	653	500	5,754
Schools	15,000	-	-	-	-	15,000
<b>Total – Approved Projects</b>	<b>\$ 25,149</b>	<b>\$ 3,853</b>	<b>\$ 4,510</b>	<b>\$ 3,680</b>	<b>\$ 2,527</b>	<b>\$ 39,719</b>



## LOCAL ECONOMIC CONDITION AND OUTLOOK



The County is the third most populated county in the State of Tennessee. Located in Middle Eastern Tennessee at the headwaters of the Tennessee River, it is the hub of the areas of East Tennessee, Southeast Kentucky, Southwest Virginia and Western North Carolina. This area encompasses over two million people. The U.S. Census Bureau estimates that, as of 2008, 430,019 citizens reside within the total land area of approximately 526 square miles that make up Knox County. Knoxville, the County seat, is about 50 miles west of the North Carolina state line.

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

The City of Knoxville's population in 2007 was estimated at 183,546. It is the largest incorporated municipality in the County. Farragut, the only other municipality in the County, has an estimated population of 20,083. Knoxville has a land area of approximately 93 square miles within its corporate limits and is located on the Tennessee River near the geographic center of East Tennessee.

***Manufacturing and Commerce***

Located in the northeastern portion of the State, the County, along with Anderson, Blount, Loudon, and Union counties, is part of the Knoxville Metropolitan Statistical Area (MSA). Because of its central location in the eastern United States, the County metropolitan area serves thousands of industrial and commercial customers in a concentrated eight-state area. It is within 500 miles of approximately one-third of the population of the United States. For many years the County has been known as one of the South's leading wholesale markets. Based on the 1998 census, there were more than 950 wholesale distribution houses, 1,980 retail establishments, and over 5,000 service industries located in the County.

The area is the trade center for a 42-county region in East Tennessee, Kentucky, Virginia and North Carolina, which serves over two million people. It also is the cultural, tourist and professional center for this region.

Manufacturing firms in the MSA produce everything from shoulder pads for professional football teams to medical devices, electronic components, chemicals, manufactured housing, apparel, and automobile parts.

***Industrial Investment***

The Knoxville MSA has been recognized nationally as a leading location to live and do business. Some of the accolades include:

- Top 10 in National Best Places for business and career – Forbes Magazine
- 4th – The top mid-sized city in nation in the Best Places for Relocating a Family poll – Worldwide ERC – May 2008
- One of top 100 places to retire – Where to Retire Magazine
- Best Places to Live and Boat – Boat Life Magazine
- Best place for college graduates by Economic Research Institute
- Included in “America’s 50 Hottest Cities” for companies looking to expand or relocate business, as named by Expansion Management Magazine
- Regarded as a “Five-Star Metro” for quality of life by Expansion Management Magazine
- Ranked 30<sup>th</sup> in CNNMoney.com poll of most affordable American cities

Aisin Automotive Casting Tennessee Inc. announced a \$67 million expansion to its Clinton, TN facility, a move expected to add 160 jobs to its current workforce of 400 employees.

This announcement marks the third recent expansion by a top-ten auto parts maker in the Knoxville-Oak Ridge “Innovation Valley.” Both Denso, the largest manufacturing employer in the

16-county region, and Eagle Bend, a division of Magna International, are expanding their operations here.

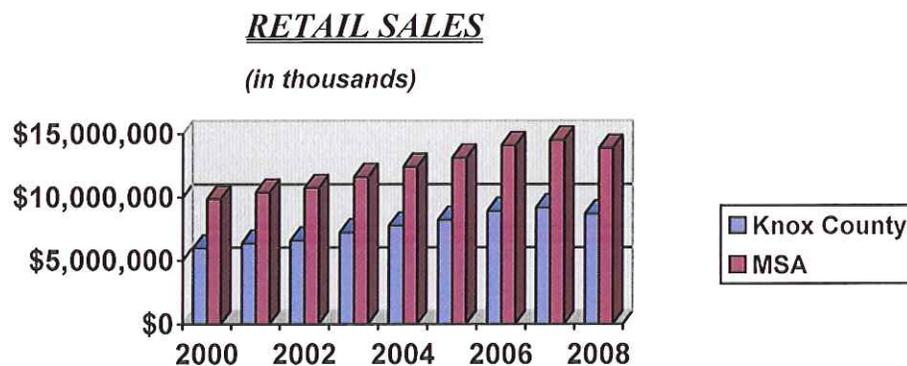
Knoxville, Tennessee – Scripps Networks unveiled a \$30 million expansion project that will nearly double the footprint of its Knoxville headquarters. Scripps Networks began in Knoxville in 1994 with the concept of Home and Garden TV (HGTV). The company, which has grown its Knoxville presence to 900 employees, now owns Food Network, DIY Network, Fine Living and Great American Country in addition to HGTV.

The Houston-based Sysco Corporation, the largest marketer and foods service distributor in the United States, has opened its new \$34 million distribution center facility in the heart of Knoxville. The center, which created 300 jobs, is in Knoxville’s I-275 Business Park, a redeveloped Brownfield property owned by the City’s Industrial Development Board. In May 2008, the center, with some \$3 million worth of groceries and about 8,000 products began its initial distribution to customers.

Durakon Industries, a manufacturer of cargo management systems and other items for the light truck market, opened a new plant in Clinton. The plant also will serve as the company’s North American headquarters.

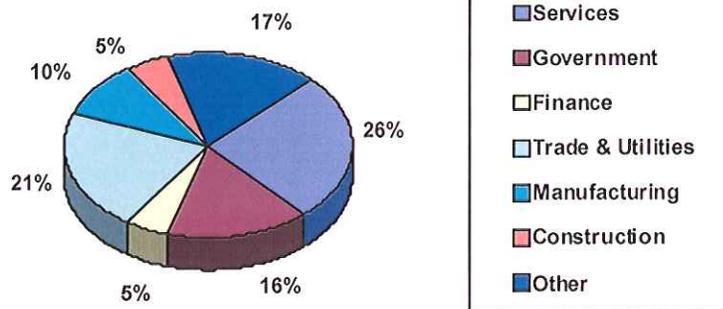
### *Commercial Development*

Four regional shopping malls and nearly 200 shopping centers and factory outlets meet the retail needs of Knox County citizens and visitors. Knox County has traditionally been the regional hub of the MSA. Of the nearly \$12 billion economy, Knox County has traditionally accounted for a solid majority.

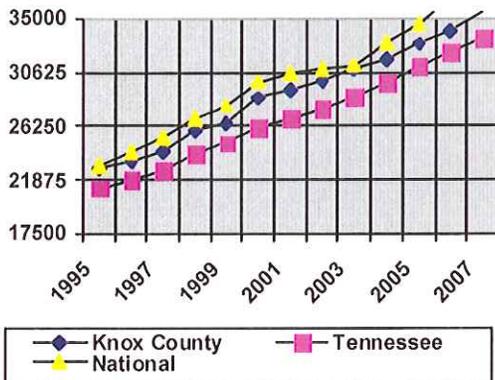


*Employment Information*

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



**PER CAPITA PERSONAL INCOME**



Due to the County's importance as a regional commercial base, the County's level of per capita income has traditionally exceeded the State level. The 2007 data ranks Knox County 7th highest in Tennessee in this measure.

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

*Tourism*

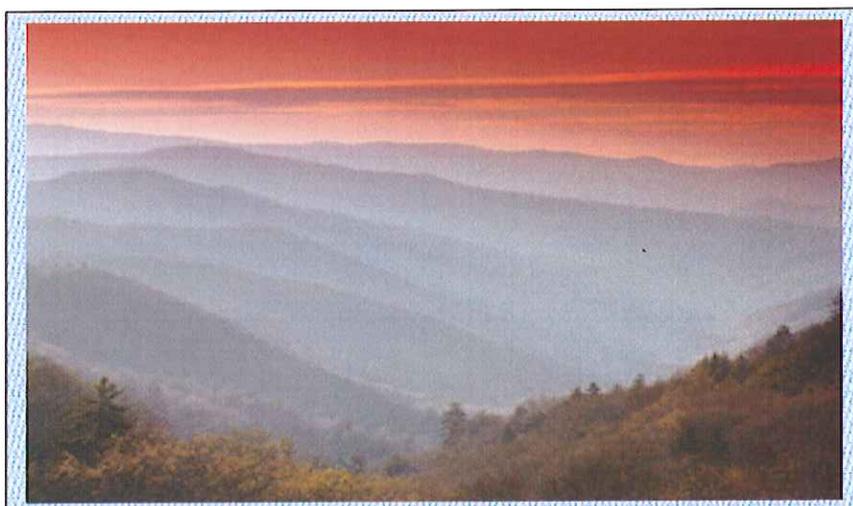


Knoxville & Knox County – home to both the U.T. men and women’s basketball teams. The newly renovated Thompson Boling Arena is one of the largest on campus basketball facilities in the nation, seating 21,678. The venue is also used for other events such as concerts, conventions, and other sporting events.

Although industry is frequently considered the core of an economic base, secondary and tertiary activities also make important contributions to economic development. The convention and tourism business contribute to the County's economic base by drawing income into the region, resulting in employment opportunities as well as investment opportunities in tourist-related facilities.

Two major interstate highways, I-40 and I-75, flow through the County, and the southern end of I-81 terminates just outside the County. The interstate and highway systems put the County within a day’s drive of more than 70 million people.

Knox County is the principal gateway to the Great Smoky Mountains National Park. The park is located approximately 40 miles to the southeast. The park covers over 500,000 acres, and extends over the States of Tennessee and North Carolina. Yearly visitors to the park number nearly ten million, ranking it as the most visited National Park in the United States.



## *FINANCIAL INFORMATION*

### *Internal Controls*

County management is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the County are protected from loss, theft or misuse and to ensure adequate accounting data are compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the County is responsible for adequate internal control structures in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management.

### *Budgetary Controls*

In addition, the County maintains intensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget appropriated by the County Commission. Activities of the general fund, selected special revenue funds and the debt service fund are included in the budget. Project length budgets (as well as an annual budget for some projects) are adopted for the capital projects funds. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) for the County is at the major category level within divisions of departments. The major categories are: Personal Services, Employee Benefits, Contracted Services, Supplies and Materials, Other Charges, Debt Service and Capital Outlay.

As demonstrated in the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

### *Cash Management Policies and Practices*

The County has a formal investment policy. Investment decisions are made by an investment committee in consultation with the Knox County Trustee. Investment options, policies, and practices defined in the policy are based on the required liquidity of the available funds. Investments for operating needs, capital needs, and any surplus funds each have different levels of risk tolerance. Operating funds, whose primary objective is the preservation of principal, have the lowest level of risk tolerance and are therefore invested in highly liquid, low risk instruments. Capital funds, whose primary objective is the preservation of principal and sufficient liquidity to meet capital funding needs, are subject to some volatility in risk tolerance depending on when payment for projects is due. Surplus funds, whose primary objective is to provide income for future use, have the highest level of risk tolerance in order to obtain additional income. Regardless of the type of funds invested, all investments are made in accordance with state statutes.

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

It is the County's policy to minimize credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, the County's and the Board's deposits were either insured by federal depository insurance or collateralized. The investments held by the County at June 30, 2009, excluding the portion invested in the State Treasurer's investment pool and investments of the Pension Trust funds, consisted of securities of the U.S. Government or its agencies.

Cash temporarily idle during the year was invested in an investment sweep account, certificates of deposit, and obligations of the U.S. Government, corporate bonds, and the State of Tennessee Local Government Investment Pool. The majority of interest earnings are transferred to the County's General Fund.

***Pension Trust Operations/Employee Retirement Benefits***

The employees of the County and the Board participate in a variety of retirement plans. The majority participate in a defined contribution plan (*County DC Plan*). Those not participating in the defined contribution plan participate in the County's or the Board's respective defined benefit plans or the Tennessee Consolidated Retirement System. Both the County's and the Board's defined benefit plans are closed to new members. Participation in one of these plans for eligible employees is mandatory and a condition of employment. Employees are given the option to voluntarily participate in the *Medical Retirement Plan* (a defined contribution plan) and employees who are eligible (based on years of service) to participate in the *Voluntary 457 Plan* may choose to participate. The participants in the *Medical Retirement Plan* include a number of retirees, who are allowed to remain in the plan while paying 100% of the related premium. The premiums are at the same amount as established for current employees. The County has implemented the provisions of Governmental Accounting Standards Board Statement No. 45, resulting in a liability of \$129,744 reported in the Statement of Net Assets. In 2008 a new defined benefit plan, the *Uniformed Officers Pension Plan*, was established pursuant to the approval by Knox County electorate for the benefit of sworn officers of the Sheriff's Department.

The defined contribution plans offer participants a variety of investment options depending on their sensitivity to risk in their personal portfolio. Plan benefits depend solely on amounts contributed to the respective plans plus investment earnings. The operations of the pension plans are recorded as pension trust funds in the County's reporting entity.

***Risk Management***

The County has a comprehensive risk management and self-insurance program for all areas of risk management including claims for employee health insurance, worker's compensation insurance and other claims and judgments against the County. The county has accounted for these activities in two internal service funds where resources are accumulated to meet potential losses. As part of the overall risk management strategy, the County has developed and implemented discounts for employee health insurance for wellness initiatives and for tobacco cessation. These efforts and others position the County to better address the complex healthcare market while maintaining competitive benefits for employees. An analysis of these types of claims over the years has enabled the County to implement specific safety measures to reduce the risk of loss.

### *OTHER INFORMATION*

#### *Awards*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Knox County Government for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The County has also received, for the thirteenth consecutive time, the GFOA Award for Distinguished Budget Presentation for its 2008 Annual Operating Budget. In qualifying for the award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

#### *Acknowledgments*

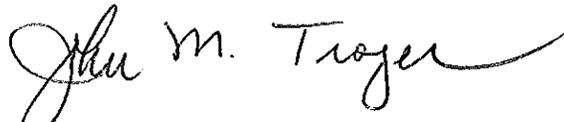
The preparation of the CAFR was made possible by the dedicated service of the Department of Finance. Those involved have our sincere appreciation for the individual and collective contributions made in the preparation of the report. It is especially important to recognize the additional efforts required to meet an aggressive reporting schedule. The efforts of Ann Acuff, Jack Blackburn, Chris Caldwell, Jeff Clark, Dora Compton, Susan Corlew, Patti Galvan-Balzer, Scott Hill, Peter Lin, Jason Lay, John Troyer and Melanie Wilck all went above and beyond the call of duty to design and generate this report. Thank you very much for your professional dedication in this effort. Thank you to the entire Department of Finance for your efforts to "get the job done well," every day. You serve the citizens of Knox County very well.

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

Sincerely,



Michael R. Ragsdale  
Knox County Mayor



John M. Troyer, CPA  
Senior Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Knox County  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Enos".

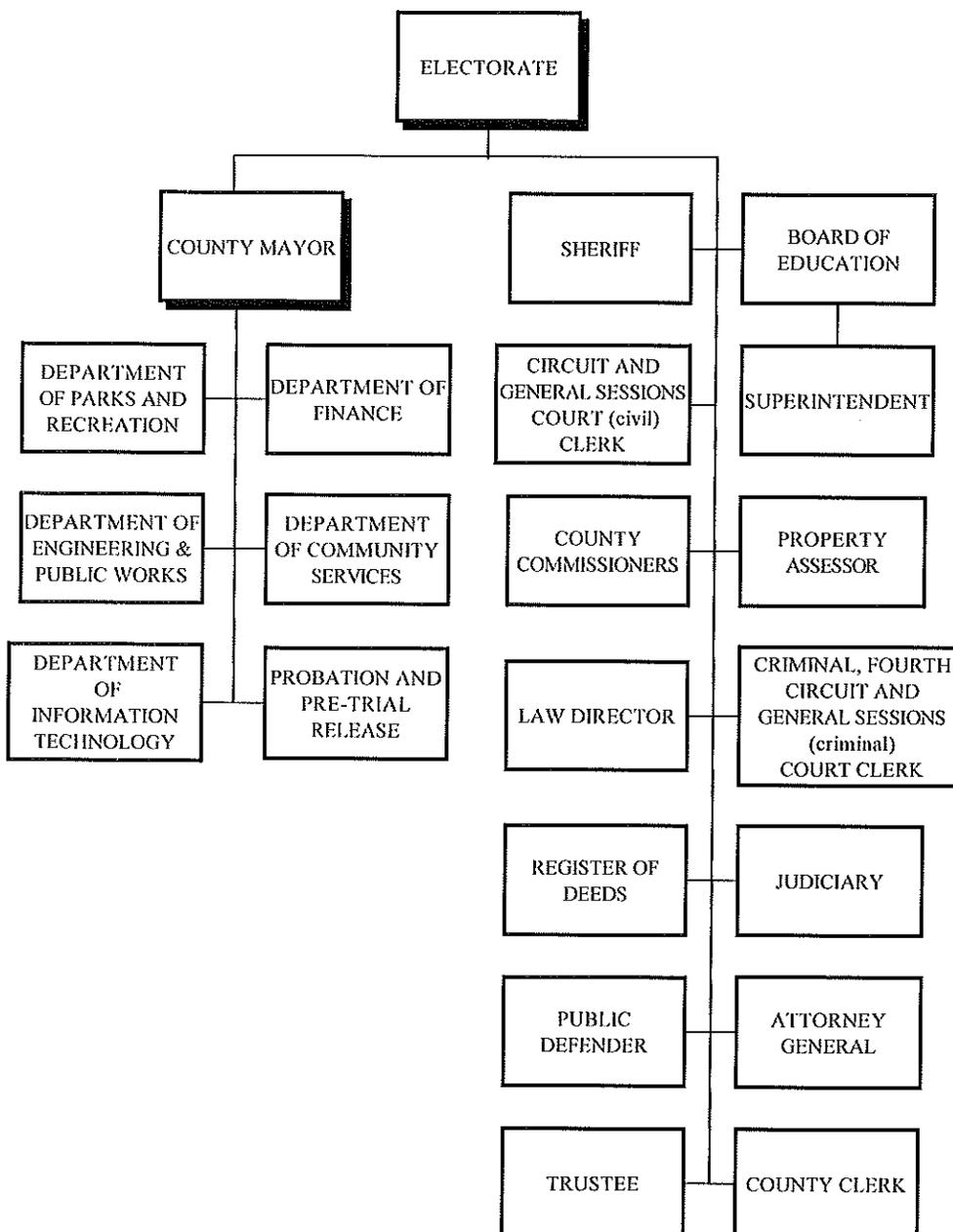
Executive Director

**Knox County, Tennessee**  
**Roster of Publicly Elected Officials**  
**As of June 30, 2009**

Assessor of Property - Phil Ballard  
 Attorney General - Randall Nichols  
 Circuit and General Sessions (civil) Court - Cathy Quist  
 County Clerk - Foster D. Arnett, Jr.  
 County Mayor - Michael R. Ragsdale  
 Criminal, 4th Circuit & General Sessions (criminal) - Joy McCroskey  
 Law Director - Bill Lockett  
 Public Defender - Mark Stephens  
 Register of Deeds Sherry Witt  
 Sheriff - Jimmy "J.J." Jones  
 Trustee - Fred Sisk



**Knox County**



**Board of Commissioners:**

Brad Anders	Craig Leuthold
Bud Armstrong	Samuel McKenzie
Richard Briggs	Tony Norman
Mike Brown	Paul Pinkston
Amy Broyles	Finbarr Saunders
Michele Carringer	Ed Shouse
Mike Hammond	Thomas Strickland
Ivan Harmon	Dave Wright
Mark Harmon	
Greg Lambert	

**Board of Education:**

Sam Anderson	Thomas Deakins
Robert Bratton	Indya Kincannon
Cynthia Buttry	Daniel P. Murphy
Karen Carson	Bill Phillips
	Rex Stooksbury

# Financial Section





**KPMG LLP**  
401 Commerce Street, Suite 1000  
Nashville, TN 37219-2422

## **Independent Auditor's Report**

Knox County Mayor and the County Commissioners of  
Knox County, Tennessee:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Knox County, Tennessee (the County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Student Activity Funds agency fund of the Knox County Board of Education, a discretely presented component unit of Knox County, Tennessee, as of and for the year ended June 30, 2009. The fund financial statements were audited by other auditors whose report thereon dated September 15, 2009, has been furnished to us, and our opinion, insofar as it relates to the amounts included for the entity, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Knox County, Tennessee, as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The *management's discussion and analysis and the required supplemental information sections* are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplemental section, component unit – board of education section and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental section and component unit – board of education section information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**KPMG LLP**

November 25, 2009

## Management's Discussion and Analysis

As management of the Knox County Government, we offer readers of the Knox County Government's financial statements this narrative overview and analysis of the financial activities of the Knox County Government for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-xvi of this report. All amounts, unless otherwise indicated, are expressed in dollars.

### Financial Highlights

- The assets of the Knox County Primary Government Governmental Activities exceeded its liabilities at the close of the most recent fiscal year by \$120,454,212 (net assets), which compares to \$138,343,388 in 2008. The assets of the Knox County Government Total Reporting Unit exceeded its liabilities at the close of the most recent fiscal year by \$484,720,097 (net assets), which compares to \$509,105,740 in 2008. However, most of the County's net assets balance is invested in capital assets, which will be used in the County's ongoing operations. Conversely, the unrestricted net assets amounts of \$216,381,847 (deficit) and \$61,279,124 (surplus) for the Primary Government and Total Reporting Unit, respectively, represent amounts that will be needed to meet the government's obligations to citizens and creditors and that will be financed with future tax revenues. This is compared to prior year amounts of \$244,843,510 (deficit) (see note (A)) and \$59,373,042 (surplus), respectively.
- Of the Primary Government's \$121,634,702 net assets balance, \$298,546,888 was invested in Capital Assets (net of related debt), \$893,709 was invested in Capital Assets, \$26,982,274 was restricted for Debt Service, \$8,364,400 was restricted for Capital Projects, and \$2,942,497 was restricted for Other Purposes. The difference of \$216,095,066 (unrestricted net assets) is reported as a deficit, an improvement of \$28,748,444 over the prior year unrestricted deficit of \$244,843,510. The reported deficit comes from the process by which the County issues debt on behalf of the Knox County Board of Education (the Board). The County issues general obligation debt for the Board, the proceeds of which are used for School projects resulting in Board assets. The Board then makes debt service payments to the County from future budgets. Since the debt is issued in the County's legal name, the debt is reported as a liability of the Primary Government. The unrestricted net deficit demonstrates the expectation of the Board to fund its portion of the total debt in future years.
- The Primary Government's total net assets decreased by \$16,708,686, representing 5.9% of the \$283,898,708 expenses of the Primary Government. This compares to the 2008 decrease of \$58,079,447, or 17.9% of 2008 expenses totaling \$325,147,815. The primary reason for the decrease in net assets for both years is the amount borrowed on behalf of other entities. In 2009, the County issued bonds with a face value of \$40,000,000, of which \$14,000,000 was borrowed on behalf of the Board. That amount was remitted to the Board, thus reducing the Primary Government's net assets, as the entire portion of the debt related to the amounts borrowed on behalf of the Board is included with Primary Government debt. This transaction represented the vast majority of the 2009 decrease in net assets. For fiscal 2008, the primary reason for the decrease in net assets resulted from the Primary Government's issuance of \$57 million in pension obligation bonds pursuant to the establishment of a new defined benefit pension plan available to County uniformed officers. During fiscal year 2007, the County

electorate voted to allow uniformed officers the option of a defined benefit pension plan (the Sheriff's Uniformed Officers Pension Plan, or UOPP), and the plan was established effective July 1, 2007. Management of the County, along with its Retirement Pension Board and its pension consultants, estimated that the establishment of the plan created an unfunded actuarial accrued liability at inception of approximately \$57 million, representing the estimated cost to provide future benefits to eligible participants applicable to services already rendered as of the inception of the plan. The Primary Government issued general obligation bonds of \$57 million and transferred the proceeds to the Plan in order to make funds available for benefits and to help satisfy the liability created for prior service costs that came into existence with the establishment of the Plan, thus reducing the net assets of the primary government. This single transaction accounted for more than 98% of the County's change in net assets in 2008. The amounts borrowed for and remitted to the Board and the Plan are classified as expenses in the Primary Government operations. As the individual funds are budgeted to "break even" prior to depreciation expense, these results demonstrate how closely matched revenues and expenses were -- as the County continued its long record of operating within the approved budget. The Total Reporting Unit's total net assets decreased by \$24,385,643, or 3.2% of 2009 expenses of \$761,233,701. This compares to the 2008 decrease of \$69,017,045, or 8.7% of 2008 expenses totaling \$794,494,850. (It is significant to note that total expenses for the Total Reporting Unit decreased from 2008 to 2009 by \$33,261,149, or 4.2% of 2008 expenses.) If the effects of the \$57 million payment to the Uniformed Officers Pension Plan were removed from consideration, the 2008 decrease would have been \$12,017,045, or 1.5%. These amounts include charges for depreciation. Included in the government-wide expenses is depreciation expense of \$24.6 million in 2009 and \$26.2 million in 2008 for the County, and \$10.1 million in 2009 and \$9.5 million in 2008 for the Board of Education. Without depreciation expense (a non-budgeted item) and the 2008 expense for the amount paid to the Plan (a non-reoccurring item), the Total Reporting Unit would have realized an increase in net assets of \$10.3 million for 2009 and \$23.7 million for 2008.

- As of the close of the current fiscal year, the Knox County Government's governmental funds reported combined ending fund balances of \$111,064,894, an increase of \$26,695,512 in comparison with the prior year balances of \$84,369,382. The increase is primarily due to the timing of the issuance of debt for capital purposes. The 2008 results included the effects of the planned spending down of funds for capital purposes of \$29,560,873. In 2009, debt for Primary Government capital purposes was issued totaling \$56,000,000, which reimbursed prior year spending and provided funds for capital purposes in accordance with the County's adopted Capital Improvement Plan. These results demonstrate the close matching of revenues and expenditures. Of the total fund balance amount, \$88,033,456 (79%) is available for spending at the government's discretion (unreserved fund balance). This is an increase of \$24,862,517 over the prior year total unreserved fund balance of \$63,170,939 (75% of prior year total fund balance). Unreserved and undesignated fund balance for the County's governmental funds increased from \$53,821,172 to \$84,539,882, an increase of \$30,718,710, primarily as a result of the aforementioned effects of the timing of amounts borrowed for capital purposes.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$44,197,261 (30% of total General Fund expenditures of \$148,389,576), compared to \$48,348,469 (32% of last year's expenditures of \$150,089,687). The undesignated portion of the County's General Fund increased to \$41,344,844, or 27.9% of General Fund

expenditures, compared to the prior year end balance of \$39,843,207, or 26.5% of General Fund expenditures. The \$41.3 million undesignated balance is greater than the amount that was projected upon adoption of the General Fund budget by \$2 million, and represents the second highest amount of undesignated balance ever reported by the County. These measures of fund balance demonstrate the County's continued fiscal discipline and show that the County is positioned well to meet unexpected emergencies, temporary cash needs and other uncertainties our County faces in the normal course of everyday operations.

- The Knox County Government's total bonded debt increased by just 2.2 percent, or \$13,789,533, over the prior year total of \$613,331,869. This increase was in accordance with the County's adopted Capital Improvement Plan. Of the current year total of \$627,121,402, \$379,055,467 pertains to County general government activities and \$248,065,935 pertains to the Knox County Schools Component Unit. The key factors in this increase were: (1) The issuance of \$40 million in bonds (\$26 million to fund Primary Government capital improvements and \$14 million for Knox County Schools), less (2) Principal paid of \$26 million.
- The County Property Tax Rate was \$2.69, the same as for the prior fiscal year. This is another indication of the County's commitment to fiscal conservatism. Subsequent to the end of the 2009 fiscal year, the County completed a reappraisal that increased the total assessed valuation of County property. As a result, the tax rate for 2010 has been decreased to \$2.36 to achieve revenue neutrality.

### **Overview of the Financial Statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the Knox County Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Knox County Government include general government, public safety, highways

and streets, sanitation, economic development, and culture and recreation. Knox County Government reports business type activities for the operations of the Three Ridges Golf Course enterprise fund.

The government-wide financial statements include the Knox County Government itself (known as the *primary government*), and legally separate entities for which Knox County Government is financially accountable (component units): school district – the Board of Education (The Board), a legally separate Emergency Communications District, and the Knox County Railroad Authority. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Emergency Communications District issues separate financial statements. The Board of Education and the Railroad Authority do not issue separate financial statements. The government-wide financial statements can be found on pages 17 and 18 of this report.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

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

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

The Knox County Government adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund for information in the Required Supplemental Information section of the report. For a more detailed demonstration of budgetary compliance, the County also issues a separate Budget Report to the Citizenry, which is available at the County Finance Office and online at <http://www.knoxcounty.org/finance/budget.php>.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

**Proprietary funds.** There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Knox County Government established an enterprise fund in 2009 to account for the operations of the Three Ridges Golf Course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Knox County Government's various functions. Knox County Government uses internal service funds to account for its fleet service operations, mailroom operations, employee benefits activities, retirement office operations, self-insurance activities, central maintenance operations, technical support operations, and fleet capital leasing activities. Because these services benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Knox County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 26 and 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-102 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Knox County Government's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 103-107 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 120-150. Combining and individual fund statements for internal service funds can be found on pages 155-175 of this report.

### Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. The Total Reporting Unit assets exceeded liabilities by \$484,720,097 at the close of the most recent fiscal year, which compares to \$509,105,740 from last year. The Primary Government's Governmental Activities net assets totaled \$120,454,212 which compares to last year's net assets of \$138,343,388. If depreciation expense (a non-budgeted item) were excluded from the results of operations, the Total Reporting Unit and the Primary Government Governmental Activities would have had an increase in net assets of \$7.3 million and \$6.7 million, respectively. The actual results are in line with the County's expectations.

### Knox County, Tennessee

#### Net Assets - Primary Government -- Governmental Activities

	June 30,	
	2009	2008
Current and Other Assets	\$ 308,522,322	\$ 310,526,404
Capital Assets	660,284,476	664,537,970
Total Assets	968,806,798	975,064,374
Long-term Liabilities Outstanding	636,019,174	593,250,330
Other Liabilities	212,333,412	243,470,656
Total Liabilities	848,352,586	836,720,986
Net Assets:		
Invested in Capital Assets, net of Related Debt (See Note A)	298,546,888	349,499,226
Restricted	38,289,171	33,687,672
Unrestricted (Deficit) (See Note A)	(216,381,847)	(244,843,510)
Total Net Assets	\$ 120,454,212	\$ 138,343,388

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

## KNOX COUNTY GOVERNMENT'S Net Assets

An additional portion of the Knox County Primary Government's governmental activities net assets represents resources that are subject to external restriction on how they may be used. These include restricted for Debt Service \$26,982,274 (last year \$30,423,887) Capital Projects \$8,364,400 (last year \$0) and Other Purposes \$2,942,497 (last year \$3,263,785). The remaining balance of *unrestricted net assets* deficit of \$216,381,847 realized a positive change of \$28,461,663 compared to the prior year deficit of \$244,843,510. The improvement includes the effects of the planned timing of the borrowing for capital purposes combined with the positive differences between the amounts expected to be realized from the General Fund operations for the year compared to its adopted budget, which were realized from a combination of revenues exceeding expectations combined with prudent management of expenditures. These factors are described in more detail in the following discussion of the results of the governmental funds. The unrestricted net assets balance represents funds that would normally be available to be used to meet the government's ongoing obligations to citizens and creditors. The primary reason for the deficit balance is due to the County's recognition of long-term debt that will be funded through tax collections in future years. This helps to match the benefits of a long-term asset with the constituency who pays for it. The County issues debt for the Knox County Board of Education. As the Board and the County Commission identify school capital needs that require funding from bonds (through the long-term capital planning process), the County issues bonds on behalf of the School Board. Repayment of the bonds is funded through the School operating budget each year. Since the County is the legal entity issuing the bonds, the bonds are considered a liability of the County, while the associated capital assets are reported with the Knox County Board of Education. The payments of the debt related to the bonds issued on behalf of the School Board are made from the Board's budgeted funding each year. At June 30, 2009, the amount of bonds issued by the County on behalf of the School Board still outstanding was \$248,065,935 (excluding unamortized premium) compared to prior year of \$245,629,941. If this liability were shown with the Board's amounts to match the capital assets, the County would have had positive unrestricted net assets of its governmental activities of \$31,684,088 in 2009 and \$786,431 in 2008.

At the end of the current fiscal year, the Knox County Government is able to report positive balances in all three categories of total net assets -- for the Total Reporting Unit, for the Primary Government and for each of its separate component units. The same situation held true for the prior fiscal year. The Total Reporting Unit's net assets decreased by \$24,385,643 during the current fiscal year (\$69,017,045 was reported last year). The primary reason for the total decrease was the \$34.7 million for depreciation (\$24.6 million in Primary Governmental Activities and \$10.1 million related to the School Board's operations). The County finished very much in line with expectations. Depreciation is a non-cash expense that is not recorded at the individual governmental fund level, and is a non-budgeted item.

**Governmental activities.** Governmental activities decreased the Knox County Primary Government's net assets by \$17,889,176. Included in this amount are payments totaling \$14,000,000 to the Board on Education Component Unit for amounts borrowed by the County on behalf of the Board. Excluding those payments, governmental activities would have decreased net assets by \$3.9 million. The County had intended for operations to break even before depreciation during the current year; the \$3.9 million decrease is 1.4% of the current year primary government-governmental activities expenses of \$283,434,571. The current year results compare with the prior year's \$58,079,447 decrease (which included the effect of the \$57 million payment to the Uniformed Officers Pensions Plan. Excluding the effects of that payment, 2008 would have had an approximately break-even result as well.) These amounts demonstrate that the

County's revenues and expenses were closely aligned prior to depreciation expense, as is the County's intent. As previously noted, these results include the effects of depreciation expense, a non-budgeted item. If depreciation expense of \$24.5 million were also excluded from the results of operations, the Primary Government would have recognized a positive change in net assets of \$20.6 million.

The Knox County School Board activity decreased the County's total net assets by \$9,490,551. This decrease is primarily due to the planned spending down of fund balance in the General Purpose School Fund, totaling \$5.8 million, in addition to depreciation, a non-budgeted item, of \$10.1 million.

The Total Reporting Unit recorded a decrease in net assets of \$24,385,643, which is 3.2% of Total Expenses of \$761,233,701. As previously noted, these results include the effects of depreciation expense for the Total Reporting Unit, which included \$24.6 million for the Primary Government and \$10.1 million for the Board, for a total of \$34.7 million depreciation expense applicable to governmental activities of the Primary Government and the Board. Excluding these amounts, the Total Reporting Unit would have reported an increase in net assets of \$10.3 million. As the County's intent at the start of the year was to "break even" before depreciation, these results confirm the County has again demonstrated its financial discipline in another successful year.

## KNOX COUNTY GOVERNMENT'S Changes in Net Assets

Revenues included an increase of local taxes of \$11.5 million compared to the prior year. Once again, Education was the largest single activity by far for the fiscal year. The payment to the Board from the Primary Government increased over the amount for the prior year, which included payment to the Board for borrowing for capital purposes of \$5 million. The current year payment included the proceeds from bonds in the amount of \$14,000,000. The prior year amounts in the Other General Government category of expenses included the \$57 million payment to the Uniformed Officers Pension Plan (UOPP). Other increases in expenses closely paralleled inflation and growth in the demand for services.

### Knox County's Total Reporting Unit

	2009	2008
Finance and Administration	\$ 45,756,935	\$ 51,958,546
Administration of Justice	15,651,510	16,211,461
Public Safety	71,715,147	68,451,915
Public Health and Welfare	38,630,559	40,522,819
Social and Cultural Services	22,116,126	21,148,707
Other General Government	21,514,449	70,505,804
Engineering & Public Works	23,630,899	22,815,377
Debt Service	30,093,010	28,915,724
Education	485,202,432	467,569,748
Emergency Communications	6,922,634	6,394,749
Total	\$ 761,233,701	\$ 794,494,850

Total Reporting Unit expenses decreased by \$33,261,149. Major factors in this decline include changes in the Other General Government category, which in 2008 included the non-reoccurring \$57 million expenditure related to the establishment of the Uniformed Officers Pension Plan. The Education category increased by \$17.6 million, primarily due to the aforementioned \$14 million payment by the Primary Government to the Board, with the effects of other planned reductions in spending for education purposes also reflected.

### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Knox County Government's governmental funds reported combined ending fund balances of \$111,064,894, an increase of \$26,695,512 in comparison with the prior year total of \$84,369,382. The primary reason for the increase was the planned debt issuance and related debt proceeds in the Capital Projects Public Improvement Fund. The fund balances include amounts: 1) to liquidate contracts and purchase orders of the prior period and specially reserved items (\$23,031,438), 2) to be used for specific designated items (\$3,493,574), 3) to be used in conjunction with special revenue purposes (\$7,261,813), or 4) capital projects (\$1,976,314) or 5) Debt Service (\$17,757,274). All of these amounts are in line with the County's expectations and intentions. The County continues to show its financial strength and stability.

The General Fund is the chief operating fund of the Knox County Government. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$41,344,844 compared to \$39,843,207 last year (an increase of \$1.5 million), while total fund balance decreased to \$53,277,773 compared to last year's \$59,373,124 (reflecting the planned reduction of funds specifically reserved or designated). As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 27.9% of total General Fund expenditures, compared to 26.5% last year. The actual unreserved and undesignated fund balance as a percentage of actual expenditures (27.9%) compares favorably to the budgeted balance as a percentage of budgeted expenditures (26.9%). Total fund balance represents 35.9% of actual expenditures compared to 39.6% last year. These amounts indicate that the County maintained the strong relationship between the fund balances and the size of its budget and is continuing to hold steady in its financial stability in spite of challenging economic times.

The total fund balance of the County's General Fund decreased by \$6,095,351 during 2009, compared to last year's \$3,571,149 increase. The General Fund's original budget planned for a net decrease in fund balance for the year of \$500,000. The actual undesignated fund balance was \$2,001,637 greater than the budgeted amount of \$39,343,207. Key factors in the positive outcomes for the General Fund are as follows:

- Revenues exceeded budget in five of ten categories; total revenues of \$153,396,750 totaled 99.7% of the total budget of \$153,846,781. These results were achieved in a year of a difficult economy. Although local tax revenues, which include property and sales taxes (among others), exceeded the budget by \$1,998,477, actual interest revenues realized were less than the budget due to lower than expected interest rates, causing a shortfall in the other local revenues category of \$3,403,657.
- The General Fund Reserved Fund Balances decreased by \$1,944,143 to \$9,080,512, while Designated Fund Balances decreased by \$5,652,845. The primary reason for the decrease in reserved fund balance was due to the decrease in the amounts reserved for prepaid items and encumbrances. The 2008 designated fund balance included the County's planned designation of General Fund savings of \$5,518,436 toward the County's five year Capital Plan; this was not needed in the 2009 designations (\$4 million was transferred in 2009), as the FY 2010-2014 revised Capital Improvement Plan has reduced the total planned capital spending and related planned transfers. This reduction comprised most of the overall decrease in the designations. The General Fund undesignated fund balance increased by \$1,501,637 to \$41,344,844 (representing the second highest amount of undesignated balance ever reported by the County), compared to the budgeted decrease to \$39,343,207 (a planned decrease of \$500,000).

- The General Fund departments, in their normal conservative pattern, showed their fiscal responsibility by turning back unspent budget of \$5,607,103 (3.6% of the final allowed budget of \$153,996,679) for the fiscal year (compared to last year's results of \$10,547,199, or 6.6% of the budget of \$160,636,886).

The Debt Service Fund has a total fund balance of \$26,982,274, which compares to \$30,423,887 last year. The undesignated portion totaled \$17,757,274 and \$24,383,887 in 2009 and 2008, respectively. The net decrease in fund balance during the current year was \$3,441,613, compared to a decrease of \$2,233,215 last year. The undesignated portion of the Debt Service Fund decreased in the current year by \$6,626,613, compared to a decrease of \$2,229,570 last year. The County had planned for a decrease in the Debt Service Fund, and had budgeted for \$6,556,229 to be applied to the current year budget. As the current year result of operations was an actual decrease in fund balance of \$3,441,613, the fund experienced a positive variance of \$3,114,616 of actual results compared to the adopted budget. This resulted from the significant savings from conservatively budgeting for its expenses that the County experienced from its variable rate debt, the County's practice of issuing debt as close to the time of the anticipated cash needs as practicable in order to minimize total interest costs, combined with the realization of actual revenues in excess of budgeted estimates of \$699,697, or 1.3%. The County plans to continue its conservative financial planning.

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

Unrestricted net assets of the Internal Service Funds at the end of the year amounted to \$8,913,997 compared to \$10,797,740 at the end of 2008. The decrease of \$1,883,743 was primarily due to the increases in self-insurance claims activity. The Internal Service Funds are used to accumulate and distribute costs as a planning tool, and are expected to break even over the long run. The total change in net assets for all Internal Service Funds was \$2,437,850 (deficit) (3.9% of total charges for services of \$62,399,665), compared to the prior year 3.4% (positive change in net assets). The intent of these funds is to "break even; however, the current year claims liability activity caused a larger than normal difference between revenues and expenses for these funds.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were within the normal course of County business and totaled a net \$3,666,474 increase in net budgeted spending. Included in the increases were normal carryover appropriations for projects not completed during the previous fiscal year (\$1,564,042) and appropriations for numerous additional revenues received during the year that were in addition to the revenues estimated in the original budget.

The County continued to show the results of conservative budgeting and careful stewardship of approved spending. These qualities were again demonstrated by positive actual results, including the realization of actual revenues within 1% of budgetary estimates, and actual expenditures less than budgetary provisions by \$5,607,103. Overall, the General Fund Balance decreased by \$6,095,351, which is \$2,161,148 less than the budgeted decrease of \$8,256,499. As a result of these positive results compared to budget for the year, the County has designated \$2,852,417 of the fund balance to future uses. The undesignated portion of the County's General Fund Balance increased by \$1,501,637, compared to the planned decrease of \$500,000. Total unreserved fund balance (designated plus undesignated) totaled \$44,197,261, compared to the prior year total of

\$48,348,469, a decrease of \$4,151,208. These results reflect the careful and appropriate budgeting of revenues and prudent management of expenses in a difficult economic environment.

**Capital Asset and Debt Administration**

**Capital assets.** The Knox County Government Total Reporting Unit reported a total balance of capital assets (net of accumulated depreciation) as of June 30, 2009, of \$979,674,432, which compares to the prior year total of \$983,138,862. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The net decrease in the Knox County Government’s investment in capital assets for the current fiscal year was \$3,464,430 (0.4 percent), most of which relates to depreciation.

Spending for major capital asset additions during the current fiscal year included the following: Schumpert Park and other parks, senior centers, various libraries and senior centers, continued expansion of the Detention Facility, additions and renovations to Powell Middle School, numerous road projects, and various other projects.

The County Primary Government’s Governmental Activities investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$937,134,719 less accumulated depreciation of \$276,850,243, leaving a net book value of \$660,284,476. The prior year net book value totaled \$664,537,970. The decrease of \$4,253,494 results from current year depreciation and retirements in excess of acquisition of capital assets. This investment in capital assets includes land and land improvements, buildings, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the County, such as roads and streets, bridges, sidewalks, lighting systems, and similar items.

Additional information on the Knox County Government’s capital assets can be found in note III.C on pages 49-50 of this report and pages 198-200.

**Long-term debt.** At the end of the current fiscal year, the Knox County Government had total bonded debt outstanding of \$627,121,402, compared to \$613,331,869 at the end of 2008. All of the bonded debt was backed by the full faith and credit of the County government. \$248,065,935 of the total is outstanding debt which the government issued on behalf of the Board for school purposes. The remainder (\$379,055,467) of the Knox County Government’s debt represents bonds issued solely for general government purposes. In Fiscal 2008, the County issued bonds totaling \$57 million for the unfunded actuarial accrued liability related to the Uniformed Officers Pension Plan, and remitted the net proceeds to the Retirement Plan.

**KNOX COUNTY GOVERNMENT’S Bonded Debt Changes during FY 2009:**

	<b>Primary Government</b>	<b>Board</b>	<b>Total</b>
<b>Rollforward of Debt:</b>			
Beginning Balance	\$ 367,701,928	\$ 245,629,941	\$ 613,331,869
Principal Paid	(14,646,461)	(11,564,006)	(26,210,467)
Issued Amounts	26,000,000	14,000,000	40,000,000
Ending Amount – Bonds	<u>\$379,055,467</u>	<u>\$248,065,935</u>	<u>\$627,121,402</u>

Knox County's total bonded debt increased by \$13,789,533 (2.2 percent) during the current fiscal year. The key factor in this increase was the issuance in fiscal 2009 of \$40 million in general obligation bonds, of which \$14 million was issued on behalf of the Knox County Board of Education, combined with debt repayment of over \$26 million.

During this fiscal year, the Knox County Government received an increase in its bond rating to "AA+" from "AA" from Standard & Poor's, the highest rating in County history. The County also maintains an "Aa2" rating from Moody's for general obligation debt. This continued confidence from the rating agencies confirms the County's commitment to financial integrity, stability and strength.

State statutes set no limit for the amount of general obligation debt a governmental entity may issue. Current bonded debt outstanding for the County Government is \$627,121,402. This translates to approximately \$1,451 per capita using the 2009 estimated population. This compares to \$1,433 per capita last year.

Additional information on the Knox County's long-term debt can be found in the Notes to the Financial Statements of this report on pages 63-74.

#### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Knox County for June 2009 was 8.5% (subsequently lower at 8.1% for September 2009), which is an increase from the rate of 5.4% percent a year earlier. This compares favorably to the state's average rate of 11.1% percent for June 2009, and 6.5% for June 2008. The national unemployment averages were 9.7% for June 2009 and 5.5% for June 2008. The Knoxville Metropolitan Statistical Area (MSA), which includes Knox County, has the lowest unemployment rate of any MSA in Tennessee. This data was taken from the Tennessee Department of Labor and Workforce Development.
- Knox County has been leading the State in economic development and employment for the past several years. While Knox County is currently experiencing the effects of the current global recession, it is well-positioned to weather this economic storm. The current administration is committed to inspire economic activity with investments and jobs.
- The Knoxville leading index has traditionally sustained a positive year-over-year percent change indicating economic activity is at a higher level relative to last year. This year is a time when most areas and jurisdictions are experiencing a contraction in economic activity, and Knox County is not immune to the global recession. Knox County is expected to continue to hold its own in the near term, while the longer term has a much more positive outlook.

All of these factors were considered in preparing the Knox County Government's budget for the 2010 and 2009 fiscal years.

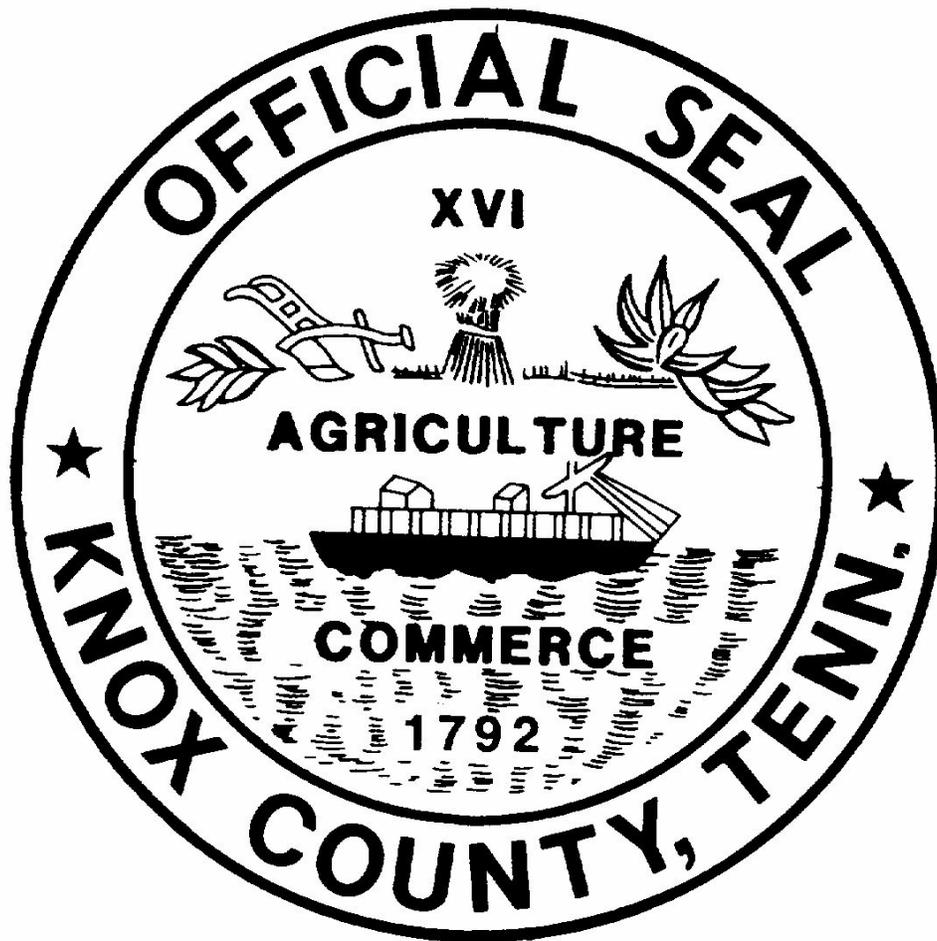
**Requests for Information**

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

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

Note (A): A reclassification of the previously reported "Invested in Capital Assets, Net of Related Debt" and "Unrestricted" components of the 2008 net assets balances has been made for comparative purposes in this 2009 report. This reclassification does not affect the 2008 total net assets balance as previously reported.

# Basic Financial Statements



**KNOX COUNTY, TENNESSEE**

**Statement of Net Assets**

June 30, 2009

	Primary Government			Component Units			Total Reporting Unit
	Governmental Activities	Business-type Activities	Total	Knox County Board of Education	Knox County Railroad Authority	Knox County Emergency Communications District	
<b>Assets</b>							
Cash and Cash Equivalents	\$ 47,196,255	\$ 310,435	\$ 47,506,690	\$ 63,664,808	\$ 28,859	\$ 9,475,025	\$ 120,675,382
Accounts Receivable	17,940,799	7,207	17,948,006	34,823,195	-	1,099,245	53,870,446
Property Taxes Receivable, net	142,988,527	-	142,988,527	120,474,157	-	-	263,462,684
Notes Receivable	14,175,400	-	14,175,400	-	-	-	14,175,400
Investments	62,001,758	-	62,001,758	-	-	-	62,001,758
Due from Component Units	483,658	-	483,658	-	-	-	483,658
Due from Primary Government	-	-	-	749,746	-	7,438	757,184
Internal Balances	12,705	(12,705)	-	-	-	-	-
Due from Other Governments	54,521	-	54,521	-	-	-	54,521
Advances to Other Governments	6,000,000	-	6,000,000	-	-	-	6,000,000
Inventories	368,117	34,321	402,438	1,266,688	-	-	1,669,126
Prepaid Items	283,715	9,080	292,795	1,226,345	-	10,799	1,529,939
Pension Asset	3,793,193	-	3,793,193	-	-	-	3,793,193
Equity Interest in Joint Venture	5,845,855	-	5,845,855	-	-	-	5,845,855
Advances to Component Unit	3,736,250	-	3,736,250	-	-	-	3,736,250
Capital Assets:							
Land and Construction in Process	163,935,387	880	163,936,267	37,796,896	-	163,614	201,896,777
Other Capital Assets, Net of Accumulated Depreciation	496,349,089	892,829	497,241,918	274,968,829	-	5,566,908	777,777,655
Deferred Debt Issuance Costs, Net of Accumulated Amortization	3,641,569	-	3,641,569	-	-	-	3,641,569
<b>Total Assets</b>	<b>968,806,798</b>	<b>1,242,047</b>	<b>970,048,845</b>	<b>534,970,664</b>	<b>28,859</b>	<b>16,323,029</b>	<b>1,521,371,397</b>
<b>Liabilities</b>							
Accounts Payable	15,517,805	56,245	15,574,050	52,202,590	-	271,817	68,048,457
Due to Component Units	757,184	-	757,184	-	-	-	757,184
Due to Primary Government	-	-	-	479,365	-	4,293	483,658
Unearned Revenue	149,579,141	-	149,579,141	114,110,475	-	107,525	263,797,141
Accrued Interest	3,996,831	-	3,996,831	-	-	-	3,996,831
Accrued Pension Obligation	-	-	-	3,220,628	-	-	3,220,628
Other Post-Employment Benefits Obligation	129,744	-	129,744	-	-	-	129,744
Advances from Primary Government	-	-	-	-	-	3,736,250	3,736,250
Self-insurance Liability	7,032,668	-	7,032,668	-	-	-	7,032,668
Long-term Obligations:							
Due in Less than One Year	35,320,039	4,781	35,324,820	2,309,336	-	849,037	38,483,193
Due in More than One Year	636,019,174	531	636,019,705	10,263,170	-	682,671	646,965,546
<b>Total Liabilities</b>	<b>848,352,586</b>	<b>61,557</b>	<b>848,414,143</b>	<b>182,585,564</b>	<b>-</b>	<b>5,651,593</b>	<b>1,036,651,300</b>
<b>Net Assets</b>							
Invested in Capital Assets	-	893,709	893,709	312,765,725	-	-	313,659,434
Invested in Capital Assets, Net of Related Debt (see note below)	298,546,888	-	298,546,888	-	-	4,425,522	54,906,475
Restricted for:							
Debt Service	26,982,274	-	26,982,274	-	-	-	26,982,274
Capital Projects	8,364,400	-	8,364,400	14,560,000	-	-	22,924,400
Other Purposes	2,942,497	-	2,942,497	2,025,893	-	-	4,968,390
Net Assets - Unrestricted (see note below)	(216,381,847)	286,781	(216,095,066)	23,033,482	28,859	6,245,914	61,279,124
<b>Total Net Assets</b>	<b>\$ 120,454,212</b>	<b>\$ 1,180,490</b>	<b>\$ 121,634,702</b>	<b>\$ 352,385,100</b>	<b>\$ 28,859</b>	<b>\$ 10,671,436</b>	<b>\$ 484,720,097</b>

The sum of the rows that report the net asset categories for Invested in Capital Assets, Net of Related Debt, and Net Assets-Unrestricted applicable to the primary government and the component units do not equal the related amounts shown in the Total Reporting Entity column. The difference of \$248,065,935 results because the debt incurred by the Primary Government on behalf of the Board of Education Component Unit reduces the unrestricted net assets of the Primary Government, whereas the related assets are reported in the Board Component Unit totals. For the Total Reporting Unit, the \$248,065,935 is deducted from amount shown for Invested in Capital Assets, Net of Related Debt to show the matching of the total assets with the total debt.

KNOX COUNTY, TENNESSEE

Statement of Activities  
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Primary Government			Net (Expense) Revenue and Changes in Net Assets			Total Reporting Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units			
								The Board	KCRA	The District	
<b>Primary government:</b>											
Governmental activities:											
Finance and Administration	\$ 41,738,286	\$ 18,291,849	\$ 181,912	\$ -	\$ (23,264,525)		\$ (23,264,525)			\$ (23,264,525)	
Finance and Administration-Payment to Component Unit	4,018,649	-	-	-	(4,018,649)		(4,018,649)			(4,018,649)	
Administration of Justice	15,651,510	10,535,989	438,191	-	(4,677,330)		(4,677,330)			(4,677,330)	
Public Safety	71,388,947	1,333,523	4,044,788	-	(66,010,636)		(66,010,636)			(66,010,636)	
Public Safety-Payment to Component Unit	326,200	-	-	-	(326,200)		(326,200)			(326,200)	
Public Health and Welfare	38,463,931	4,252,529	6,988,691	-	(27,222,711)		(27,222,711)			(27,222,711)	
Public Health and Welfare-Payment to Component Unit	166,628	-	-	-	(166,628)		(166,628)			(166,628)	
Social and Cultural Services	21,651,989	1,324,927	346,135	-	(19,980,927)		(19,980,927)			(19,980,927)	
Agricultural and Natural Resources	433,295	-	15,529	-	(417,766)		(417,766)			(417,766)	
Other General Government	21,017,395	249,935	1,018,664	-	(19,748,796)		(19,748,796)			(19,748,796)	
Engineering and Public Works	23,605,027	214,851	128,808	-	(23,261,368)		(23,261,368)			(23,261,368)	
Engineering and Public Works-Payment to Component Unit	25,872	-	-	-	(25,872)		(25,872)			(25,872)	
Education - Payment to Component Unit	14,853,832	-	-	-	(14,853,832)		(14,853,832)			(14,853,832)	
Debt Service - Interest and Fees	30,093,010	-	-	-	(30,093,010)		(30,093,010)			(30,093,010)	
<b>Total governmental activities</b>	<b>283,434,571</b>	<b>36,203,603</b>	<b>13,162,718</b>	<b>-</b>	<b>(234,068,250)</b>		<b>(234,068,250)</b>			<b>(234,068,250)</b>	
Business-type activities:											
Three Ridges Golf Course	464,137	462,055	-	-	-	\$ (2,082)	(2,082)			(2,082)	
<b>Total primary government</b>	<b>\$ 283,898,708</b>	<b>\$ 36,665,658</b>	<b>\$ 13,162,718</b>	<b>\$ -</b>	<b>(234,068,250)</b>	<b>(2,082)</b>	<b>(234,070,332)</b>			<b>(234,070,332)</b>	
<b>Component units:</b>											
Board of Education	\$ 470,348,600	\$ 12,545,538	\$ 54,879,856	\$ -			\$ (402,923,206)	\$ -	\$ -	(402,923,206)	
Knox County Railroad Authority	63,759	-	63,675	-			-	(84)	-	(84)	
Knox County Emergency Communications District	6,922,634	6,215,901	120,997	-			-	-	(585,736)	(585,736)	
<b>Total component units</b>	<b>\$ 477,334,993</b>	<b>\$ 18,761,439</b>	<b>\$ 55,064,528</b>	<b>\$ -</b>			<b>(402,923,206)</b>	<b>(84)</b>	<b>(585,736)</b>	<b>(403,509,026)</b>	
<b>General Revenues:</b>											
Property Taxes					140,608,170	-	140,608,170	107,324,525	-	247,932,695	
Sales Taxes					8,987,868	-	8,987,868	116,296,501	-	125,284,369	
Lodging Taxes					4,815,765	-	4,815,765	-	-	4,815,765	
Business Taxes					7,440,271	-	7,440,271	-	-	7,440,271	
Wheel Taxes					10,570,144	-	10,570,144	1,490,723	-	12,060,867	
Other Local Taxes					4,317,993	-	4,317,993	554,495	-	4,872,488	
Interest Income					2,936,051	-	2,936,051	288,290	-	3,354,428	
Payments from Component Units					24,914,174	-	24,914,174	-	-	24,914,174	
Payments from Primary Government					-	-	-	18,872,481	-	19,391,181	
Shared Revenues					7,441,094	-	7,441,094	-	-	7,441,094	
Other Revenues					4,466,666	-	4,466,666	4,494,240	-	8,992,393	
Other Governments and Citizens Groups					851,750	-	851,750	-	1,719,140	2,570,890	
Miscellaneous					11,700	-	11,700	-	-	11,700	
Grants and Contributions Not Restricted for Specific Programs					-	-	-	144,111,400	-	144,111,400	
<b>Transfers</b>					(1,182,572)	1,182,572	-	-	-	-	
<b>Total General Revenues and Transfers</b>					<b>216,179,074</b>	<b>1,182,572</b>	<b>217,361,646</b>	<b>393,432,655</b>	<b>-</b>	<b>613,193,715</b>	
Change in Net Assets					(17,889,176)	1,180,490	(16,708,686)	(9,490,551)	(84)	(24,385,643)	
Net Assets, July 1					138,343,388	-	138,343,388	361,875,651	28,943	509,105,740	
Net Assets, June 30					<b>\$ 120,454,212</b>	<b>\$ 1,180,490</b>	<b>\$ 121,634,702</b>	<b>\$ 352,385,100</b>	<b>\$ 28,859</b>	<b>\$ 484,720,097</b>	

**KNOX COUNTY, TENNESSEE**

**Balance Sheet  
Governmental Funds**

June 30, 2009

	<b>General</b>	<b>Special Revenue Constitutional Officers</b>	<b>Capital Projects Public Improvement</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 5,782,513	\$ 4,467,103	\$ 8,363,612	\$ 1,032,843	\$ 8,894,043	\$ 28,540,114
Receivables:						
Accounts, Net	9,567,739	-	122,273	-	7,176,166	16,866,178
Property Taxes	108,321,680	-	-	34,481,037	185,810	142,988,527
Notes	1,726,000	-	-	8,995,000	3,420,722	14,141,722
Investments	37,488,780	-	8,090,296	16,422,682	-	62,001,758
Due from Other Funds	2,378,291	64,800	-	-	783,898	3,226,989
Due from Component Units	91,051	-	-	-	5,000	96,051
Due from Other Governments	54,521	-	-	-	-	54,521
Advances to Other Governments	-	-	-	6,000,000	-	6,000,000
Inventories	204,510	-	-	-	4,588	209,098
Prepaid Items	229,740	-	-	-	3,346	233,086
Investment in Joint Venture	5,845,855	-	-	-	-	5,845,855
Advances to Component Units	3,736,250	-	-	-	-	3,736,250
Advances to Other Funds	175,000	-	-	-	-	175,000
<b>TOTAL ASSETS</b>	<b>\$ 175,601,930</b>	<b>\$ 4,531,903</b>	<b>\$ 16,576,181</b>	<b>\$ 66,931,562</b>	<b>\$ 20,473,573</b>	<b>\$ 284,115,149</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable and Accrued Liabilities	\$ 7,175,593	\$ -	\$ 1,144,377	\$ 26,419	\$ 2,853,172	\$ 11,199,561
Due to Other Funds	1,922,815	700,221	2,542	-	1,010,107	3,635,685
Due to Component Units	554,495	-	-	-	-	554,495
Deferred Revenue	112,671,254	-	-	39,922,869	5,066,391	157,660,514
<b>TOTAL LIABILITIES</b>	<b>122,324,157</b>	<b>700,221</b>	<b>1,146,919</b>	<b>39,949,288</b>	<b>8,929,670</b>	<b>173,050,255</b>
<b>Fund Balances:</b>						
Reserved	9,080,512	-	3,061,307	9,225,000	1,664,619	23,031,438
Unreserved:						
Designated	2,852,417	-	-	-	641,157	3,493,574
Undesignated	41,344,844	3,831,682	12,367,955	17,757,274	-	75,301,755
Unreserved, reported in nonmajor:						
Special Revenue	-	-	-	-	7,261,813	7,261,813
Capital Projects	-	-	-	-	1,976,314	1,976,314
<b>TOTAL FUND BALANCES</b>	<b>53,277,773</b>	<b>3,831,682</b>	<b>15,429,262</b>	<b>26,982,274</b>	<b>11,543,903</b>	<b>111,064,894</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 175,601,930</b>	<b>\$ 4,531,903</b>	<b>\$ 16,576,181</b>	<b>\$ 66,931,562</b>	<b>\$ 20,473,573</b>	<b>\$ 284,115,149</b>

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

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**KNOX COUNTY, TENNESSEE**

**Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Assets**

June 30, 2009

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

Ending Fund Balance - Governmental Funds	\$ 111,064,894
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	659,806,120
Other long-term assets, consisting of deferred debt issuance costs (\$3,641,569) and pension asset (\$3,793,193), are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	7,434,762
Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use of equipment) to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	9,392,353
Long-term liabilities, including bonds payable and related unamortized premium and unamortized amount on refunding, note payable, other post-employment benefit obligation, compensated absences, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	
Bonds Payable	\$ 627,121,402
Unamortized Bond Premium	11,322,851
Unamortized Amount on Refunding	(7,340,730)
Accrued Interest	3,996,831
Notes Payable	35,000,000
Other Post-employment Benefit Obligation	129,744
Compensated Absences	5,116,098
	<u>(675,346,196)</u>
Certain revenues will be collected after year-end but not within the period considered available to pay current period expenditures. Therefore, these amounts were deferred in the fund financial statements but have been recognized as revenues under the accrual basis.	<u>8,102,279</u>
Net Assets of Governmental Activities	<u><u>\$ 120,454,212</u></u>

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

**KNOX COUNTY, TENNESSEE**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the year ended June 30, 2009**

	<b>General</b>	<b>Special Revenue Constitutional Officers</b>	<b>Capital Projects Public Improvement</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Local Taxes	\$ 127,386,538	\$ -	\$ -	\$ 30,663,434	\$ 11,842,659	\$ 169,892,631
Licenses and Permits	3,415,502	-	-	-	-	3,415,502
Fines, Forfeitures and Penalties	3,539,515	-	-	-	575,106	4,114,621
Charges for Current Services	4,260,607	20,943,536	-	-	813,110	26,017,253
Other Local Revenues	3,579,435	-	186,700	36,542	1,246,444	5,049,121
State of Tennessee	8,735,977	-	32,477	-	9,030,882	17,799,336
Federal Government	1,242,258	-	47,537	-	5,245,201	6,534,996
Other Governments and Citizen Group	954,299	-	100,000	957	292,650	1,347,906
Payments from Component Unit:	282,619	-	-	24,631,555	-	24,914,174
Interest Earned	-	11,409	17,508	765,929	-	794,846
<b>Total Revenues</b>	<b>153,396,750</b>	<b>20,954,945</b>	<b>384,222</b>	<b>56,098,417</b>	<b>29,046,052</b>	<b>259,880,386</b>
<b>Expenditures</b>						
Current:						
Finance and Administration	24,268,429	15,990,194	-	-	4,800	40,263,423
Finance and Administration - Payments to Component Unit	4,018,649	-	-	-	-	4,018,649
Administration of Justice	13,104,960	-	-	-	36,292	13,141,252
Public Safety	66,582,039	-	-	-	2,974,686	69,556,725
Public Safety - Payments to Component Unit	326,200	-	-	-	-	326,200
Public Health and Welfare	26,195,094	-	-	-	11,248,655	37,443,749
Public Health and Welfare - Payments to Component Unit	166,628	-	-	-	-	166,628
Social and Cultural Services	4,449,464	-	-	-	14,775,466	19,224,930
Agricultural and Natural Resources	433,295	-	-	-	-	433,295
Other General Government	8,824,136	-	-	-	5,764,318	14,588,454
Engineering and Public Works	-	-	-	-	12,130,049	12,130,049
Engineering and Public Works-Payments to Component Unit	-	-	-	-	25,872	25,872
Decrease in Equity Interest in Joint Venture	20,682	-	-	-	-	20,682
Debt Proceeds Paid to Component Unit	-	-	14,000,000	-	-	14,000,000
Debt Issuance Costs	-	-	368,000	-	-	368,000
Capital Projects	-	-	18,026,909	-	400,100	18,427,009
Debt Service:						
Other Debt Service	-	-	-	1,350,476	-	1,350,476
Trustee's Commission	-	-	-	614,560	-	614,560
Principal	-	-	-	28,550,620	-	28,550,620
Interest	-	-	-	29,218,581	-	29,218,581
<b>Total Expenditures</b>	<b>148,389,576</b>	<b>15,990,194</b>	<b>32,394,909</b>	<b>59,734,237</b>	<b>47,360,238</b>	<b>303,869,154</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>5,007,174</b>	<b>4,964,751</b>	<b>(32,010,687)</b>	<b>(3,635,820)</b>	<b>(18,314,186)</b>	<b>(43,988,768)</b>
<b>Other financing sources (uses)</b>						
Transfers from Other Funds	6,788,913	-	4,000,000	194,207	14,728,400	25,711,520
Transfers to Other Funds	(21,430,407)	(6,538,913)	(679,289)	-	(250,000)	(28,898,609)
Long-term Bonds Issued	-	-	40,000,000	-	-	40,000,000
Long-term Note Issued	3,538,969	-	30,000,000	-	-	33,538,969
Premium on Long-term Note Issued	-	-	332,400	-	-	332,400
<b>Total Other Financing Sources (Uses)</b>	<b>(11,102,525)</b>	<b>(6,538,913)</b>	<b>73,653,111</b>	<b>194,207</b>	<b>14,478,400</b>	<b>70,684,280</b>
<b>Net Change in Fund Balances</b>	<b>(6,095,351)</b>	<b>(1,574,162)</b>	<b>41,642,424</b>	<b>(3,441,613)</b>	<b>(3,835,786)</b>	<b>26,695,512</b>
<b>Fund Balances (Deficit), July 1</b>	<b>59,373,124</b>	<b>5,405,844</b>	<b>(26,213,162)</b>	<b>30,423,887</b>	<b>15,379,689</b>	<b>84,369,382</b>
<b>Fund Balances, June 30</b>	<b>\$ 53,277,773</b>	<b>\$ 3,831,682</b>	<b>\$ 15,429,262</b>	<b>\$ 26,982,274</b>	<b>\$ 11,543,903</b>	<b>\$ 111,064,894</b>

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

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**KNOX COUNTY, TENNESSEE**

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

For the year ended June 30, 2009

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

Net Change in Fund Balances - Total Governmental Funds	\$ 26,695,512
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$23,916,640) exceeded capital outlays (\$20,217,253) in the current period.	(3,699,387)
Certain revenues will be collected after year-end but not within the period considered available to pay current period expenditures. Therefore, these amounts were recognized as revenues in the statement of activities but were not reported as revenues in the fund financial statements.	8,102,279
Amounts reported as fund revenues that met the criteria for revenue recognition under the full accrual method of accounting in the preceding fiscal year have been excluded from the current year statement of activities.	(1,254,698)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is reflected as an expenditure in the governmental funds, whereas the repayment reduces long-term liabilities in the statement of net assets. Bond proceeds (\$40,000,000) and note proceeds (\$33,538,969) exceeded debt principal payments (\$28,012,943) by this amount.	(45,526,026)
Expenses reported in the statement of activities include amortization of the deferred amount on debt refunding (\$1,087,413) and amortization of deferred debt issuance costs (\$249,188). In addition, the amortization of bond premium results in reduction of expenses of \$1,774,508. These amounts do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	437,907
Debt issued at a premium provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets.	(332,400)
Debt issuance costs are expenditures of governmental funds, but are deferred assets in the statement of net assets.	508,000
Expenses reported in the statement of activities include the reduction in the liability for accrued interest (\$196,545). In addition, the increase in the balance of the net pension asset decreased expenses by \$86,289, and the increase in the compensated absences liability balance increased expenses by \$492,769. These amounts do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(382,513)
Internal service funds are used by management to charge certain costs (e.g., certain employee benefits, insurance, maintenance, and use of equipment) to individual funds. The net revenue (expense) amounts of the internal service funds are reported with governmental activities.	<u>(2,437,850)</u>
Change in Net Assets of Governmental Activities	<u>\$ (17,889,176)</u>

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

KNOX COUNTY, TENNESSEE

Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 310,435	\$ 18,656,141
Receivables:		
Accounts	7,207	1,074,621
Due from Other Funds	-	1,317,356
Due from Component Units	-	387,607
Notes	-	33,678
Inventories	34,321	159,019
Prepaid Items	9,080	50,629
<b>TOTAL CURRENT ASSETS</b>	<u>361,043</u>	<u>21,679,051</u>
<b>Capital Assets:</b>		
Land	880	-
Buildings	747,515	-
Machinery and Equipment	379,015	8,856,982
Computer Software	25,448	-
Land Improvements	66,463	-
Accumulated Depreciation	(325,612)	(8,378,626)
Capital Assets (Net of Accumulated Depreciation)	<u>893,709</u>	<u>478,356</u>
<b>TOTAL ASSETS</b>	<u>1,254,752</u>	<u>22,157,407</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	47,463	4,318,244
Due to State of Tennessee	8,782	-
Due to Other Funds	12,705	895,955
Due to Component Units	-	202,689
Deferred Revenue	-	20,906
Claims Liability	-	7,032,668
Compensated Absences Payable	4,781	107,633
Advances from Other Funds	-	175,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>73,731</u>	<u>12,753,095</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences Payable	<u>531</u>	<u>11,959</u>
<b>TOTAL LIABILITIES</b>	<u>74,262</u>	<u>12,765,054</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	893,709	478,356
Unrestricted	<u>286,781</u>	<u>8,913,997</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,180,490</u>	<u>\$ 9,392,353</u>

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

**KNOX COUNTY, TENNESSEE**

**Statement of Revenues, Expenses and Changes in Fund Net Assets**

**Proprietary Funds**

For the Year Ended June 30, 2009

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>		
Charges for Services	\$ 462,055	\$ 62,399,665
<b>Operating Expenses</b>		
Cost of Sales and Services	195,991	2,292,530
General and Administration	215,483	13,502,590
Depreciation and Amortization	14,037	538,836
Medical Claims	-	21,967,682
Retirement Contributions	-	25,491,824
Other Employee Benefits	-	802,051
Worker's Compensation Claims	-	1,162,078
Other Expenses	38,626	3,244,629
Total Operating Expenses	464,137	69,002,220
<b>Operating Loss</b>	(2,082)	(6,602,555)
<b>Nonoperating Revenues (Expenses)</b>		
Payments Received for Administrative Expenses	-	1,083,620
Payments from Component Units	-	592,000
Donations	-	1,000
Loss on Disposal of Capital Assets	-	(19,715)
Total Nonoperating Revenues	-	1,656,905
<b>Income (Loss) before Capital Contributions and Transfers</b>	(2,082)	(4,945,650)
<b>Capital Contributions and Transfers</b>		
Capital Contributions	503,283	-
Transfers from Other Funds	679,289	2,507,800
<b>Change in Net Assets</b>	1,180,490	(2,437,850)
<b>Total Net Assets, July 1</b>	-	11,830,203
<b>Total Net Assets, June 30</b>	\$ 1,180,490	\$ 9,392,353

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

**KNOX COUNTY, TENNESSEE**

**Statement of Cash Flows  
Proprietary Funds**

For the Year Ended June 30, 2009

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
	<u>          </u>	<u>          </u>
<b>Operating Activities</b>		
Cash Received from Customers	\$ 454,848	\$ -
Cash Received from Interfund Services Provided	-	61,483,773
Cash Received from Other Governments	-	297,997
Cash Paid to Employees	(197,735)	(1,498,592)
Cash Paid for Goods and Services	(221,505)	(16,777,523)
Cash Paid on Behalf of Employees	-	(49,684,543)
<b>Net Cash Provided by (Used) in Operating Activities</b>	<u>35,608</u>	<u>(6,178,888)</u>
<b>Noncapital Financing Activities</b>		
Receipts of Subrogation Payments	-	1,620
Payments Received for Administrative Expenses	-	1,083,620
Transfers from Other Funds	679,289	2,507,800
Payments from Component Units	-	592,000
Donations	-	1,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>679,289</u>	<u>4,186,040</u>
<b>Capital and Related Financing Activities</b>		
Insurance Recovery on Capital Assets	-	29,970
Capital Contributions	503,283	-
Acquisition and Construction of Capital Assets	(907,745)	(34,414)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(404,462)</u>	<u>(4,444)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	310,435	(1,997,292)
<b>Cash and Cash Equivalents</b>		
<b>Beginning of Year</b>	<u>-</u>	<u>20,653,433</u>
<b>End of Year</b>	<u>\$ 310,435</u>	<u>\$ 18,656,141</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used) in Operating Activities</b>		
Operating Loss	<u>\$ (2,082)</u>	<u>\$ (6,602,555)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used) in Operating Activities:		
Depreciation and Amortization	14,037	538,836
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(7,207)	704,587
Increase in Due from Other Funds	-	(1,077,331)
Increase in Due from Component Units	-	(238,799)
(Increase) Decrease in Inventories	(34,321)	28,008
Increase in Prepaid Items	(9,080)	(50,629)
Increase in Accounts Payable and Accrued Liabilities	47,462	2,826,734
Increase in Due to State of Tennessee	8,782	-
Increase (Decrease) in Due to Other Funds	12,705	(2,423,053)
Decrease in Due to Component Units	-	(44,616)
Increase (Decrease) in Compensated Absences	5,312	(9,149)
Increase in Claims Liabilities	-	175,431
Decrease in Deferred Revenue	-	(6,352)
Total Adjustments	<u>37,690</u>	<u>423,667</u>
<b>Net Cash Provided by (Used) in Operating Activities</b>	<u>\$ 35,608</u>	<u>\$ (6,178,888)</u>

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

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**KNOX COUNTY, TENNESSEE****Statement of Fiduciary Net Assets****Fiduciary Funds**June 30, 2009

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	Pension Trust Funds	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 24,671,208
Receivables:		
Accounts	-	6,741,963
Contributions	183,536	-
Investments	<u>287,351,116</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>287,534,652</u>	<u>\$ 31,413,171</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	60,609	\$ 8,178,592
Due to Other Governments	-	2,800,138
Due to Litigants, Heirs and Others	<u>-</u>	<u>20,434,441</u>
<b>TOTAL LIABILITIES</b>	<u>60,609</u>	<u>\$ 31,413,171</u>
<b>NET ASSETS</b>		
Held in Trust for:		
Pension Benefits	<u>\$ 287,474,043</u>	

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

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**KNOX COUNTY, TENNESSEE**

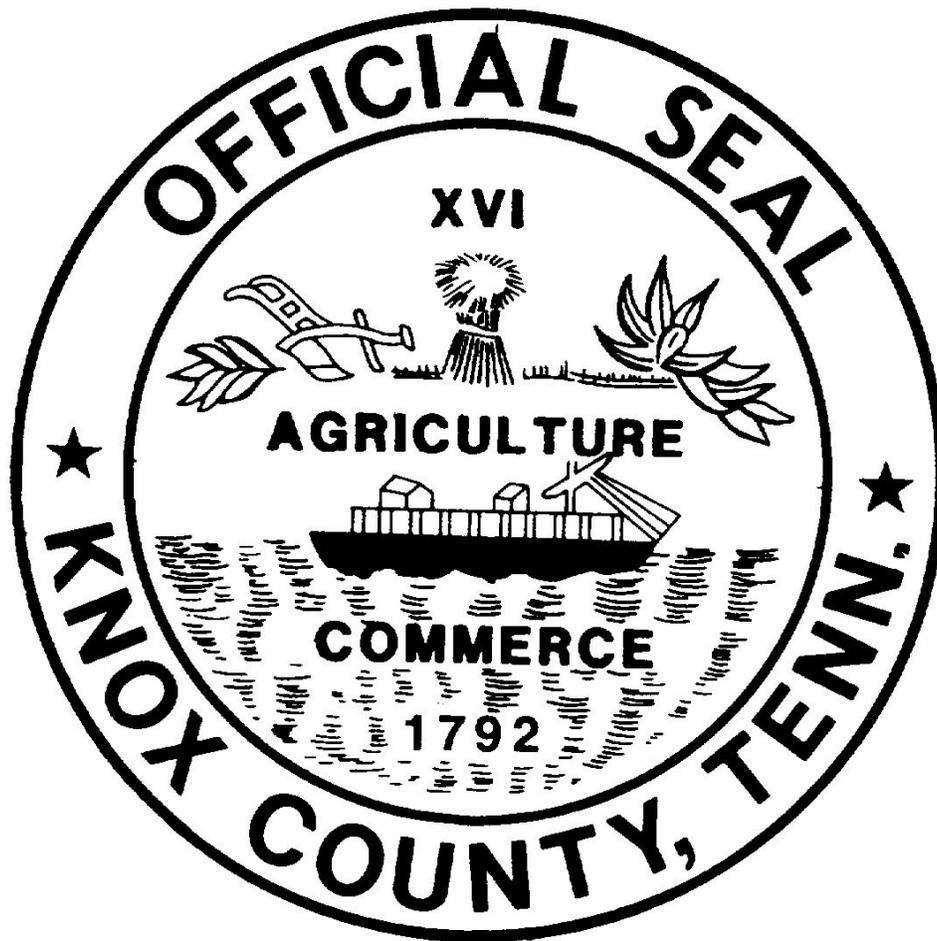
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
For the year ended June 30, 2009

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	<u>Pension Trust Funds</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 12,584,001
Employees	11,535,278
Transfers from Other Plans	<u>265,667</u>
Total Contributions	<u>24,384,946</u>
Investment Earnings:	
Interest and Dividend Income	1,700,683
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(64,200,264)</u>
Total Investment Earnings (Losses)	<u>(62,499,581)</u>
Less Investment Expenses	<u>(392,261)</u>
Net Investment Earnings (Losses)	<u>(62,891,842)</u>
Total Additions	<u>(38,506,896)</u>
<b>Deductions</b>	
Benefits and Refunds	19,482,247
Administrative Expenses	1,083,620
Transfers to Other Plans	<u>265,667</u>
Total Deductions	<u>20,831,534</u>
<b>Change in Net Assets</b>	(59,338,430)
<b>Total Net Assets Held in Trust for Pension Benefits, July 1</b>	<u>346,812,473</u>
<b>Total Net Assets Held in Trust for Pension Benefits, June 30</b>	<u>\$ 287,474,043</u>

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

# Notes to Financial Statements



**KNOX COUNTY, TENNESSEE**  
**Notes to Financial Statements**  
*June 30, 2009*

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KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

***Discretely Presented Major Component Units - the County***

The **Knox County Board of Education** (the Board) consists of nine members elected by voters of the County and one superintendent appointed by members of the Board. The Board is fiscally dependent on the County because the County levies taxes for the Board, issues debt on behalf of the Board and approves the Board's Budget. The Board is responsible for elementary and secondary education within the County's jurisdiction. The Board operates a total of 86 vocational and handicapped centers, primary, intermediate, middle and high schools. The full-time equivalent average daily membership during the 2008 - 2009 school year was 55,120 with a full time equivalent average daily attendance of 51,549. During the previous year, the full time equivalent average daily membership was 54,143 with a full time equivalent average daily attendance of 50,838.

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

The **Knox County Emergency Communications District** (the District) is an emergency response agency operating a consolidated public safety answering point service and emergency radio dispatch service for the residents of the County. The District is governed by an eleven-member Board of Directors, of whom the majority are appointed by the County. Debt issuances or lease agreements exceeding five years require County approval. The District has the authority to levy an emergency telephone service charge to be used to fund the emergency telephone service. The County, however, may reduce the levy provided the reduction does not preclude the District from the authorized activities established in the Tennessee Code Annotated.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

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

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

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

***Discretely Presented Major Component Unit - the Board***

The Great Schools Partnership Charitable Trust (the Partnership) was established during the fiscal year ended June 30, 2005. Its purpose is to support the Knox County Schools by expending funds in furtherance of the exempt purposes of the Board or by distributions of funds directly to the Board. The Partnership is a legally separate, tax-exempt organization governed by a thirteen-member board consisting of representatives of the Board, Knox County, the City of Knoxville, and various other governmental, educational, and not-for-profit organizations. Although the Board does not control the timing or amount of expenditures made by the Partnership, the majority of the resources, or income therefrom, that the Partnership holds are restricted to the exempt purposes of the Board by the donors. Therefore, the Partnership is considered a component unit of the Board and is discretely presented in the Board's financial statements.

The Partnership does not issue separate financial statements. Its activities are accounted for in a single fund, and the information presented in the Board's financial statements also constitutes the fund financial statements.

**B. Government-wide and Fund Financial Statements**

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

KNOX COUNTY, TENNESSEE  
Notes to Financial Statements  
June 30, 2009

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Constitutional Officers Fund* accounts for activities associated with the administrative functions of the County's Constitutional Officers.

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

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

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

*Enterprise funds* account for operations that provide services primarily to the general public on a user charge basis. During the fiscal year ended June 30, 2009, the County commenced the management and operation of the Three Ridges Golf Course. These operations are accounted for as an enterprise fund.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Activities accounted for in the internal service funds include: (1) provision of gasoline and maintenance services for County vehicles, (2) operation of a central mailroom, (3) payment of retiree medical premiums, employee retirement, life insurance and other payroll related expenses, and unemployment claims, (4) accounting for the County's retirement plan operations, (5) accounting for the payment of workers' compensation and general liability claims, (6) provision of central maintenance for County buildings, (7) providing technical support for electronic data processing functions, (8) providing leased vehicles and equipment to County departments, and (9) accounting for the payment of employee health insurance claims.

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

The *pension trust funds* are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust fund accounts for the assets of the County's defined benefit pension plan, defined contribution pension plan, its defined contribution medical retirement plan, and the Uniformed Officers Pension Plan. Plan member contributions are recognized in the period when contributions are due and payable in accordance with the terms of the plan. Employer contributions are recognized when due and the County makes a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Fiduciary funds also include agency funds used to account for the receipt and disbursement of funds held for various third parties. Agency funds include transactions related to (1) local sales taxes collected by the State of Tennessee and remitted to the County for distribution to other municipalities, (2) funds held on behalf of juvenile defendants, (3) funds held on behalf of subdivision developers pending completion of road and hydrology requirements, (4) cash held by the County on behalf of several external agencies and County joint ventures, and (5) funds held by various elected officials on behalf of state agencies and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Governments also have the option of following subsequent private-sector guidance for their business-type activities subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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

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

***Component Units***

The Board of Education uses two major governmental funds (general fund and school construction capital projects), three nonmajor governmental (special revenue) funds, and fiduciary funds (pension trust fund, agency). These fund types use the same measurement focus and basis of accounting as those of the County. KCRA and the Partnership follow the County's governmental funds measurement focus and basis of accounting. The District follows the County's proprietary funds measurement focus and basis of accounting.

**D. Assets, Liabilities and Equity**

***Deposits and Investments***

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

***Deposits and Investments (Continued)***

The County maintains a pooled cash system through the Knox County Trustee. The fair value of purchased investments and investment income at fiscal year end is allocated to major funds based on the total cash position of that fund at fiscal year end. In accordance with County directive, the majority of interest earned during the year is allocated to the General Fund.

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

The County's and its component units' investments are carried at fair value. Short-term investments, however, are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price.

***Receivables, Payables, and Deferred Revenue***

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

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

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

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

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

In the fund financial statements, the balance of notes receivable and advances between funds are offset by a fund balance reserve to indicate that they are not available for appropriation and are not expendable available financial resources.

***Inventories and Prepaid Assets***

The County maintains material inventory balances in its proprietary and governmental funds. Inventories in the proprietary funds are stated at the lower of cost or market. Inventories in the governmental funds are stated at cost. Inventories are accounted for under the consumption method. Supplies for resale and the cost of oil and gasoline in the internal service funds use the first-in, first-out (FIFO) flow assumption in determining cost. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

*Inventories and Prepaid Assets (Continued)*

The County's general fund inventory consists of land held for resale. The land is recorded at cost excluding the cost of infrastructure (roads, utilities, etc.). In the governmental funds the balance of prepaid assets and inventories are offset by a fund balance reserve to indicate that they are not available for appropriation and are not expendable, available financial resources.

*Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

***Compensated Absences***

It is the policy of the County and its component units to permit employees to accumulate, in varying amounts, earned but unused vacation, compensatory time and sick pay benefits. There is no liability recorded for unpaid accumulated sick leave since the County does not have a policy to pay any such amounts upon separation from employment. Vacation and compensatory pay from the County's and the Board's governmental funds are not reported in their respective fund financial statements because it is not expected that such amounts would be liquidated with expendable available financial resources. No expenditure is reported for these amounts. For the County and Component Unit governmental activities, compensated absences liabilities are generally liquidated by the respective general fund. The compensated absences liability and the related change in liability are reported in the government-wide and proprietary fund financial statements of the County and its component units.

***Long-Term Obligations***

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

Bond premiums and discounts, as well as deferred amounts on refundings, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable unamortized bond premium or discount and deferred amounts on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt on the straight-line basis.

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

***Fund Equity***

In the fund financial statements of the governmental funds, reservations of fund balances represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change and are available for appropriation at the discretion of management.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Equity (Continued)**

*Fund Equity (Continued)*

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted, and unrestricted. Restricted net assets represent constraints on resources that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by County law.

**E. Additional Information**

*Comparative Data/Reclassifications*

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

*Estimates*

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

**NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Data**

*Budget Basis/Authority*

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Data (Continued)**

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

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

The Drug Control Special Revenue Fund was established in the 1998 fiscal year pursuant to an amendment of Tennessee Code Annotated Section 39-17-420, stipulating drug control activities to be reported in a special revenue fund. The budget for this fund is a separately adopted budget proposed by the Sheriff and approved by the County Commission.

The County's Public Improvement Capital Projects Fund and the Board's School Construction Capital Projects Fund each adopt project-length budgets for major construction projects rather than annual budgets for these projects. The Board adopts annual budget amounts for certain expenditures within these funds. In fiscal years prior to 2008, the County also adopted an annual budget for certain expenditures included in the Public Improvement Capital Projects Fund. Beginning in 2008, all activities included in that fund are accounted for by use of project-length budgets. The County's Americans with Disabilities Act (ADA) Construction Capital Projects Fund's budget is adopted on an annual basis.

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

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

***Budgetary Process***

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Data (Continued)**

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

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

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

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

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Outstanding encumbrances are reappropriated in the subsequent year.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Data (Continued)**

*Supplemental Appropriations*

The following schedule shows the annual budget originally adopted for the County and the Board, and the revisions to that budget as authorized by the County Commission, for the year ended June 30, 2009:

Fund	Original Budget	Revisions	Revised Budget
Governmental Funds:			
General Fund	\$ 167,278,497	\$ 8,300,907	\$ 175,579,404
Special Revenue Funds:			
State and Federal Grants	199,932	1,424,915	1,624,847
Governmental Library	195,000	-	195,000
Public Library	12,837,000	176,670	13,013,670
Solid Waste	4,477,550	47,232	4,524,782
Hotel/Motel Tax	5,810,000	-	5,810,000
Fire District	200,000	-	200,000
Drug Control	-	786,731	786,731
Engineering & Public Works	12,413,634	1,189,239	13,602,873
Total Special Revenue Funds	36,133,116	3,624,787	39,757,903
Debt Service Fund	62,000,000	-	62,000,000
Capital Projects Funds:			
ADA Construction	500,000	1,057,301	1,557,301
Total - Governmental Funds	\$ 265,911,613	\$ 12,982,995	\$ 278,894,608

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Data (Continued)**

Fund	Original Budget	Revisions	Revised Budget
Component Unit - the Board:			
General Fund:			
General Purpose School	\$ 370,000,000	\$ 12,422,387	\$ 382,422,387
Special Revenue Funds:			
School Federal Projects	-	36,580,357	36,580,357
School General Projects	-	13,310,743	13,310,743
Central Cafeteria	22,756,461	94,401	22,850,862
Total Special Revenue Funds	22,756,461	49,985,501	72,741,962
Capital Projects Fund:			
School Construction	20,302,665	-	20,302,665
Total - the Board	\$ 413,059,126	\$ 62,407,888	\$ 475,467,014

Designated funds, as of June 30, 2009, in the General Fund, Public Library Fund, and the Engineering & Public Works Fund reappropriated in the subsequent fiscal year totaled \$2,852,417, \$2,977 and \$638,180, respectively.

Remaining supplemental appropriations primarily represent funds designated during the previous fiscal year, encumbrances outstanding at June 30, 2009, and grant awards appropriated at the time the award is received.

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

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

Other investments are held in the State of Tennessee's Local Government Investment Pool ("LGIP") and are not subject to categorization. Fair value of investments held in the LGIP approximates carrying value.

Cash and investments for the County and its Component Units as shown in the financial statements follows:

	Primary Government	Component Units		
		The Board	KCRA	The District
Cash on Hand	\$ 8,347	\$ -	\$ -	\$ -
Carrying Amount of Deposits	45,415,716	63,664,808	28,859	9,475,025
Investments (Governmental Funds)	62,001,758	-	-	-
Investments (Pension Trust Funds)	287,351,116	54,942,578	-	-
Investment in State Treasurer's Investment Pool	2,082,627	-	-	-
<b>Total</b>	<b>\$ 396,859,564</b>	<b>\$ 118,607,386</b>	<b>\$ 28,859</b>	<b>\$ 9,475,025</b>
Cash and Cash Equivalents	\$ 47,506,690	\$ 63,664,808	\$ 28,859	\$ 9,475,025
Investments	349,352,874	54,942,578	-	-
<b>Total</b>	<b>\$ 396,859,564</b>	<b>\$ 118,607,386</b>	<b>\$ 28,859</b>	<b>\$ 9,475,025</b>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

***Interest Rate Risk***

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's governmental activities investments are managed by an investment board, whose objectives are to maximize earnings while reducing the exposure to interest rate risks to a low level by utilizing a mixture of short and long-term maturity investments, primarily in investments in U.S. Government Securities and securities issued by agencies of the U.S. Government. The County's and Board's Pension Trust fund activities are managed by the Knox County Retirement Board, whose objectives are to maximize earnings while reducing the exposure to interest rate risks to an appropriate level by using a mixture of long-term and short-term investments in various debt and equity securities. The investments of the County's defined benefit plan and the Board's defined benefit plan are included in a single trust account. The following represents the County's governmental activities investments and the activities of the County's and the Board's Pension Trust funds:

	Primary Government, Governmental Activities		Fiduciary Activities, Primary Government and Board	
	Fair Value or Carrying Amount	Weighted Average Maturity (Years)	Fair Value or Carrying Amount	Weighted Average Maturity (Years)
Cash Equivalents Classified as Investments	\$ 1,992,602		\$ 5,451,025	
Equity Mutual Funds	\$ -		\$ 324,000,425	
Fixed Income Securities:				
U.S. Government Securities	60,009,156	21.960	8,226,579	4.794
U.S. Government Agency Securities	-		1,251,163	4.843
Corporate Bonds	-		2,891,902	3.086
Municipal Bonds	-		265,415	1.877
State Agency Bonds	-		207,185	2.833
Total Fixed Income Securities	\$ 60,009,156	21.960	\$ 12,842,244	4.322

***Custodial credit risk***

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

*Custodial Credit Risk (Continued)*

A portion of the County's, the Board's and the District's deposits at June 30, 2009 were covered by the bank collateral pool administered by the Treasurer of the State of Tennessee (the State). Banks participating in the pool report the aggregate balance of their public fund accounts to the State. Collateral to secure these deposits must equal between 90 – 115 percent of the average daily balance of public deposits held and must be pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. The members of the pool may be required to pay an assessment to cover any deficiency.

*Credit risk*

The County's policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable laws. The County's and Board's Pension Trust funds are managed with long-term objectives that include maximizing total investment earnings. State statutes and County policies allow the Pension Trust funds a broader range of investments than those available to the governmental activities. The credit risk of the investments of the County's governmental activities and the County's and Board's Pension Trust funds investments in fixed-income securities (excluding U.S. Government securities) is as follows:

	Primary Government, Governmental Activities		Fiduciary Activities, Primary Government and Board	
	Fair Value	S&P Rating	Fair Value	S&P Rating
U.S. Government Agency Securities:	\$ 50,850,000	AA+	\$ 5,581,166	AAA
U.S. Government Agency Securities:	5,080,000	AA+	3,896,576	Unrated
U.S. Government Agency Securities:	4,079,156	AAA	-	
Corporate Bonds:				
Corporate Bonds	-	-	209,583	AAA
Corporate Bonds	-	-	268,460	A+
Corporate Bonds	-	-	744,903	A
Corporate Bonds	-	-	208,885	A-
Corporate Bonds	-	-	378,962	BBB+
Corporate Bonds	-	-	234,747	BBB
Corporate Bonds	-	-	262,090	BBB-
Corporate Bonds	-	-	584,272	Unrated
Municipal Bonds	-	-	132,291	AA+
Municipal Bonds	-	-	133,124	Unrated
State Agency Bonds	-	-	207,185	AA
	<u>\$ 60,009,156</u>		<u>\$ 12,842,244</u>	
Total Fixed Income Securities	<u>\$ 60,009,156</u>		<u>\$ 12,842,244</u>	

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

The County's governmental activities investments and the County's and the Board's pension trust investments have no investments in any single issuer of fixed income securities that represent 5 percent or more of plan net assets.

**B. Receivables**

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

**Primary Government**

	<u>Major Governmental Funds</u>							Trust and Agency
	General	Debt Service	Capital Projects Public Improvement	Nonmajor Governmental Funds	Internal Service	Enterprise Fund	Total Primary Government	
Receivables:								
Taxes	\$ 111,283,938	\$ 35,195,179	\$ -	\$ 256,870	\$ -	\$ -	\$ 146,735,987	\$ -
Accounts	9,567,739	-	122,273	7,176,166	1,074,621	7,207	17,948,006	6,741,963
Contributions	-	-	-	-	-	-	-	183,536
Gross Receivables	120,851,677	35,195,179	122,273	7,433,036	1,074,621	7,207	164,683,993	6,925,499
Less: Allowances for Uncollectibles	(2,962,258)	(714,142)	-	(71,060)	-	-	(3,747,460)	-
Net Total Receivables	\$ 117,889,419	\$ 34,481,037	\$ 122,273	\$ 7,361,976	\$ 1,074,621	\$ 7,207	\$ 160,936,533	\$ 6,925,499

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**B. Receivables (Continued)**

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

<u>Component Units:</u>	<u>Government-wide Totals</u>		<u>The Board - Pension Trust</u>
	<u>The Board</u>	<u>The District</u>	
Receivables:			
Taxes	\$ 123,622,139	\$ -	\$ -
Accounts	34,823,195	1,099,245	-
Contributions	-	-	13,815
	<hr/>	<hr/>	<hr/>
Gross Receivables	158,445,334	1,099,245	13,815
Less: Allowances for Uncollectibles	<hr/> (3,147,982) <hr/>	<hr/> - <hr/>	<hr/> - <hr/>
Net Total Receivables	<hr/> <u>\$ 155,297,352</u> <hr/>	<hr/> <u>\$ 1,099,245</u> <hr/>	<hr/> <u>\$ 13,815</u> <hr/>

The General Fund has the following note receivable at June 30, 2009:

- (1) A note receivable from the Knoxville-Knox County Community Action Committee (CAC) with an initial balance of \$2,300,000 was originated during the fiscal year ended June 30, 2004. The note resulted from an arrangement between the County and CAC whereby certain proceeds from debt issued by the County were used to construct a facility on CAC's behalf. CAC agreed to reimburse the County by repaying the annual amounts of the County's related debt service requirements. The resulting note receivable is due in varying principal installments, plus interest, through 2022. As of June 30, 2009, \$1,726,000 remained outstanding.

The County's Debt Service Fund has the following notes receivable at June 30, 2009:

- (1) Notes receivable from the Knox-Chapman Utility District (KCUD) and the West Knox Utility District of Knox County (WKUD) have current balances of \$1,455,000 and \$1,770,000, respectively. The basis of these notes is an agreement made by the County to participate with the utility districts to expedite utility relocation and upgrading necessary for construction of improved roadways within the northwest portion of the County. Each district was advanced up to \$2,000,000, which was disbursed by the County in installments upon receipt of draw notices. The advances are non-interest bearing and are individually payable in four varying installments every five years based on the completion dates of the respective projects. The amount to be repaid also includes \$140,000, recognized as revenue when received, that each district must pay to cover the County's administrative, accounting and financial costs associated with the agreements.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**B. Receivables (Continued)**

- (1) A loan receivable from the Industrial Development Board of Blount County was made for the purpose of providing financial assistance to the Board for the acquisition and development of property as a business and industrial park. The loan bears interest at 5% annually and is to be repaid from amounts to be received by the Board from land sales and other revenues related to the park. At June 30, 2009, the loan balance was \$5,770,000.

The State and Federal Grants Special Revenue Fund had \$3,420,722 of notes receivable at June 30, 2009. These note agreements are from eligible County citizens participating in various state and federal low-income housing projects. These notes are executed with a range of below market interest rates and varying repayment terms.

***Advances to Other Government***

During the fiscal year ended June 30, 2006, the County advanced \$2,500,000 to the Knoxville-Knox County Community Action Committee (CAC). An additional advance during the fiscal year ended June 30, 2009 for \$3,500,000 was made to CAC from Knox County. These advances were made to provide funding for operations and are to be repaid from grant monies and other funding received by CAC.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**C. Capital Assets**

Activity in the County's and the Component Unit's capital assets for the fiscal year ended June 30, 2009, was the following:

**Primary Government**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 94,552,831	\$ 2,280,473	\$ 161,256	\$ 96,672,048
Construction in Progress	56,806,566	10,464,431	7,658	67,263,339
<b>Total Capital Assets, not being depreciated</b>	<b>151,359,397</b>	<b>12,744,904</b>	<b>168,914</b>	<b>163,935,387</b>
Capital Assets being depreciated:				
Buildings	197,754,905	-	-	197,754,905
Land Improvements	20,013,171	74,923	-	20,088,094
Machinery and Equipment	34,273,386	2,573,652	812,282	36,034,756
Intangible Assets	19,691,997	124,470	-	19,816,467
Infrastructure	494,465,766	5,039,344	-	499,505,110
<b>Total Capital Assets being depreciated</b>	<b>766,199,225</b>	<b>7,812,389</b>	<b>812,282</b>	<b>773,199,332</b>
Less Accumulated Depreciation for:				
Buildings	63,491,303	4,871,477	-	68,362,780
Land Improvements	9,254,041	1,051,446	-	10,305,487
Machinery and Equipment	27,482,978	2,489,155	713,720	29,258,413
Intangible Assets	10,125,206	3,814,769	-	13,939,975
Infrastructure	142,667,124	12,316,464	-	154,983,588
<b>Total Accumulated Depreciation</b>	<b>253,020,652</b>	<b>24,543,311</b>	<b>713,720</b>	<b>276,850,243</b>
<b>Total Capital Assets being depreciated, net</b>	<b>513,178,573</b>	<b>(16,730,922)</b>	<b>98,562</b>	<b>496,349,089</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 664,537,970</b>	<b>\$ (3,986,018)</b>	<b>\$ 267,476</b>	<b>\$ 660,284,476</b>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**C. Capital Assets (Continued)**

**Primary Government**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type Activities:</b>				
<b>Three Ridges Golf Course:</b>				
Land and Construction in Progress	\$ -	\$ 880	\$ -	\$ 880
Buildings	-	747,515	-	747,515
Machinery and Equipment	-	379,015	-	379,015
Computer Software	-	25,448	-	25,448
Land Improvements	-	66,463	-	66,463
Less: Accumulated Depreciation	-	(325,612)	-	(325,612)
<b>Total</b>	<b>\$ -</b>	<b>\$ 893,709</b>	<b>\$ -</b>	<b>\$ 893,709</b>

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

Finance and Administration	\$ 1,600,049
Administration of Justice	2,723,328
Public Safety	1,987,740
Public Health and Welfare	1,106,775
Social and Cultural Services	3,179,068
Other General Government	1,497,382
Engineering & Public Works	12,448,969
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 24,543,311</b>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**C. Capital Assets (Continued)**

**Component Units**

<b>Component Unit - The Board:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, not being depreciated:				
Land	\$ 20,182,947	\$ 41,300	\$ 1,250	\$ 20,222,997
Construction in Progress	56,390,982	7,413,099	46,230,182	17,573,899
<b>Total Capital Assets, not being depreciated</b>	<b>76,573,929</b>	<b>7,454,399</b>	<b>46,231,432</b>	<b>37,796,896</b>
Capital Assets being depreciated:				
Buildings	367,264,225	47,216,455	2,761,223	411,719,457
Land Improvements	1,528,155	368,762	-	1,896,917
Machinery and Equipment	28,352,861	2,726,158	408,295	30,670,724
Intangible Assets	459,251	56,263	-	515,514
<b>Total Capital Assets being depreciated</b>	<b>397,604,492</b>	<b>50,367,638</b>	<b>3,169,518</b>	<b>444,802,612</b>
Less Accumulated Depreciation for:				
Buildings	147,300,750	7,435,172	2,489,418	152,246,504
Land Improvements	552,484	84,185	-	636,669
Machinery and Equipment	14,457,289	2,565,418	408,295	16,614,412
Intangible Assets	280,727	55,471	-	336,198
<b>Total Accumulated Depreciation</b>	<b>162,591,250</b>	<b>10,140,246</b>	<b>2,897,713</b>	<b>169,833,783</b>
<b>Total Capital Assets being depreciated, net</b>	<b>235,013,242</b>	<b>40,227,392</b>	<b>271,805</b>	<b>274,968,829</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 311,587,171</b>	<b>\$ 47,681,791</b>	<b>\$ 46,503,237</b>	<b>\$ 312,765,725</b>

**Component Unit – The District:**

Capital Assets, not being depreciated:				
Land and Construction in Progress	\$ 163,614	\$ -	\$ -	\$ 163,614
Capital Assets being depreciated:				
Buildings	5,081,324	18,412	-	5,099,736
Machinery and Equipment	12,335,887	-	-	12,335,887
Intangible Assets	29,345	-	-	29,345
Leasehold Improvements	207,735	-	-	207,735
Less: Accumulated Depreciation	(10,804,184)	(1,301,611)	-	(12,105,795)
<b>Total Capital Assets being depreciated</b>	<b>6,850,107</b>	<b>(1,283,199)</b>	<b>-</b>	<b>5,566,908</b>
<b>Business-type Activities Capital Assets, net</b>	<b>\$ 7,013,721</b>	<b>\$ (1,283,199)</b>	<b>\$ -</b>	<b>\$ 5,730,522</b>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**D. Interfund and Component Unit Receivables and Payables**

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The composition of the County and component unit interfund receivables and payables as of June 30, 2009, is as follows:

***Due to/from Other Funds - Primary Government:***

Receivable Fund	Payable Fund	Amount
<u>Major Funds:</u>		
General	Public Improvement	\$ 1,992
	State and Federal Grants	579,287
	Public Library	99,653
	Solid Waste	144,287
	Drug Control	19
	Engineering & Public Works	17,124
	Constitutional Officers' Special Revenue Fund	700,221
	Vehicle Service Center	19,412
	Mailroom	1,460
	Employee Retirement	373
	Self Insurance	1,359
	Central Maintenance	97
	Technical Support	2,630
	Self Insurance Healthcare	797,700
	Three Ridges Golf Course	12,677
		<u>2,378,291</u>
Constitutional Officers	General	<u>64,800</u>
Total Major Governmental Funds		<u>2,443,091</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**D. Interfund and Component Unit Receivables and Payables (Continued):**

Receivable Fund	Payable Fund	Amount
<u>Nonmajor Special Revenue Funds:</u>		
State and Federal Grants	General	711,948
Public Library	Central Maintenance	41,252
Hotel/Motel Tax	Central Maintenance	30,578
Engineering & Public Works	General	120
Total Nonmajor Governmental Funds		783,898
Total Governmental Funds		\$ 3,226,989
<u>Internal Service Funds:</u>		
Vehicle Service Center	General	\$ 100,405
	State and Federal Grants	558
	Public Library	1,016
	Solid Waste	5,009
	Engineering & Public Works	74,398
	Self Insurance	59
	Three Ridges Golf Course	28
		181,473

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**D. Interfund and Component Unit Receivables and Payables (Continued)**

Receivable Fund	Payable Fund	Amount
Mailroom Services	General	22,457
	State and Federal Grants	16
	Engineering & Public Works	308
	Employee Benefits	257
	Employee Retirement	320
	Self Insurance	12
		<u>23,370</u>
Employee Benefits	General	1,021,470
	Public Improvement	550
	Public Library	8
	Solid Waste	1,042
	Hotel/Motel Tax	1,202
	Self Insurance Healthcare	446
	<u>1,024,718</u>	
Technical Support	General	1,615
	State and Federal Grants	425
	Engineering & Public Works	255
	<u>2,295</u>	
Self Insurance Healthcare	State and Federal Grants	<u>85,500</u>
Total Internal Service Funds		<u>\$ 1,317,356</u>

***Advances from/to Other Funds - Primary Government:***

Receivable Fund	Payable Fund	Amount
General	Employee Benefits (Internal Service)	<u>\$ 175,000</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**D. Interfund and Component Unit Receivables and Payables (Continued)**

*Due to/from Primary Government and Component Units:*

Receivable Fund	Payable Fund	Amount
<u>Primary Government - Major Funds:</u>		
General	Component Unit - the Board, General Purpose School	\$ 78,367
	Component Unit - the Board, School Federal Projects	10,477
	Component Unit - the Board, School General Projects	1,860
	Component Unit - the District	347
Total Primary Government - Major Funds		\$ 91,051
<u>Primary Government - Nonmajor Funds:</u>		
State and Federal Grants	Component Unit - the Board, General Purpose School	\$ 5,000
<u>Primary Government - Internal Service Funds:</u>		
Vehicle Service Center	Component Unit - the Board, General Purpose School	\$ 2,549
	Component Unit - the Board, School Federal Projects	5,040
	Component Unit - the District	671
		8,260
Employee Benefits	Component Unit - the District	3,275
Self Insurance	Component Unit - the Board, General Purpose School	376,072
Total Primary Government - Internal Service Funds		\$ 387,607

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**D. Interfund and Component Unit Receivables and Payables (Continued)**

Receivable Fund	Payable Fund	Amount
Component Unit - the Board, General Purpose School	Primary Government - General Primary Government - Employee Benefits	\$ 554,495 195,251 <u>749,746</u>
Component Unit - the District	Primary Government - Employee Benefits	\$ 7,438
Primary Government - the Board, General Purpose School	Component Unit - the Board, Great Schools Partnership	\$ 5,598

***Advances from/to Primary Government and Component Units:***

Receivable Fund	Payable Fund	Amount
Primary Government -Major Fund: General	Component Unit - the District	\$ 3,736,250

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

Receivable Fund	Payable Fund	Amount
<u>Major Funds:</u>		
General - General Purpose School	School Federal Projects School Construction Central Cafeteria	\$ 5,357,735 157,408 1,931 <u>5,517,074</u>
<u>Nonmajor Special Revenue Funds:</u>		
School General Projects	General Purpose School School Federal Projects	1,030,098 447,606 <u>1,477,704</u>
Total Board of Education		\$ 6,994,778

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**E. Transfers and Similar Transactions**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The composition of primary government transfers for the year ended June 30, 2009, is as follows:

***Primary Government:***

Transfers - In	Transfers - Out	Amount
<u>Major Funds:</u>		
General	Constitutional Officers - Special Revenue Hotel/Motel Tax	\$ 6,538,913 250,000 <hr/> 6,788,913
Debt Service	General	194,207
Capital Projects - Public Improvement	General	<hr/> 4,000,000
Total Major Governmental Funds		<hr/> 10,983,120
<u>Nonmajor Governmental Funds:</u>		
Special Revenue Funds:		
State and Federal Grants	General	830,995
Governmental Library	General	86,334
Public Library	General	11,065,000
Solid Waste	General	<hr/> 2,746,071
Total Nonmajor Governmental Funds		<hr/> 14,728,400
Total Governmental Funds		<hr/> <hr/> \$ 25,711,520

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

Transfers - In	Transfers - Out	Amount
<u>Internal Service Funds:</u>		
Vehicle Service Center	General	\$ 300,000
Employee Benefits	General	1,000,000
Self Insurance Healthcare	General	<u>1,207,800</u>
Total Internal Service Funds		<u>\$ 2,507,800</u>
<u>Enterprise Fund:</u>		
Three Ridges Golf Course	Public Improvement	<u>\$ 679,289</u>

In addition, payments of \$1,083,620 were made from the Pension Trust – Defined Benefit Fund to the Employee Retirement Internal Service Fund for administrative expenses.

***Transfers Within Component Unit – the Board:***

Transfers - In	Transfers - Out	Amount
<u>Special Revenue Funds (Nonmajor):</u>		
General Purpose School	Central Cafeteria	\$ 20,833
School General Projects	General Purpose School	2,363,860
	School Federal Projects	<u>1,219,091</u>
		3,582,951
School Federal Projects	General Purpose School	<u>31,683</u>
Total Board of Education		<u>\$ 3,635,467</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

*Transactions between Primary Government and Component Units:*

Revenues and Other Sources	Expenses/Expenditures and Other Uses	Amount
Primary Government - General	Component Unit - The District	\$ 282,619
Primary Government - Debt Service (Major Fund)	Component Unit - the Board, General Purpose School	\$ 5,131,555
	Component Unit - the Board, School Construction	19,500,000
Total Primary Government - Debt Service		\$ 24,631,555
Primary Government - Employee Retirement (Proprietary Fund)	Component Unit - the Board, Pension Trust - Defined Benefit	\$ 592,000
Component Unit - General Purpose School	Primary Government - General	\$ 82,500
Component Unit - School General Projects	Primary Government - General	\$ 3,936,149
Component Unit - School Construction	Primary Government - Public Improvement	\$ 14,000,000
Component Unit - The District	Primary Government - General	\$ 492,828
Component Unit - The District	Primary Government - Engineering & Public Works	\$ 25,872

*Transactions between the Board and its Component Unit:*

Revenues and Other Sources	Expenses/Expenditures and Other Uses	Amount
Component Unit - Great Schools Partnership	Primary Government - the Board, General Purpose School	\$ 1,504,848
	Primary Government - the Board, School General Projects	3,823,874
Total Component Unit - Great Schools Partnership		\$ 5,328,722
Primary Government - the Board, General Purpose School	Component Unit - Great Schools Partnership	\$ 1,645

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**F. Deferred/Unearned Revenues**

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

	Deferred Revenue	Unearned Revenue
Primary Government - Major Funds:		
<u>General Fund:</u>		
Taxes receivable, earned in current fiscal year	\$ 6,220,802	\$ -
Taxes receivable, applicable to subsequent fiscal year	100,978,227	100,978,227
Notes receivable, applicable to subsequent fiscal year	5,472,225	5,472,225
	112,671,254	106,450,452
 <u>Debt Service Fund:</u>		
Taxes receivable, earned in current fiscal year	1,881,477	-
Taxes receivable, applicable to subsequent fiscal year	32,271,392	32,271,392
Notes receivable, applicable to subsequent fiscal year	5,770,000	5,770,000
	39,922,869	38,041,392
Primary Government - Nonmajor Funds:		
<u>General Grants Fund:</u>		
Unexpended grant funds	4,879,581	4,879,581
 <u>Governmental Library Fund:</u>		
Unearned revenue	1,000	1,000
 <u>Fire District:</u>		
Taxes receivable, applicable to subsequent fiscal year	185,810	185,810
	5,066,391	5,066,391
 <u>Internal Service - Employee Benefits Fund:</u>		
Unearned revenue	20,018	20,018
 <u>Internal Service - Self Insurance Healthcare Fund:</u>		
Unearned revenue	888	888
	20,906	20,906
Total Internal Service Funds		
	\$ 157,681,420	\$ 149,579,141
Total - Primary Government		

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**F. Deferred/Unearned Revenues (Continued)**

	Deferred Revenue	Unearned Revenue
Component Unit - the Board - Major Fund		
<u>General Purpose School:</u>		
Taxes receivable, earned in current fiscal year	\$ 6,825,570	\$ -
Taxes receivable, applicable to subsequent fiscal year	112,429,365	112,429,365
	119,254,935	112,429,365
Component Unit - the Board - Nonmajor Funds		
<u>School Federal Projects:</u>		
Unexpended grant funds	9,408	9,408
<u>School General Projects:</u>		
Unexpended grant funds	1,502,047	1,502,047
<u>Central Cafeteria:</u>		
Unearned revenue	169,655	169,655
Total Component Unit - the Board	\$ 120,936,045	\$ 114,110,475

**G. Leases**

***Operating Leases***

The County leases various facilities under noncancelable operating leases. Total costs for such leases for the County were \$2,400 for the year ended June 30, 2009. The future minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Primary Government
2010	\$ 2,400
2011	2,400
2012	2,400
2013	2,400
2014	2,400
2015-2019	12,000
2020-2023	9,600
Total	\$ 33,600

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**G. Leases (Continued)**

*Capital Leases*

The District, and the Board, component units of the County, lease various equipment through capital leasing arrangements. The District's capital lease obligations are reflected as fund liabilities. The Board's capital lease obligations are reflected as a liability in the Statement of Net Assets.

The future minimum lease obligations for the District and the Board are as follows:

Year Ending June 30,	Component Unit	
	The District	The Board
2010	\$ 677,521	\$ 809,285
2011	670,923	834,093
2012	-	859,665
2013	-	886,025
2014	-	913,199
2015 - 2019	-	5,003,882
2020 - 2023	-	4,585,160
Total Minimum Lease Payments	1,348,444	13,891,309
Less: Amounts Representing Interest	(43,444)	(3,428,986)
Present Value of Minimum Lease Payments	<u>\$ 1,305,000</u>	<u>\$ 10,462,323</u>

Capital lease obligations currently outstanding for the Component Units are as follows:

Lessor	Purpose	Interest Rate	Last Maturity Date	Principal Balance
<u>Component Unit:</u>				
The District				
Sun Trust Leasing	CAD/CTI Equipment	3.31%	10/1/2010	<u>\$ 1,305,000</u>
The Board				
Bank of America	Energy Management Equipment	3.85%	4/30/2023	<u>\$ 10,462,323</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**H. Long-Term Liabilities**

*Capital Outlay Note*

In June 2008, the County issued a general obligation note payable in the amount of \$3,263,507 to purchase capital equipment. The note bears interest of 3.5% and matures as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,000,000	\$ 70,613	\$ 1,070,613
2011	<u>1,000,000</u>	<u>35,306</u>	<u>1,035,306</u>
Total	<u>\$ 2,000,000</u>	<u>\$ 105,919</u>	<u>\$ 2,105,919</u>

In December 2008, the County issued a general obligation note payable in the amount of \$ 3,538,969 to purchase capital equipment. The note bears interest of 3.5% and matures as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,000,000	\$ 52,500	\$ 1,052,500
2011	1,000,000	70,613	1,070,613
2012	<u>1,000,000</u>	<u>35,306</u>	<u>1,035,306</u>
Total	<u>\$ 3,000,000</u>	<u>\$ 158,419</u>	<u>\$ 3,158,419</u>

*Bond Anticipation Note*

In June 2009, the County issued a bond anticipation note totaling \$30,000,000, plus an issuance premium of \$332,400. The proceeds will be used for capital purposes. The note bears interest at 2.5%, payable semiannually, with a single payment of principal due on June 1, 2011.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

***General Obligation and Public Improvement Bonds***

The County issues general obligation and public improvement bonds to provide funds for the acquisition and construction of major capital facilities.

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

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

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

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

**KNOX COUNTY, TENNESSEE**  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

	Interest Rate	Last Maturity Date	Principal Balance
<b>Governmental Activities:</b>			
General Obligation - Women's Basketball Hall of Fame	Variable Rate (3.25% at 6/30/09)	6/1/2018	\$ 5,080,000
General Obligation - Refunding Series 2001	4.50-5.50%	4/1/2012	10,538,400
General Obligation Public Improvement, Series 2001	5.00-5.50%	5/1/2012	7,253,125
Andrew Johnson - Refunding Series 2002	4.00-4.50%	5/1/2011	653,984
General Obligation - Refunding Series 2002A	4.00-5.50%	4/1/2019	29,696,397
General Obligation - Refunding Bonds, Series 2003	4.00-5.00%	4/1/2014	21,141,396
General Obligation - Refunding Bonds, Series 2003A	5.00%	2/1/2017	4,978,776
General Obligation - Series 2003	Variable Rate Swap to 4.50%	6/1/2029	35,460,000
General Obligation - Refunding Series 2004	4.00-5.25%	4/1/2020	10,401,589
General Obligation - Series 2004	Variable Rate Swap to 4.00%	6/1/2029	45,014,286
General Obligation - Refunding Series 2005A	3.569-5.00%	5/1/2021	27,986,863
General Obligation - Series 2005	Variable Rate Swap to 3.89%	6/1/2034	48,100,651
General Obligation - Series 2007	Variable Rate (3.15% at 6/30/09)	6/1/2034	50,450,000
General Obligation - Series 2007 (Taxable)	4.75-5.75%	6/1/2027	56,300,000
General Obligation - Series 2008	Variable Rate (2.9% at 6/30/09)	6/1/2029	26,000,000
<b>Total Bonded Debt to be repaid by Governmental Activities</b>			<b>379,055,467</b>
<b>The Board:</b>			
Qualified Zone Academy Bonds	0.00%	11/1/2011	646,401
General Obligation - Refunding Series 2001	4.50-5.50%	4/1/2012	6,631,601
General Obligation Public Improvement, Series 2001	5.00-5.50%	5/1/2012	4,351,875
Andrew Johnson - Refunding Series 2002	4.00-4.50%	5/1/2011	1,256,016
General Obligation - Refunding Series 2002A	4.00-5.50%	4/1/2019	49,158,603
General Obligation - Refunding Series 2003	4.00-5.00%	4/1/2014	19,538,604
General Obligation - Refunding Series 2003A	5.00%	2/1/2017	11,341,224
General Obligation - Series 2003	Variable Rate Swap to 4.50%	6/1/2029	31,790,000
General Obligation - Refunding Series 2004	4.00-5.25%	4/1/2020	14,663,411
General Obligation - Series 2004	Variable Rate Swap to 4.00%	6/1/2029	23,485,714
General Obligation - Refunding Series 2005A	3.569-5.00%	5/1/2021	16,723,137
General Obligation - Refunding Series 2005B	3.65-5.00%	5/1/2018	9,955,000
General Obligation - Series 2005	Variable Rate Swap to 3.89%	6/1/2034	25,974,349
General Obligation - Series 2007	Variable Rate (3.15% at 6/30/09)	6/1/2034	18,550,000
General Obligation - Series 2008	Variable Rate (2.9% at 6/30/09)	6/1/2029	14,000,000
<b>Total Bonded Debt to be repaid by the Board</b>			<b>248,065,935</b>
<b>Total Bonded Debt</b>			<b>\$ 627,121,402</b>

**KNOX COUNTY, TENNESSEE**  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

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

Fiscal Year Ending June 30,	Primary Government Debt			To be Repaid By:		
	Principal	Interest	Total	County	Board	Total
2010	\$ 29,080,467	\$ 30,415,099	\$ 59,495,566	\$ 34,656,615	\$ 24,838,951	\$ 59,495,566
2011	30,850,467	29,037,623	59,888,090	34,973,664	24,914,426	59,888,090
2012	32,145,468	27,524,509	59,669,977	33,531,492	26,138,485	59,669,977
2013	33,830,000	25,904,113	59,734,113	33,644,511	26,089,602	59,734,113
2014	34,910,000	24,208,654	59,118,654	33,683,046	25,435,608	59,118,654
2015 - 2019	165,795,000	94,570,884	260,365,884	149,000,690	111,365,194	260,365,884
2020 - 2024	101,850,000	60,890,175	162,740,175	115,051,814	47,688,361	162,740,175
2025 - 2029	109,935,000	37,002,850	146,937,850	99,694,978	47,242,872	146,937,850
2030 - 2034	88,725,000	13,058,000	101,783,000	70,512,270	31,270,730	101,783,000
Total	\$ 627,121,402	\$ 342,611,907	\$ 969,733,309	\$ 604,749,080	\$ 364,984,229	\$ 969,733,309

The total bonded debt service requirements to be repaid by the County and the Board include interest of \$225,693,613 and \$116,918,294 respectively, for a total of \$342,611,907.

***Changes in General Long-Term Liabilities***

The following represents the changes in long-term liabilities for the County, the Board, and the District for the year ended June 30, 2009:

	Balance July 1	Additions	Deductions	Balance June 30	Current Portion
<b>Primary Government</b>					
Bonded Debt	\$ 613,331,869	\$ 40,000,000	\$ (26,210,467)	\$ 627,121,402	\$ 27,870,467
Unamortized Bond Premium	12,764,959	332,400	(1,774,508)	11,322,851	1,828,864
Unamortized Amount on Refunding	(8,428,143)	-	1,087,413	(7,340,730)	(1,091,413)
Notes Payable	3,263,507	33,538,969	(1,802,476)	35,000,000	2,000,000
Compensated Absences	4,752,070	5,544,831	(5,055,899)	5,241,002	4,716,902
Total - Primary Government	\$ 625,684,262	\$ 79,416,200	\$ (33,755,937)	\$ 671,344,525	\$ 35,324,820
<b>Component Unit - the Board</b>					
Capital Lease	\$ 11,000,000	\$ -	\$ (537,677)	\$ 10,462,323	\$ 410,171
Compensated Absences	2,372,853	2,609,427	(2,872,097)	2,110,183	1,899,165
Total Component Unit - the Board	\$ 13,372,853	\$ 2,609,427	\$ (3,409,774)	\$ 12,572,506	\$ 2,309,336
<b>Component Unit - the District</b>					
Capital Leases	\$ 1,930,000	\$ -	\$ (625,000)	\$ 1,305,000	\$ 645,000
Compensated Absences	181,793	257,202	(212,287)	226,708	204,037
Total - the District	\$ 2,111,793	\$ 257,202	\$ (837,287)	\$ 1,531,708	\$ 849,037

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

***Prior Year Defeasance of Debt***

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of the new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On June 30, 2009, \$45,625,000 of bonds outstanding is considered defeased.

***Interest Rate Swaps***

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

*Objective of the interest rate swap.* In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the County requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$72 million Series C-1-A variable-rate bonds. The intention of the swap was to effectively change the County's variable interest rate on the bonds to a synthetic fixed rate.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

*Interest Rate Swaps (Continued)*

*Terms.* Under the swap, the Authority pays the counterparty a fixed payment of 3.95 percent and receives a variable payment computed as 63.2 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$72 million and the associated variable-rate bond has a \$72 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series C-1-A Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (the "BMA"). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2009, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.95%
Variable payment to Authority	% of LIBOR	-1.87%
Net interest rate swap payments		2.08%
Variable-rate bond coupon payments		0.29%
Synthetic interest rate on bonds		2.37%

*Fair value.* As of June 30, 2009, the swap had a negative fair value of \$6,441,291. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

*Credit risk.* As of June 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the Authority, on behalf of the County, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated "AAA" by Standard and Poor's and Fitch and "Aaa" by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated "BBB" by Standard and Poor's and "Ba3" by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

*Interest Rate Swaps (Continued)*

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

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

*Swap payments and associated debt.* As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	<u>Variable Rate Bonds</u>		Net Interest Rate	Total
	Principal	Interest	Swap Payment	
2010	1,175,000	195,025	1,400,301	2,770,326
2011	1,300,000	191,618	1,375,835	2,867,453
2012	2,075,000	187,848	1,348,766	3,611,614
2013	2,200,000	181,830	1,305,559	3,687,389
2014	2,325,000	175,450	1,259,750	3,760,200
2015 - 2019	13,950,000	767,340	5,509,586	20,226,926
2020 - 2024	18,775,000	539,038	3,870,349	23,184,387
2025 - 2029	25,450,000	230,260	1,653,292	27,333,552
	<u>\$ 67,250,000</u>	<u>\$ 2,468,409</u>	<u>\$ 17,723,438</u>	<u>\$ 87,441,847</u>

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

*Interest Rate Swaps (Continued)*

*Objective of the interest rate swap.* In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the County requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$70 million Series VI-A-1 variable-rate bonds. The intention of the swap was to effectively change the County’s variable interest rate on the bonds to a synthetic fixed rate.

*Terms.* Under the swap, the Authority pays a fixed payment of 3.745 percent and receives a variable payment computed as 59 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$70 million and the associated variable-rate bond has a \$70 million original principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series VI-A-1 Bonds. The bonds’ variable-rates have historically approximated the Bond Market Association Municipal Index™ (the “BMA”). The bonds and the related swap agreement mature on June 1, 2029. As of June 30, 2009, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment by Authority	Fixed	3.75%
Variable payment to Authority	% of LIBOR	-1.74%
Net interest rate swap payments		2.01%
Variable-rate bond coupon payments		3.15%
Synthetic interest rate on bonds		5.16%

*Fair value.* As of June 30, 2009, the swap had a negative fair value of \$4,393,925. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

*Credit risk.* As of June 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the Authority, on behalf of the County, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated “AAA” by Standard and Poor’s and

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

*Interest Rate Swaps (Continued)*

Fitch and “Aaa” by Moody’s Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac’s credit rating had been severely downgraded and was rated “BBB” by Standard and Poor’s and “Ba3” by Moody’s Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

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

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

*Swap payments and associated debt.* As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	
	Principal	Interest	Swap Payment	Total
2010	600,000	2,157,750	1,373,487	4,131,237
2011	700,000	2,138,850	1,361,456	4,200,306
2012	800,000	2,116,800	1,347,420	4,264,220
2013	900,000	2,091,600	1,331,380	4,322,980
2014	1,000,000	2,063,250	1,313,334	4,376,584
2015 - 2019	15,200,000	9,314,550	5,929,051	30,443,601
2020 - 2024	21,360,000	6,493,725	4,133,493	31,987,218
2025 - 2029	27,940,000	2,730,735	1,738,213	32,408,948
	<u>\$ 68,500,000</u>	<u>\$ 29,107,260</u>	<u>\$ 18,527,834</u>	<u>\$ 116,135,094</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

*Interest Rate Swaps (Continued)*

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

*Objective of the interest rate swap.* In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the County requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$77 million Series D-3-A variable-rate bonds. The intention of the swap was to effectively change the County’s variable interest rate on the bonds to a synthetic fixed rate.

*Terms.* Under the swap, the Authority pays the counterparty a fixed payment of 3.89 percent and receives a variable payment computed as 63.2 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$77 million and the associated variable-rate bond has a \$77 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series D-3-A Bonds. The bonds’ variable-rates have historically approximated the Bond Market Association Municipal Index (the “BMA”). The bonds and the related swap agreement mature on June 1, 2034. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment by Authority	Fixed	3.89%
Variable payment to Authority	% of LIBOR	<u>-1.86%</u>
Net interest rate swap payments		2.03%
Variable-rate bond coupon payments		<u>3.25%</u>
Synthetic interest rate on bonds		<u><u>5.28%</u></u>

KNOX COUNTY, TENNESSEE  
Notes to Financial Statements  
June 30, 2009

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

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

*Interest Rate Swaps (Continued)*

*Fair value.* As of June 30, 2009, the swap had a negative fair value of \$8,260,631. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

*Credit Risk.* As of June 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the County would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the Authority, on behalf of the County, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated "AAA" by Standard and Poor's and Fitch and "Aaa" by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated "BBB" by Standard and Poor's and "Ba3" by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian.

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

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

*Interest Rate Swaps (Continued)*

*Swap payments and associated debt.* As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	<u>Variable Rate Bonds</u>		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2010	1,225,000	2,407,438	1,500,931	5,133,369
2011	1,350,000	2,367,625	1,476,110	5,193,735
2012	1,475,000	2,323,750	1,448,756	5,247,506
2013	1,600,000	2,275,813	1,418,869	5,294,682
2014	1,725,000	2,223,813	1,386,449	5,335,262
2015 - 2019	10,575,000	10,193,625	6,355,277	27,123,902
2020 - 2024	8,250,000	8,437,000	5,260,098	21,947,098
2025 - 2029	5,925,000	7,408,375	4,618,796	17,952,171
2030 - 2034	41,950,000	4,197,375	2,616,879	48,764,254
	<u>\$ 74,075,000</u>	<u>\$ 41,834,814</u>	<u>\$ 26,082,165</u>	<u>\$ 141,991,979</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**I. Fund Equity**

*Reserves and Designations*

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

<u>Primary Government</u>	<u>Reserved Fund Balance</u>	<u>Designated Fund Balance</u>
<u>Major Funds:</u>		
<u>General Fund:</u>		
Advances	\$ 175,000	\$ -
Inventories	204,510	-
Prepaid Items	229,740	-
Investment in Joint Venture	5,845,855	-
School Health Program	254,565	-
Circuit Court Clerk - Data Processing	173,583	-
Register of Deeds - Copy Fees	433,337	-
Park Improvements - Amusement Tax	239,639	-
Reserved - various	401,829	-
Encumbrances	848,837	-
Designated - various	-	273,913
Attorney General	-	46,080
Sheriff	-	32,500
Community Action Committee	-	330,776
Bonus for A 1 Full-time employees	-	1,250,000

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**I. Fund Equity (Continued)**

<u>Primary Government</u>	<u>Reserved Fund Balance</u>	<u>Designated Fund Balance</u>
<u>Major Funds:</u>		
General Fund (Continued):		
Capital Improvement Plan	-	919,148
Donations - DARE	22,815	-
Juvenile Court	5,275	-
Attorney General	<u>245,527</u>	<u>-</u>
Total General Fund	<u>9,080,512</u>	<u>2,852,417</u>
<u>Major Capital Projects Fund:</u>		
Public Improvement Fund:		
Encumbrances	<u>3,061,307</u>	<u>-</u>
Debt Service Fund:		
Notes Receivable	<u>9,225,000</u>	<u>-</u>
<u>Nonmajor Governmental Funds:</u>		
<u>Nonmajor Special Revenue Funds:</u>		
State and Federal Grants Fund:		
Encumbrances	910,101	-
Inventories	4,588	-
Prepaid Items	1,900	-
Appropriations	361,811	-

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**I. Fund Equity (Continued)**

Primary Government	Reserved Fund Balance	Designated Fund Balance
<u>Nonmajor Governmental Funds:</u>		
<u>Nonmajor Special Revenue Funds (Continued):</u>		
Public Library Fund:		
Encumbrances	22,029	-
Appropriations	20,187	2,977
Prepaid Items	1,446	-
Solid Waste Fund:		
Encumbrances	16,475	-
Drug Control Fund:		
Drug Seizures	80,063	-
Encumbrances	3,600	-
Engineering & Public Works Fund:		
Encumbrances	146,007	-
Appropriations	-	638,180
Total - Nonmajor Special Revenue Funds	1,568,207	641,157
<u>Nonmajor Capital Projects Fund:</u>		
ADA Construction:		
Encumbrances	96,412	-
Total Nonmajor Governmental Funds	1,664,619	641,157

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**I. Fund Equity (Continued)**

<u>Primary Government</u>	<u>Reserved Fund Balance</u>	<u>Designated Fund Balance</u>
<u>Fiduciary Funds:</u>		
Pension Trust - DB Plan		
Employee's Pension Benefits	49,111,778	-
Pension Trust - DC Plan	155,274,853	-
Pension Trust - Voluntary 457 Plan	3,089,360	-
Pension Trust - Medical DC Plan	5,427,173	-
Pension Trust - Uniformed Officers Pension Plan	<u>74,570,879</u>	<u>-</u>
Total Fiduciary Funds	<u>287,474,043</u>	<u>-</u>
Total - Primary Government	<u>\$ 310,505,481</u>	<u>\$ 3,493,574</u>

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

<u>Component Unit - the Board</u>	<u>Reserved Fund Balance</u>	<u>Designated Fund Balance</u>
<u>Major Funds:</u>		
<u>General Fund:</u>		
<u>General Purpose School Fund:</u>		
Encumbrances	\$ 1,579,746	\$ -
Inventories	1,019,316	-
Prepaid Items	<u>1,182,968</u>	<u>-</u>
Total General Purpose School Fund	<u>3,782,030</u>	<u>-</u>
<u>Capital Projects Fund:</u>		
<u>School Construction Fund:</u>		
Encumbrances	<u>5,148,442</u>	<u>-</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**I. Fund Equity (Continued)**

Component Unit - the Board	Reserved Fund Balance	Designated Fund Balance
<u>Nonmajor Special Revenue Funds:</u>		
School General Projects Fund:		
Encumbrances	267,512	-
Appropriations	2,007,281	-
School Federal Projects Fund:		
Encumbrances	28,843	-
Prepaid Items	8,377	-
Central Cafeteria Fund:		
Inventories	247,372	-
Appropriations	212,575	-
Total Nonmajor Special Revenue Funds	<u>2,771,960</u>	<u>-</u>
<u>Fiduciary Fund:</u>		
Pension Trust Fund:		
Employee's Pension Benefits	54,921,275	-
Total - the Board	<u>\$ 66,623,707</u>	<u>\$ -</u>

**J. Property Taxes**

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

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**J. Property Taxes (Continued)**

Taxes were levied at a rate of \$2.69 per \$100 of assessed values. Tax collections of \$221,475,025 for fiscal year 2009 were approximately 95 percent of the total tax levy.

The 2009 fiscal year property tax rate of \$2.69 was divided between the County and the Board as follows:

	Amount	Percent of Total
<u>Primary Government:</u>		
General Fund	\$ 1.10	40.89%
Debt Service Fund	0.36	13.39%
Total - Primary Government	1.46	54.28%
 <u>Component Unit - the Board:</u>		
General Fund - General		
Purpose School Fund	1.23	45.72%
Total Tax Levy	\$ 2.69	100.00%

The 2010 fiscal year property tax rate of \$2.36 is divided as follows:

	Amount	Percent of Total
<u>Primary Government:</u>		
General Fund	\$ 0.97	41.10%
Debt Service Fund	0.31	13.14%
Total - Primary Government	1.28	54.24%
 <u>Component Unit - the Board:</u>		
General Fund - General		
Purpose School Fund	1.08	45.76%
Total Tax Levy	\$ 2.36	100.00%

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE IV. OTHER INFORMATION**

**A. Joint Ventures**

The County is a participant in a joint venture with the City of Knoxville and the Knoxville Utilities Board in the operation of the Geographic Information Systems. The Geographic Information Systems was established to create and maintain a digitized mapping system of Knox County. Each of the participants appoints one of the three board members who oversee the operations. In March 1987, the County issued public improvement bonds, which included \$5,500,000 used to install the geographic information system. In accordance with the terms of the joint venture agreement, payments are shared between the County, the City of Knoxville and the Knoxville Utilities Board. In the 2009 fiscal year, the joint venture received 88 percent of its revenues from the participants in the joint venture. The Geographic Information Systems charged the County \$537,257 for the year ended June 30, 2009. The County does not retain an equity interest in the joint venture. Complete separate financial statements for the Geographic Information Systems may be obtained at 606 Main Street, Suite 150, Main Place, Knoxville, TN 37902.

The County is a participant in a joint venture with the City of Knoxville in the operation of the Animal Center, which was established to administer the service delivery system for the care of animals. The Animal Center Board consists of eleven members appointed by the Mayor of the City of Knoxville, the Knox County Mayor, the Knox County Commission, and the Knoxville Academy of Veterinary Medicine. The Center's operations are primarily funded by the City of Knoxville and Knox County. In the 2009 fiscal year, the joint venture received 53 percent of its revenues from the City of Knoxville and Knox County. Complete separate financial statements may be obtained at 3201 Division Street, Knoxville, TN 37919.

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**B. Related Organizations**

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

The County is responsible for a minority of the board appointments for the Knoxville-Knox County Community Action Committee. During the year ended June 30, 2009, the County appropriated operating subsidies of \$1,304,452 to the Community Action Committee.

The County and the Tourism & Sports Development Corporation of Knoxville/Knox County (TSDC) have entered into a contract for the operations management of the Women’s Basketball Hall of Fame (the Hall). The County will pay TSDC a management fee. Pursuant to that contract, TSDC will manage the day-to-day operations and events at the facility and will collect revenues for the County and pay the operating expenses from these revenues. All revenues collected by TSDC are the property of the County and held by TSDC in trust as public funds and applied to pay operating expenses in accordance with the budget. To the extent revenues are insufficient, TSDC will pay operating expenses out of its management fee. The revenues and expenses for the operation of the Hall are as follows:

Revenues from Operations	\$	349,683
Management Fee		150,000
Total Revenues		499,683
Total Expenses		(497,306)
Net Income	\$	2,377

Pursuant to the contract, which commenced on September 1, 1999 and expires on June 30, 2013, to the extent revenues and the management fee payable to TSDC are insufficient to cover operating expenses, such deficiency shall be paid by TSDC from such funds as are available to TSDC for such purpose.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**C. Risk Financing**

The County has established risk-financing funds (the Employee Benefits Fund, the Self Insurance Healthcare Fund, and the Self Insurance Fund) associated with the employee's health insurance plan and payments to cover worker's compensation and general liability claims and settlements, respectively. The Board and the District (component units), the Geographic Information Systems and the Animal Center (joint ventures between the County and the City of Knoxville), and the Knox County-City of Knoxville Metropolitan Planning Commission (a separate governmental organization) also participate in the plan.

The risk financing funds are accounted for as internal service funds where assets are set aside for claim settlements. On January 1, 2008, Knox County became self-insured offering County employees and their families healthcare coverage using Cigna Healthcare of Tennessee as a third-party administrator. In the Self Insurance Healthcare Fund a premium is charged to each fund, participating Component Unit, joint venture, or outside entity that accounts for eligible employees. The total charges for the funds are calculated using trends in actual claims experience. In instances where medical claims materially exceed premiums received, each participating entity is charged a pro-rata basis for any fund deficits incurred.

In the Self Insurance Fund, each fund, participating Component Unit, and participating outside entity is charged for claims incurred during the year and estimated claims at year-end. The total charges for the funds are calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

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

	Self Insurance Healthcare Fund - Medical Claims		Self Insurance Fund - General Liability, and Workers' Compensation	
	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2008
Unpaid Claims - Beginning Balance	\$ 1,729,348	\$ -	\$ 5,127,889	\$ 6,741,760
Incurred Claims (Including IBNR's)	20,402,392	8,493,220	4,160,130	237,357
Claim Payments	(20,544,298)	(6,763,872)	(3,842,793)	(1,851,228)
Unpaid Claims - Ending Balance	<u>\$ 1,587,442</u>	<u>\$ 1,729,348</u>	<u>\$ 5,445,226</u>	<u>\$ 5,127,889</u>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**C. Risk Financing (Continued)**

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

**D. Other Post Employment Benefits**

***Plan Description***

As authorized by County Resolution, the County provides post-retirement health care benefits for County and non-certified school retirees and their dependents. The retiree is responsible for paying 100 percent of the related premium. The retirees who have chosen to participate in the County's medical insurance plan have not been evaluated on a separate experience rating from those of existing County and Board employees. Therefore, participating retirees contribute the same premium as existing employees, plus the amount the employer contributes for existing employees. Under this arrangement the retiree contributions are expected to be less than their expected health care cost, and a portion of the premiums the County pays on behalf of its active employees is deemed to subsidize the retirees' costs. This implicit subsidy is another Post-employment Benefit (OPEB) as defined by GASB Statement No. 45. The County's medical insurance plan does not issue a separate financial report.

***Funding Policies***

The contribution requirements of the County healthcare plan members and the County are established in the annual budget approved by County Commission. The required contribution is based on the annual premiums for the healthcare plan. The participant pays a portion of the premium cost and the County pays the remaining premiums. For health insurance, the retiree contributes 100% of all premium payments. For the fiscal year ended June 30, 2009, the retirees contributed \$257,714 to the plan.

***Annual OPEB Cost and Net OPEB Obligation***

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**D. Other Post Employment Benefits (Continued)**

The plan contains both active employees and retirees. Although the County's annual contribution is 53.9% of premium payments for the combined participants, the share of claims related to retirees represents a higher percentage of the total claims. Accordingly, contributions reflected in the OPEB calculations have been adjusted to reflect that a portion of contributions for active employees are subsidizing the retiree claims.

As the OPEB consists solely of the implicit subsidy of retiree healthcare contributions, the County has elected to have actuarial valuations performed biennially. As the ARC, net OPEB obligation and annual OPEB cost are not significant, adjustments to these amounts between valuation dates are not calculated.

The following table shows the components of the County's annual OPEB cost, the amounts contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution	\$	281,467
Interest on net OPEB Obligation		-
Adjustment to annual required contribution:		-
Annual OPEB Cost		281,467
Contribution made		(151,723)
Increase (decrease) in net OPEB obligation		129,744
Net OPEB obligation July 1, 2007		-
Net OPEB obligation June 30, 2008	\$	129,744

Annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	\$ 281,467	53.90%	\$ 129,744

***Funded Status and Funding Progress***

As of July 1, 2007, the most recent actuarial valuation date, the County healthcare plan was 0% funded. The actuarial accrued liability for benefits was \$2,644,971, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,644,971.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**D. Other Post Employment Benefits (Continued)**

*Actuarial Valuations*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the County Plan members are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following these notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 valuation, the projected unit credit cost method was used. The actuarial assumptions included a funded interest rate of 4.5% and a participation rate of 12%. Annual health care costs are assumed to increase 10% in the first year of valuation. Future annual increases are assumed to grade uniformly to 5% by the year 2012. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2008 was 30 years.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**E. Commitments and Contingencies**

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

The County receives significant financial assistance from the Federal and State governments in the form of grants and entitlements. These programs are subject to various terms and conditions, compliance with which is the responsibility of the County. These programs are subject to financial and compliance audits by the grantor agencies. Any costs disallowed as a result of such audits could become a liability of the County. As of June 30, 2009, the amount of any liabilities that could result from such audits cannot be determined. However, the County believes that any such amounts would not have a material adverse effect on the County's financial position.

The County and the Board have several outstanding construction projects as of June 30, 2009. The County also has a five-year Capital Improvement Plan which addresses major capital needs for the County and the Board. Although the Capital Improvement Plan does not represent legal appropriations or contractual commitments, it does represent priorities as determined by the County and the Board.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

The following represents capital projects funds spent to date, current contractual obligations, and future plans as presented in the Capital Improvement Plan for the five fiscal years beginning July 1, 2010 and ending June 30, 2014:

	Spent to Date	Contractual Commitment Remaining at June 30, 2009	Capital Improvement Plan July 1, 2010 - June 30, 2014
<u>Primary Government:</u>			
Dutchtown Road Functional Planning	\$ 8,737,368	\$ 223,494	\$ 2,000,000
East Tennessee Historical Society	3,750,679	-	10,000
Ballcamp Road Improvements	15,917,740	171,451	2,000,000
Convenience Centers & Yard Waste	3,733,723	49,540	70,000
Stormwater Management Plan	5,789,362	54,837	1,000,000
Senior Centers	4,059,983	-	70,000
Other Projects	163,263,676	2,561,985	19,569,148
<b>Total - Primary Government</b>	<b>\$ 205,252,531</b>	<b>\$ 3,061,307</b>	<b>\$ 24,719,148</b>
<u>Component Unit - the Board:</u>			
Powell Middle	\$ 1,121,610	\$ 6,934	\$ -
Holston Middle	11,860,746	61,359	-
Cedar Bluff - K-3	19,756,645	51,516	-
Gibbs Elementary	15,348,708	24,949	-
Other Projects	107,882,625	5,003,684	15,000,000
<b>Total - the Board</b>	<b>\$ 155,970,334</b>	<b>\$ 5,148,442</b>	<b>\$ 15,000,000</b>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

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

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

**F. Deferred Compensation**

The County and the Board jointly offer their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The District also offers its employees a separate deferred compensation plan. The plans, available to all full-time County, Board and District employees at their option, permit participants to defer a portion of their salary, at least \$20 per month, until future years. The deferred compensation is not available to participants until termination, retirement, death or an unforeseeable emergency. (See also Employee Retirement Plans).

**G. Constitutional Officers**

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

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

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

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

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

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

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**G. Constitutional Officers (Continued)**

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

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

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

Included in the Supplementary Schedules of the County's Comprehensive Annual Financial Report are schedules (reported on the cash basis of accounting) of detailed operations of the respective offices for the fiscal year ended June 30, 2009. These schedules only include the cash operations of the offices. They do not include the expenditures reported in the County's General Fund.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**G. Constitutional Officers (Continued)**

The following schedule presents the activity reported in the Constitutional Officers' Special Revenue Fund and expenditures reported in the County's General Fund.

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds
<b>Constitutional Officers Special Revenue Fund:</b>						
Revenues	\$ 7,327,387	\$ 4,774,859	\$ 1,355,995	\$ 3,925,919	\$ 1,201,523	\$ 2,369,262
Expenditures	(3,294,420)	(4,444,789)	(1,623,896)	(3,714,342)	(1,112,755)	(1,799,992)
Excess of Revenues Over Expenditures	4,032,967	330,070	(267,901)	211,577	88,768	569,270
Fees Remitted to County General Fund	(4,379,093)	(1,024,400)	(33,000)	(55,200)	(132,690)	(914,530)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Fees Remitted	\$ (346,126)	\$ (694,330)	\$ (300,901)	\$ 156,377	\$ (43,922)	\$ (345,260)
Fees Remitted to County General Fund	\$ 4,379,093	\$ 1,024,400	\$ 33,000	\$ 55,200	\$ 132,690	\$ 914,530
Expenditures:						
Contracted Services	(147,448)	(527,692)	(96,800)	(200,144)	(101,389)	(119,755)
Supplies and Materials	(29,815)	(160,010)	(26,110)	(133,422)	(18,312)	(30,946)
Capital Outlay	-	(29,831)	-	-	-	-
Other Charges	(119,399)	(187,532)	(89,850)	(341,757)	(195,912)	(133,494)
Total General Fund Expenditures	(296,662)	(905,065)	(212,760)	(675,323)	(315,613)	(284,195)
Excess (Deficiency) of Fees Remitted Over (Under) General Fund Expenditures	\$ 4,082,431	\$ 119,335	\$ (179,760)	\$ (620,123)	\$ (182,923)	\$ 630,335

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

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

**H. Accounting Pronouncements**

The County adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remedial Obligations*, required for fiscal periods beginning after December 15, 2007, in fiscal 2009. This Statement sets uniform standards requiring more timely and complete reporting of pollution remedial obligations. The adoption of this Statement did not have a material effect on the County's financial condition and results of operations.

The County plans to adopt GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, required for fiscal periods beginning after June 15, 2009, in fiscal 2010. This Statement establishes accounting and financial reporting requirements for intangible assets.

The County adopted GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, required for fiscal periods beginning after June 15, 2008, in fiscal 2009. This Statement requires endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

The County plans to adopt GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, required for fiscal periods beginning after June 15, 2009, in fiscal 2010. This Statement requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting.

The County plans to adopt GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions*, required for fiscal periods beginning after June 15, 2010, in fiscal 2011. This Statement revises fund balance categories and classifications, and clarifies governmental fund type definitions.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS**

**A. General Information**

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

The State of Tennessee provides benefits for participants in the TCRS, a cost-sharing multiple-employer Public Employee Retirement System (PERS). In a multiple-employer PERS, all risks and costs are shared proportionately among the participating employers. A single actuarial valuation is computed for the TCRS as a whole and all participating employer groups make payments to the TCRS based on a pre-determined contribution rate. However, as the TCRS prepares a separate financial report on its multiple-employer defined benefit plan, the operations and activities of this plan are not included in the County's reporting entity and are not included in the accompanying financial statements.

The three defined contribution plans and the three single employer defined benefit plans are part of the County's financial reporting entity and are included in the accompanying financial statements. The operations of the Knox County Employee Benefit System (County DB Plan), the County's Defined Contribution Plan (County DC Plan) and the County's Medical Retirement Defined Contribution Plan (Medical Retirement DC Plan) are recorded as County pension trust funds. The operations of the Board's Certificated Teacher's Defined Benefit Plan (Teacher's DB Plan) are recorded in the Board's pension trust fund. Separate financial reports for the three defined contribution plans and the three single employee defined benefit plans are not separately prepared.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**B. Defined Contribution Plans**

The *County DC Plan* is a defined contribution plan (an asset accumulation plan) established by Knox County under Section 401(a)(9) of the Internal Revenue Code. The plan covers substantially all full time employees of the County. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Participation begins on the first day of employment and all eligible employees not participating in another County, Board or state retirement plan are required to participate.

Prior to July 1, 1999, plan members were required to contribute a minimum of four percent and could contribute up to a maximum of fifteen percent of compensation. The County and the Board matched member contributions up to 6% of compensation.

Effective, July 1, 1999, the Knox County Retirement Board amended plan provisions to require all participants to contribute a minimum of 6% of compensation.

At June 30, 2009, there were 4,377 plan members. During the year, the employer and member contributions (prior to forfeitures) amounted to \$7,779,719 and \$7,779,776 respectively.

Effective July 1, 2007, the Asset Accumulation Program incorporated both a 401(a) Plan and a 457(b) Plan in the Defined Contribution Plan for Knox County participants and non-certified Board participants. The Knox County Voluntary 457 Plan incorporates voluntary pre-tax contributions by the participant with an employer match based on length of service with the County and/or Board. The employer will match:

Years of Service	Maximum % Match
0 - 5	0%
5 - 9	2%
10 - 14	4%
15 or more	6%

In January 2008, the Pension Board added two additional outside 457 Vendors as investment alternatives. Knoxville Teachers Credit Union (Board employees only) and Security Benefit were added January 1, 2008 and contributions made by participants in the Asset Plan would also be eligible for the match offered by the employer. In September 2008, Nationwide, a third 457 Vendor was added to the Program. Each vendor prepares separate financial reports for the three outside 457 plans.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**B. Defined Contribution Plans (Continued)**

Effective July 1, 2008 the option of contributing to a 457(b) Plan was expanded to those active participants in the closed Defined Benefit (DB) Plan. The employer match for the closed DB Plan participants is a maximum of 3% of pay. Closed DB participants are eligible for the same 457 Plans/Vendors that are offered under the Asset Accumulation Plan.

As of June 30, 2009, there were 1021 Plan members. During the year, member contributions (prior to forfeitures) amounted to \$2,277,891 and the employer contributed \$1,468,237.

The *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. Plan provisions and contribution requirements are established and may be amended by the Knox County Retirement Board.

Prior to July 1, 1999:

- (1) A participant reaching age 40 and completing at least five years of credited service received a one-time lump sum distribution of \$100 for each year of eligible service from the Knox County Retirement & Pension Board, and
- (2) A participant reaching age 40 and completing at least five years of credited service could make contributions to the plan in which the Pension Board would contribute a matching contribution of 50 percent up to a maximum of \$104 per year.

Effective July 1, 1999:

- (1) A participant reaching age 40 and completing at least five years of credited service received a one-time lump sum distribution of \$100 for each year of eligible service from the Knox County Retirement & Pension Board, and
- (2) A participant making contributions through payroll deductions to the Medical Retirement Plan would be eligible for a percent match contribution from the Knox County Retirement & Pension Board based on the percent approved by the Board for the year in question.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**B. Defined Contribution Plans (Continued)**

(3) Retirees are eligible for an additional distribution of a specific amount approved by the Board annually to help defer the retiree’s medical costs. The history of this distribution is as follows:

Calendar Year 1999	\$600
Calendar Year 2000	\$600
Calendar Year 2001	\$840
Calendar Year 2002	\$420
Calendar Year 2003	\$120
Calendar Year 2004	\$0
Calendar Year 2005	\$120
Calendar Year 2006	\$120
Calendar Year 2007	\$120
Calendar Year 2008	\$120
Calendar Year 2009	\$120

The contributions are funded using excess funds as actuarially determined from the *County DB Plan* and are recorded as a transfer from the *County DB Plan* to the *Medical Retirement DC Plan* through calendar year 2009. MERP funding for calendar years 2010 – 2014 will be funded through additional contributions to the DB Plan from Knox County. This bonus will be paid to all retirees as of January 1 of each year and payment will occur during the first quarter of the same year.

Effective January 1, 2010, the Knox County Commission approved the funding for the retiree bonus in the amount of \$120 annually for each of the next five years. Active employees contributing to the Medical Expense Retirement Plan will receive a 25% match for the Retirement & Pension Board up to a maximum annual match of \$104. The Knox County Commission also committed to funding this for five years.

At June 30, 2009, the Medical Retirement Plan had 2,381 members and 884 of them contributed funds to the plan. During the year employer and member contributions amounted to \$70,759 and \$291,526, respectively.

Plan provisions and contribution requirements for the defined contribution plans are established and may be amended by the Knox County Retirement Board. The Knox County Retirement Board administers the plans. Administrative costs of the plans are paid with plan assets.

KNOX COUNTY, TENNESSEE  
Notes to Financial Statements  
June 30, 2009

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**C. Defined Benefit Plans**

*Plan Descriptions*

*Primary Government.* The *County DB Plan* is a single-employer public employee retirement pension plan established by the County Commission pursuant to House Bill Number 886 of Chapter 246 of the 1967 Private Acts of the State of Tennessee as amended and continued by the County's charter.

On October 1, 1991 through January 31, 1992, approximately one-half of the participants in the *County DB Plan* transferred from the *County DB Plan* to the *County DC Plan*. The transferred participants plus "new" enrollees in the defined contribution plan are non-contributing participants and continue to be covered under the *County Plan* disability and death benefit provisions. Effective September 30, 1991, the *County DB Plan* was closed to new participants.

The *County DB Plan* covered virtually all full-time County employees prior to October 1, 1991. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

*The Board.* The *Teachers' DB Plan*, established under Article IX of the Knox County Employee Benefit System, is a single-employer public employee retirement pension plan. Retirement benefits are provided to certain "covered certificated members" who are participants in Divisions A and B of the City of Knoxville Pension Plan. Pursuant to the abolition of the Knoxville City Schools on June 30, 1987, and the execution of the "Certificated Employees Participation Agreement" in November, 1994, both the City of Knoxville and the Board are each jointly and severally responsible for providing a portion of benefits. The County has established a trust for the purpose of funding its portion of total benefits attributable to the "covered certificated members." A "covered certificated member," is defined as that certificated teacher who (1) became an employee of the Knox County Board of Education as a result of the abolition of the Knoxville City Schools and (2) is entitled to maintain at his/her option a local pension plan membership as provided by decree of the Court of Appeals of Tennessee, Docket Number 736 dated December 30, 1987.

The *Teachers DB Plan* consists of Divisions A and B. There were no remaining Division B participants active as of June 30, 1995. Both Divisions A and B are closed to new Plan members. The Plan provides retirement, and disability benefits to the Plan members and their beneficiaries.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**C. Defined Benefit Plans (Continued)**

The *Uniformed Officers Pension Plan (UOPP)* was approved by the voters of Knox County at the November 2006 elections. The Plan was established July 1, 2007 with approximately 600 sworn Sheriff's Office employees electing to transfer their retirement balance from the Asset Accumulation Plan or the closed Defined Benefit Plan to the UOPP. The amount transferred from the participant's accounts totaled \$39,429,351. In addition, Knox County issued \$57 million of pension obligation bonds, and transferred the proceeds (net of issuance costs) totaling \$56,510,846 to the Plan.

All new employees hired on or after June 1, 2007, who are sworn officers of the Sheriff's Department, are required to join the UOPP. Each participant contributes 6% of pay until the participant has reached 30 years of credited service with the UOPP. All remaining funding needed for the Plan is the responsibility of Knox County.

In the *County DB Plan*, the *Teachers' DB Plan*, and the *Uniformed Officers Pension Plan (UOPP)* provisions and contribution requirements are established and may be amended by the Knox County Retirement Board. The Knox County Retirement Board administers the Plans. Administrative costs of the plans are financed through assets of the *County DB Plan*, the *Teachers' DB Plan*, and the *UOPP Plan*. Financial reports for the *County DB Plan* and the *Teachers' DB Plan* are not separately prepared. Financial reports for the *UOPP Plan* are not separately prepared.

Participant data at January 1, 2009 was as follows:

Description	County DB Plan	Uniformed Officers' DB Plan	Teachers' DB Plan
Actives Contributing	205	672	53
Actives Not Contributing, DC Plan	4,445	-	-
Retirees, Beneficiaries, and Disableds	185	32	418
Retirees, DC Plan	1,465	-	-
Inactives with Contribution Accounts	266	4	19
Inactives, DC Plan	318	-	-
<b>Total Participants</b>	<b>6,884</b>	<b>708</b>	<b>490</b>

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**C. Defined Benefit Plans (Continued)**

The Knox County Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34 - 37 of the Tennessee Code Annotated (TCA). The Tennessee General Assembly amends state statutes. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

Some employees of Knox County Mayor and Officials are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with ten years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after ten years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34 - 37 of the Tennessee Code Annotated (TCA). The Tennessee General Assembly amends state statutes. Political Subdivisions such as Knox County Mayor and Officials participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**C. Defined Benefit Plans (Continued)**

The TCRS issues publicly available financial reports that include financial statements and required supplementary information for the SETHEPP and PSPP. These reports may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

**Funding Policy**

In the *County DB Plan*, plan members are required to make contributions at the rate of 5.0% of earnable compensation. The County, however, is required to make contributions only to the extent necessary to maintain the funded status of the plan as actuarially determined. The employer contribution rate for the year ending June 30, 2009 was 35.4%.

In the *Teachers' DB Plan*, most plan members are required to contribute 3.0% of the first \$4,800 then 5.0% thereafter of salary to the plan. The employer contribution rate for the Board is established at an actuarially determined rate and was 91.33% of annual covered payroll for the year ending June 30, 2009.

In the *Uniform Officers Pension Plan*, participants contribute 6% of earnable compensation until they have 30 years of credited service with the UOPP Plan. The participant makes no contribution if he or she has 30 plus years of service. The County is required to make contributions to the extent necessary to achieve the funding status of the plan as actuarially determined. The employer contribution rate was 16.61% of annual covered payroll for the year ending June 30, 2009.

Under the *TCRS plan*, most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Knox County Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2009 was 6.42% of annual covered payroll.

The employer contribution requirement for Knox County Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2009, 2008 and 2007 were, \$13,901,667, \$12,751,467, \$12,335,021, respectively, equal to the required contributions for each year.

The TCRS plan for Knox County Mayor and Officials requires employees to contribute 5.0% of earnable compensation.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**C. Defined Benefit Plans (Continued)**

Knox County Mayor and Officials are required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 12.47% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Knox County Mayor And Officials is established and may be amended by the TCRS Board of Trustees. The annual required contributions for the current year were determined as part of actuarial valuations using the following significant assumptions:

	Primary Government		Component Unit - The Board	
	County DB Plan	Uniformed Officers DB Plan	TCRS	Teachers' DB Plan
Actuarial Valuation Date	January 1, 2009	January 1, 2009	July 1, 2007	January 1, 2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Frozen Entry Age	Entry Age Normal
Actuarial Valuation of Assets	Smoothed Market Value Over 5 Years			
Inflation Rate	3.00%	3.00%	3.50%	2.75%
Investment Return	7.50%	7.50%	7.50%	7.50%
Projected Salary Increases	3.50%	3.50%	4.75%	3.00%
Post Retirement Increases (Cost of Living Adjustments)	3.00%	3.00%	3.00%	2.75%

Under the Entry Age Normal cost method, the annual cost is equal to the normal cost, plus amortization of unfunded accrued liabilities over a fixed period of years selected within the minimum (10 years) and the Maximum (5 to 30 years) periods permitted by law.

In the TCRS, the unfunded actuarial liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 14 years.

KNOX COUNTY, TENNESSEE  
**Notes to Financial Statements**  
*June 30, 2009*

**NOTE V: EMPLOYEE RETIREMENT PLANS (Continued)**

**C. Defined Benefit Plans (Continued)**

The changes in the Net Pension Obligation (Asset), components of the Annual Required Contribution, and adjustments to the Annual Required Contribution are as follows:

Description	Primary Government County DB Plan			Primary Government Uniformed Officers Pension Plan		Component Unit - The Board Teachers' DB Plan		
	2009	2008	2007	2009	2008	2009	2008	2007
<b>NPO: Net Pension</b>								
Obligation (Asset), Beginning of Year*	\$ (3,879,482)	\$ (3,811,698)	\$ (3,844,188)	\$ -	\$ -	\$ 3,299,910	\$ 3,328,038	\$ 3,356,406
<b>Annual Pension Cost:</b>								
Annual Required Contribution (ARC)	98,387	-	-	2,525,395	-	198,608	135,786	771,772
Interest on NPO (Asset)	(290,961)	(285,877)	(288,314)	-	-	247,493	249,603	251,731
Adjustments to ARC**	323,750	318,093	320,804	-	-	(275,383)	(277,731)	(280,099)
<b>Total Annual Pension Cost</b>	<b>131,176</b>	<b>32,216</b>	<b>32,490</b>	<b>2,525,395</b>	<b>-</b>	<b>170,718</b>	<b>107,658</b>	<b>743,404</b>
Contributions Made	-	100,000	-	2,570,282	-	250,000	135,786	771,772
Increase (Decrease) in NPO (Asset)	131,176	(67,784)	32,490	(44,887)	-	(79,282)	(28,128)	(28,368)
NPO (Asset), End of Year	\$ (3,748,306)	\$ (3,879,482)	\$ (3,811,698)	\$ (44,887)	\$ -	\$ 3,220,628	\$ 3,299,910	\$ 3,328,038
Amortization Period (in years)	25	25	25	25	25	25	25	25
Interest Rate (per annum)	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

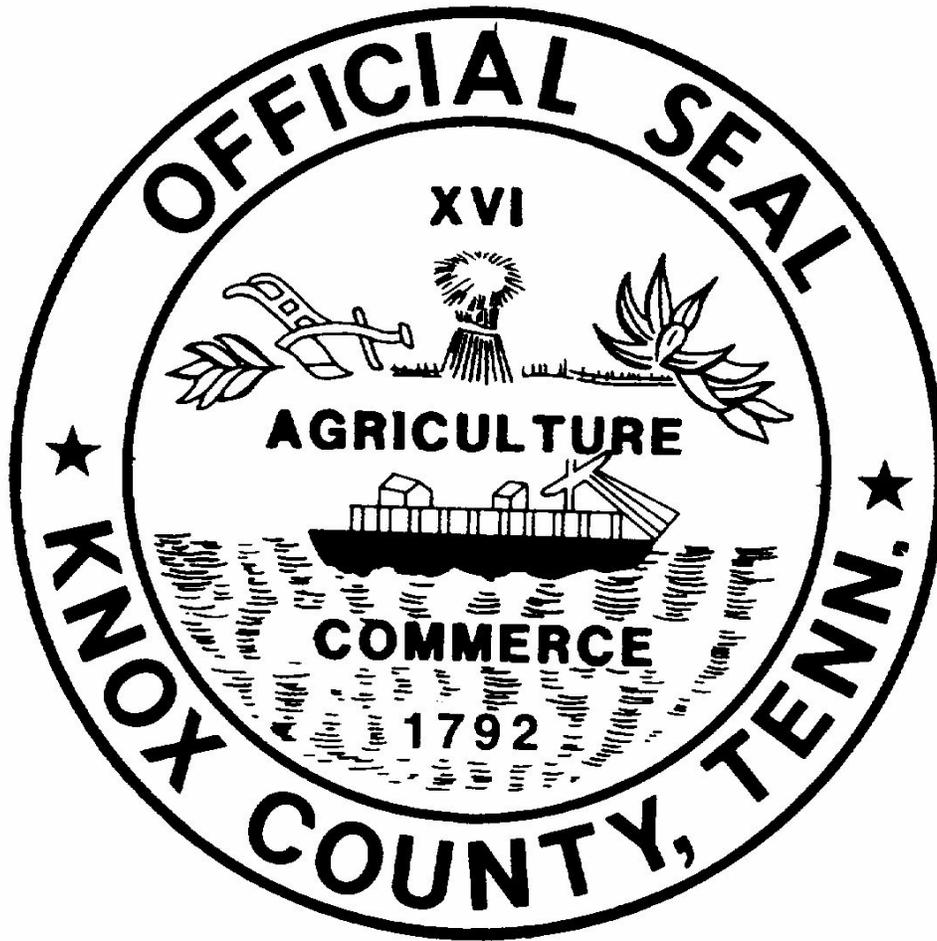
\* A positive balance reflects a liability while a negative amount is an asset.

\*\*The adjustment to the Annual Required Contribution is a level dollar amortization of the Net Pension Obligation (Asset) at the beginning of the period

**Trend Information (TCRS)**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 49,523	100.00%	\$ -
June 30, 2008	\$ -	100.00%	\$ -
June 30, 2007	\$ -	100.00%	\$ -

# Required Supplemental Information Section



**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2009*

**Schedules of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - EAN (prior to 1/1/09 Aggregate) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
<b>County DB Plan:</b>						
1/1/1997	\$ 80,067,931	\$ 80,067,931	\$ -	100.00%	\$ 18,757,024	0.00%
1/1/1998	89,622,330	89,622,330	-	100.00%	16,839,606	0.00%
1/1/1999	89,289,817	89,289,817	-	100.00%	11,894,535	0.00%
1/1/2000	90,400,104	90,400,104	-	100.00%	10,582,373	0.00%
1/1/2001	90,876,819	90,876,819	-	100.00%	10,292,951	0.00%
1/1/2002	90,458,876	90,458,876	-	100.00%	9,245,646	0.00%
1/1/2003	84,553,434	84,553,434	-	100.00%	8,081,941	0.00%
1/1/2004	81,996,895	81,996,895	-	100.00%	7,552,549	0.00%
1/1/2005	79,398,895	79,398,895	-	100.00%	6,799,378	0.00%
1/1/2006	78,756,498	78,756,498	-	100.00%	6,141,456	0.00%
1/1/2007	82,094,299	82,094,299	-	100.00%	5,510,340	0.00%
1/1/2008	79,179,398	79,179,398	-	100.00%	5,112,493	0.00%
1/1/2009	56,512,743	75,435,555	18,922,812	74.92%	5,310,881	356.30%

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - EAN (prior to 1/1/05 Aggregate) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
<b>Teachers' DB Plan:</b>						
1/1/1997	\$ 31,532,498	\$ 31,532,498	\$ -	100.00%	\$ 16,518,534	0.00%
1/1/1998	55,425,760	55,425,760	-	100.00%	16,280,062	0.00%
1/1/1999	62,622,721	62,622,721	-	100.00%	15,714,131	0.00%
1/1/2000	70,243,735	70,243,735	-	100.00%	14,392,249	0.00%
1/1/2001	69,634,862	69,634,862	-	100.00%	14,009,264	0.00%
1/1/2002	72,917,044	72,917,044	-	100.00%	13,254,219	0.00%
1/1/2003	71,458,839	71,458,839	-	100.00%	12,286,006	0.00%
1/1/2004	73,472,465	73,472,465	-	100.00%	11,014,729	0.00%
1/1/2005	74,889,828	82,120,286	7,230,458	91.20%	7,595,733	95.19%
1/1/2006	75,174,360	83,066,476	7,892,116	90.50%	6,274,664	125.78%
1/1/2007	84,154,462	84,362,290	207,828	99.75%	5,236,764	3.97%
1/1/2008	83,327,598	84,657,462	1,329,864	98.43%	4,102,017	32.42%
1/1/2009	61,496,011	83,991,358	22,495,347	73.22%	2,018,191	1114.63%

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2009*

**Schedules of Funding Progress (Continued)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
<b>Uniformed Officers Pension Plan:</b>						
1/1/2008	\$ 97,974,663	\$ 104,812,621	\$ 6,837,958	93.48%	\$ 24,238,059	28.21%
1/1/2009	85,035,207	115,217,224	30,182,017	73.80%	25,671,228	117.57%

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
<b>Knox Co Executive and Officials</b>						
<b>TCRS (Amounts Expressed in Thousands):</b>						
6/30/1991	\$ 296	\$ 296	\$ -	100.00%	\$ 141	0.00%
6/30/1993	371	371	-	100.00%	157	0.00%
6/30/1995	441	441	-	100.00%	74	0.00%
6/30/1997	600	600	-	100.00%	77	0.00%
6/30/1999	704	704	-	100.00%	81	0.00%
6/30/2001	792	792	-	100.00%	81	0.00%
7/1/2003	842	842	-	100.00%	83	0.00%
7/1/2005	901	901	-	100.00%	86	0.00%
7/1/2007	828	935	107	88.56%	130	82.31%

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
<b>Other Post-employment Benefits - Healthcare Plan:</b>						
7/1/2007	\$ -	\$ 2,644,971	\$ 2,644,971	0%	N/A	N/A

**KNOX COUNTY, TENNESSEE**  
**Required Supplementary Information**  
*June 30, 2009*

**Schedules of Employer Contributions**  
**(Last Ten Fiscal Years)**

Year Ended June 30,	County DB Plan			Uniformed Officers' DB Plan			Teachers' DB Plan		
	Annual Required Contribution	Actual Contribution	Percentage Contributed	Annual Required Contribution	Actual Contribution	Percentage Contributed	Annual Required Contribution	Actual Contribution	Percentage Contributed
1999	-	-	N/A	-	-	N/A	773,683	778,642	100.64%
2000	-	-	N/A	-	-	N/A	357,275	343,534	96.15%
2001	-	-	N/A	-	-	N/A	-	400,000	N/A
2002	-	-	N/A	-	-	N/A	344,411	600,000	174.21%
2003	-	-	N/A	-	-	N/A	412,445	600,000	145.47%
2004	-	-	N/A	-	-	N/A	784,838	784,838	100.00%
2005	-	-	N/A	-	-	N/A	881,447	881,447	100.00%
2006	-	-	N/A	-	-	N/A	739,370	739,370	100.00%
2007	-	-	N/A	-	-	N/A	771,772	771,772	100.00%
2008	-	100,000	100.00%	-	1,823,530	7.50%	135,786	135,786	100.00%
2009	98,387	-	N/A	2,525,395	2,825,187	111.87%	198,608	250,000	125.88%

**KNOX COUNTY, TENNESSEE**

**Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (GAAP Basis) - General Fund  
For the year ended June 30, 2009**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Local Taxes	\$ 125,347,111	\$ 125,388,061	\$ 127,386,538	\$ 1,998,477
Licenses and Permits	4,123,500	4,123,500	3,415,502	(707,998)
Fines, Forfeitures and Penalties	3,848,460	3,910,408	3,539,515	(370,893)
Charges for Current Services	4,164,603	4,166,903	4,260,607	93,704
Other Local Revenues	6,821,591	6,983,092	3,579,435	(3,403,657)
State of Tennessee	6,906,644	7,144,588	8,735,977	1,591,389
Federal Government	1,075,000	1,075,000	1,242,258	167,258
Other Governments and Citizen Groups	732,845	772,610	954,299	181,689
Payments from Component Units	282,619	282,619	282,619	-
<b>Total Revenues</b>	<u>153,302,373</u>	<u>153,846,781</u>	<u>153,396,750</u>	<u>(450,031)</u>
<b>Expenditures</b>				
Current:				
Finance and Administration	24,586,528	25,268,003	24,268,429	999,574
Finance and Administration - Payments to Component Unit	4,018,649	4,018,649	4,018,649	-
Administration of Justice	13,778,929	13,585,928	13,104,960	480,968
Public Safety	65,901,089	66,824,385	66,582,039	242,346
Public Safety - Payments to Component Unit	326,200	326,200	326,200	-
Public Health and Welfare	27,781,948	27,725,525	26,195,094	1,530,431
Public Health and Welfare - Payments to Component Unit	200,000	200,000	166,628	33,372
Social and Cultural Services	4,774,030	4,582,328	4,449,464	132,864
Agricultural and Natural Resources	473,558	473,442	433,295	40,147
Other General Government	8,489,274	10,992,219	8,824,136	2,168,083
Decrease in Equity Interest in Joint Venture	-	-	20,682	(20,682)
<b>Total Expenditures</b>	<u>150,330,205</u>	<u>153,996,679</u>	<u>148,389,576</u>	<u>5,607,103</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>2,972,168</u>	<u>(149,898)</u>	<u>5,007,174</u>	<u>5,157,072</u>
<b>Other Financing Sources (Uses)</b>				
Note Proceeds	3,538,969	3,538,969	3,538,969	-
Transfers from Other Funds	9,937,155	9,937,155	6,788,913	(3,148,242)
Transfers to Other Funds	(16,948,292)	(21,582,725)	(21,430,407)	152,318
<b>Total Other Financing Uses</b>	<u>(3,472,168)</u>	<u>(8,106,601)</u>	<u>(11,102,525)</u>	<u>(2,995,924)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (500,000)</u>	<u>\$ (8,256,499)</u>	<u>(6,095,351)</u>	<u>\$ 2,161,148</u>
Fund Balances, July 1			<u>59,373,124</u>	
Fund Balances, June 30			<u>\$ 53,277,773</u>	

See accompanying notes to Required Supplementary Information.

KNOX COUNTY, TENNESSEE  
**Note to Required Supplementary Information**  
*June 30, 2009*

**Budgetary Reporting**

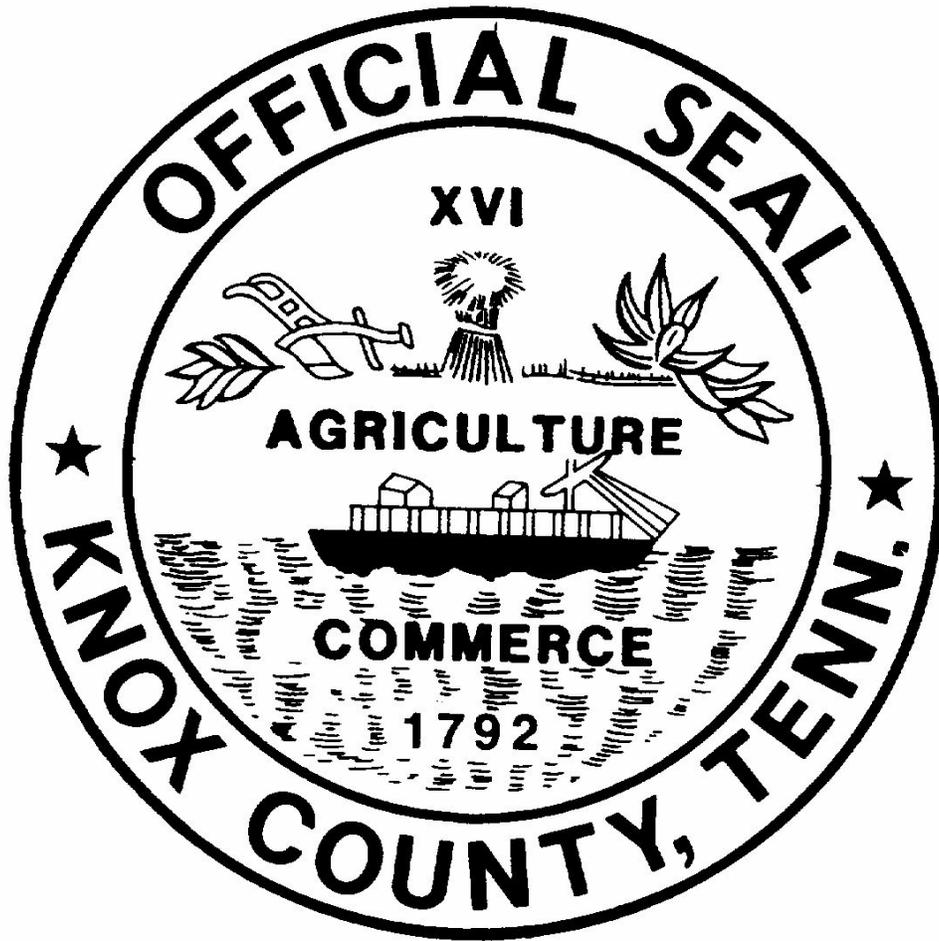
The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (GAAP Basis) – General Fund presents comparisons of the original and final legally adopted budget with actual data.

The General Fund budget is prepared at the department and major category level. The legal level of budgetary control, that is, the level at which management cannot overspend funds without a budget amendment approved by the Finance Committee of the County Commission, is the major category level within departments. The major categories are Personal Services, Employee Benefits, Contracted Services, Supplies and Materials, Other Charges, Debt Service and Capital Outlay. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (GAAP Basis) – General Fund does not present the detail necessary to demonstrate compliance at the legal level of budgetary control. Such detailed schedules are included in the County’s separately issued *Budget Report to Citizenry*. Copies of the report may be obtained from the Knox County Department of Finance or online at: <http://www.knoxcounty.org/finance/budget.php>.

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

The County’s Constitutional Officers Special Revenue Fund is the County’s only major special revenue fund. The fund is used to account for the activities of the fee and commission accounts of the County Trustee, Register of Deeds, County Clerk, Criminal and Fourth Circuit Court Clerk, Circuit and General Sessions Court Clerk, and Clerk and Master. These officers earn various fees and commissions, pay certain expenses of their office operations, and transfer all or portions of the fees and commissions generated to other funds. The transactions related to the activities of these offices are not subject to the budgetary control of the County Commission. As there is no legally adopted budget for this fund, there is no budgetary comparison schedule presented in this report.

# Supplemental Section



## **GENERAL FUND**

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

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**KNOX COUNTY, TENNESSEE**

**General Fund  
Comparative Balance Sheets  
June 30, 2009 and June 30, 2008**

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,782,513	\$ 14,999,744
Receivables (Net of Allowances for Uncollectibles):		
Accounts	9,567,739	11,568,604
Property Taxes	108,321,680	100,614,574
Notes	1,726,000	-
Investments	37,488,780	21,709,530
Due from Other Funds	2,378,291	11,814,789
Due from Component Units	91,051	26,951
Due from Other Governments	54,521	1,637
Inventories	204,510	120,147
Prepaid Items	229,740	893,890
Investment in Joint Venture	5,845,855	5,866,537
Advances to Component Units	3,736,250	3,886,250
Advances to Other Funds	175,000	175,000
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 175,601,930</u>	<u>\$ 171,677,653</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 7,175,593	\$ 7,377,427
Due to Other Funds	1,922,815	1,166,829
Due to Component Units	554,495	-
Deferred Revenue	112,671,254	103,760,273
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>122,324,157</u>	<u>112,304,529</u>
 <b>Fund Balances:</b>		
Reserved	9,080,512	11,024,655
Unreserved:		
Designated	2,852,417	8,505,262
Undesignated	41,344,844	39,843,207
	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>53,277,773</u>	<u>59,373,124</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 175,601,930</u>	<u>\$ 171,677,653</u>

**KNOX COUNTY, TENNESSEE**

**General Fund  
Comparative Statements of Revenues, Expenditures  
And Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

	2009	2008
<b>Revenues</b>		
Local Taxes	\$ 127,386,538	\$ 125,701,324
Licenses and Permits	3,415,502	3,696,245
Fines, Forfeitures and Penalties	3,539,515	3,771,374
Charges for Current Services	4,260,607	4,015,075
Other Local Revenues	3,579,435	8,701,442
State of Tennessee	8,735,977	9,685,607
Federal Government	1,242,258	1,178,304
Other Governments and Citizen Groups	954,299	498,159
Payments from Component Units	282,619	282,491
Increase in Equity Interest in Joint Venture	-	46,412
<b>Total Revenues</b>	<b>153,396,750</b>	<b>157,576,433</b>
<b>Expenditures</b>		
Current:		
General Government:		
Finance and Administration	24,268,429	25,380,728
Finance and Administration - Payments to Component Unit	4,018,649	6,385,000
Administration of Justice	13,104,960	12,914,467
Public Safety	66,582,039	63,492,998
Public Safety - Payments to Component Unit	326,200	326,200
Public Health and Welfare	26,195,094	28,024,633
Public Health and Welfare - Payments to Component Unit	166,628	166,628
Social and Cultural Services	4,449,464	4,686,060
Agricultural and Natural Resources	433,295	461,142
Other General Government	8,824,136	8,251,831
Decrease in Equity Interest in Joint Venture	20,682	-
<b>Total Expenditures</b>	<b>148,389,576</b>	<b>150,089,687</b>
 Excess of Revenues Over Expenditures	 <u>5,007,174</u>	 <u>7,486,746</u>
<b>Other Financing Sources (Uses)</b>		
Note Proceeds	3,538,969	3,263,507
Transfers from Other Funds	6,788,913	7,902,985
Transfers to Other Funds	(21,430,407)	(15,082,089)
<b>Total Other Financing Uses</b>	<b>(11,102,525)</b>	<b>(3,915,597)</b>
<b>Net Change in Fund Balances</b>	<b>(6,095,351)</b>	<b>3,571,149</b>
Fund Balances, July 1	<u>59,373,124</u>	<u>55,801,975</u>
Fund Balances, June 30	<u><u>\$ 53,277,773</u></u>	<u><u>\$ 59,373,124</u></u>

## **SPECIAL REVENUE FUNDS - MAJOR**

**Constitutional Officers Fund:** This fund is used to account for revenues and expenditures associated with the administrative functions of the Constitutional Officers.

**KNOX COUNTY, TENNESSEE**

**Constitutional Officers' Special Revenue Fund**

**Combining Balance Sheets**

June 30, 2009

(With Comparative Totals for June 30, 2008)

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Totals	
							2009	2008
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 860,836	\$ 721,002	\$ 459,287	\$ 1,311,575	\$ 472,488	\$ 641,915	\$ 4,467,103	\$ 6,234,531
Due from Other Funds	-	-	-	64,800	-	-	64,800	-
<b>TOTAL ASSETS</b>	<b>\$ 860,836</b>	<b>\$ 721,002</b>	<b>\$ 459,287</b>	<b>\$ 1,376,375</b>	<b>\$ 472,488</b>	<b>\$ 641,915</b>	<b>\$ 4,531,903</b>	<b>\$ 6,234,531</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Due to Other Funds	\$ 91,099	\$ 224,400	33,000	-	\$ 11,750	\$ 339,972	\$ 700,221	\$ 828,687
<b>TOTAL LIABILITIES</b>	<b>91,099</b>	<b>224,400</b>	<b>33,000</b>	<b>-</b>	<b>11,750</b>	<b>339,972</b>	<b>700,221</b>	<b>828,687</b>
<b>Fund Balances:</b>								
Unreserved, Undesignated	769,737	496,602	426,287	1,376,375	460,738	301,943	3,831,682	5,405,844
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 860,836</b>	<b>\$ 721,002</b>	<b>\$ 459,287</b>	<b>\$ 1,376,375</b>	<b>\$ 472,488</b>	<b>\$ 641,915</b>	<b>\$ 4,531,903</b>	<b>\$ 6,234,531</b>

**KNOX COUNTY, TENNESSEE**

**Constitutional Officers' Special Revenue Fund  
Combining Schedule of Revenues, Expenditures  
And Changes in Fund Balances  
For the year ended June 30, 2009  
(With comparative totals for the year ended June 30, 2008)**

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Totals	
							2009	2008
<b>Revenues</b>								
Charges for Services	\$ 7,325,995	\$ 4,774,859	\$ 1,355,995	\$ 3,925,919	\$ 1,201,523	\$ 2,359,245	\$ 20,943,536	\$ 25,823,438
Interest Income	1,392	-	-	-	-	10,017	11,409	65,832
<b>Total Revenues</b>	<b>7,327,387</b>	<b>4,774,859</b>	<b>1,355,995</b>	<b>3,925,919</b>	<b>1,201,523</b>	<b>2,369,262</b>	<b>20,954,945</b>	<b>25,889,270</b>
<b>Expenditures</b>								
Current:								
General Government:								
Finance and Administration:								
Salaries - County Officials	102,748	132,087	77,424	109,723	101,282	98,969	622,233	456,215
Salaries - Staff	2,096,120	3,198,186	1,165,196	2,817,128	741,863	1,294,386	11,312,879	11,985,976
Travel	69,423	71,818	6,336	32,200	-	9,100	188,877	249,764
Employee Benefits and Payroll Taxes	654,573	1,038,198	371,140	755,291	253,708	396,653	3,469,563	2,979,255
Other	371,556	4,500	3,800	-	15,902	884	396,642	1,477,951
<b>Total Expenditures</b>	<b>3,294,420</b>	<b>4,444,789</b>	<b>1,623,896</b>	<b>3,714,342</b>	<b>1,112,755</b>	<b>1,799,992</b>	<b>15,990,194</b>	<b>17,149,161</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,032,967	330,070	(267,901)	211,577	88,768	569,270	4,964,751	8,740,109
<b>Other Financing Uses</b>								
Transfers to Other Funds	(4,379,093)	(1,024,400)	(33,000)	(55,200)	(132,690)	(914,530)	(6,538,913)	(7,160,313)
<b>Net Change in Fund Balances</b>	<b>(346,126)</b>	<b>(694,330)</b>	<b>(300,901)</b>	<b>156,377</b>	<b>(43,922)</b>	<b>(345,260)</b>	<b>(1,574,162)</b>	<b>1,579,796</b>
Fund Balances, July 1	1,115,863	1,190,932	727,188	1,219,998	504,660	647,203	5,405,844	3,826,048
<b>Fund Balances, June 30</b>	<b>\$ 769,737</b>	<b>\$ 496,602</b>	<b>\$ 426,287</b>	<b>\$ 1,376,375</b>	<b>\$ 460,738</b>	<b>\$ 301,943</b>	<b>\$ 3,831,682</b>	<b>\$ 5,405,844</b>

## **CAPITAL PROJECTS FUNDS - MAJOR**

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

**Public Improvement Fund:** This fund is used to account for the County construction projects in process. These public improvement construction projects include, but are not limited to, the Penal Farm, roads, the Farmers' Market, sewer lines, Hillcrest Nursing Home, recreation facilities, public library facilities, Juvenile Court renovations, City-County Building renovations, John Tarleton Home renovations, Knox Central facilities, and golf course improvements.

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**KNOX COUNTY, TENNESSEE**

**Public Improvement Capital Projects Fund (Major)**  
**Comparative Balance Sheets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 8,363,612	\$ 16,988,188
Accounts Receivable (Net of Allowances for Uncollectibles):	122,273	372,883
Investments	8,090,296	-
Prepaid Items	-	1,000
<b>TOTAL ASSETS</b>	<u><u>\$ 16,576,181</u></u>	<u><u>\$ 17,362,071</u></u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 1,144,377	\$ 4,487,911
Due to Other Funds	2,542	3,323,420
Due to Component Units	-	35,763,902
<b>TOTAL LIABILITIES</b>	<u>1,146,919</u>	<u>43,575,233</u>
<b>Fund Balances (Deficits):</b>		
Reserved	3,061,307	2,202,743
Unreserved:		
Undesignated	<u>12,367,955</u>	<u>(28,415,905)</u>
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<u>15,429,262</u>	<u>(26,213,162)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 16,576,181</u></u>	<u><u>\$ 17,362,071</u></u>

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**KNOX COUNTY, TENNESSEE**

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

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Interest Earned	\$ 17,508	\$ 107,374
Other Local Revenues	186,700	205,000
State of Tennessee	32,477	-
Federal Government	47,537	191,897
Other Governments and Citizen Groups	100,000	460,250
Payments from Component Units	-	262,500
	<hr/>	<hr/>
Total Revenues	384,222	1,227,021
	<hr/>	<hr/>
<b>Expenditures</b>		
Capital Projects	18,026,909	26,166,932
Debt Proceeds Paid to Component Unit	14,000,000	-
Debt Issuance Costs	368,000	489,154
Payments to Component Unit	-	5,000,000
	<hr/>	<hr/>
Total Expenditures	32,394,909	31,656,086
	<hr/>	<hr/>
Deficiency of Revenues Under Expenditures	(32,010,687)	(30,429,065)
	<hr/>	<hr/>
<b>Other Financing Sources (Uses)</b>		
Long-term Bonds Issued	40,000,000	57,000,000
Long-term Note Issued	30,000,000	-
Premium on Long-term Note Issued	332,400	-
Transfers from Other Funds	4,000,000	635,032
Transfers to Other Funds	(679,289)	(56,766,840)
	<hr/>	<hr/>
Total Other Financing Sources	73,653,111	868,192
	<hr/>	<hr/>
Net Change in Fund Balances	41,642,424	(29,560,873)
	<hr/>	<hr/>
Fund Balance (Deficit), July 1	(26,213,162)	3,347,711
	<hr/>	<hr/>
Fund Balance (Deficit), June 30	\$ 15,429,262	\$ (26,213,162)
	<hr/> <hr/>	<hr/> <hr/>

**KNOX COUNTY, TENNESSEE**

**Public Improvement Capital Projects Fund (Major)**

**Schedule of Construction Project Expenditures-**

**Budget And Actual**

For the year ended June 30, 2009

	Project Budget	Expenditures			Available
		Prior Years	Current	Total	
<b>Expenditures</b>					
<i>Capital Projects:</i>					
<i>Road Construction:</i>					
Knob Creek Bridge	\$ 496,685	\$ 224,314	\$ 8,055	\$ 232,369	\$ 264,316
Bridge Replacement	3,511,429	3,188,485	6,288	3,194,773	316,656
Middlebrook Pike	8,720,275	6,988,302	-	6,988,302	1,731,973
Ballcamp Improvements	22,452,722	14,929,826	987,914	15,917,740	6,534,982
Lovell Road	2,830,075	1,942,295	666,963	2,609,258	220,817
Dry Gap Pike	5,829,534	5,138,617	23,824	5,162,441	667,093
Maynardville/Norris/Emory	959,596	205,869	165,901	371,770	587,826
Parkside Drive Extension	15,370,011	9,261,637	(641,293)	8,620,344	6,749,667
Walker Springs Connector	2,652,953	1,742,568	-	1,742,568	910,385
Dutchtown Road Functional Plan	9,178,755	8,423,860	313,508	8,737,368	441,387
Karns Connector	3,071,532	3,071,532	-	3,071,532	-
Gallaher View Road	3,843,882	546,195	548,220	1,094,415	2,749,467
Dyestone Gap Road	989,176	989,176	-	989,176	-
Campbell Station Extension	1,000,000	-	-	-	1,000,000
Tazewell Pike / Emory Road	413,793	3,118	34,168	37,286	376,507
Douchtown Innovation	185,945	12,900	69,133	82,033	103,912
Nubbin Ridge Road	851,632	-	208,114	208,114	643,518
Beaver Ridge	22,202	-	22,202	22,202	-
Outlet Mall Drive/Synder Road Connect	242,300	-	47,583	47,583	194,717
	<u>82,622,497</u>	<u>56,668,694</u>	<u>2,460,580</u>	<u>59,129,274</u>	<u>23,493,223</u>
<i>Total Road Construction</i>					
<i>Building Renovations:</i>					
Juvenile Court/ Detention	14,033,263	13,862,579	91,104	13,953,683	79,580
Sports Complex	4,296,500	4,277,396	-	4,277,396	19,104
County Wide Renovations	2,945,980	2,843,020	100,472	2,943,492	2,488
Knox Central	1,083,360	972,326	28,549	1,000,875	82,485
Fairview Technical Center	415,000	373,914	20,000	393,914	21,086
Hardy Building	108,273	108,273	-	108,273	-
John Tarleton	281,000	163,362	62,489	225,851	55,149
AJ/ Dwight Kessel Garage	1,347,500	659,783	446,630	1,106,413	241,087
City/County Improvement	13,363,250	7,675,770	460,885	8,136,655	5,226,595
Knox County Health Renovations	10,717,710	10,426,485	113,299	10,539,784	177,926
Old Courthouse Renovation	2,231,300	1,068,957	125,832	1,194,789	1,036,511
Detention Facility	1,475,345	985,408	428,834	1,414,242	61,103
DUI Building	357,150	357,150	-	357,150	-
Sheriff Training Facility	92,998	92,998	-	92,998	-
Detention Facility Expansion 2006	14,400,000	13,785,417	207,841	13,993,258	406,742
	<u>67,148,629</u>	<u>57,652,838</u>	<u>2,085,935</u>	<u>59,738,773</u>	<u>7,409,856</u>
<i>Total Building Renovations</i>					

**KNOX COUNTY, TENNESSEE**

**Public Improvement Capital Projects Fund (Major)  
Schedule of Construction Project Expenditures-  
Budget And Actual (Continued)  
For the year ended June 30, 2009**

	Project Budget	Expenditures			Available
		Prior Years	Current	Total	
<i>Building Construction:</i>					
South Sportsplex	500,000	-	-	-	500,000
Burlington Branch Library	3,490,280	3,466,177	11,986	3,478,163	12,117
Lawson McGhee Library	1,883,000	388,940	25,613	414,553	1,468,447
Various Library Branches	486,497	105,411	120,850	226,261	260,236
Corryton Senior Center	3,530	-	3,530	3,530	-
South Knox Senior Center	1,537,057	1,462,134	74,923	1,537,057	-
Carter Senior Center	1,400,000	223,220	970,021	1,193,241	206,759
Veteran's Nursing Home	6,000,000	4,919,268	43,224	4,962,492	1,037,508
Beck Cultural Center	1,755,000	895,881	26,847	922,728	832,272
Halls Senior Center	1,326,155	1,326,155	-	1,326,155	-
Community Kitchen - CAC	2,298,288	2,298,288	-	2,298,288	-
<i>Total Building Construction:</i>	<i>20,679,807</i>	<i>15,085,474</i>	<i>1,276,994</i>	<i>16,362,468</i>	<i>4,317,339</i>
<i>Other:</i>					
Justice System Software	1,773,816	1,773,816	-	1,773,816	-
Recreation Dept. Purchase-Hickey Road	586,673	586,673	-	586,673	-
Seven Island Foot Bridge	1,714,132	210,707	24,550	235,257	1,478,875
Seven Islands	100,000	97,773	1,389	99,162	838
Concord Park	754,178	684,178	65,680	749,858	4,320
Halls Greenway	210,220	151,114	3,041	154,155	56,065
Knox-Blount Greenway-Phase I	250,198	-	-	-	250,198
Knox-Blount Greenway-Phase II	145,198	-	-	-	145,198
Halls Community Park	1,053,202	1,049,595	3,607	1,053,202	-
Hillcrest Park	361,102	360,788	314	361,102	-
Park Facility Improvement	354,562	94,383	34,152	128,535	226,027
Farmers Market	2,162,461	2,156,210	6,251	2,162,461	-
Rifle Range Road Park	3,812,500	2,315,243	1,277,281	3,592,524	219,976
Ten Mile Creek Greenway	289,909	267,886	-	267,886	22,023
Ten Mile Creek Greenway-Extension	216,894	216,894	-	216,894	-
Agricultural Enhancement Grant	10,000	7,386	2,614	10,000	-
East TN Historical Renovations	3,814,121	3,582,556	168,123	3,750,679	63,442
Lighting Upgrade - Libraries	193,353	193,353	-	193,353	-
Technology Upgrade - Libraries	1,250,000	220,219	20,881	241,100	1,008,900
Long Term Economic Development	22,140,000	17,392,365	3,750,000	21,142,365	997,635
Frank Strang Center Renovation	11,753	11,753	-	11,753	-
Downtown Development	286,579	286,579	-	286,579	-
Westbridge Industrial Park	6,745	6,745	-	6,745	-
KC Landmarks	447,345	415,637	23,772	439,409	7,936
Telecom Knox Co. Schools	586,135	547,253	22,335	569,588	16,547
PBA Project Management	2,307,796	1,412,405	576,949	1,989,354	318,442
E-911 Improvements	145,076	145,076	-	145,076	-
Powell Convenience Center	1,156,481	1,072,503	83,978	1,156,481	-
Gibbs Convenience Center	1,278,855	1,278,855	-	1,278,855	-

**KNOX COUNTY, TENNESSEE**

**Public Improvement Capital Projects Fund (Major)  
 Schedule of Construction Project Expenditures-  
 Budget And Actual (Continued)  
 For the year ended June 30, 2009**

Project	Expenditures			Available	
	Project Budget	Prior Years	Current		Total
Solway Yard Waste Facility	1,280,000	1,142,883	99,753	1,242,636	37,364
Stormwater Management	11,655,670	5,364,213	425,149	5,789,362	5,866,308
Beavercreek Watershed	22,936	22,936	-	22,936	-
Dutchtown Convenience Center	571,891	-	55,751	55,751	516,140
East Beaver Acquisition	1,654,639	1,654,639	-	1,654,639	-
Geometric Improvements	1,886,330	775,915	336,317	1,112,232	774,098
Gulf Park Drive Sidewalk	342,643	203,468	22,700	226,168	116,475
Knoxville Zoo Capital	1,200,000	750,000	-	750,000	450,000
Farragut High School Science Lab	246,073	181,246	64,827	246,073	-
School Facilities Assessment Planning	258,557	224,974	33,583	258,557	-
Powell Middle School	16,000,000	9,696,476	5,068,661	14,765,137	1,234,863
Trustee's Tax Payment Processor	120,205	120,205	-	120,205	-
Three Ridges Golf Course	1,175,458	1,143,716	31,742	1,175,458	-
Closed Projects	1,492,901	-	-	-	1,492,901
<i>Total Other</i>	<u>85,326,587</u>	<u>57,818,616</u>	<u>12,203,400</u>	<u>70,022,016</u>	<u>15,304,571</u>
<i>Total Capital Projects</i>	<u>\$ 255,777,520</u>	<u>\$ 187,225,622</u>	<u>\$ 18,026,909</u>	<u>\$ 205,252,531</u>	<u>\$ 50,524,989</u>

## **DEBT SERVICE FUND - MAJOR**

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

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## KNOX COUNTY, TENNESSEE

### Debt Service Fund (Major) Comparative Balance Sheets June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,032,843	\$ 26,831,141
Receivables (Net of Allowance for Uncollectibles):		
Accounts	-	20,662
Property Taxes	34,481,037	32,527,265
Notes	8,995,000	10,890,000
Investments	16,422,682	-
Advance to Other Governments	6,000,000	2,500,000
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 66,931,562</u>	<u>\$ 72,769,068</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 26,419	\$ 15,084
Due to Other Funds	-	2,649,671
Deferred Revenue	39,922,869	39,680,426
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>39,949,288</u>	<u>42,345,181</u>
 <b>Fund Balances:</b>		
Reserved	9,225,000	6,040,000
Unreserved:		
Undesignated	17,757,274	24,383,887
	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>26,982,274</u>	<u>30,423,887</u>
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 66,931,562</u>	<u>\$ 72,769,068</u>

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**KNOX COUNTY, TENNESSEE**

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

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	\$ 30,663,434	\$ 27,163,888
Other Governments/Citizen Groups	957	303,636
Interest Earned	765,929	-
Other Local Revenues	36,542	-
Payments from Component Units	<u>24,631,555</u>	<u>23,069,055</u>
Total Revenues	<u>56,098,417</u>	<u>50,536,579</u>
<b>Expenditures</b>		
Debt Service:		
Trustee's Commission	614,560	475,293
Principal	28,550,620	24,185,467
Interest	29,218,581	27,307,441
Other Debt Service	<u>1,350,476</u>	<u>1,589,216</u>
Total Expenditures	<u>59,734,237</u>	<u>53,557,417</u>
Deficiency of Revenues Under Expenditures	<u>(3,635,820)</u>	<u>(3,020,838)</u>
<b>Other Financing Sources</b>		
Transfers from Other Funds	<u>194,207</u>	<u>787,623</u>
Net Change in Fund Balances	(3,441,613)	(2,233,215)
Fund Balances, July 1	<u>30,423,887</u>	<u>32,657,102</u>
Fund Balances, June 30	<u><u>\$ 26,982,274</u></u>	<u><u>\$ 30,423,887</u></u>

KNOX COUNTY, TENNESSEE

**Debt Service Fund (Major)**  
**Comparative Schedules of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget And Actual (GAAP Basis)**  
 For the years ended June 30, 2009 and June 30, 2008

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Taxes	\$ 30,011,000	\$ 30,011,000	\$ 30,663,434	\$ 652,434	\$ 26,704,000	\$ 27,163,888	\$ 459,888
Other Governments/Citizen Groups	716,000	716,000	957	(715,043)	1,005,090	303,636	(701,454)
Interest Earned	-	-	765,929	765,929	-	-	-
Other Local Revenues	-	-	36,542	36,542	-	-	-
Payments from Component Units	24,671,720	24,671,720	24,631,555	(40,165)	23,569,055	23,069,055	(500,000)
<b>Total Revenues</b>	<b>55,398,720</b>	<b>55,398,720</b>	<b>56,098,417</b>	<b>699,697</b>	<b>51,278,145</b>	<b>50,536,579</b>	<b>(741,566)</b>
<b>Expenditures</b>							
Debt Service:							
Trustee's Commission	650,000	650,000	614,560	35,440	479,750	475,293	4,457
Principal	26,973,467	26,973,467	28,550,620	(1,577,153)	26,328,255	24,185,467	2,142,788
Interest	32,876,533	32,876,533	29,218,581	3,657,952	33,515,245	27,307,441	6,207,804
Other Debt Service	1,500,000	1,500,000	1,350,476	149,524	176,750	1,589,216	(1,412,466)
<b>Total Expenditures</b>	<b>62,000,000</b>	<b>62,000,000</b>	<b>59,734,237</b>	<b>2,265,763</b>	<b>60,500,000</b>	<b>53,557,417</b>	<b>6,942,583</b>
Deficiency of Revenues Under Expenditures	(6,601,280)	(6,601,280)	(3,635,820)	2,965,460	(9,221,855)	(3,020,838)	6,201,017
<b>Other Financing Sources</b>							
Transfers from Other Funds	45,051	45,051	194,207	149,156	205,565	787,623	582,058
<b>Net Change in Fund Balances</b>	<b>(6,556,229)</b>	<b>(6,556,229)</b>	<b>(3,441,613)</b>	<b>3,114,616</b>	<b>(9,016,290)</b>	<b>(2,233,215)</b>	<b>6,783,075</b>
Fund Balance, July 1	30,423,887	30,423,887	30,423,887	-	32,657,102	32,657,102	-
Fund Balance, June 30	\$ 23,867,658	\$ 23,867,658	\$ 26,982,274	\$ 3,114,616	\$ 23,640,812	\$ 30,423,887	\$ 6,783,075

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

**State and Federal Grants Fund:** This fund is used to account for most State and Federal grant revenues.

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

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

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

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

**Fire District Fund:** This fund is used to account for a separate tax for fire protection for businesses in an area commonly known as the Forks of the River Industrial Park.

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

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

### **CAPITAL PROJECTS FUND**

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

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**KNOX COUNTY, TENNESSEE****Combining Balance Sheet  
Nonmajor Governmental Funds**June 30, 2009

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	<b>Special Revenue Funds</b>	<b>ADA Construction Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,808,968	\$ 2,085,075	\$ 8,894,043
Receivables (Net of Allowance for Uncollectibles):			
Accounts	7,176,166	-	7,176,166
Property Taxes	185,810	-	185,810
Notes	3,420,722	-	3,420,722
Due from Other Funds	783,898	-	783,898
Due from Component Units	5,000	-	5,000
Inventories	4,588	-	4,588
Prepaid Items	3,346	-	3,346
<b>TOTAL ASSETS</b>	<b>\$ 18,388,498</b>	<b>\$ 2,085,075</b>	<b>\$ 20,473,573</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	\$ 2,840,823	\$ 12,349	\$ 2,853,172
Due to Other Funds	1,010,107	-	1,010,107
Due to Component Units	-	-	-
Deferred Revenue	5,066,391	-	5,066,391
<b>TOTAL LIABILITIES</b>	<b>8,917,321</b>	<b>12,349</b>	<b>8,929,670</b>
<b>Fund Balances:</b>			
Reserved	1,568,207	96,412	1,664,619
Unreserved:			
Designated	641,157	-	641,157
Undesignated	7,261,813	1,976,314	9,238,127
<b>TOTAL FUND BALANCES</b>	<b>9,471,177</b>	<b>2,072,726</b>	<b>11,543,903</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,388,498</b>	<b>\$ 2,085,075</b>	<b>\$ 20,473,573</b>

**KNOX COUNTY, TENNESSEE**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the year ended June 30, 2009**

	<b>Special Revenue Funds</b>	<b>ADA Construction Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Local Taxes	\$ 11,842,659	\$ -	\$ 11,842,659
Fines, Forfeitures and Penalties	575,106	-	575,106
Charges for Current Services	813,110	-	813,110
Other Local Revenues	1,246,444	-	1,246,444
State of Tennessee	9,030,882	-	9,030,882
Federal Government	5,245,201	-	5,245,201
Other Governments and Citizen Groups	292,650	-	292,650
<b>Total Revenues</b>	<b>29,046,052</b>	<b>-</b>	<b>29,046,052</b>
<b>Expenditures</b>			
Current:			
Finance and Administration	4,800	-	4,800
Administration of Justice	36,292	-	36,292
Public Safety	2,974,686	-	2,974,686
Public Health and Welfare	11,248,655	-	11,248,655
Social and Cultural Services	14,775,466	-	14,775,466
Other General Government	5,764,318	-	5,764,318
Highways	12,130,049	-	12,130,049
Payments to Component Units	25,872	-	25,872
Capital Projects	-	400,100	400,100
<b>Total Expenditures</b>	<b>46,960,138</b>	<b>400,100</b>	<b>47,360,238</b>
<b>Deficiency of Revenues Under Expenditures</b>	<b>(17,914,086)</b>	<b>(400,100)</b>	<b>(18,314,186)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	14,728,400	-	14,728,400
Transfers to Other Funds	(250,000)	-	(250,000)
<b>Total Other Financing Sources</b>	<b>14,478,400</b>	<b>-</b>	<b>14,478,400</b>
<b>Net Change in Fund Balances</b>	<b>(3,435,686)</b>	<b>(400,100)</b>	<b>(3,835,786)</b>
<b>Fund Balances, July 1</b>	<b>12,906,863</b>	<b>2,472,826</b>	<b>15,379,689</b>
<b>Fund Balances, June 30</b>	<b>\$ 9,471,177</b>	<b>\$ 2,072,726</b>	<b>\$ 11,543,903</b>

**KNOX COUNTY, TENNESSEE**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds**

June 30, 2009

	<b>State and Federal Grants</b>	<b>Governmental Library</b>	<b>Public Library</b>	<b>Solid Waste</b>	<b>Hotel/Motel Tax</b>	<b>Fire District</b>	<b>Drug Control</b>	<b>Engineering &amp; Public Works</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 844,320	\$ 77,629	\$ 384,130	\$ 1,002,877	\$ 657,003	\$ 126,721	\$ 1,383,264	\$ 2,333,024	\$ 6,808,968
Receivables (Net of Allowance for Uncollectibles):									
Accounts	3,964,371	2,613	169,061	94,963	1,097,398	-	12,499	1,835,261	7,176,166
Property Taxes	-	-	-	-	-	185,810	-	-	185,810
Notes	3,420,722	-	-	-	-	-	-	-	3,420,722
Due from Other Funds	711,948	-	41,252	-	30,578	-	-	120	783,898
Due from Component Units	5,000	-	-	-	-	-	-	-	5,000
Inventories	4,588	-	-	-	-	-	-	-	4,588
Prepaid Items	1,900	-	1,446	-	-	-	-	-	3,346
<b>TOTAL ASSETS</b>	<b>\$ 8,952,849</b>	<b>\$ 80,242</b>	<b>\$ 595,889</b>	<b>\$ 1,097,840</b>	<b>\$ 1,784,979</b>	<b>\$ 312,531</b>	<b>\$ 1,395,763</b>	<b>\$ 4,168,405</b>	<b>\$ 18,388,498</b>
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities:									
Accounts Payable and Accrued Liabilities	\$ 464,985	\$ 22,151	\$ 241,373	\$ 67,234	\$ 1,651,821	\$ -	\$ 4,523	\$ 388,736	\$ 2,840,823
Due to Other Funds	665,786	-	100,677	150,338	1,202	-	19	92,085	1,010,107
Deferred Revenue	4,879,581	1,000	-	-	-	185,810	-	-	5,066,391
<b>TOTAL LIABILITIES</b>	<b>6,010,352</b>	<b>23,151</b>	<b>342,050</b>	<b>217,572</b>	<b>1,653,023</b>	<b>185,810</b>	<b>4,542</b>	<b>480,821</b>	<b>8,917,321</b>
Fund Balances:									
Reserved	1,278,400	-	43,662	16,475	-	-	83,663	146,007	1,568,207
Unreserved:									
Designated	-	-	2,977	-	-	-	-	638,180	641,157
Undesignated	1,664,097	57,091	207,200	863,793	131,956	126,721	1,307,558	2,903,397	7,261,813
<b>TOTAL FUND BALANCES</b>	<b>2,942,497</b>	<b>57,091</b>	<b>253,839</b>	<b>880,268</b>	<b>131,956</b>	<b>126,721</b>	<b>1,391,221</b>	<b>3,687,584</b>	<b>9,471,177</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,952,849</b>	<b>\$ 80,242</b>	<b>\$ 595,889</b>	<b>\$ 1,097,840</b>	<b>\$ 1,784,979</b>	<b>\$ 312,531</b>	<b>\$ 1,395,763</b>	<b>\$ 4,168,405</b>	<b>\$ 18,388,498</b>

KNOX COUNTY, TENNESSEE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the year ended June 30, 2009

	State and Federal Grants	Governmental Library	Public Library	Solid Waste	Hotel/Motel Tax	Fire District	Drug Control	Engineering & Public Works	Total Nonmajor Special Revenue Funds
<b>Revenues</b>									
Local Taxes	\$ -	\$ 64,760	\$ 1,220,560	\$ -	\$ 4,815,765	\$ 175,506	\$ -	\$ 5,566,068	\$ 11,842,659
Fines, Forfeitures and Penalties	111,655	-	-	-	-	-	427,601	35,850	575,106
Charges for Current Services	478,237	6,805	328,068	-	-	-	-	-	813,110
Other Local Revenues	574,782	956	8,085	441,326	-	-	42,295	179,000	1,246,444
State of Tennessee	3,913,807	-	5,000	293,739	-	-	-	4,818,336	9,030,882
Federal Government	5,047,969	-	-	-	-	-	197,232	-	5,245,201
Other Governments and Citizen Groups	243,642	30,000	19,008	-	-	-	-	-	292,650
<b>Total revenues</b>	<b>10,370,092</b>	<b>102,521</b>	<b>1,580,721</b>	<b>735,065</b>	<b>4,815,765</b>	<b>175,506</b>	<b>667,128</b>	<b>10,599,254</b>	<b>29,046,052</b>
<b>Expenditures</b>									
Current:									
Finance and Administration	4,800	-	-	-	-	-	-	-	4,800
Administration of Justice	33,792	-	-	-	-	-	2,500	-	36,292
Public Safety	2,236,079	-	-	-	-	166,257	572,350	-	2,974,686
Public Health and Welfare	7,194,518	-	-	4,054,137	-	-	-	-	11,248,655
Social and Cultural Services	1,602,320	183,009	12,990,137	-	-	-	-	-	14,775,466
Other General Government	450,866	-	-	-	5,313,452	-	-	-	5,764,318
Highways	-	-	-	-	-	-	-	12,130,049	12,130,049
Payments to Component Unit	-	-	-	-	-	-	-	25,872	25,872
<b>Total expenditures</b>	<b>11,522,375</b>	<b>183,009</b>	<b>12,990,137</b>	<b>4,054,137</b>	<b>5,313,452</b>	<b>166,257</b>	<b>574,850</b>	<b>12,155,921</b>	<b>46,960,138</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,152,283)</b>	<b>(80,488)</b>	<b>(11,409,416)</b>	<b>(3,319,072)</b>	<b>(497,687)</b>	<b>9,249</b>	<b>92,278</b>	<b>(1,556,667)</b>	<b>(17,914,086)</b>
<b>Other financing sources (uses)</b>									
Transfers from Other Funds	830,995	86,334	11,065,000	2,746,071	-	-	-	-	14,728,400
Transfers to Other Funds	-	-	-	-	(250,000)	-	-	-	(250,000)
<b>Total other financing sources (uses)</b>	<b>830,995</b>	<b>86,334</b>	<b>11,065,000</b>	<b>2,746,071</b>	<b>(250,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,478,400</b>
<b>Net Change in Fund Balances</b>	<b>(321,288)</b>	<b>5,846</b>	<b>(344,416)</b>	<b>(573,001)</b>	<b>(747,687)</b>	<b>9,249</b>	<b>92,278</b>	<b>(1,556,667)</b>	<b>(3,435,686)</b>
<b>Fund Balance, July 1</b>	<b>3,263,785</b>	<b>51,245</b>	<b>598,255</b>	<b>1,453,269</b>	<b>879,643</b>	<b>117,472</b>	<b>1,298,943</b>	<b>5,244,251</b>	<b>12,906,863</b>
<b>Fund Balance, June 30</b>	<b>\$ 2,942,497</b>	<b>\$ 57,091</b>	<b>\$ 253,839</b>	<b>\$ 880,268</b>	<b>\$ 131,956</b>	<b>\$ 126,721</b>	<b>\$ 1,391,221</b>	<b>\$ 3,687,584</b>	<b>\$ 9,471,177</b>

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**KNOX COUNTY, TENNESSEE**

**State and Federal Grants Special Revenue Fund**

**Comparative Balance Sheets**

June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 844,320	\$ 433,705
Receivables (Net of Allowances for Uncollectibles):		
Accounts	3,964,371	5,182,283
Notes	3,420,722	3,249,715
Due from Other Funds	711,948	951,426
Due from Component Units	5,000	-
Inventories	4,588	6,742
Prepaid Items	1,900	17,020
<b>TOTAL ASSETS</b>	<u><u>\$ 8,952,849</u></u>	<u><u>\$ 9,840,891</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 464,985	\$ 603,261
Due to Other Funds	665,786	1,220,799
Deferred Revenue	4,879,581	4,753,046
<b>TOTAL LIABILITIES</b>	<u>6,010,352</u>	<u>6,577,106</u>
 <b>Fund Balances:</b>		
Reserved	1,278,400	1,251,421
Unreserved:		
Undesignated	1,664,097	2,012,364
<b>TOTAL FUND BALANCES</b>	<u>2,942,497</u>	<u>3,263,785</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 8,952,849</u></u>	<u><u>\$ 9,840,891</u></u>

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**KNOX COUNTY, TENNESSEE**

**State and Federal Grants Special Revenue Fund  
Comparative Statements of Revenues, Expenditures  
And Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Fines, Forfeitures, and Penalties	\$ 111,655	\$ 164,008
Charges for Current Services	478,237	463,258
Other Local Revenues	574,782	435,565
State of Tennessee	3,913,807	3,553,118
Federal Government	5,047,969	6,391,704
Other Governmental and Citizen Groups	243,642	175,369
Total Revenues	<u>10,370,092</u>	<u>11,183,022</u>
<b>Expenditures</b>		
Current:		
General Government:		
Finance and Administration	4,800	464,938
Administration of Justice	33,792	714,491
Public Safety	2,236,079	1,930,704
Public Health and Welfare	7,194,518	7,495,145
Social and Cultural Services	1,602,320	422,650
Other General Government	450,866	991,838
Total Expenditures	<u>11,522,375</u>	<u>12,019,766</u>
Deficiency of Revenues		
Under Expenditures	<u>(1,152,283)</u>	<u>(836,744)</u>
<b>Other Financing Sources</b>		
Transfers from Other Funds	<u>830,995</u>	<u>1,196,964</u>
Net Change in Fund Balances	(321,288)	360,220
Fund Balances, July 1	<u>3,263,785</u>	<u>2,903,565</u>
Fund Balances, June 30	<u>\$ 2,942,497</u>	<u>\$ 3,263,785</u>

**KNOX COUNTY, TENNESSEE**

**State and Federal Grants Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
And Changes in Fund Balances - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Charges for Current Services	\$ 140,000	\$ 160,850	\$ 412,803	\$ 251,953	\$ 420,000	\$ 335,688	\$ (84,312)
Other Local Revenues	-	5,127	98,660	93,533	41,106	134,709	93,603
Federal Government	-	666,636	374,497	(292,139)	396,075	380,804	(15,271)
Other Governmental and Citizen Groups	-	-	-	-	21,500	21,500	-
<b>Total Revenues</b>	<b>140,000</b>	<b>832,613</b>	<b>885,960</b>	<b>53,347</b>	<b>878,681</b>	<b>872,701</b>	<b>(5,980)</b>
<b>Expenditures</b>							
Current:							
General Government:							
Personal Services	94,978	678,506	594,015	84,491	712,602	554,368	158,234
Employee Benefits	29,654	179,546	147,539	32,007	217,518	161,903	55,615
Contracted Services	62,000	218,243	164,435	53,808	289,829	250,256	39,573
Supplies and Materials	4,000	105,268	59,364	45,904	112,821	63,415	49,406
Other Charges	9,300	208,444	108,728	99,716	215,791	143,389	72,402
Capital Outlay	-	234,840	51,140	183,700	15,000	-	15,000
<b>Total Expenditures</b>	<b>199,932</b>	<b>1,624,847</b>	<b>1,125,221</b>	<b>499,626</b>	<b>1,563,561</b>	<b>1,173,331</b>	<b>390,230</b>
Deficiency of Revenues Under Expenditures	(59,932)	(792,234)	(239,261)	552,973	(684,880)	(300,630)	384,250
<b>Other Financing Sources</b>							
Transfers from Other Funds	-	199,000	199,000	-	225,000	595,000	370,000
<b>Net Change in Fund Balances</b>	<b>(59,932)</b>	<b>(593,234)</b>	<b>(40,261)</b>	<b>552,973</b>	<b>(459,880)</b>	<b>294,370</b>	<b>754,250</b>
Fund Balances, July 1	983,044	983,044	983,044	-	688,674	688,674	-
<b>Fund Balances, June 30</b>	<b>\$ 923,112</b>	<b>\$ 389,810</b>	<b>\$ 942,783</b>	<b>\$ 552,973</b>	<b>\$ 228,794</b>	<b>\$ 983,044</b>	<b>\$ 754,250</b>
<b>Reconciliation of Fund Balances (Budget Basis) to Fund Balances (GAAP Basis):</b>							
Fund Balance (Budget Basis)			\$ 942,783		\$ 983,044		
Entity Difference:							
Unbudgeted Funds			1,999,714		2,280,741		
Fund Balance (GAAP Basis)			<u>\$ 2,942,497</u>		<u>\$ 3,263,785</u>		

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**KNOX COUNTY, TENNESSEE**

**Governmental Library Special Revenue Fund**

**Comparative Balance Sheets**

June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 77,629	\$ 55,224
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>2,613</u>	<u>6,094</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 80,242</u></u>	<u><u>\$ 61,318</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 22,151	\$ 10,073
Deferred Revenue	<u>1,000</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>23,151</u>	<u>10,073</u>
 <b>Fund Balances:</b>		
Reserved	-	194
Unreserved, undesignated	<u>57,091</u>	<u>51,051</u>
<b>TOTAL FUND BALANCES</b>	<u>57,091</u>	<u>51,245</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 80,242</u></u>	<u><u>\$ 61,318</u></u>

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**KNOX COUNTY, TENNESSEE**

**Governmental Library Special Revenue Fund  
Comparative Statements of Revenues, Expenditures  
And Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	\$ 64,760	\$ 67,480
Charges for Current Services	6,805	8,075
Other Local Revenues	956	323
Other Governments and Citizens Groups	<u>30,000</u>	<u>33,300</u>
Total Revenues	<u>102,521</u>	<u>109,178</u>
<b>Expenditures</b>		
Current:		
General Government:		
Social and Cultural Services	<u>183,009</u>	<u>170,025</u>
Deficiency of Revenues Under Expenditures	<u>(80,488)</u>	<u>(60,847)</u>
<b>Other Financing Sources</b>		
Transfers from Other Funds	<u>86,334</u>	<u>66,334</u>
Net Change in Fund Balances	5,846	5,487
Fund Balances, July 1	<u>51,245</u>	<u>45,758</u>
Fund Balances, June 30	<u>\$ 57,091</u>	<u>\$ 51,245</u>

**KNOX COUNTY, TENNESSEE**

**Governmental Library Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
And Changes in Fund Balances - Budget and Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>								
Local Taxes	\$ 67,030	\$ 67,030	\$ 64,760	\$ (2,270)	\$ 67,030	\$ 67,480	\$ 450	
Charges for Current Services	9,039	9,039	6,805	(2,234)	9,039	8,075	(964)	
Other Local Revenues	2,597	2,597	956	(1,641)	597	323	(274)	
Other Governments and Citizens Groups	30,000	30,000	30,000	-	32,000	33,300	1,300	
<b>Total Revenues</b>	<b>108,666</b>	<b>108,666</b>	<b>102,521</b>	<b>(6,145)</b>	<b>108,666</b>	<b>109,178</b>	<b>512</b>	
<b>Expenditures</b>								
Current:								
General Government:								
Social and Cultural Services:								
Personal Services	49,415	49,570	49,570	-	48,727	48,406	321	
Employee Benefits	13,827	14,727	14,622	105	13,931	13,542	389	
Contracted Services	9,370	9,235	8,074	1,161	8,933	7,145	1,788	
Supplies and Materials	110,225	109,305	98,626	10,679	91,776	88,747	3,029	
Other Charges	12,163	12,163	12,117	46	12,200	12,185	15	
<b>Total Expenditures</b>	<b>195,000</b>	<b>195,000</b>	<b>183,009</b>	<b>11,991</b>	<b>175,567</b>	<b>170,025</b>	<b>5,542</b>	
Deficiency of Revenues Under Expenditures	(86,334)	(86,334)	(80,488)	5,846	(66,901)	(60,847)	6,054	
<b>Other Financing Sources</b>								
Transfers from Other Funds	86,334	86,334	86,334	-	66,334	66,334	-	
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>5,846</b>	<b>5,846</b>	<b>(567)</b>	<b>5,487</b>	<b>6,054</b>	
Fund Balances, July 1	51,245	51,245	51,245	-	45,758	45,758	-	
<b>Fund Balances, June 30</b>	<b>\$ 51,245</b>	<b>\$ 51,245</b>	<b>\$ 57,091</b>	<b>\$ 5,846</b>	<b>\$ 45,191</b>	<b>\$ 51,245</b>	<b>\$ 6,054</b>	

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**KNOX COUNTY, TENNESSEE**

**Public Library Special Revenue Fund**  
**Comparative Balance Sheets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 384,130	\$ 1,064,160
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	169,061	142,149
Property Taxes	-	3,747
Due from Other Funds	41,252	79,377
Prepaid Items	<u>1,446</u>	<u>6,396</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 595,889</u></u>	<u><u>\$ 1,295,829</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 241,373	\$ 362,231
Due to Other Funds	100,677	331,596
Deferred Revenue	<u>-</u>	<u>3,747</u>
<b>TOTAL LIABILITIES</b>	<u>342,050</u>	<u>697,574</u>
 <b>Fund Balances:</b>		
Reserved	43,662	175,089
Unreserved:		
Designated	2,977	2,977
Undesignated	<u>207,200</u>	<u>420,189</u>
<b>TOTAL FUND BALANCES</b>	<u>253,839</u>	<u>598,255</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 595,889</u></u>	<u><u>\$ 1,295,829</u></u>

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**KNOX COUNTY, TENNESSEE**

**Public Library Special Revenue Fund  
Comparative Statements of Revenues, Expenditures  
And Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	\$ 1,220,560	\$ 1,228,214
Charges for Current Services	328,068	356,973
Other Local Revenues	8,085	27,461
State of Tennessee	5,000	71,375
Other Governments and Citizens Groups	<u>19,008</u>	<u>29,261</u>
Total Revenues	<u>1,580,721</u>	<u>1,713,284</u>
<b>Expenditures</b>		
Current:		
General Government:		
Social and Cultural Services	<u>12,990,137</u>	<u>12,589,296</u>
Deficiency of Revenues Under Expenditures	(11,409,416)	(10,876,012)
<b>Other Financing Sources</b>		
Transfers from Other Funds	<u>11,065,000</u>	<u>10,270,000</u>
Net Change in Fund Balances	(344,416)	(606,012)
Fund Balances, July 1	<u>598,255</u>	<u>1,204,267</u>
Fund Balances, June 30	<u>\$ 253,839</u>	<u>\$ 598,255</u>

**KNOX COUNTY, TENNESSEE**

**Public Library Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
And Changes in Fund Balances - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Taxes	\$ 1,230,000	\$ 1,230,000	\$ 1,220,560	\$ (9,440)	\$ 1,230,000	\$ 1,228,214	\$ (1,786)
Charges for Current Services	307,000	307,000	328,068	21,068	407,387	356,973	(50,414)
Other Local Revenues	80,000	80,000	8,085	(71,915)	81,178	27,461	(53,717)
State of Tennessee	90,000	95,000	5,000	(90,000)	126,375	71,375	(55,000)
Other Governments and Citizens Groups	65,000	65,000	19,008	(45,992)	191,382	29,261	(162,121)
<b>Total Revenues</b>	<b>1,772,000</b>	<b>1,777,000</b>	<b>1,580,721</b>	<b>(196,279)</b>	<b>2,036,322</b>	<b>1,713,284</b>	<b>(323,038)</b>
<b>Expenditures</b>							
Current:							
General Government:							
Social and Cultural Services:							
Personal Services	6,422,164	6,425,033	6,425,030	3	6,391,558	6,391,509	49
Employee Benefits	1,671,755	1,849,591	1,849,591	-	1,688,253	1,658,875	29,378
Contracted Services	2,067,114	2,119,098	2,112,720	6,378	2,778,591	2,772,310	6,281
Supplies and Materials	2,444,467	2,373,918	2,356,936	16,982	1,593,340	1,551,214	42,126
Other Charges	93,500	75,960	75,820	140	71,996	71,995	1
Capital Outlay	138,000	170,070	170,040	30	144,286	143,393	893
<b>Total Expenditures</b>	<b>12,837,000</b>	<b>13,013,670</b>	<b>12,990,137</b>	<b>23,533</b>	<b>12,668,024</b>	<b>12,589,296</b>	<b>78,728</b>
Deficiency of Revenues Under Expenditures	(11,065,000)	(11,236,670)	(11,409,416)	(172,746)	(10,631,702)	(10,876,012)	(244,310)
<b>Other Financing Sources</b>							
Transfers from Other Funds	11,065,000	11,065,000	11,065,000	-	9,220,000	10,270,000	1,050,000
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(171,670)</b>	<b>(344,416)</b>	<b>(172,746)</b>	<b>(1,411,702)</b>	<b>(606,012)</b>	<b>805,690</b>
Fund Balances, July 1	598,255	598,255	598,255	-	1,204,267	1,204,267	-
<b>Fund Balances, June 30</b>	<b>\$ 598,255</b>	<b>\$ 426,585</b>	<b>\$ 253,839</b>	<b>\$ (172,746)</b>	<b>\$ (207,435)</b>	<b>\$ 598,255</b>	<b>\$ 805,690</b>

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**KNOX COUNTY, TENNESSEE**

**Solid Waste Special Revenue Fund**

**Comparative Balance Sheets**

June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,002,877	\$ 1,397,906
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	94,963	313,906
Property Taxes	-	1,377
Due from Other Funds	-	1,596
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 1,097,840</u>	<u>\$ 1,714,785</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 67,234	\$ 101,893
Due to Other Funds	150,338	158,246
Deferred Revenue	-	1,377
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>217,572</u>	<u>261,516</u>
 <b>Fund Balances:</b>		
Reserved	16,475	1,160
Unreserved:		
Undesignated	863,793	1,452,109
	<u>                    </u>	<u>                    </u>
TOTAL FUND BALANCES	<u>880,268</u>	<u>1,453,269</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,097,840</u>	<u>\$ 1,714,785</u>

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**KNOX COUNTY, TENNESSEE**

**Solid Waste Special Revenue Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Other Local Revenues	\$ 441,326	\$ 565,543
State of Tennessee	<u>293,739</u>	<u>580,431</u>
Total Revenues	<u>735,065</u>	<u>1,145,974</u>
<b>Expenditures</b>		
Current:		
General Government:		
Public Health and Welfare	<u>4,054,137</u>	<u>3,831,342</u>
Deficiency of Revenues Under Expenditures	<u>(3,319,072)</u>	<u>(2,685,368)</u>
<b>Other Financing Sources</b>		
Transfers from Other Funds	<u>2,746,071</u>	<u>2,749,588</u>
Net Change in Fund Balances	(573,001)	64,220
Fund Balances, July 1	<u>1,453,269</u>	<u>1,389,049</u>
Fund Balances, June 30	<u><u>\$ 880,268</u></u>	<u><u>\$ 1,453,269</u></u>

**KNOX COUNTY, TENNESSEE**

**Solid Waste Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
And Changes in Fund Balances - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Other Local Revenues	\$ 508,450	\$ 508,450	\$ 441,326	\$ (67,124)	\$ 235,918	\$ 565,543	\$ 329,625
State of Tennessee	543,813	543,813	293,739	(250,074)	588,816	580,431	(8,385)
<b>Total Revenues</b>	<b>1,052,263</b>	<b>1,052,263</b>	<b>735,065</b>	<b>(317,198)</b>	<b>824,734</b>	<b>1,145,974</b>	<b>321,240</b>
<b>Expenditures</b>							
Current:							
General Government:							
Public Health and Welfare:							
Personal Services	687,400	731,531	724,598	6,933	743,865	721,218	22,647
Employee Benefits	251,329	267,028	264,424	2,604	260,686	251,237	9,449
Contracted Services	3,139,370	2,911,204	2,549,126	362,078	3,084,102	2,624,256	459,846
Supplies and Materials	95,675	218,227	154,561	63,666	187,875	120,562	67,313
Other Charges	138,826	139,426	133,128	6,298	87,326	80,368	6,958
Capital Outlay	150,000	196,345	196,345	-	25,000	-	25,000
Litter and Trash Collection:							
Personal Services	-	-	-	-	4,000	1,501	2,499
Employee Benefits	-	-	-	-	1,500	247	1,253
Contracted Services	1,700	21,510	9,677	11,833	14,200	6,094	8,106
Supplies and Materials	13,250	39,511	22,278	17,233	36,619	25,859	10,760
<b>Total Expenditures</b>	<b>4,477,550</b>	<b>4,524,782</b>	<b>4,054,137</b>	<b>470,645</b>	<b>4,445,173</b>	<b>3,831,342</b>	<b>613,831</b>
Deficiency of Revenues							
Under Expenditures	(3,425,287)	(3,472,519)	(3,319,072)	153,447	(3,620,439)	(2,685,368)	935,071
<b>Other Financing Sources</b>							
Transfers from Other Funds	2,700,000	2,746,071	2,746,071	-	2,741,369	2,749,588	8,219
<b>Net Change in Fund Balances</b>	<b>(725,287)</b>	<b>(726,448)</b>	<b>(573,001)</b>	<b>153,447</b>	<b>(879,070)</b>	<b>64,220</b>	<b>943,290</b>
Fund Balances, July 1	1,453,269	1,453,269	1,453,269	-	1,389,049	1,389,049	-
<b>Fund Balances, June 30</b>	<b>\$ 727,982</b>	<b>\$ 726,821</b>	<b>\$ 880,268</b>	<b>\$ 153,447</b>	<b>\$ 509,979</b>	<b>\$ 1,453,269</b>	<b>\$ 943,290</b>

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**KNOX COUNTY, TENNESSEE**

**Hotel/Motel Tax Special Revenue Fund**

**Comparative Balance Sheets**

June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 657,003	\$ 1,234,535
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	1,097,398	1,404,047
Due from Other Funds	<u>30,578</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,784,979</u>	<u>\$ 2,638,582</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 1,651,821	\$ 1,758,939
Due to Other Funds	<u>1,202</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,653,023</u>	<u>1,758,939</u>
 <b>Fund Balances:</b>		
Unreserved:		
Undesignated	<u>131,956</u>	<u>879,643</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,784,979</u>	<u>\$ 2,638,582</u>

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**KNOX COUNTY, TENNESSEE**

**Hotel/Motel Tax Special Revenue Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	<u>\$ 4,815,765</u>	<u>\$ 5,382,819</u>
<b>Expenditures</b>		
Current:		
General Government:		
Other General Government	<u>5,313,452</u>	<u>4,634,772</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(497,687)	748,047
<b>Other Financing Uses</b>		
Transfers to Other Funds	<u>(250,000)</u>	<u>(1,330,130)</u>
Net Change in Fund Balances	(747,687)	(582,083)
Fund Balances, July 1	<u>879,643</u>	<u>1,461,726</u>
Fund Balances, June 30	<u><u>\$ 131,956</u></u>	<u><u>\$ 879,643</u></u>

**KNOX COUNTY, TENNESSEE**

**Hotel/Motel Tax Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
And Changes in Fund Balances - Budget and Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Taxes	\$ 5,500,000	\$ 5,500,000	\$ 4,815,765	\$ (684,235)	\$ 5,100,000	\$ 5,382,819	\$ 282,819
<b>Expenditures</b>							
Current:							
General Government:							
Other General Government:							
Contracted Services	5,560,000	5,560,000	5,313,452	246,548	-	-	-
Other Charges	-	-	-	-	2,455,000	2,285,944	169,056
Total Expenditures	-	-	-	-	2,395,000	2,348,828	46,172
Total Expenditures	5,560,000	5,560,000	5,313,452	246,548	4,850,000	4,634,772	215,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	(60,000)	(497,687)	(437,687)	250,000	748,047	498,047
<b>Other Financing Uses</b>							
Transfers to Other Funds	(250,000)	(250,000)	(250,000)	-	(1,330,130)	(1,330,130)	-
Net Change in Fund Balances	(310,000)	(310,000)	(747,687)	(437,687)	(1,080,130)	(582,083)	498,047
Fund Balances, July 1	879,643	879,643	879,643	-	1,461,726	1,461,726	-
Fund Balances, June 30	\$ 569,643	\$ 569,643	\$ 131,956	\$ (437,687)	\$ 381,596	\$ 879,643	\$ 498,047

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**KNOX COUNTY, TENNESSEE**

**Fire District Special Revenue Fund**

**Comparative Balance Sheets**

June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 126,721	\$ 117,472
Receivables (Net of Allowances for Uncollectibles):		
Property Taxes	<u>185,810</u>	<u>219,297</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 312,531</u></u>	<u><u>\$ 336,769</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Deferred Revenue	<u>\$ 185,810</u>	<u>\$ 219,297</u>
 <b>Fund Balances:</b>		
Unreserved, undesignated	<u>126,721</u>	<u>117,472</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 312,531</u></u>	<u><u>\$ 336,769</u></u>

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**KNOX COUNTY, TENNESSEE**

**Fire District Special Revenue Fund**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	\$ 175,506	\$ 159,611
<b>Expenditures</b>		
Current:		
General Government:		
Public Safety	<u>166,257</u>	<u>164,485</u>
Net Change in Fund Balances	9,249	(4,874)
Fund Balances, July 1	<u>117,472</u>	<u>122,346</u>
Fund Balances, June 30	<u><u>\$ 126,721</u></u>	<u><u>\$ 117,472</u></u>

**KNOX COUNTY, TENNESSEE**

**Fire District Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
And Changes in Fund Balances - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Taxes:							
County Property Taxes	\$ 190,000	\$ 190,000	\$ 175,506	\$ (14,494)	\$ 190,000	\$ 159,611	\$ (30,389)
Clerk and Master Delinquent	10,000	10,000	-	(10,000)	-	-	-
<b>Total Revenues</b>	<b>200,000</b>	<b>200,000</b>	<b>175,506</b>	<b>(24,494)</b>	<b>190,000</b>	<b>159,611</b>	<b>(30,389)</b>
<b>Expenditures</b>							
Current:							
General Government:							
Public Safety:							
Contracted Services	192,000	192,000	162,747	29,253	175,000	161,293	13,707
Other Charges	8,000	8,000	3,510	4,490	15,000	3,192	11,808
<b>Total Expenditures</b>	<b>200,000</b>	<b>200,000</b>	<b>166,257</b>	<b>33,743</b>	<b>190,000</b>	<b>164,485</b>	<b>25,515</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>9,249</b>	<b>9,249</b>	<b>-</b>	<b>(4,874)</b>	<b>(4,874)</b>
<b>Fund Balances, July 1</b>	<b>117,472</b>	<b>117,472</b>	<b>117,472</b>	<b>-</b>	<b>122,346</b>	<b>122,346</b>	<b>-</b>
<b>Fund Balances, June 30</b>	<b>\$ 117,472</b>	<b>\$ 117,472</b>	<b>\$ 126,721</b>	<b>\$ 9,249</b>	<b>\$ 122,346</b>	<b>\$ 117,472</b>	<b>\$ (4,874)</b>

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**KNOX COUNTY, TENNESSEE**

**Drug Control Special Revenue Fund**  
**Comparative Balance Sheets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,383,264	\$ 1,280,445
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	<u>12,499</u>	<u>19,300</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,395,763</u></u>	<u><u>\$ 1,299,745</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 4,523	\$ 742
Due to Other Funds	<u>19</u>	<u>60</u>
<b>TOTAL LIABILITIES</b>	<u>4,542</u>	<u>802</u>
 <b>Fund Balances:</b>		
Reserved	83,663	124,124
Unreserved:		
Undesignated	<u>1,307,558</u>	<u>1,174,819</u>
<b>TOTAL FUND BALANCES</b>	<u>1,391,221</u>	<u>1,298,943</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,395,763</u></u>	<u><u>\$ 1,299,745</u></u>

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**KNOX COUNTY, TENNESSEE**

**Drug Control Special Revenue Fund  
Comparative Statements of Revenues, Expenditures  
And Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Fines, Forfeitures, and Penalties	\$ 427,601	\$ 644,920
Other Local Revenues	42,295	63,339
Federal Government	197,232	72,375
	<hr/>	<hr/>
Total Revenues	667,128	780,634
	<hr/>	<hr/>
<b>Expenditures</b>		
Current:		
General Government:		
Public Safety	572,350	560,085
Administration of Justice	2,500	6,851
	<hr/>	<hr/>
Total Expenditures	574,850	566,936
	<hr/>	<hr/>
Net Change in Fund Balances	92,278	213,698
Fund Balances, July 1	1,298,943	1,085,245
	<hr/>	<hr/>
Fund Balances, June 30	<u>\$ 1,391,221</u>	<u>\$ 1,298,943</u>

**KNOX COUNTY, TENNESSEE**

**Drug Control Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
And Changes in Fund Balances - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Fines, Forfeitures, and Penalties	\$ -	\$ 570,000	\$ 427,601	\$ (142,399)	\$ 470,000	\$ 644,920	\$ 174,920
Other Local Revenues	-	-	42,295	42,295	-	63,339	63,339
Federal Government	-	-	197,232	197,232	7,675	72,375	64,700
<b>Total Revenues</b>	-	570,000	667,128	97,128	477,675	780,634	302,959
<b>Expenditures</b>							
Current:							
General Government:							
Public Safety:							
Contracted Services	-	399,143	347,705	51,438	386,702	314,700	72,002
Supplies and Materials	-	144,588	125,462	19,126	112,000	111,012	988
Other Charges	-	43,000	36,883	6,117	46,200	38,823	7,377
Capital Outlay	-	100,000	62,300	37,700	100,000	95,550	4,450
Administration of Justice:							
Contracted Services	-	25,000	2,500	22,500	7,675	6,851	824
Supplies and Materials	-	25,000	-	25,000	-	-	-
Capital Outlay	-	50,000	-	50,000	-	-	-
<b>Total Expenditures</b>	-	786,731	574,850	211,881	652,577	566,936	85,641
<b>Net Change in Fund Balances</b>	-	(216,731)	92,278	309,009	(174,902)	213,698	388,600
<b>Fund Balances, July 1</b>	1,298,943	1,298,943	1,298,943	-	1,085,245	1,085,245	-
<b>Fund Balances, June 30</b>	\$ 1,298,943	\$ 1,082,212	\$ 1,391,221	\$ 309,009	\$ 910,343	\$ 1,298,943	\$ 388,600

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**KNOX COUNTY, TENNESSEE**

**Engineering & Public Works Special Revenue Fund**  
**Comparative Balance Sheets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,333,024	\$ 3,748,206
Receivables (Net of Allowances for Uncollectibles):		
Accounts Receivable	1,835,261	2,015,163
Due from Other Funds	<u>120</u>	<u>36</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,168,405</u></u>	<u><u>\$ 5,763,405</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 388,736	\$ 335,221
Due to Other Funds	92,085	88,933
Deferred Revenue	<u>-</u>	<u>95,000</u>
<b>TOTAL LIABILITIES</b>	<u>480,821</u>	<u>519,154</u>
 <b>Fund Balances:</b>		
Reserved	146,007	281,188
Unreserved:		
Designated	638,180	841,528
Undesignated	<u>2,903,397</u>	<u>4,121,535</u>
<b>TOTAL FUND BALANCES</b>	<u>3,687,584</u>	<u>5,244,251</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 4,168,405</u></u>	<u><u>\$ 5,763,405</u></u>

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**KNOX COUNTY, TENNESSEE**

**Engineering & Public Works Special Revenue Fund  
Comparative Statements of Revenues, Expenditures  
And Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	\$ 5,566,068	\$ 6,191,548
Fines, Forfeitures, and Penalties	35,850	-
Other Local Revenues	179,000	20,105
State of Tennessee	4,818,336	5,754,555
Other Governments and Citizens Groups	-	24,000
	<u>10,599,254</u>	<u>11,990,208</u>
Total Revenues		
<b>Expenditures</b>		
Current:		
Engineering & Public Works	12,130,049	11,096,021
Payments to Component Unit	25,872	-
	<u>12,155,921</u>	<u>11,096,021</u>
Total Expenditures		
Net Change in Fund Balances	(1,556,667)	894,187
Fund Balances, July 1	<u>5,244,251</u>	<u>4,350,064</u>
Fund Balances, June 30	<u>\$ 3,687,584</u>	<u>\$ 5,244,251</u>

**KNOX COUNTY, TENNESSEE**

**Engineering & Public Works Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
And Changes in Fund Balance - Budget And Actual (GAAP Basis)**

For the years ended June 30, 2009 and June 30, 2008

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Taxes	\$ 6,009,163	\$ 6,009,163	\$ 5,566,068	\$ (443,095)	\$ 6,009,163	\$ 6,191,548	\$ 182,385
Other Local Revenues	25,000	91,523	214,850	123,327	150,355	20,105	(130,250)
State of Tennessee	6,092,170	6,092,170	4,818,336	(1,273,834)	5,829,282	5,754,555	(74,727)
Other Governments and Citizens Groups	48,000	48,000	-	(48,000)	-	24,000	24,000
<b>Total Revenues</b>	<b>12,174,333</b>	<b>12,240,856</b>	<b>10,599,254</b>	<b>(1,641,602)</b>	<b>11,988,800</b>	<b>11,990,208</b>	<b>1,408</b>
<b>Expenditures</b>							
Current:							
Engineering & Public Works:							
Administration:							
Personal Services	1,086,211	1,257,198	1,121,085	136,113	1,045,641	970,115	75,526
Employee Benefits	300,625	427,280	425,715	1,565	298,934	274,141	24,793
Contracted Services	111,240	130,628	96,182	34,446	94,691	75,154	19,537
Supplies and Materials	176,950	214,554	134,384	80,170	159,705	135,667	24,038
Capital Outlay	45,000	83,972	38,972	45,000	114,000	44,620	69,380
Other Charges	69,992	69,992	69,674	318	66,569	66,569	-
Highways and Bridge Maintenance:							
Personal Services	2,771,040	2,609,359	2,595,923	13,436	2,767,859	2,588,928	178,931
Employee Benefits	988,022	875,022	859,240	15,782	906,389	858,418	47,971
Contracted Services	748,128	897,271	827,358	69,913	1,061,700	980,624	81,076
Supplies and Materials	4,111,250	4,254,639	3,898,173	356,466	4,733,250	2,585,175	2,148,075
Other Charges	280,900	280,900	280,900	-	255,300	255,300	-
Capital Outlay	-	-	-	-	650,000	576,530	73,470
Various Highway:							
Personal Services	543,830	537,969	529,330	8,639	705,495	585,226	120,269
Employee Benefits	168,124	172,023	168,977	3,046	221,199	184,431	36,768
Contracted Services	242,485	373,112	273,802	99,310	424,745	298,367	126,378
Supplies and Materials	217,565	354,682	324,060	30,622	293,165	270,639	22,526
Other Charges	122,900	122,900	97,993	24,907	122,600	110,729	11,871
Capital Outlay	403,500	915,500	388,281	527,219	1,009,243	235,388	773,855
Payments to Componet Unit	25,872	25,872	25,872	-	-	-	-
<b>Total Expenditures</b>	<b>12,413,634</b>	<b>13,602,873</b>	<b>12,155,921</b>	<b>1,446,952</b>	<b>14,930,485</b>	<b>11,096,021</b>	<b>3,834,464</b>
<b>Net Change in Fund Balances</b>	<b>(239,301)</b>	<b>(1,362,017)</b>	<b>(1,556,667)</b>	<b>(194,650)</b>	<b>(2,941,685)</b>	<b>894,187</b>	<b>3,835,872</b>
<b>Fund Balances, July 1</b>	<b>5,244,251</b>	<b>5,244,251</b>	<b>5,244,251</b>	<b>-</b>	<b>4,350,064</b>	<b>4,350,064</b>	<b>-</b>
<b>Fund Balances, June 30</b>	<b>\$ 5,004,950</b>	<b>\$ 3,882,234</b>	<b>\$ 3,687,584</b>	<b>\$ (194,650)</b>	<b>\$ 1,408,379</b>	<b>\$ 5,244,251</b>	<b>\$ 3,835,872</b>

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**KNOX COUNTY, TENNESSEE**

**ADA Construction Capital Projects Fund (Nonmajor)**

**Comparative Balance Sheets**

June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,085,075	\$ 2,487,635
Receivables (Net of Allowances for Uncollectibles):		
Property Taxes	<u>-</u>	<u>333</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,085,075</u></u>	<u><u>\$ 2,487,968</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 12,349	\$ 14,809
Deferred Revenue	<u>-</u>	<u>333</u>
<b>TOTAL LIABILITIES</b>	<u>12,349</u>	<u>15,142</u>
 <b>Fund Balances</b>		
Reserved	96,412	97,869
Unreserved, Undesignated	<u>1,976,314</u>	<u>2,374,957</u>
<b>TOTAL FUND BALANCES</b>	<u>2,072,726</u>	<u>2,472,826</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 2,085,075</u></u>	<u><u>\$ 2,487,968</u></u>

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**KNOX COUNTY, TENNESSEE**

**ADA Construction Capital Projects Fund (Nonmajor)**  
**Comparative Statements of Revenues, Expenditures**  
**And Changes in Fund Balances**  
For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>		
Capital Projects:		
Capital Projects	<u>400,100</u>	<u>445,589</u>
Deficiency of Revenues Under Expenditures	(400,100)	(445,589)
<b>Other Financing Uses:</b>		
Transfers to Other Funds	<u>-</u>	<u>(80,000)</u>
Net Change in Fund Balances	(400,100)	(525,589)
Fund Balances, July 1	<u>2,472,826</u>	<u>2,998,415</u>
Fund Balances, June 30	<u><u>\$ 2,072,726</u></u>	<u><u>\$ 2,472,826</u></u>

KNOX COUNTY, TENNESSEE

**ADA Construction Capital Projects Fund (Nonmajor)**  
**Comparative Schedules of Revenues, Expenditures**  
**And Changes in Fund Balances - Budget And Actual (GAAP Basis)**  
 For the years ended June 30, 2009 and June 30, 2008

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>							
Capital Projects:							
Contracted Services	45,000	158,105	51,569	106,536	142,765	29,660	113,105
Supplies & Materials	55,000	165,000	-	165,000	110,000	-	110,000
Other Charges	10,000	30,000	-	30,000	20,000	-	20,000
Capital Outlay	390,000	1,204,196	348,531	855,665	1,230,124	415,929	814,195
Total Expenditures	500,000	1,557,301	400,100	1,157,201	1,502,889	445,589	1,057,300
Deficiency of Revenues Under Expenditures	(500,000)	(1,557,301)	(400,100)	1,157,201	(1,502,889)	(445,589)	1,057,300
<b>Other Financing Uses:</b>							
Transfers to Other Funds	-	-	-	-	(80,000)	(80,000)	-
Net Change in Fund Balances	(500,000)	(1,557,301)	(400,100)	1,157,201	(1,582,889)	(525,589)	1,057,300
Fund Balances, July 1	2,472,826	2,472,826	2,472,826	-	2,998,415	2,998,415	-
Fund Balances, June 30	\$ 1,972,826	\$ 915,525	\$ 2,072,726	\$ 1,157,201	\$ 1,415,526	\$ 2,472,826	\$ 1,057,300

## ENTERPRISE FUND

Enterprise Funds account for operations that provide services primarily to the general public on a user charge basis.

**Three Ridges Golf Course Fund:** This fund accounts for the operations of the Three Ridges Golf Course.

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KNOX COUNTY, TENNESSEE

Three Ridges Golf Course Fund  
Statement of Net Assets

June 30, 2009

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	<u>2009</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 310,435
Accounts Receivable	7,207
Inventories	34,321
Prepaid Items	<u>9,080</u>
<b>TOTAL CURRENT ASSETS</b>	<u>361,043</u>
<b>Capital Assets:</b>	
Land	880
Buildings	747,515
Machinery and Equipment	379,015
Computer Software	25,448
Land Improvements	66,463
Accumulated Depreciation	<u>(325,612)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>893,709</u>
<b>TOTAL ASSETS</b>	<u>1,254,752</u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable and Accrued Liabilities	47,463
Due to State of Tennessee	8,782
Due to Other Funds	12,705
Compensated Absences	<u>4,781</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>73,731</u>
<b>Noncurrent Liabilities:</b>	
Compensated Absences	<u>531</u>
<b>TOTAL LIABILITIES</b>	<u>74,262</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	893,709
Unrestricted	<u>286,781</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,180,490</u>

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**KNOX COUNTY, TENNESSEE**

**Three Ridges Golf Course Fund**  
**Schedule of Revenues, Expenses**  
**and Changes in Net Assets - Budget And Actual (GAAP Basis)**  
For the year ended June 30, 2009

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	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>				
Golf Fees	\$ 515,002	\$ 515,002	\$ 282,758	\$ (232,244)
Cart and Range Fees	392,766	392,766	114,051	(278,715)
Pro Shop	111,198	111,198	23,519	(87,679)
Snack Bar	143,731	143,731	41,727	(102,004)
Total Operating Revenues	<u>1,162,697</u>	<u>1,162,697</u>	<u>462,055</u>	<u>(700,642)</u>
<b>Operating Expenses</b>				
Personnel services	349,070	349,070	175,581	173,489
Employee benefits	89,106	89,106	39,902	49,204
Contracted services	149,100	92,700	37,777	54,923
Supplies and materials	366,800	290,200	158,214	131,986
Other charges	208,621	327,584	38,626	288,958
Depreciation	-	14,037	14,037	-
Total Operating Expenses	<u>1,162,697</u>	<u>1,162,697</u>	<u>464,137</u>	<u>698,560</u>
Total Operating Loss	<u>-</u>	<u>-</u>	<u>(2,082)</u>	<u>(2,082)</u>
<b>Capital Contributions and Transfers</b>				
Capital Contributions	-	-	503,283	503,283
Transfers from Other Funds	-	-	679,289	679,289
Total Capital Contributions and Transfers	<u>-</u>	<u>-</u>	<u>1,182,572</u>	<u>1,182,572</u>
Change in Net Assets	<u>-</u>	<u>-</u>	<u>1,180,490</u>	<u>1,180,490</u>
Net Assets, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,180,490</u>	<u>\$ 1,180,490</u>

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KNOX COUNTY, TENNESSEE

Three Ridges Golf Course Fund  
Statement of Cash Flows

For the Year Ended June 30, 2009

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	<u>2009</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 454,848
Payments to vendors	(221,505)
Payments to employees	<u>(197,735)</u>
Net cash provided by operating activities	<u>35,608</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers from other funds	<u>679,289</u>
<b>Cash Flows Used in Capital and Related Financing Activities</b>	
Capital contributions	503,283
Purchase of equipment	<u>(907,745)</u>
Net cash used in Capital and Related Financing Activities	<u>(404,462)</u>
Net increase in cash and cash equivalents	310,435
Cash and cash equivalents - beginning of year	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ 310,435</u>

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**KNOX COUNTY, TENNESSEE**

**Three Ridges Golf Course Fund**  
**Statement of Cash Flows - (Continued)**  
For the Year Ended June 30, 2009

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**Reconciliation of Operating Loss to  
Net Cash Provided in Operating Activities**

	<u>2009</u>
Operating Loss	\$ (2,082)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	14,037
Changes in assets and liabilities:	
Increase in accounts receivable	(7,207)
Increase in inventory	(34,321)
Increase in prepaid items	(9,080)
Increase in accounts payable and accrued liabilities	47,462
Increase in due to State of Tennessee	8,782
Increase in due to other funds	12,705
Increase in compensated absences payable	<u>5,312</u>
Net cash provided by operating activities	<u>\$ 35,608</u>

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one of the County's departments or agencies to other departments or agencies and to the County's various discretely presented component units and joint ventures.

**Vehicle Service Center Fund:** This fund is used to account for all gasoline and maintenance services for County vehicles.

**Mailroom Fund:** This fund is used to account for central mailroom services for the County.

**Employee Benefits Fund:** This fund is used to account for the payment of retiree medical premiums, employee retirement, life insurance, other payroll related expenses, and unemployment claims.

**Employee Retirement Fund:** This fund is used to account for the County's retirement plan operations.

**Self Insurance Fund:** This fund is used to account for the payment of workers compensation and general liability claims against the County.

**Central Maintenance Fund:** This fund is used to account for all maintenance services for Knox Central buildings.

**Technical Support Service Fund:** This fund accounts for technical support and technical repairs associated with electronic data processing.

**Capital Leasing Fund:** This fund is used for lease/purchase transactions to other departments. The fund also serves as a leasing entity for a fleet of vehicles or other equipment.

**Self Insurance Healthcare:** This fund is used to account for the payment of health insurance claims.

KNOX COUNTY, TENNESSEE

Combining Statement of Net Assets  
Internal Service Funds

June 30, 2009

	Vehicle Service Center	Mailroom	Employee Benefits	Employee Retirement	Self Insurance	Central Maintenance	Technical Support Service	Capital Leasing	Self Insurance Healthcare	Total
<b>ASSETS</b>										
<b>Current Assets:</b>										
Cash and Cash Equivalents	\$ 28,973	\$ 177,015	\$ 2,084,769	\$ 283,688	\$ 9,877,621	\$ 1,384,138	\$ 449,280	\$ 2,170,388	\$ 2,200,269	\$ 18,656,141
Receivables:										
Accounts	84,447	971	329,288	-	-	305,890	1,530	-	352,495	1,074,621
Due from Other Funds	181,473	23,370	1,024,718	-	-	-	2,295	-	85,500	1,317,356
Due from Component Units	8,260	-	3,275	-	376,072	-	-	-	-	387,607
Notes Receivable	-	-	-	-	33,678	-	-	-	-	33,678
Inventories	130,648	28,371	-	-	-	-	-	-	-	159,019
Prepaid Items	2,995	-	47,634	-	-	-	-	-	-	50,629
<b>TOTAL CURRENT ASSETS</b>	<b>436,796</b>	<b>229,727</b>	<b>3,489,684</b>	<b>283,688</b>	<b>10,287,371</b>	<b>1,690,028</b>	<b>453,105</b>	<b>2,170,388</b>	<b>2,638,264</b>	<b>21,679,051</b>
<b>Capital Assets:</b>										
Machinery and Equipment	130,087	-	-	51,815	33,352	72,217	101,277	8,468,234	-	8,856,982
Accumulated Depreciation	(107,232)	-	-	(51,815)	(32,760)	(66,137)	(101,277)	(8,019,405)	-	(8,378,626)
Capital Assets (Net of Accumulated Depreciation)	22,855	-	-	-	592	6,080	-	448,829	-	478,356
<b>TOTAL ASSETS</b>	<b>459,651</b>	<b>229,727</b>	<b>3,489,684</b>	<b>283,688</b>	<b>10,287,963</b>	<b>1,696,108</b>	<b>453,105</b>	<b>2,619,217</b>	<b>2,638,264</b>	<b>22,157,407</b>
<b>LIABILITIES</b>										
<b>Current liabilities:</b>										
Accounts Payable and Accrued Liabilities	76,871	2,106	2,594,233	53,035	1,341,525	165,320	67,312	17,798	44	4,318,244
Due to Other Funds	19,412	1,460	257	693	1,430	71,927	2,630	-	798,146	895,955
Due to Component Units	-	-	202,689	-	-	-	-	-	-	202,689
Deferred Revenue	-	-	20,018	-	-	-	-	-	888	20,906
Claims Liabilities	-	-	-	-	5,445,226	-	-	-	1,587,442	7,032,668
Compensated Absences Payable	66,224	-	-	27,447	13,962	-	-	-	-	107,633
Advances from Other Funds	-	-	175,000	-	-	-	-	-	-	175,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>162,507</b>	<b>3,566</b>	<b>2,992,197</b>	<b>81,175</b>	<b>6,802,143</b>	<b>237,247</b>	<b>69,942</b>	<b>17,798</b>	<b>2,386,520</b>	<b>12,753,095</b>
<b>Noncurrent Liabilities:</b>										
Compensated Absences Payable	7,358	-	-	3,050	1,551	-	-	-	-	11,959
<b>TOTAL LIABILITIES</b>	<b>169,865</b>	<b>3,566</b>	<b>2,992,197</b>	<b>84,225</b>	<b>6,803,694</b>	<b>237,247</b>	<b>69,942</b>	<b>17,798</b>	<b>2,386,520</b>	<b>12,765,054</b>
<b>NET ASSETS</b>										
Invested in Capital Assets	22,855	-	-	-	592	6,080	-	448,829	-	478,356
Unrestricted	266,931	226,161	497,487	199,463	3,483,677	1,452,781	383,163	2,152,590	251,744	8,913,997
<b>TOTAL NET ASSETS</b>	<b>\$ 289,786</b>	<b>\$ 226,161</b>	<b>\$ 497,487</b>	<b>\$ 199,463</b>	<b>\$ 3,484,269</b>	<b>\$ 1,458,861</b>	<b>\$ 383,163</b>	<b>\$ 2,601,419</b>	<b>\$ 251,744</b>	<b>\$ 9,392,353</b>

KNOX COUNTY, TENNESSEE

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2009

	Vehicle Service Center	Mailroom	Employee Benefits	Employee Retirement	Self Insurance	Central Maintenance	Technical Support Service	Capital Leasing	Self Insurance Healthcare	Total
<b>Operating Revenues</b>										
Charges for Services	\$ 3,235,053	\$ 341,483	\$ 26,094,436	\$ 9,155	\$ 2,735,772	\$ 8,375,296	\$ 404,352	\$ -	\$ 21,204,118	\$ 62,399,665
<b>Operating Expenses</b>										
Cost of Sales and Services	1,992,220	300,310	-	-	-	-	-	-	-	2,292,530
General and Administration	1,172,144	-	192,533	1,466,482	432,676	8,649,474	265,788	-	1,323,493	13,502,590
Depreciation and Amortization	10,660	-	-	-	3,556	4,644	200	519,776	-	538,836
Medical Claims	-	-	628,957	-	-	-	-	-	21,338,725	21,967,682
Retirement Contributions	-	-	25,491,824	-	-	-	-	-	-	25,491,824
Other Employee Benefits	-	-	802,051	-	-	-	-	-	-	802,051
Worker's Compensation Claims	-	-	-	-	1,162,078	-	-	-	-	1,162,078
Other Expenses	148,721	-	-	96,590	2,999,018	-	300	-	-	3,244,629
Total Operating Expenses	3,323,745	300,310	27,115,365	1,563,072	4,597,328	8,654,118	266,288	519,776	22,662,218	69,002,220
<b>Operating Income (Loss)</b>	(88,692)	41,173	(1,020,929)	(1,553,917)	(1,861,556)	(278,822)	138,064	(519,776)	(1,458,100)	(6,602,555)
<b>Nonoperating Revenues (Expenses)</b>										
Payments Received for Administrative Expenses	-	-	-	1,083,620	-	-	-	-	-	1,083,620
Payments from Component Units	-	-	-	592,000	-	-	-	-	-	592,000
Donations	-	-	-	1,000	-	-	-	-	-	1,000
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(19,715)	-	(19,715)
Total Nonoperating Revenues (Expenses)	-	-	-	1,676,620	-	-	-	(19,715)	-	1,656,905
<b>Income (Loss) before Transfers</b>	(88,692)	41,173	(1,020,929)	122,703	(1,861,556)	(278,822)	138,064	(539,491)	(1,458,100)	(4,945,650)
<b>Transfers</b>										
Transfers from Other Funds	300,000	-	1,000,000	-	-	-	-	-	1,207,800	2,507,800
<b>Change in Net Assets</b>	211,308	41,173	(20,929)	122,703	(1,861,556)	(278,822)	138,064	(539,491)	(250,300)	(2,437,850)
<b>Total Net Assets, July 1</b>	78,478	184,988	518,416	76,760	5,345,825	1,737,683	245,099	3,140,910	502,044	11,830,203
<b>Total Net Assets, June 30</b>	\$ 289,786	\$ 226,161	\$ 497,487	\$ 199,463	\$ 3,484,269	\$ 1,458,861	\$ 383,163	\$ 2,601,419	\$ 251,744	\$ 9,392,353

KNOX COUNTY, TENNESSEE

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2009

	Vehicle Service Center	Mailroom	Employee Benefits	Employee Retirement	Self Insurance	Central Maintenance	Technical Support Service	Capital Leasing	Self Insurance Healthcare	Total
<b>Operating Activities</b>										
Cash Received from Interfund Services Provided	\$ 3,302,225	\$ 345,109	\$ 25,192,699	\$ 183,535	\$ 2,359,700	\$ 8,799,542	\$ 400,527	\$ -	\$ 20,900,436	\$ 61,483,773
Cash Received from Other Governments	-	-	-	-	-	297,997	-	-	-	297,997
Cash Paid to Employees	(818,574)	-	-	(413,039)	(266,979)	-	-	-	-	(1,498,592)
Cash Paid for Goods and Services	(2,463,819)	(293,145)	(192,533)	(1,089,704)	(2,721,300)	(8,412,227)	(299,100)	17,798	(1,323,493)	(16,777,523)
Cash Paid on Behalf of Employees	(274,243)	-	(25,525,519)	(124,830)	(77,243)	-	-	-	(23,682,708)	(49,684,543)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(254,411)</b>	<b>51,964</b>	<b>(525,353)</b>	<b>(1,444,038)</b>	<b>(705,822)</b>	<b>685,312</b>	<b>101,427</b>	<b>17,798</b>	<b>(4,105,765)</b>	<b>(6,178,888)</b>
<b>Noncapital Financing Activities</b>										
Subrogation Payments	-	-	-	-	1,620	-	-	-	-	1,620
Payments Received for Administrative Expense	-	-	-	1,083,620	-	-	-	-	-	1,083,620
Transfers from Other Funds	300,000	-	1,000,000	-	-	-	-	-	1,207,800	2,507,800
Payments from Component Units	-	-	-	592,000	-	-	-	-	-	592,000
Donations	-	-	-	1,000	-	-	-	-	-	1,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>300,000</b>	<b>-</b>	<b>1,000,000</b>	<b>1,676,620</b>	<b>1,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,207,800</b>	<b>4,186,040</b>
<b>Capital and Related Financing Activities</b>										
Proceeds from Insurance Recovery on Capital Assets	-	-	-	-	-	-	-	29,970	-	29,970
Acquisition and Construction of Capital Assets	(16,616)	-	-	-	-	-	-	(17,798)	-	(34,414)
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(16,616)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,172</b>	<b>-</b>	<b>(4,444)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>28,973</b>	<b>51,964</b>	<b>474,647</b>	<b>232,582</b>	<b>(704,202)</b>	<b>685,312</b>	<b>101,427</b>	<b>29,970</b>	<b>(2,897,965)</b>	<b>(1,997,292)</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>-</b>	<b>125,051</b>	<b>1,610,122</b>	<b>51,106</b>	<b>10,581,823</b>	<b>698,826</b>	<b>347,853</b>	<b>2,140,418</b>	<b>5,098,234</b>	<b>20,653,433</b>
<b>End of Year</b>	<b>\$ 28,973</b>	<b>\$ 177,015</b>	<b>\$ 2,084,769</b>	<b>\$ 283,688</b>	<b>\$ 9,877,621</b>	<b>\$ 1,384,138</b>	<b>\$ 449,280</b>	<b>\$ 2,170,388</b>	<b>\$ 2,200,269</b>	<b>\$ 18,656,141</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>										
Operating Income (Loss)	\$ (88,692)	\$ 41,173	\$ (1,020,929)	\$ (1,553,917)	\$ (1,861,556)	\$ (278,822)	\$ 138,064	\$ (519,776)	\$ (1,458,100)	\$ (6,602,555)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:										
Depreciation and Amortization	10,660	-	-	-	3,556	4,644	200	519,776	-	538,836
Change in Assets and Liabilities										
(Increase) Decrease in Accounts Receivable	58,080	266	(31,128)	174,380	-	722,243	(1,530)	-	(217,724)	704,587
(Increase) Decrease in Due from Other Funds	12,941	2,199	(1,004,709)	-	-	-	(2,295)	-	(85,467)	(1,077,331)
(Increase) Decrease in Due from Component Units	(3,849)	1,161	139,961	-	(376,072)	-	-	-	-	(238,799)
Decrease in Inventories	21,667	6,341	-	-	-	-	-	-	-	28,008
Increase in Prepaid Items	(2,995)	-	(47,634)	-	-	-	-	-	-	(50,629)
Increase (Decrease) in Accounts Payable and Accrued Liability	31,102	(636)	1,489,600	(57,512)	1,216,660	165,320	(35,642)	17,798	44	2,826,734
Increase (Decrease) in Due to Other Funds	(289,588)	1,460	(37)	(2,268)	(5,056)	71,927	2,630	-	(2,202,121)	(2,423,053)
Decrease in Due to Component Units	-	-	(44,616)	-	-	-	-	-	-	(44,616)
Decrease in Compensated Absences	(3,737)	-	-	(4,721)	(691)	-	-	-	-	(9,149)
Increase (Decrease) in Claims Liability	-	-	-	-	317,337	-	-	-	(141,906)	175,431
Decrease in Deferred Revenues	-	-	(5,861)	-	-	-	-	-	(491)	(6,352)
Total Adjustments	(165,719)	10,791	495,576	109,879	1,155,734	964,134	(36,637)	537,574	(2,647,665)	423,667
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (254,411)</b>	<b>\$ 51,964</b>	<b>\$ (525,353)</b>	<b>\$ (1,444,038)</b>	<b>\$ (705,822)</b>	<b>\$ 685,312</b>	<b>\$ 101,427</b>	<b>\$ 17,798</b>	<b>\$ (4,105,765)</b>	<b>\$ (6,178,888)</b>

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**KNOX COUNTY, TENNESSEE**

**Vehicle Service Center Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 28,973	\$ -
Accounts Receivable	84,447	142,527
Due from Other Funds	181,473	194,414
Due from Component Units	8,260	4,411
Inventories	130,648	152,315
Prepaid Items	2,995	-
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	436,796	493,667
	<hr/>	<hr/>
<b>Capital Assets:</b>		
Machinery and Equipment	130,087	113,471
Accumulated Depreciation	(107,232)	(96,572)
	<hr/>	<hr/>
Capital Assets (Net of Accumulated Depreciation)	22,855	16,899
	<hr/>	<hr/>
TOTAL ASSETS	459,651	510,566
	<hr/>	<hr/>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	76,871	45,769
Due to Other Funds	19,412	309,000
Compensated Absences	66,224	69,587
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	162,507	424,356
	<hr/>	<hr/>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	7,358	7,732
	<hr/>	<hr/>
TOTAL LIABILITIES	169,865	432,088
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Invested in Capital Assets	22,855	16,899
Unrestricted	266,931	61,579
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 289,786	\$ 78,478
	<hr/> <hr/>	<hr/> <hr/>

**KNOX COUNTY, TENNESSEE**

**Vehicle Service Center Fund  
Comparative Schedules of Revenues, Expenses  
and Changes in Net Assets - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ 3,831,065	\$ 3,831,065	\$ 3,235,053	\$ (596,012)	\$ 3,540,678	\$ 3,540,678	\$ 3,482,656	\$ (58,022)
<b>Operating Expenses</b>								
Costs of Sales and Services	2,785,000	2,728,590	1,992,220	736,370	2,295,051	2,449,388	2,449,387	1
General and Administrative	1,187,490	1,243,014	1,172,144	70,870	1,095,416	1,138,162	1,118,169	19,993
Depreciation and Amortization	9,775	10,661	10,660	1	8,811	9,679	9,678	1
Other Expenses	148,800	148,800	148,721	79	135,300	135,245	135,243	2
Total Operating Expenses	4,131,065	4,131,065	3,323,745	807,320	3,534,578	3,732,474	3,712,477	19,997
Loss before Transfers	(300,000)	(300,000)	(88,692)	211,308	6,100	(191,796)	(229,821)	(38,025)
<b>Transfers</b>								
Transfers from Other Funds	300,000	300,000	300,000	-	-	-	300,000	300,000
Change in Net Assets	-	-	211,308	211,308	6,100	(191,796)	70,179	261,975
Net Assets, July 1	78,478	78,478	78,478	-	8,299	8,299	8,299	-
Net Assets, June 30	\$ 78,478	\$ 78,478	\$ 289,786	\$ 211,308	\$ 14,399	\$ (183,497)	\$ 78,478	\$ 261,975

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**KNOX COUNTY, TENNESSEE**

**Mailroom Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 177,015	\$ 125,051
Accounts Receivable	971	1,237
Due from Other Funds	23,370	25,569
Due from Component Units	-	1,161
Inventories	28,371	34,712
	<u>229,727</u>	<u>187,730</u>
<b>TOTAL ASSETS</b>	<u>229,727</u>	<u>187,730</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	2,106	2,742
Due to Other Funds	1,460	-
	<u>3,566</u>	<u>2,742</u>
<b>TOTAL LIABILITIES</b>	<u>3,566</u>	<u>2,742</u>
<b>NET ASSETS</b>		
Unrestricted	<u>\$ 226,161</u>	<u>\$ 184,988</u>

**KNOX COUNTY, TENNESSEE**

**Mailroom Fund**  
**Comparative Schedules of Revenues, Expenses**  
**and Changes in Net Assets - Budget And Actual (GAAP Basis)**  
 For the years ended June 30, 2009 and June 30, 2008

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ 325,000	\$ 325,000	\$ 341,483	\$ 16,483	\$ 350,000	\$ 350,000	\$ 315,112	\$ (34,888)
<b>Operating Expenses</b>								
Costs of Sales and Services	325,000	325,000	300,310	24,690	350,000	350,000	297,620	52,380
Change in Net Assets	-	-	41,173	41,173	-	-	17,492	17,492
Net Assets, July 1	184,988	184,988	184,988	-	167,496	167,496	167,496	-
Net Assets, June 30	\$ 184,988	\$ 184,988	\$ 226,161	\$ 41,173	\$ 167,496	\$ 167,496	\$ 184,988	\$ 17,492

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**KNOX COUNTY, TENNESSEE**

**Employee Benefits Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,084,769	\$ 1,610,122
Accounts Receivable	329,288	298,160
Due from Other Funds	1,024,718	20,009
Due from Component Units	3,275	143,236
Prepaid Items	47,634	-
	<u>3,489,684</u>	<u>2,071,527</u>
<b>TOTAL ASSETS</b>		
	<u>3,489,684</u>	<u>2,071,527</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable and		
Accrued Liabilities	2,594,233	1,104,633
Due to Other Funds	257	294
Due to Component Units	202,689	247,305
Deferred Revenue	20,018	25,879
Advances from Other Funds	175,000	175,000
	<u>2,992,197</u>	<u>1,553,111</u>
<b>TOTAL LIABILITIES</b>		
	<u>2,992,197</u>	<u>1,553,111</u>
<b>NET ASSETS</b>		
Unrestricted	<u>\$ 497,487</u>	<u>\$ 518,416</u>

**KNOX COUNTY, TENNESSEE**

**Employee Benefits Fund  
Comparative Schedules of Revenues, Expenses  
and Changes in Net Assets - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ 28,000,000	\$ 28,007,930	\$ 26,094,436	\$ (1,913,494)	\$ 45,235,000	\$ 35,501,816	\$ 32,282,694	\$ (3,219,122)
<b>Operating Expenses</b>								
Finance and Administration:								
General and Administrative	202,485	240,415	192,533	47,882	159,000	159,000	96,160	62,840
Medical Claims	650,000	650,000	628,957	21,043	24,113,000	14,379,816	9,618,351	4,761,465
Retirement Contributions	26,552,515	26,552,515	25,491,824	1,060,691	20,383,000	20,383,000	21,806,477	(1,423,477)
Other Employee Benefits	595,000	595,000	802,051	(207,051)	580,000	580,000	598,324	(18,324)
Total Operating Expenses	28,000,000	28,037,930	27,115,365	922,565	45,235,000	35,501,816	32,119,312	3,382,504
Operating Income (Loss)	-	(30,000)	(1,020,929)	(990,929)	-	-	163,382	163,382
<b>Nonoperating Revenues</b>								
Grant Income - Other Sources	-	30,000	-	(30,000)	-	-	-	-
Income (Loss) before Transfers	-	-	(1,020,929)	(1,020,929)	-	-	163,382	163,382
<b>Transfers</b>								
Transfers from Other Funds	-	1,000,000	1,000,000	-	-	-	-	-
Transfers Out - Other Funds	-	(1,000,000)	-	1,000,000	-	-	-	-
Total Transfers	-	-	1,000,000	1,000,000	-	-	-	-
Change in Net Assets	-	-	(20,929)	(20,929)	-	-	163,382	163,382
Net Assets, July 1	518,416	518,416	518,416	-	355,034	355,034	355,034	-
Net Assets, June 30	\$ 518,416	\$ 518,416	\$ 497,487	\$ (20,929)	\$ 355,034	\$ 355,034	\$ 518,416	\$ 163,382

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**KNOX COUNTY, TENNESSEE**

**Employee Retirement Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 283,688	\$ 51,106
Accounts Receivable	-	174,380
	<u>283,688</u>	<u>225,486</u>
<b>TOTAL CURRENT ASSETS</b>	<u>283,688</u>	<u>225,486</u>
<b>Capital Assets:</b>		
Machinery and Equipment	51,815	51,815
Accumulated Depreciation	(51,815)	(51,815)
	<u>-</u>	<u>-</u>
Capital Assets (Net of Accumulated Depreciation)	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>283,688</u>	<u>225,486</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	53,035	110,547
Due to Other Funds	693	2,961
Compensated Absences	27,447	31,696
	<u>81,175</u>	<u>145,204</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>81,175</u>	<u>145,204</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	3,050	3,522
	<u>84,225</u>	<u>148,726</u>
<b>TOTAL LIABILITIES</b>	<u>84,225</u>	<u>148,726</u>
<b>NET ASSETS</b>		
Unrestricted	<u>\$ 199,463</u>	<u>\$ 76,760</u>

**KNOX COUNTY, TENNESSEE**

**Employee Retirement Fund  
Comparative Schedules of Revenues, Expenses  
and Changes in Net Assets - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ 12,000	\$ 9,000	\$ 9,155	\$ 155	\$ 9,000	\$ 9,000	\$ 9,011	\$ 11
<b>Operating Expenses</b>								
General and Administrative	1,537,124	1,516,661	1,466,482	50,179	1,618,499	1,641,053	1,297,380	343,673
Other Expenses	152,818	211,700	96,590	115,110	152,818	134,971	98,652	36,319
Total Operating Expenses	1,689,942	1,728,361	1,563,072	165,289	1,771,317	1,776,024	1,396,032	379,992
Operating Loss	(1,677,942)	(1,719,361)	(1,553,917)	165,444	(1,762,317)	(1,767,024)	(1,387,021)	380,003
<b>Nonoperating Revenues</b>								
Payments Received for Administrative Expenses	1,672,942	1,714,361	1,083,620	(630,741)	1,760,317	1,762,024	949,303	(812,721)
Payments from Component Units	-	-	592,000	592,000	-	-	425,716	425,716
Donations	5,000	5,000	1,000	(4,000)	2,000	5,000	5,120	120
Total Nonoperating Revenues	1,677,942	1,719,361	1,676,620	(42,741)	1,762,317	1,767,024	1,380,139	(386,885)
Change in Net Assets	-	-	122,703	122,703	-	-	(6,882)	(6,882)
Net Assets, July 1	76,760	76,760	76,760	-	83,642	83,642	83,642	-
Net Assets, June 30	\$ 76,760	\$ 76,760	\$ 199,463	\$ 122,703	\$ 83,642	\$ 83,642	\$ 76,760	\$ (6,882)

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**KNOX COUNTY, TENNESSEE**

**Self Insurance Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 9,877,621	\$ 10,581,823
Notes Receivable	33,678	35,298
Due from Component Units	<u>376,072</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>	<u>10,287,371</u>	<u>10,617,121</u>
<b>Capital Assets:</b>		
Machinery and Equipment	33,352	33,352
Accumulated Depreciation	<u>(32,760)</u>	<u>(29,204)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>592</u>	<u>4,148</u>
<b>TOTAL ASSETS</b>	<u>10,287,963</u>	<u>10,621,269</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	1,341,525	124,865
Due to Other Funds	1,430	6,486
Claims Liability	5,445,226	5,127,889
Compensated Absences	<u>13,962</u>	<u>14,584</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,802,143</u>	<u>5,273,824</u>
<b>Noncurrent Liabilities:</b>		
Compensated Absences	<u>1,551</u>	<u>1,620</u>
<b>TOTAL LIABILITIES</b>	<u>6,803,694</u>	<u>5,275,444</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	592	4,148
Unrestricted	<u>3,483,677</u>	<u>5,341,677</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,484,269</u>	<u>\$ 5,345,825</u>

**KNOX COUNTY, TENNESSEE**

**Self Insurance Fund  
Comparative Schedules of Revenues, Expenses  
and Changes in Net Assets - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ 2,578,500	\$ 2,578,500	\$ 2,735,772	\$ 157,272	\$ 4,233,446	\$ 4,233,446	\$ 2,278,557	\$ (1,954,889)
<b>Operating Expenses</b>								
General and Administrative	533,360	533,360	432,676	100,684	540,765	540,865	440,515	100,350
Depreciation and Amortization	3,556	3,556	3,556	-	3,556	3,556	3,555	1
Workers' Compensation Costs	3,086,646	1,386,646	1,162,078	224,568	2,907,380	2,907,380	1,636,081	1,271,299
Other Claims Costs	1,300,000	3,000,000	2,999,018	982	850,000	850,000	(624,190)	1,474,190
Total Operating Expenses	4,923,562	4,923,562	4,597,328	326,234	4,301,701	4,301,801	1,455,961	2,845,840
Operating Income (Loss)	(2,345,062)	(2,345,062)	(1,861,556)	483,506	(68,255)	(68,355)	822,596	890,951
<b>Nonoperating Revenues</b>								
Subrogations	15,000	15,000	-	(15,000)	66,554	66,554	17,934	(48,620)
Change in Net Assets	(2,330,062)	(2,330,062)	(1,861,556)	468,506	(1,701)	(1,801)	840,530	842,331
Net Assets, July 1	5,345,825	5,345,825	5,345,825	-	4,505,295	4,505,295	4,505,295	-
Net Assets, June 30	\$ 3,015,763	\$ 3,015,763	\$ 3,484,269	\$ 468,506	\$ 4,503,594	\$ 4,503,494	\$ 5,345,825	\$ 842,331

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**KNOX COUNTY, TENNESSEE**

**Central Maintenance Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,384,138	\$ 698,826
Accounts Receivable	<u>305,890</u>	<u>1,028,133</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,690,028</u>	<u>1,726,959</u>
<b>Capital Assets:</b>		
Machinery and Equipment	72,217	72,217
Accumulated Depreciation	<u>(66,137)</u>	<u>(61,493)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>6,080</u>	<u>10,724</u>
<b>TOTAL ASSETS</b>	<u>1,696,108</u>	<u>1,737,683</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	165,320	-
Due to Other Funds	<u>71,927</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>237,247</u>	<u>-</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	6,080	10,724
Unrestricted	<u>1,452,781</u>	<u>1,726,959</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,458,861</u>	<u>\$ 1,737,683</u>

**KNOX COUNTY, TENNESSEE**

**Central Maintenance Fund  
Comparative Schedules of Revenues, Expenses  
and Changes in Net Assets - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ 9,317,618	\$ 9,317,618	\$ 8,375,296	\$ (942,322)	\$ 8,918,664	\$ 9,018,891	\$ 10,259,259	\$ 1,240,368
<b>Operating Expenses</b>								
General and Administrative	9,810,828	9,810,828	8,649,474	1,161,354	8,911,874	9,012,101	9,012,101	-
Depreciation and Amortization	6,790	6,790	4,644	2,146	6,790	6,790	6,765	25
Total Operating Expenses	9,817,618	9,817,618	8,654,118	1,163,500	8,918,664	9,018,891	9,018,866	25
Change in Net Assets	(500,000)	(500,000)	(278,822)	221,178	-	-	1,240,393	1,240,393
Net Assets, July 1	1,737,683	1,737,683	1,737,683	-	497,290	497,290	497,290	-
Net Assets, June 30	\$ 1,237,683	\$ 1,237,683	\$ 1,458,861	\$ 221,178	\$ 497,290	\$ 497,290	\$ 1,737,683	\$ 1,240,393

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**KNOX COUNTY, TENNESSEE**

**Technical Support Service Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 449,280	\$ 347,853
Accounts Receivable	1,530	-
Due from Other Funds	<u>2,295</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>	<u>453,105</u>	<u>347,853</u>
<b>Capital Assets:</b>		
Machinery and Equipment	101,277	101,277
Accumulated Depreciation	<u>(101,277)</u>	<u>(101,077)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>-</u>	<u>200</u>
<b>TOTAL ASSETS</b>	<u>453,105</u>	<u>348,053</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	67,312	102,954
Due to Other Funds	<u>2,630</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>69,942</u>	<u>102,954</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	-	200
Unrestricted	<u>383,163</u>	<u>244,899</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 383,163</u>	<u>\$ 245,099</u>

**KNOX COUNTY, TENNESSEE**

**Technical Support Service Fund  
Comparative Schedules of Revenues, Expenses  
and Changes in Net Assets - Budget And Actual (GAAP Basis)**

For the years ended June 30, 2009 and June 30, 2008

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ 411,000	\$ 411,000	\$ 404,352	\$ (6,648)	\$ 434,000	\$ 434,000	\$ 413,511	\$ (20,489)
<b>Operating Expenses</b>								
General and Administrative	345,000	345,000	265,788	79,212	350,300	497,400	474,831	22,569
Depreciation and Amortization	15,300	15,300	200	15,100	2,400	4,800	2,398	2,402
Other Expense	114,700	114,700	300	114,400	200	200	200	-
Total Operating Expenses	475,000	475,000	266,288	208,712	352,900	502,400	477,429	24,971
Change in Net Assets	(64,000)	(64,000)	138,064	202,064	81,100	(68,400)	(63,918)	4,482
Net Assets, July 1	245,099	245,099	245,099	-	309,017	309,017	309,017	-
Net Assets, June 30	\$ 181,099	\$ 181,099	\$ 383,163	\$ 202,064	\$ 390,117	\$ 240,617	\$ 245,099	\$ 4,482

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**KNOX COUNTY, TENNESSEE**

**Capital Leasing Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,170,388	\$ 2,140,418
<b>Capital Assets:</b>		
Machinery and Equipment	8,468,234	9,126,006
Accumulated Depreciation	<u>(8,019,405)</u>	<u>(8,125,514)</u>
Capital Assets (Net of Accumulated Depreciation)	<u>448,829</u>	<u>1,000,492</u>
<b>TOTAL ASSETS</b>	<u>2,619,217</u>	<u>3,140,910</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	<u>17,798</u>	<u>-</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	448,829	1,000,492
Unrestricted	<u>2,152,590</u>	<u>2,140,418</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 2,601,419</u>	<u>\$ 3,140,910</u>

**KNOX COUNTY, TENNESSEE**

**Capital Leasing Fund  
Comparative Schedules of Revenues, Expenses  
and Changes in Net Assets - Budget And Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operating Expenses</b>								
Costs of Sales and Services	1,000,000	1,000,000	-	1,000,000	1,000,000	1,000,000	-	1,000,000
Depreciation and Amortization	1,400,000	1,400,000	519,776	880,224	1,400,000	1,400,000	771,572	628,428
Total Operating Expenses	2,400,000	2,400,000	519,776	1,880,224	2,400,000	2,400,000	771,572	1,628,428
Operating Loss	(2,400,000)	(2,400,000)	(519,776)	1,880,224	(2,400,000)	(2,400,000)	(771,572)	1,628,428
<b>Nonoperating Expenses</b>								
Loss on Disposal of Capital Asset	-	-	(19,715)	(19,715)	-	-	(3,355)	(3,355)
Change in Net Assets	(2,400,000)	(2,400,000)	(539,491)	1,860,509	(2,400,000)	(2,400,000)	(774,927)	1,625,073
Net Assets, July 1	3,140,910	3,140,910	3,140,910	-	3,915,837	3,915,837	3,915,837	-
Net Assets, June 30	\$ 740,910	\$ 740,910	\$ 2,601,419	\$ 1,860,509	\$ 1,515,837	\$ 1,515,837	\$ 3,140,910	\$ 1,625,073

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**KNOX COUNTY, TENNESSEE**

**Self Insurance Healthcare Fund**  
**Comparative Statements of Net Assets**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 2,200,269	\$ 5,098,234
Accounts Receivable	352,495	134,771
Due from Other Funds	85,500	33
	<hr/>	<hr/>
TOTAL ASSETS	<u>2,638,264</u>	<u>5,233,038</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	44	-
Due to Other Funds	798,146	3,000,267
Claims Liability	1,587,442	1,729,348
Deferred Revenue	888	1,379
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>2,386,520</u>	<u>4,730,994</u>
<b>NET ASSETS</b>		
Unrestricted	<u>251,744</u>	<u>502,044</u>
TOTAL NET ASSETS	<u><u>\$ 251,744</u></u>	<u><u>\$ 502,044</u></u>

**KNOX COUNTY, TENNESSEE**  
**Self Insurance Healthcare Fund**  
**Comparative Schedules of Revenues, Expenses**  
**and Changes in Net Assets - Budget And Actual (GAAP Basis)**  
For the years ended June 30, 2009 and June 30, 2008

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>								
Charges for Sales and Services	\$ 22,000,000	\$ 22,945,134	\$ 21,204,118	\$ (1,741,016)	\$ 9,733,184	\$ 9,733,184	\$ 9,708,165	\$ (25,019)
<b>Operating Expenses</b>								
General and Administrative	1,526,949	1,549,749	1,323,493	226,256	642,644	642,644	774,120	(131,476)
Medical Claims	20,473,051	21,395,385	21,338,725	56,660	9,090,540	9,090,540	8,432,001	658,539
Total Operating Expenses	22,000,000	22,945,134	22,662,218	282,916	9,733,184	9,733,184	9,206,121	527,063
Income (Loss) before Transfers	-	-	(1,458,100)	(1,458,100)	-	-	502,044	502,044
<b>Transfers</b>								
Transfers From Other Funds	-	-	1,207,800	1,207,800	-	-	-	-
Change in Net Assets	-	-	(250,300)	(250,300)	-	-	502,044	502,044
Net Assets, July 1	502,044	502,044	502,044	-	-	-	-	-
Net Assets, June 30	\$ 502,044	\$ 502,044	\$ 251,744	\$ (250,300)	\$ -	\$ -	\$ 502,044	\$ 502,044

## FIDUCIARY FUNDS

Trust funds are used to account for assets held by the County in a trustee capacity. Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

### PENSION TRUST FUNDS

**Pension Trust Fund Defined Benefit:** This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees covered under the County's defined benefit plan.

**Pension Trust Fund Defined Contribution:** This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees covered under the County's defined contribution (asset accumulation) plan.

**Pension Trust Fund Defined Contribution Voluntary 457 Plan:** This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees who have chosen to participate in the County's defined contribution plan.

**Pension Trust Fund Medical Retirement Defined Contribution:** This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees covered under the County's defined contribution (asset accumulation) plan. This plan assists employees in planning and investing for anticipated medical expenses upon retirement.

**Pension Trust Fund Uniformed Officers:** This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees covered under the County's Uniformed Officers Pension Plan.

### AGENCY FUNDS

**Municipal Sales Tax Fund:** This fund accounts for the local sales tax levied by local municipalities. These funds are collected by the State of Tennessee and remitted to the County for distribution to the municipalities.

**Juvenile Court Fund:** This fund accounts for the receipt and disposition of funds held on behalf of juvenile defendants.

**Subdivision Bonds:** This fund accounts for the receipt and distribution of funds held by the County from subdivision developers pending completion of road and hydrology requirements.

**External Agencies Fund:** This fund accounts for the cash of several external agencies and County joint ventures held by the County Trustee on their behalf.

**Constitutional Officers:** The various elected officials use this fund to account for the receipt and disbursement of funds on behalf of state agencies and/or other funds.

**KNOX COUNTY, TENNESSEE**  
**Combining Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
June 30, 2009

	Defined Benefit Plan	Defined Contribution Plan	Voluntary 457 Plan	Medical Retirement Plan	Uniformed Officers Plan	Total
<b>ASSETS</b>						
Receivables:						
Contributions	\$ 16,514	\$ -	\$ -	\$ -	\$ 167,022	\$ 183,536
Investments	49,124,649	155,274,853	3,089,360	5,427,173	74,435,081	287,351,116
<b>TOTAL ASSETS</b>	49,141,163	155,274,853	3,089,360	5,427,173	74,602,103	287,534,652
<b>LIABILITIES</b>						
Accounts Payable and Accrued Liabilities	29,385	-	-	-	31,224	60,609
<b>NET ASSETS</b>						
Held in Trust for:						
Pension Benefits	\$ 49,111,778	\$ 155,274,853	\$ 3,089,360	\$ 5,427,173	\$ 74,570,879	\$ 287,474,043

**KNOX COUNTY, TENNESSEE**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
For the year ended June 30, 2009

	Defined Benefit Plan	Defined Contribution Plan	Voluntary 457 Plan	Medical Retirement Plan	Uniformed Officers Plan	Total
<b>Additions</b>						
Contributions:						
Employer	\$ 363,647	\$ 9,324,134	\$ -	\$ 71,033	\$ 2,825,187	\$ 12,584,001
Employees	-	7,779,685	1,875,274	292,437	1,587,882	11,535,278
Transfers from Other Plans	-	75,667	-	190,000	-	265,667
<b>Total Contributions</b>	<b>363,647</b>	<b>17,179,486</b>	<b>1,875,274</b>	<b>553,470</b>	<b>4,413,069</b>	<b>24,384,946</b>
Investment Earnings:						
Interest and Dividend Income	816,211	-	-	-	884,472	1,700,683
Net Appreciation (Depreciation) in Fair Value of Investments	(14,822,054)	(27,046,627)	(298,466)	(371,299)	(21,661,818)	(64,200,264)
<b>Total Investment Earnings (Losses)</b>	<b>(14,005,843)</b>	<b>(27,046,627)</b>	<b>(298,466)</b>	<b>(371,299)</b>	<b>(20,777,346)</b>	<b>(62,499,581)</b>
Less Investment Expenses	(180,623)	-	-	-	(211,638)	(392,261)
<b>Net Investment Earnings (Losses)</b>	<b>(14,186,466)</b>	<b>(27,046,627)</b>	<b>(298,466)</b>	<b>(371,299)</b>	<b>(20,988,984)</b>	<b>(62,891,842)</b>
<b>Total Additions</b>	<b>(13,822,819)</b>	<b>(9,867,141)</b>	<b>1,576,808</b>	<b>182,171</b>	<b>(16,575,915)</b>	<b>(38,506,896)</b>
<b>Deductions</b>						
Benefits and Refunds	6,848,325	10,425,621	236,707	480,616	1,490,978	19,482,247
Administrative Expenses	592,693	-	-	-	490,927	1,083,620
Transfers to Other Plans	265,667	-	-	-	-	265,667
<b>Total Deductions</b>	<b>7,706,685</b>	<b>10,425,621</b>	<b>236,707</b>	<b>480,616</b>	<b>1,981,905</b>	<b>20,831,534</b>
<b>Change in Net Assets</b>	<b>(21,529,504)</b>	<b>(20,292,762)</b>	<b>1,340,101</b>	<b>(298,445)</b>	<b>(18,557,820)</b>	<b>(59,338,430)</b>
<b>Total Net Assets Held in Trust for Pension Benefits, July 1</b>	<b>70,641,282</b>	<b>175,567,615</b>	<b>1,749,259</b>	<b>5,725,618</b>	<b>93,128,699</b>	<b>346,812,473</b>
<b>Total Net Assets Held in Trust for Pension Benefits, June 30</b>	<b>\$ 49,111,778</b>	<b>\$ 155,274,853</b>	<b>\$ 3,089,360</b>	<b>\$ 5,427,173</b>	<b>\$ 74,570,879</b>	<b>\$ 287,474,043</b>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Assets**  
**Pension Trust Fund - Defined Benefit Plan**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Receivables:		
Contributions	\$ 16,514	\$ 16,004
Prepaid expense	-	693
Investments	<u>49,124,649</u>	<u>70,645,274</u>
<b>TOTAL ASSETS</b>	<u>49,141,163</u>	<u>70,661,971</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	<u>29,385</u>	<u>20,689</u>
<b>NET ASSETS</b>		
Held in Trust For:		
Pension Benefits	<u><u>\$ 49,111,778</u></u>	<u><u>\$ 70,641,282</u></u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Changes in Fiduciary Net Assets**

**Pension Trust Fund - Defined Benefit Plan**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Additions</b>		
Contributions:		
Employees	\$ -	\$ 100,000
Employer	363,647	333,504
Transfers from Other Plans	-	239,243
	<u>363,647</u>	<u>672,747</u>
Investment Earnings:		
Interest and Dividend Income	816,211	2,437,233
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(14,822,054)</u>	<u>(6,848,547)</u>
	(14,005,843)	(4,411,314)
Less Investment Expenses	<u>(180,623)</u>	<u>(188,980)</u>
	(14,186,466)	(4,600,294)
	<u>(13,822,819)</u>	<u>(3,927,547)</u>
<b>Deductions</b>		
Benefits and Refunds	6,848,325	6,658,469
Administrative Expenses	592,693	446,731
Transfers to Other Plans	<u>265,667</u>	<u>526,699</u>
	<u>7,706,685</u>	<u>7,631,899</u>
<b>Change in Net Assets</b>	(21,529,504)	(11,559,446)
<b>Total Net Assets Held in Trust for Pension Benefits, July 1</b>	<u>70,641,282</u>	<u>82,200,728</u>
<b>Total Net Assets Held in Trust for Pension Benefits, June 30</b>	<u>\$ 49,111,778</u>	<u>\$ 70,641,282</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Assets  
Pension Trust Fund - Defined Contribution Plan**

June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Investments, at Fair Value:		
Mutual Funds	<u>\$ 155,274,853</u>	<u>\$ 175,567,615</u>
<b>NET ASSETS</b>		
Held in Trust For:		
Pension Benefits	<u><u>\$ 155,274,853</u></u>	<u><u>\$ 175,567,615</u></u>

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## KNOX COUNTY, TENNESSEE

### Comparative Statements of Changes in Fiduciary Net Assets

#### Pension Trust Fund - Defined Contribution Plan

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 9,324,134	\$ 8,993,569
Employees	7,779,685	7,636,137
Transfers from Other Plans	<u>75,667</u>	<u>82,941</u>
 Total Contributions	 17,179,486	 16,712,647
 Investment Earnings:		
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(27,046,627)</u>	<u>(13,136,407)</u>
 Total Additions	 <u>(9,867,141)</u>	 <u>3,576,240</u>
 <b>Deductions</b>		
Benefits and Refunds	10,425,621	11,957,390
Transfer to Other Plans	<u>-</u>	<u>39,429,350</u>
 Total Deductions	 <u>10,425,621</u>	 <u>51,386,740</u>
 <b>Change in Net Assets</b>	 (20,292,762)	 (47,810,500)
 <b>Total Net Assets Held in Trust for Pension Benefits, July 1</b>	 <u>175,567,615</u>	 <u>223,378,115</u>
 <b>Total Net Assets Held in Trust for Pension Benefits, June 30</b>	 <u><u>\$ 155,274,853</u></u>	 <u><u>\$ 175,567,615</u></u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Assets  
Pension Trust Fund - Voluntary 457 Plan**

June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Investments, at Fair Value:		
Mutual Funds	<u>\$ 3,089,360</u>	<u>\$ 1,749,259</u>
<b>NET ASSETS</b>		
Held in Trust For:		
Pension Benefits	<u>\$ 3,089,360</u>	<u>\$ 1,749,259</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Changes in Fiduciary Net Assets  
Pension Trust Fund - Voluntary 457 Plan**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Additions</b>		
Contributions:		
Employee	\$ 1,875,274	\$ 1,886,791
Investment Earnings:		
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(298,466)</u>	<u>(95,293)</u>
Total Additions	<u>1,576,808</u>	<u>1,791,498</u>
<b>Deductions</b>		
Benefits and Refunds	<u>236,707</u>	<u>42,239</u>
<b>Change in Net Assets</b>	1,340,101	1,749,259
<b>Total Net Assets Held in Trust for Pension Benefits, July 1</b>	<u>1,749,259</u>	<u>-</u>
<b>Total Net Assets Held in Trust for Pension Benefits, June 30</b>	<u><u>\$ 3,089,360</u></u>	<u><u>\$ 1,749,259</u></u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Assets**  
**Pension Trust Fund - Medical Retirement Defined Contribution Plan**  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Investments, at Fair Value:		
Mutual Funds	<u>\$ 5,427,173</u>	<u>\$ 5,725,618</u>
<b>TOTAL ASSETS</b>	<u>5,427,173</u>	<u>5,725,618</u>
<b>NET ASSETS</b>		
Held in Trust For:		
Pension Benefits	<u>\$ 5,427,173</u>	<u>\$ 5,725,618</u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Changes in Fiduciary Net Assets**  
**Pension Trust Fund - Medical Retirement Defined Contribution Plan**  
For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Additions</b>		
Contributions:		
Employees	\$ 292,437	\$ 310,233
Employer	71,033	74,994
Transfers from Other Plans	<u>190,000</u>	<u>178,155</u>
Total Contributions	553,470	563,382
Investment Earnings:		
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(371,299)</u>	<u>(120,771)</u>
Total Additions	<u>182,171</u>	<u>442,611</u>
<b>Deductions</b>		
Benefits and Refunds	<u>480,616</u>	<u>885,947</u>
<b>Change in Net Assets</b>	(298,445)	(443,336)
<b>Total Net Assets Held in Trust for Pension Benefits, July 1</b>	<u>5,725,618</u>	<u>6,168,954</u>
<b>Total Net Assets Held in Trust for Pension Benefits, June 30</b>	<u><u>\$ 5,427,173</u></u>	<u><u>\$ 5,725,618</u></u>

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**KNOX COUNTY, TENNESSEE**

**Comparative Statements of Fiduciary Net Assets**  
**Pension Trust Fund - Uniformed Officers Pension Plan**  
For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Receivables:		
Contributions	\$ 167,022	\$ 162,038
Investments	<u>74,435,081</u>	<u>93,156,862</u>
<b>TOTAL ASSETS</b>	<u>74,602,103</u>	<u>93,318,900</u>
 <b>LIABILITIES</b>		
Accounts Payable	<u>31,224</u>	<u>190,201</u>
 <b>NET ASSETS</b>		
Held in Trust For:		
Pension Benefits	<u><u>\$ 74,570,879</u></u>	<u><u>\$ 93,128,699</u></u>

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## KNOX COUNTY, TENNESSEE

### Comparative Statements of Changes in Fiduciary Net Assets Pension Trust Fund - Uniformed Officers Pension Plan

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Additions</b>		
Contributions:		
Employees	\$ 1,587,882	\$ 2,116,645
Employer	2,825,187	1,823,530
Transfers From Other Plans	-	39,694,954
Transfers from Other Funds	-	56,510,846
	<u>4,413,069</u>	<u>100,145,975</u>
Total Contributions		
Investment Earnings:		
Interest and Dividend Income	884,472	696,600
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(21,661,818)</u>	<u>(5,864,084)</u>
	(20,777,346)	(5,167,484)
Total Investment Earnings (Losses)		
Less Investment Expenses	<u>(211,638)</u>	<u>(113,251)</u>
	(20,988,984)	(5,280,735)
Net Investment Earnings (Losses)		
Total Additions	<u>(16,575,915)</u>	<u>94,865,240</u>
<b>Deductions</b>		
Benefits and Refunds	1,490,978	755,483
Administrative Expenses	490,927	502,572
Transfers to Other Plans	-	478,486
	<u>1,981,905</u>	<u>1,736,541</u>
Total Deductions		
<b>Change in Net Assets</b>	(18,557,820)	93,128,699
<b>Total Net Assets Held in Trust for Pension Benefits, July 1</b>	<u>93,128,699</u>	<u>-</u>
<b>Total Net Assets Held in Trust for Pension Benefits, June 30</b>	<u>\$ 74,570,879</u>	<u>\$ 93,128,699</u>

**KNOX COUNTY, TENNESSEE**

**Combining Statement of Fiduciary Assets and Liabilities**

**Agency Funds**

June 30, 2009

(With comparative totals for June 30, 2008)

	Municipal Sales Tax	Juvenile Court	Subdivision Bonds	External Agencies	Constitutional Officers	Totals	
						2009	2008
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ 108,238	\$ 141,446	\$ 1,839,391	\$ 22,582,133	\$ 24,671,208	\$ 23,778,440
Receivables:							
Accounts	6,197,755	-	-	-	544,208	6,741,963	6,842,799
<b>TOTAL ASSETS</b>	<u>\$ 6,197,755</u>	<u>\$ 108,238</u>	<u>\$ 141,446</u>	<u>\$ 1,839,391</u>	<u>\$ 23,126,341</u>	<u>\$ 31,413,171</u>	<u>\$ 30,621,239</u>
<b>LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ 6,197,755	\$ -	\$ 141,446	\$ 1,839,391	\$ -	\$ 8,178,592	\$ 8,676,606
Due to Other Governments	-	-	-	-	2,800,138	2,800,138	2,397,596
Due to Litigants, Heirs and Others	-	108,238	-	-	20,326,203	20,434,441	19,547,037
<b>TOTAL LIABILITIES</b>	<u>\$ 6,197,755</u>	<u>\$ 108,238</u>	<u>\$ 141,446</u>	<u>\$ 1,839,391</u>	<u>\$ 23,126,341</u>	<u>\$ 31,413,171</u>	<u>\$ 30,621,239</u>

**KNOX COUNTY, TENNESSEE**

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

For the year ended June 30, 2009

(With comparative totals for the year ended June 30, 2008)

	Municipal Sales Tax	Juvenile Court	Subdivision Bonds	External Agencies	Constitutional Officers	Totals	
						2009	2008
Assets and Liabilities, July 1	\$ 6,753,902	\$ 100,356	\$ 156,446	\$ 1,766,258	\$ 21,844,277	\$ 30,621,239	\$ 30,658,640
Additions	38,465,405	108,238	20,000	8,493,412	89,266,569	136,353,624	153,257,644
Deductions	(39,021,552)	(100,356)	(35,000)	(8,420,279)	(87,984,505)	(135,561,692)	(153,295,045)
Assets and Liabilities, June 30	\$ 6,197,755	\$ 108,238	\$ 141,446	\$ 1,839,391	\$ 23,126,341	\$ 31,413,171	\$ 30,621,239

**KNOX COUNTY, TENNESSEE**

**Trustee, Clerks, Register and Sheriff  
Combined Schedule of Assets and Liabilities  
June 30, 2009**

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Sheriff	Total
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 87,180,915	\$ 1,409,178	\$ 7,121,480	\$ 4,617,040	\$ 4,181,534	\$ 1,763,762	\$ 182,782	\$ 106,456,691
Investments	62,001,758	-	-	-	3,168,526	-	-	65,170,284
Accounts Receivable	-	437,527	86,402	-	-	20,279	-	544,208
<b>Total Assets</b>	<b>\$ 149,182,673</b>	<b>\$ 1,846,705</b>	<b>\$ 7,207,882</b>	<b>\$ 4,617,040</b>	<b>\$ 7,350,060</b>	<b>\$ 1,784,041</b>	<b>\$ 182,782</b>	<b>\$ 172,171,183</b>
<b>LIABILITIES</b>								
Due to Other Governments	\$ -	\$ 1,125,703	\$ -	\$ 563,990	\$ -	\$ 1,110,445	\$ -	\$ 2,800,138
Due to Litigants, Heirs and Others	3,744,098	-	6,748,595	2,741,475	6,877,572	31,681	182,782	20,326,203
Fee and Commission Account	860,836	721,002	459,287	1,311,575	472,488	641,915	-	4,467,103
Amounts Held in Custody for								
Other County Funds:								
General Fund	40,217,808	-	-	-	-	-	-	40,217,808
Special Revenue Funds	9,431,453	-	-	-	-	-	-	9,431,453
Debt Service Fund	16,422,682	-	-	-	-	-	-	16,422,682
Capital Projects Fund - Component Units	48,162,473	-	-	-	-	-	-	48,162,473
Capital Projects Fund - Public Improvement	8,089,508	-	-	-	-	-	-	8,089,508
Capital Projects Fund - ADA Construction	2,085,075	-	-	-	-	-	-	2,085,075
Internal Service Funds	17,817,350	-	-	-	-	-	-	17,817,350
Fiduciary Funds/Other	2,041,705	-	-	-	-	-	-	2,041,705
Enterprise Funds	309,685	-	-	-	-	-	-	309,685
<b>Total Liabilities</b>	<b>\$ 149,182,673</b>	<b>\$ 1,846,705</b>	<b>\$ 7,207,882</b>	<b>\$ 4,617,040</b>	<b>\$ 7,350,060</b>	<b>\$ 1,784,041</b>	<b>\$ 182,782</b>	<b>\$ 172,171,183</b>

**KNOX COUNTY, TENNESSEE**

**Trustee, Clerks, Register and Sheriff**  
**Combined Schedule of Cash Receipts, Disbursements and Balances**  
 For the Year Ended June 30, 2009

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Sheriff	Total
Receipts								
Fund Accounts	\$ 829,757,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,757,946
Litigants, Heirs and Others	67,577,383	-	13,154,840	2,057,351	6,554,859	195,983	2,315,966	91,856,382
State of Tennessee	-	14,657,630	399,690	1,470,978	88,553	10,594,620	-	27,211,471
Knox County	-	27,317,816	2,448,791	3,624,882	262,613	-	-	33,654,102
Fees and Commissions	7,327,387	4,774,859	1,355,995	3,925,919	1,201,523	2,369,262	-	20,954,945
Cities - Clerk Collections	-	-	-	377,899	-	-	-	377,899
Total Receipts	904,662,716	46,750,305	17,359,316	11,457,029	8,107,548	13,159,865	2,315,966	1,003,812,745
Disbursements	(892,196,754)	(47,221,689)	(15,900,091)	(11,382,137)	(8,837,409)	(13,517,455)	(2,235,922)	(991,291,457)
Excess (Deficiency) of Receipts Over (Under) Disbursements	12,465,962	(471,384)	1,459,225	74,892	(729,861)	(357,590)	80,044	12,521,288
Balances, July 1, 2008	136,716,711	2,318,089	5,748,657	4,542,148	8,079,921	2,141,631	102,738	159,649,895
Balances, June 30, 2009	\$ 149,182,673	\$ 1,846,705	\$ 7,207,882	\$ 4,617,040	\$ 7,350,060	\$ 1,784,041	\$ 182,782	\$ 172,171,183

**KNOX COUNTY, TENNESSEE**

**Trustee, Clerks, and Register  
Combined Analysis of Fee and Commission Accounts  
For the Year Ended June 30, 2009**

	Trustee	County Clerk	Circuit and General Sessions Court Clerk	Criminal and Fourth Circuit Court Clerk	Clerk and Master	Register of Deeds	Total
<b>Revenues</b>							
Fees and Commissions	\$ 7,325,995	\$ 4,774,859	\$ 1,355,995	\$ 3,925,919	\$ 1,201,523	\$ 2,359,245	\$ 20,943,536
Interest Earned	1,392	-	-	-	-	10,017	11,409
<b>Total Revenues</b>	<b>7,327,387</b>	<b>4,774,859</b>	<b>1,355,995</b>	<b>3,925,919</b>	<b>1,201,523</b>	<b>2,369,262</b>	<b>20,954,945</b>
<b>Expenditures</b>							
Salaries-Staff	2,096,120	3,198,186	1,165,196	2,817,128	741,863	1,294,386	11,312,879
Payroll Taxes/Benefits	654,573	1,038,198	371,140	755,291	253,708	396,653	3,469,563
County Official/Administrative Officer	102,748	132,087	77,424	109,723	101,282	98,969	622,233
Travel	69,423	71,818	6,336	32,200	-	9,100	188,877
Other Expenditures	371,556	4,500	3,800	-	15,902	884	396,642
<b>Total Expenditures</b>	<b>3,294,420</b>	<b>4,444,789</b>	<b>1,623,896</b>	<b>3,714,342</b>	<b>1,112,755</b>	<b>1,799,992</b>	<b>15,990,194</b>
<b>Other (Sources) Uses</b>							
Fees and Commissions to County (General Fund)	4,355,533	1,200,000	-	120,000	165,490	891,156	6,732,179
<b>Total Expenditures and Other Uses</b>	<b>7,649,953</b>	<b>5,644,789</b>	<b>1,623,896</b>	<b>3,834,342</b>	<b>1,278,245</b>	<b>2,691,148</b>	<b>22,722,373</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(322,566)</b>	<b>(869,930)</b>	<b>(267,901)</b>	<b>91,577</b>	<b>(76,722)</b>	<b>(321,886)</b>	<b>(1,767,428)</b>
Balances, July 1, 2008	1,183,402	1,590,932	727,188	1,219,998	549,210	963,801	6,234,531
Balances, June 30, 2009	\$ 860,836	\$ 721,002	\$ 459,287	\$ 1,311,575	\$ 472,488	\$ 641,915	\$ 4,467,103

**KNOX COUNTY, TENNESSEE**

**Schedule of Debt Service Requirements  
General Bonded Debt**

June 30, 2009

Fiscal Year Ending June 30,	\$8,350,000 Women's Basketball Hall of Fame		\$39,467,607 General Obligation Refunding Series 2001		\$50,000,000 General Obligation Public Improvement Series 2001		\$2,597,104 Andrew Johnson GO Refunding Series 2002		\$31,200,221 General Obligation Refunding Series 2002A		\$31,361,297 General Obligation Refunding Bonds Series 2003		\$5,321,983 General Obligation Refunding Bonds Series 2003A		\$40,000,000 General Obligation Series 2003	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 460,000	\$ 254,000	\$ 4,850,775	\$ 555,871	\$ 2,321,875	\$ 393,117	\$ 320,144	\$ 28,629	\$ 2,645,234	\$ 1,617,615	\$ 1,972,261	\$ 1,046,981	\$ -	\$ 248,940	\$ 760,217	\$ 1,677,769
2011	485,000	231,000	5,092,738	309,720	2,415,625	271,219	333,840	15,023	2,753,367	1,498,340	2,063,209	953,299	-	248,939	815,150	1,648,455
2012	505,000	206,750	594,887	29,744	2,515,625	138,359	-	-	2,867,488	1,374,268	5,433,464	855,296	-	248,939	1,214,400	1,616,022
2013	535,000	181,500	-	-	-	-	-	-	3,748,390	1,168,784	5,695,912	583,623	-	248,939	1,278,367	1,564,255
2014	560,000	154,750	-	-	-	-	-	-	3,626,100	977,704	5,976,550	298,827	-	248,939	1,345,117	1,509,368
2015	590,000	126,750	-	-	-	-	-	-	7,280,815	700,601	-	-	-	248,939	1,420,750	1,451,364
2016	615,000	97,250	-	-	-	-	-	-	1,573,077	332,976	-	-	3,163,596	248,939	1,499,183	1,389,617
2017	650,000	66,500	-	-	-	-	-	-	1,648,077	258,255	-	-	1,815,180	90,759	1,577,600	1,324,128
2018	680,000	34,000	-	-	-	-	-	-	1,730,770	179,970	-	-	-	-	1,665,617	1,254,896
2019	-	-	-	-	-	-	-	-	1,823,079	93,432	-	-	-	-	1,752,933	1,181,299
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,843,733	1,103,336
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,953,000	1,021,007
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,064,367	933,064
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,978,567	839,508
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,097,367	740,339
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,225,050	634,933
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,353,433	522,666
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,489,317	403,538
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,487,500	276,925
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,638,332	142,829
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 5,080,000</b>	<b>\$ 1,352,500</b>	<b>\$ 10,538,400</b>	<b>\$ 895,335</b>	<b>\$ 7,253,125</b>	<b>\$ 802,695</b>	<b>\$ 653,984</b>	<b>\$ 43,652</b>	<b>\$ 29,696,397</b>	<b>\$ 8,201,945</b>	<b>\$ 21,141,396</b>	<b>\$ 3,738,026</b>	<b>\$ 4,978,776</b>	<b>\$ 1,833,333</b>	<b>\$35,460,000</b>	<b>\$21,235,318</b>

*continued*

**KNOX COUNTY, TENNESSEE**

**Schedule of Debt Service Requirements**

**General Bonded Debt (Continued)**

June 30, 2009

Fiscal Year Ending June 30,	\$14,337,717 General Obligation Refunding Series 2004		\$46,000,000 General Obligation Series 2004		\$29,083,377 General Obligation Refunding Series 2005A		\$50,000,000 General Obligation Series 2005		\$50,450,000 General Obligation Series 2007		\$57,000,000 General Obligation (Taxable) Series 2007		\$26,000,000 General Obligation Series 2008		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ -	\$ 520,940	\$ 394,286	\$ 1,800,571	\$ -	\$ 1,376,231	\$ 795,455	\$ 2,164,529	\$ -	\$ 2,522,500	\$ 725,000	\$ 3,117,175	\$ 786,500	\$ 1,300,000	\$ 16,031,747	\$ 18,624,868
2011	-	520,940	460,000	1,784,800	-	1,376,231	876,623	2,128,734	-	2,522,500	1,000,000	3,082,737	825,500	1,260,675	17,121,052	17,852,612
2012	-	520,940	525,714	1,766,400	-	1,376,231	957,792	2,089,286	-	2,522,500	1,050,000	3,035,237	867,750	1,219,400	16,532,120	16,999,372
2013	-	520,940	591,429	1,745,371	2,626,750	1,376,231	1,038,961	2,046,185	-	2,522,500	1,100,000	2,985,362	910,000	1,176,012	17,524,809	16,119,702
2014	-	520,940	657,143	1,721,714	2,724,489	1,255,719	1,120,130	1,999,432	-	2,522,500	1,450,000	2,927,612	955,500	1,130,512	18,415,029	15,268,017
2015	-	520,940	1,314,286	1,695,429	2,837,499	1,120,226	1,201,299	1,949,026	-	2,522,500	1,500,000	2,851,488	1,004,250	1,082,737	17,148,899	14,270,000
2016	1,888,180	520,940	1,971,429	1,642,857	2,931,640	978,996	1,298,701	1,894,968	-	2,522,500	2,000,000	2,772,738	1,053,000	1,032,525	17,993,806	13,434,306
2017	2,074,923	422,540	2,102,857	1,564,000	3,069,085	834,511	1,363,636	1,836,526	-	2,522,500	2,250,000	2,667,738	1,105,000	979,875	17,656,358	12,567,332
2018	2,122,646	319,557	2,234,286	1,479,886	3,209,585	683,049	1,461,039	1,775,162	-	2,522,500	2,300,000	2,550,738	1,163,500	924,625	16,567,443	11,724,383
2019	2,240,917	214,205	2,365,714	1,390,514	3,362,301	524,457	1,542,208	1,709,416	-	2,522,500	2,400,000	2,429,988	1,218,750	866,450	16,705,902	10,932,261
2020	2,074,923	102,983	2,503,714	1,295,886	3,524,181	358,113	1,623,377	1,640,016	-	2,522,500	2,525,000	2,302,788	1,280,500	805,512	15,375,428	10,131,134
2021	-	-	2,648,286	1,195,737	3,701,333	183,552	1,704,545	1,566,964	-	2,522,500	5,450,000	2,162,650	1,345,500	741,487	16,802,664	9,393,897
2022	-	-	2,799,429	1,089,806	-	-	698,052	1,490,260	-	2,522,500	5,725,000	1,860,175	1,413,750	674,212	12,700,598	8,570,017
2023	-	-	2,957,143	977,829	-	-	649,351	1,458,847	-	2,522,500	6,025,000	1,542,437	1,482,000	603,525	13,092,061	7,944,646
2024	-	-	3,128,000	859,543	-	-	681,818	1,429,627	-	2,522,500	6,300,000	1,196,000	1,556,750	529,425	13,763,935	7,277,434
2025	-	-	3,298,857	734,423	-	-	714,286	1,398,945	-	2,522,500	6,650,000	833,750	1,634,750	451,587	14,522,943	6,576,138
2026	-	-	3,482,857	602,469	-	-	746,753	1,366,802	-	2,522,500	7,000,000	451,375	1,716,000	369,850	15,299,043	5,835,662
2027	-	-	3,666,857	463,154	-	-	762,987	1,333,198	4,734,257	2,522,500	850,000	48,875	1,803,750	284,050	14,307,168	5,055,315
2028	-	-	3,857,429	316,480	-	-	795,455	1,298,864	5,611,649	2,285,787	-	-	1,891,500	193,862	14,643,533	4,371,918
2029	-	-	4,054,570	162,183	-	-	827,922	1,263,068	5,904,112	2,005,205	-	-	1,985,750	99,287	15,410,686	3,672,572
2030	-	-	-	-	-	-	5,032,468	1,225,812	6,178,297	1,709,999	-	-	-	-	11,210,765	2,935,811
2031	-	-	-	-	-	-	5,227,273	999,351	6,507,319	1,401,084	-	-	-	-	11,734,592	2,400,435
2032	-	-	-	-	-	-	5,438,312	764,123	6,818,062	1,075,718	-	-	-	-	12,256,374	1,839,841
2033	-	-	-	-	-	-	5,649,351	519,399	7,165,362	734,815	-	-	-	-	12,814,713	1,254,214
2034	-	-	-	-	-	-	5,892,857	265,179	7,530,942	376,547	-	-	-	-	13,423,799	641,726
<b>Totals</b>	<b>\$ 10,401,589</b>	<b>\$ 4,705,865</b>	<b>\$ 45,014,286</b>	<b>\$ 24,289,052</b>	<b>\$ 27,986,863</b>	<b>\$ 11,443,547</b>	<b>\$ 48,100,651</b>	<b>\$ 37,613,719</b>	<b>\$ 50,450,000</b>	<b>\$ 54,994,155</b>	<b>\$ 56,300,000</b>	<b>\$ 38,818,863</b>	<b>\$ 26,000,000</b>	<b>\$ 15,725,608</b>	<b>\$ 379,055,467</b>	<b>\$ 225,693,613</b>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
Knox County Board of Education  
Schedule of Debt Service Requirements  
General Bonded Debt  
June 30, 2009

Fiscal Year Ending June 30,	\$2,585,603 Qualified Zone Academy		\$17,277,393 General Obligation Refunding Series 2001		\$30,000,000 General Obligation Public Improvement Series 2001		\$4,987,896 Andrew Johnson GO Refunding Series 2002		\$51,799,779 General Obligation Refunding Series 2002A		\$28,983,703 General Obligation Refunding Bonds Series 2003		\$12,123,017 General Obligation Refunding Bonds Series 2003A		\$32,000,000 General Obligation Series 2003	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 215,467	\$ -	\$ 2,569,225	\$ 341,629	\$ 1,393,125	\$ 235,870	\$ 614,856	\$ 54,984	\$ 4,054,766	\$ 2,479,573	\$ 1,822,739	\$ 967,606	\$ -	\$ 567,060	\$ 414,783	\$ 1,348,481
2011	215,467	-	2,707,262	216,780	1,449,375	162,731	641,160	28,852	4,221,633	2,297,348	1,906,791	881,026	-	567,061	484,850	1,324,920
2012	215,467	-	1,355,114	67,756	1,509,375	83,017	-	-	4,397,512	2,107,544	5,021,536	790,454	-	567,061	860,600	1,298,853
2013	-	-	-	-	-	-	-	-	6,136,610	1,913,454	5,264,088	539,377	-	567,061	921,633	1,257,245
2014	-	-	-	-	-	-	-	-	5,788,900	1,560,859	5,523,450	276,173	-	567,061	979,883	1,213,132
2015	-	-	-	-	-	-	-	-	13,719,185	1,320,137	-	-	-	567,061	1,054,250	1,166,511
2016	-	-	-	-	-	-	-	-	2,516,923	532,760	-	-	7,206,404	567,061	1,125,817	1,116,883
2017	-	-	-	-	-	-	-	-	2,636,923	413,208	-	-	4,134,820	206,741	1,197,400	1,064,247
2018	-	-	-	-	-	-	-	-	2,769,230	287,954	-	-	-	-	1,284,383	1,008,604
2019	-	-	-	-	-	-	-	-	2,916,921	149,492	-	-	-	-	1,372,067	949,451
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,456,267	886,789
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,572,000	820,618
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,685,633	749,936
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,996,433	674,742
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,127,633	595,036
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,274,950	510,317
2026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,421,567	420,084
2027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,585,683	324,337
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,887,500	222,575
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,086,668	114,796
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	\$ 646,401	\$ -	\$ 6,631,601	\$ 626,165	\$ 4,351,875	\$ 481,618	\$ 1,256,016	\$ 83,836	\$ 49,158,603	\$ 13,062,329	\$ 19,538,604	\$ 3,454,636	\$ 11,341,224	\$ 4,176,167	\$ 31,790,000	\$ 17,067,557

continued

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
Knox County Board of Education  
Schedule of Debt Service Requirements  
General Bonded Debt (Continued)  
June 30, 2009

Fiscal Year Ending June 30,	\$20,212,283 General Obligation Refunding Series 2004		\$24,000,000 General Obligation Series 2004		\$18,526,623 General Obligation Refunding Series 2005A		\$11,150,000 Refunding Bonds Series 2005B		\$27,000,000 General Obligation Series 2005		\$18,550,000 General Obligation Series 2007		\$14,000,000 General Obligation Series 2008		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ -	\$ 743,685	\$ 205,714	\$ 939,429	\$ -	\$ 843,109	\$ 905,000	\$ 472,459	\$ 429,545	\$ 1,168,846	\$ -	\$ 927,500	\$ 423,500	\$ 700,000	\$ 13,048,720	\$ 11,790,231
2011	-	743,685	240,000	931,200	-	843,109	945,000	432,458	473,377	1,149,516	-	927,500	444,500	678,825	13,729,415	11,185,011
2012	-	743,685	274,286	921,600	-	843,109	995,000	389,744	517,208	1,128,214	-	927,500	467,250	656,600	15,613,348	10,525,137
2013	-	743,685	308,571	910,629	1,583,250	843,109	1,040,000	344,173	561,039	1,104,940	-	927,500	490,000	633,238	16,305,191	9,784,411
2014	-	743,685	342,857	898,286	1,645,511	769,281	1,095,000	296,229	604,870	1,079,693	-	927,500	514,500	608,738	16,494,971	8,940,637
2015	-	743,685	685,714	884,571	1,717,501	686,274	1,150,000	243,998	648,701	1,052,474	-	927,500	540,750	583,013	19,516,101	8,175,224
2016	2,661,820	743,685	1,028,571	857,143	1,728,360	599,754	1,210,000	188,798	701,299	1,023,282	-	927,500	567,000	555,975	18,746,194	7,112,841
2017	2,925,077	603,210	1,097,143	816,000	1,815,915	511,239	1,275,000	130,113	736,364	991,724	-	927,500	595,000	527,625	16,413,642	6,191,607
2018	2,992,354	456,193	1,165,714	772,114	1,905,415	418,451	1,340,000	67,000	788,961	958,588	-	927,500	626,500	497,875	12,872,557	5,394,279
2019	3,159,083	305,795	1,234,286	725,486	2,002,699	321,293	-	-	832,792	923,084	-	927,500	656,250	466,550	12,174,098	4,768,651
2020	2,925,077	147,017	1,306,286	676,114	2,105,819	219,387	-	-	876,623	885,609	-	927,500	689,500	433,738	9,359,572	4,176,154
2021	-	-	1,381,714	623,863	2,218,667	112,448	-	-	920,455	846,161	-	927,500	724,500	399,263	6,817,336	3,729,853
2022	-	-	1,460,571	568,594	-	-	-	-	376,948	804,740	-	927,500	761,250	363,038	4,284,402	3,413,808
2023	-	-	1,542,857	510,171	-	-	-	-	350,649	787,778	-	927,500	798,000	324,975	4,687,939	3,225,166
2024	-	-	1,632,000	448,457	-	-	-	-	368,182	771,998	-	927,500	838,250	285,075	4,966,065	3,028,066
2025	-	-	1,721,143	383,177	-	-	-	-	385,714	755,430	-	927,500	880,250	243,163	5,262,057	2,819,587
2026	-	-	1,817,143	314,331	-	-	-	-	403,247	738,073	-	927,500	924,000	199,150	5,565,957	2,599,138
2027	-	-	1,913,143	241,646	-	-	-	-	412,013	719,927	1,740,743	927,500	971,250	152,950	7,622,832	2,366,360
2028	-	-	2,012,571	165,120	-	-	-	-	429,545	701,386	2,063,351	840,463	1,018,500	104,388	8,411,467	2,033,932
2029	-	-	2,115,430	84,617	-	-	-	-	447,078	682,057	2,170,888	737,295	1,069,250	53,463	8,889,314	1,672,228
2030	-	-	-	-	-	-	-	-	2,717,532	661,938	2,271,703	628,751	-	-	4,989,235	1,290,689
2031	-	-	-	-	-	-	-	-	2,822,727	539,649	2,392,681	515,166	-	-	5,215,408	1,054,815
2032	-	-	-	-	-	-	-	-	2,936,688	412,627	2,506,938	395,532	-	-	5,443,626	808,159
2033	-	-	-	-	-	-	-	-	3,050,649	280,476	2,634,638	270,185	-	-	5,685,287	550,661
2034	-	-	-	-	-	-	-	-	3,182,143	143,196	2,769,058	138,453	-	-	5,951,201	281,649
Totals	\$ 14,663,411	\$ 6,718,010	\$ 23,485,714	\$ 12,672,548	\$ 16,723,137	\$ 7,010,563	\$ 9,955,000	\$ 2,564,972	\$ 25,974,349	\$ 20,311,406	\$ 18,550,000	\$ 20,220,845	\$ 14,000,000	\$ 8,467,642	\$ 248,065,935	\$ 116,918,294

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***KNOX COUNTY, TENNESSEE***

***Schedule of Salaries and Bonds of Principal Elected Officials***  
***For the year ended June 30, 2009***

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<b>OFFICIAL</b>	<b>AUTHORIZATION FOR SALARY</b>	<b>SALARY PAID DURING YEAR</b>	<b>BOND AMOUNT</b>	<b>SURETY</b>
Assessor of Property	Section 8-24-102 (k), T.C.A.	\$ 105,114	\$ 10,000	Hartford Fire Insurance
Attorney General	Section 8-6-104, T.C.A.	\$ 5,500	\$ -	
Circuit and Civil Sessions Court Clerk	Section 8-24-102 (k), T.C.A.	\$ 126,899	\$ 300,000	Hartford Fire Insurance
County Clerk *	Section 8-24-102 (k), T.C.A.	\$ 87,572	\$ 60,000	Hartford Fire Insurance
County Mayor	Section 8-24-102, T.C.A.	\$ 152,921	\$ 50,000	Hartford Fire Insurance
Criminal and Fourth Circuit Court Clerk	Section 8-24-102 (k), T.C.A.	\$ 125,608	\$ 250,000	Hartford Fire Insurance
Law Director*	Section 3.08, Knox County Charter	\$ 122,315	\$ -	
Register of Deeds	Section 8-24-102 (k), T.C.A.	\$ 99,736	\$ 100,000	Hartford Fire Insurance
Sheriff	Section 8-24-102 (j), T.C.A.	\$ 135,494	\$ 25,000	Hartford Fire Insurance
Trustee	Section 8-24-102 (k), T.C.A.	\$ 109,502	\$ 15,338,129	Hartford Fire Insurance

\* These Officials did not serve a full twelve months in these positions.

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**KNOX COUNTY, TENNESSEE**

**Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules by Source<sup>1</sup>  
June 30, 2009 and 2008  
(In Thousands of Dollars)**

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	<u>2009</u>	<u>2008</u>
Governmental Funds Capital Assets:		
Land	\$ 96,672	\$ 94,553
Buildings	197,755	197,755
Improvements Other than Buildings	20,088	20,013
Machinery and Equipment	27,178	24,775
Intangibles	19,687	19,562
Infrastructure	499,505	494,466
Construction in Progress	67,263	56,807
Total Governmental Funds Capital Assets	<u>\$ 928,148</u>	<u>\$ 907,931</u>
Investments in Governmental Funds Capital Assets by Source:		
General Fund	\$ 1,461	\$ 6,352
Special Revenue Funds	923	7,215
Capital Projects Funds	925,764	894,364
Total Governmental Funds Capital Assets	<u>\$ 928,148</u>	<u>\$ 907,931</u>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**KNOX COUNTY, TENNESSEE**

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule by Function and Activity<sup>1</sup>**

**June 30, 2009**

(In Thousands of Dollars)

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery And Equipment	Intangibles	Infrastructure	Construction In Progress	Total
<b>General Government:</b>								
Finance and Administration	\$ -	\$ 264	\$ 16	\$ 2,135	\$ 7,910	\$ -	\$ -	\$ 10,325
Administration of Justice	1,150	22,046	26	372	10,949	-	-	34,543
Public Safety	366	40,879	29	12,499	722	-	14,013	68,508
Public Health and Welfare	4,221	36,471	651	2,696	-	-	62	44,101
Social and Cultural Services	19,593	67,084	19,366	2,510	106	-	5,209	113,868
Other General Government	3,581	28,793	-	2,297	-	-	14,171	48,842
<b>Total General Government</b>	<b>28,911</b>	<b>195,537</b>	<b>20,088</b>	<b>22,509</b>	<b>19,687</b>	<b>-</b>	<b>33,455</b>	<b>320,187</b>
Engineering & Public Works	67,761	2,218	-	4,669	-	499,505	33,808	607,961
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 96,672</b>	<b>\$ 197,755</b>	<b>\$ 20,088</b>	<b>\$ 27,178</b>	<b>\$ 19,687</b>	<b>\$ 499,505</b>	<b>\$ 67,263</b>	<b>\$ 928,148</b>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

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**KNOX COUNTY, TENNESSEE**

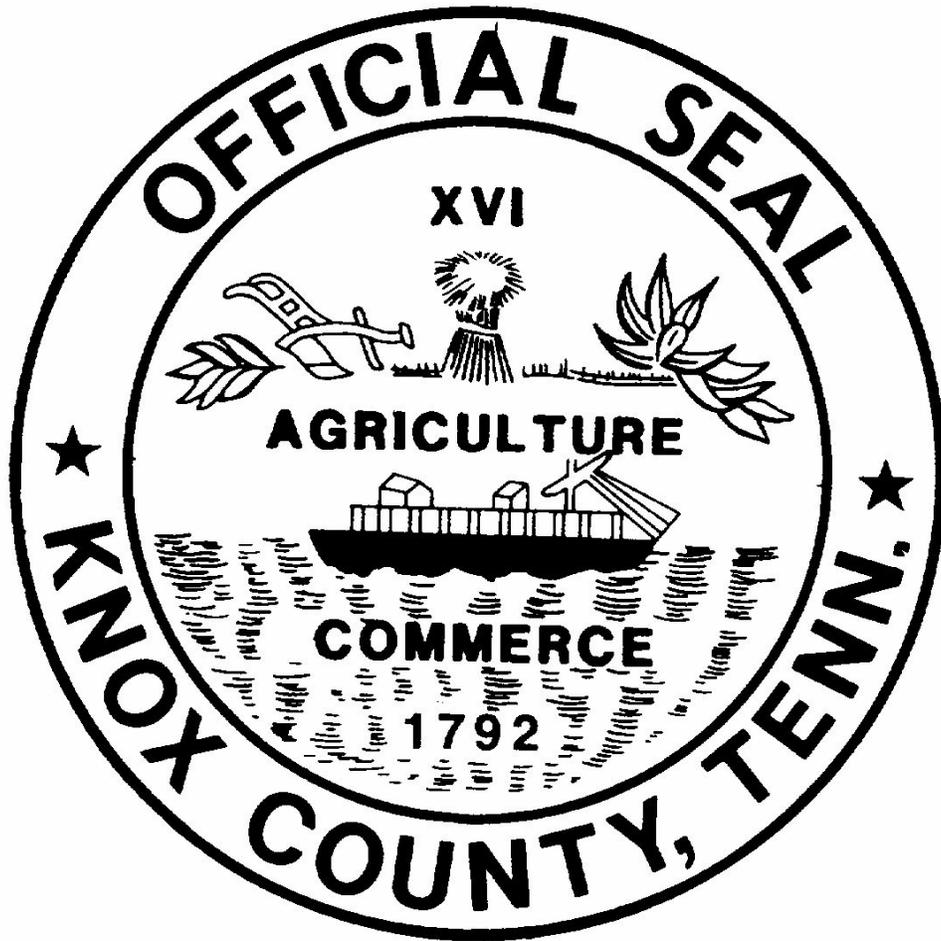
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity<sup>1</sup>**  
**For the Fiscal Year Ended June 30, 2009**  
(In Thousands of Dollars)

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<b>Function and Activity</b>	<b>Governmental Funds Capital Assets July 1, 2008</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets June 30, 2009</b>
General Government:				
Finance and Administration	\$ 19,202	\$ 240	\$ 14	\$ 19,428
Administration of Justice	34,484	34	13	34,505
Public Safety	66,677	1,352	15	68,014
Public Health and Welfare	43,087	1,030	16	44,101
Social and Cultural Services	111,674	2,807	160	114,321
Other General Government	34,567	5,204	31	39,740
Total General Government	<u>309,691</u>	<u>10,667</u>	<u>249</u>	<u>320,109</u>
Engineering & Public Works	<u>598,240</u>	<u>9,857</u>	<u>58</u>	<u>608,039</u>
Total Governmental Funds Capital Assets	<u>\$ 907,931</u>	<u>\$ 20,524</u>	<u>\$ 307</u>	<u>\$ 928,148</u>

<sup>1</sup>This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

# Component Unit – Board of Education



## **DISCRETELY PRESENTED COMPONENT UNIT KNOX COUNTY BOARD OF EDUCATION**

This section presents combining and individual fund financial statements for the Knox County Board of Education (the Board), a discretely presented component unit. The Board uses a general fund, a capital projects fund, three special revenue funds, a pension trust fund, and an agency fund. This section also includes the Statement of Net Assets and Statement of Activities for the Board and its discretely presented component unit, the Great Schools Partnership.

### **MAJOR FUNDS**

#### **GENERAL FUND**

**General Purpose School Fund:** This fund is used to account for general operations of the Board. Major funding is provided through local tax levies and state education funds.

### **NONMAJOR GOVERNMENTAL FUNDS**

#### **CAPITAL PROJECTS FUND**

**School Construction Fund:** This fund is used to account for the Schools' building construction and renovations of the Board.

#### **SPECIAL REVENUE FUNDS**

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

**School General Projects Fund:** This fund is used to account for state, local and federal pass-through revenues which must be expended on specific education programs.

**Central Cafeteria Fund:** This fund is used to account for the cafeteria operations in each of the individual schools. The primary sources of funding are federal and state revenues for the school lunch program and sales to students and adults.

#### **FIDUCIARY FUND**

**Pension Trust Fund:** This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees covered under the Board's defined benefit plan for certificated teachers.

#### **AGENCY FUND**

**School Activity Fund:** This fund accounts for the activity related to individual public school funds held in an agency capacity since these funds legally belong to students.

**Knox County Board of Education**

**Statement of Net Assets**

June 30, 2009

	<b>Primary Government</b>	<b>Component Unit</b>	
	<b>Total -- Governmental Activities</b>	<b>Great Schools Partnership</b>	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 61,921,516	\$ 1,743,292	\$ 63,664,808
Accounts Receivable	34,813,195	10,000	34,823,195
Property Taxes Receivable, net	120,474,157	-	120,474,157
Due from Component Units	5,598	-	5,598
Due from Primary Government	749,746	-	749,746
Inventories	1,266,688	-	1,266,688
Prepaid Items	1,191,345	35,000	1,226,345
Capital Assets:			
Land and Construction in Process	37,796,896	-	37,796,896
Other Capital Assets, Net of Accumulated Depreciation	274,968,829	-	274,968,829
<b>Total Assets</b>	<b>533,187,970</b>	<b>1,788,292</b>	<b>534,976,262</b>
<b>Liabilities</b>			
Accounts Payable	51,546,954	655,636	52,202,590
Due to Primary Government	479,365	5,598	484,963
Unearned Revenue	114,110,475	-	114,110,475
Accrued Pension Obligation	3,220,628	-	3,220,628
Due in Less than One Year	2,309,336	-	2,309,336
Due in More than One Year	10,263,170	-	10,263,170
<b>Total Liabilities</b>	<b>181,929,928</b>	<b>661,234</b>	<b>182,591,162</b>
<b>Net Assets</b>			
Invested in Capital Assets	312,765,725	-	312,765,725
Restricted for:			
Capital Projects	14,560,000	-	14,560,000
Other Purposes	2,021,977	3,916	2,025,893
Net Assets - Unrestricted	21,910,340	1,123,142	23,033,482
	<b>\$ 351,258,042</b>	<b>\$ 1,127,058</b>	<b>\$ 352,385,100</b>

**Knox County Board of Education**

**Statement of Activities**

For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit The Partnership	Total Reporting Unit
<b>Primary government:</b>							
Governmental activities:							
Education	440,135,353	\$ 12,545,538	\$ 54,843,355	\$ -	\$ (372,746,460)		\$ (372,746,460)
Education - Payment to Primary Government	\$ 24,631,555	-	-	-	(24,631,555)		(24,631,555)
Education - Payment to Component Unit	5,328,722	-	-	-	(5,328,722)		(5,328,722)
<b>Total primary government</b>	<b>\$ 470,095,630</b>	<b>\$ 12,545,538</b>	<b>\$ 54,843,355</b>	<b>-</b>	<b>(402,706,737)</b>		<b>(402,706,737)</b>
<b>Component unit:</b>							
Great Schools Partnership	\$ 5,583,337	\$ -	\$ 36,501	\$ -		\$ (5,546,836)	(5,546,836)
<b>General Revenues:</b>							
Property Taxes					107,324,525	-	107,324,525
Sales Taxes					116,296,501	-	116,296,501
Wheel Taxes					1,490,723	-	1,490,723
Other Local Taxes					554,495	-	554,495
Interest Income					288,290	-	288,290
Other Revenues					4,494,240	-	4,494,240
Grants and Contributions Not Restricted for Specific Programs					144,111,400	-	144,111,400
Payments from Knox County					18,872,481	-	18,872,481
Payments from Knox County Board of Education					-	5,328,722	5,328,722
Payments from Component Unit					1,645	-	1,645
<b>Total General Revenues</b>					<b>393,434,300</b>	<b>5,328,722</b>	<b>398,763,022</b>
Change in Net Assets					(9,272,437)	(218,114)	(9,490,551)
Net Assets, July 1					360,530,479	1,345,172	361,875,651
Net Assets, June 30					<b>\$ 351,258,042</b>	<b>\$ 1,127,058</b>	<b>\$ 352,385,100</b>

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit**

**Knox County Board of Education**

**Balance Sheet**

**Governmental Funds**

June 30, 2009

	<b>General Purpose School</b>	<b>School Construction Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 43,974,593	\$ 14,560,000	\$ 3,386,923	\$ 61,921,516
Receivables (Net of Allowance for Uncollectibles):				
Accounts	19,869,004	2,912,462	12,031,729	34,813,195
Property Taxes	120,474,157	-	-	120,474,157
Due from Other Funds	5,517,074	-	1,477,704	6,994,778
Due from Component Units	5,598	-	-	5,598
Due from Primary Government	749,746	-	-	749,746
Inventories	1,019,316	-	247,372	1,266,688
Prepaid Items	1,182,968	-	8,377	1,191,345
<b>TOTAL ASSETS</b>	<b>\$ 192,792,456</b>	<b>\$ 17,472,462</b>	<b>\$ 17,152,105</b>	<b>\$ 227,417,023</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 46,262,128	\$ 1,075,971	\$ 4,208,855	\$ 51,546,954
Due to Other Funds	1,030,098	157,408	5,807,272	6,994,778
Due to Primary Government	461,988	-	17,377	479,365
Deferred Revenue	119,254,935	-	1,681,110	120,936,045
<b>TOTAL LIABILITIES</b>	<b>167,009,149</b>	<b>1,233,379</b>	<b>11,714,614</b>	<b>179,957,142</b>
<b>Fund Balances(Deficits):</b>				
Reserved	3,782,030	5,148,442	2,771,960	11,702,432
Unreserved:				
Undesignated	22,001,277	11,090,641	-	33,091,918
Unreserved, Reported in Nonmajor:				
School Federal Projects	-	-	(24,892)	(24,892)
School General Projects	-	-	(265,144)	(265,144)
Central Cafeteria	-	-	2,955,567	2,955,567
<b>TOTAL FUND BALANCES</b>	<b>25,783,307</b>	<b>16,239,083</b>	<b>5,437,491</b>	<b>47,459,881</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 192,792,456</b>	<b>\$ 17,472,462</b>	<b>\$ 17,152,105</b>	<b>\$ 227,417,023</b>

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**KNOX COUNTY, TENNESSEE**  
**Discretely Presented Component Unit**  
**Knox County Board of Education**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Assets**  
June 30, 2009

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

Ending Fund Balance - Governmental Funds	\$ 47,459,881
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	312,765,725
Certain revenues will be collected after year-end but not within the period considered available to pay current period expenditures. Therefore, these amounts were deferred in the fund financial statements but have been recognized under the accrual basis.	6,825,570
Long-term liabilities, consisting of compensated absences (\$2,110,183), capital lease obligation (\$10,462,323), and pension obligation (\$3,220,628), are not due and payable in the current period and therefore are not reported in the funds.	<u>(15,793,134)</u>
Net Assets of Governmental Activities	<u><u>\$ 351,258,042</u></u>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit

Knox County Board of Education

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2009

	General Purpose School	School Construction Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local Taxes	\$ 206,214,311	\$ 17,755,090	\$ -	\$ 223,969,401
Licenses and Permits	29,222	-	-	29,222
Charges for Current Services	868,925	-	10,047,660	10,916,585
Other Local Revenues	2,248,522	-	967,858	3,216,380
State of Tennessee	155,292,459	-	1,046,174	156,338,633
Federal Government	673,265	-	43,880,786	44,554,051
Other Governments and Citizen Groups	68,288	-	871,373	939,661
Interest Earned	-	288,290	-	288,290
Payments from Primary Government	82,500	-	3,936,149	4,018,649
Payment from Component Unit	1,645	-	-	1,645
Debt Proceeds Received from Primary Government	-	14,000,000	-	14,000,000
	<u>365,479,137</u>	<u>32,043,380</u>	<u>60,750,000</u>	<u>458,272,517</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
Current:				
Education	362,301,509	-	58,156,482	420,457,991
Capital Outlay	-	20,593,278	-	20,593,278
Payments to Primary Government	5,131,555	19,500,000	-	24,631,555
Payments to Component Unit	1,504,848	-	3,823,874	5,328,722
Other Charges	-	288,435	-	288,435
	<u>368,937,912</u>	<u>40,381,713</u>	<u>61,980,356</u>	<u>471,299,981</u>
<b>Total Expenditures</b>				
<b>Deficiency of Revenues Under Expenditures</b>				
	<u>(3,458,775)</u>	<u>(8,338,333)</u>	<u>(1,230,356)</u>	<u>(13,027,464)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	20,833	-	3,614,634	3,635,467
Transfers to Other Funds	(2,395,543)	-	(1,239,924)	(3,635,467)
	<u>(2,374,710)</u>	<u>-</u>	<u>2,374,710</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>				
<b>Net Change in Fund Balances</b>				
	(5,833,485)	(8,338,333)	1,144,354	(13,027,464)
<b>Fund Balance, July 1</b>				
	<u>31,616,792</u>	<u>24,577,416</u>	<u>4,293,137</u>	<u>60,487,345</u>
<b>Fund Balance, June 30</b>				
	<u>\$ 25,783,307</u>	<u>\$ 16,239,083</u>	<u>\$ 5,437,491</u>	<u>\$ 47,459,881</u>

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**KNOX COUNTY, TENNESSEE**  
**Discretely Presented Component Unit**  
**Knox County Board of Education**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
For the Year Ended June 30, 2009

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

Net Change in Fund Balances - Total Governmental Funds \$ (13,027,464)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$11,318,800) exceeded depreciation (\$10,140,246) in the current period. 1,178,554

Certain revenues will be collected after year-end but not within the period considered available to pay current period expenditures. Therefore, these amounts were recognized as revenues in the statement of activities but were not reported as revenues in the fund financial statements. 6,825,570

Amounts reported as fund revenues that met the criteria for revenue recognition under the full accrual method of accounting in the preceding fiscal year have been excluded from the current year statement of activities. (5,128,726)

The repayment of the capital lease reduces long-term liabilities in the statement of net assets. 537,677

The decrease in the liability for compensated absences (\$262,670) and in the net pension obligation (\$79,282) result in the reduction of expenses. These amounts do not require the use of current financial resources and, therefore, are not reflected in the expenditures of governmental funds. 341,952

Change in Net Assets of Governmental Activities \$ (9,272,437)

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
General Fund - General Purpose School  
Comparative Balance Sheets  
June 30, 2009 and June 30, 2008**

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 43,974,593	\$ 31,440,672
Receivables (Net of Allowance for Uncollectibles):		
Accounts	19,869,004	22,995,637
Property Taxes	120,474,157	112,171,027
Due from Primary Government	749,746	235,279
Due from Component Unit	5,598	-
Due from Other Funds	5,517,074	23,622,118
Prepaid Items	1,182,968	1,257,583
Inventories	1,019,316	906,309
<b>TOTAL ASSETS</b>	<u>\$ 192,792,456</u>	<u>\$ 192,628,625</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 46,262,128	\$ 48,244,262
Due to Other Funds	1,030,098	1,238,068
Due to Primary Government	461,988	159,920
Deferred Revenue	119,254,935	111,369,583
<b>TOTAL LIABILITIES</b>	<u>167,009,149</u>	<u>161,011,833</u>
 <b>Fund Balances:</b>		
Reserved	3,782,030	4,603,394
Unreserved:		
Designated	-	7,929,350
Undesignated	22,001,277	19,084,048
<b>TOTAL FUND BALANCES</b>	<u>25,783,307</u>	<u>31,616,792</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 192,792,456</u>	<u>\$ 192,628,625</u>

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KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
Knox County Board of Education  
General Fund - General Purpose School  
Comparative Statements of Revenues, Expenditures  
and Changes in Fund Balances  
For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	\$ 206,214,311	\$ 210,013,337
Licenses and Permits	29,222	29,530
Charges for Current Services	868,925	1,111,915
Other Local Revenues	2,248,522	2,213,237
State of Tennessee	155,292,459	147,747,436
Federal Government	673,265	597,761
Other Governments and Citizen Groups	68,288	-
Payment from Primary Government	82,500	-
Payment from Component Units	1,645	-
	<u>365,479,137</u>	<u>361,713,216</u>
Total Revenues		
<b>Expenditures</b>		
Current:		
Education	362,301,509	356,740,095
Payments to Primary Government	5,131,555	4,369,055
Payments to Component Unit	1,504,848	-
	<u>368,937,912</u>	<u>361,109,150</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,458,775)</u>	<u>604,066</u>
<b>Other Financing Sources (Uses)</b>		
Transfers From Other Funds	20,833	-
Transfers To Other Funds	(2,395,543)	(1,438,915)
	<u>(2,374,710)</u>	<u>(1,438,915)</u>
Total Other Financing Uses		
Net Change in Fund Balances	(5,833,485)	(834,849)
Fund Balances, July 1	<u>31,616,792</u>	<u>32,451,641</u>
Fund Balances, June 30	<u>\$ 25,783,307</u>	<u>\$ 31,616,792</u>

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
General Fund - General Purpose School  
Comparative Schedules of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>								
Local Taxes	\$ 212,991,510	\$ 212,991,510	\$ 206,214,311	\$ (6,777,199)	\$ 207,142,993	\$ 210,013,337	\$ 2,870,344	
Licenses and Permits	36,000	36,000	29,222	(6,778)	36,000	29,530	(6,470)	
Charges for Current Services	745,000	745,000	868,925	123,925	745,000	1,111,915	366,915	
Other Local Revenues	1,730,695	2,265,793	2,248,522	(17,271)	2,320,064	2,213,237	(106,827)	
State of Tennessee	150,885,320	152,383,761	155,292,459	2,908,698	147,502,536	147,747,436	244,900	
Federal Government	461,475	574,458	673,265	98,807	520,868	597,761	76,893	
Other Governments and Citizen Groups	-	-	68,288	68,288	-	-	-	
Payments from Primary Government	82,500	82,500	82,500	-	-	-	-	
Payments from Component Unit	1,645	1,645	1,645	-	-	-	-	
<b>Total Revenues</b>	<b>366,934,145</b>	<b>369,080,667</b>	<b>365,479,137</b>	<b>(3,601,530)</b>	<b>358,267,461</b>	<b>361,713,216</b>	<b>3,445,755</b>	
<b>Expenditures</b>								
Current:								
Education:								
Personal Services	252,166,877	254,412,201	248,201,753	6,210,448	244,005,716	239,149,791	4,855,925	
Employee Benefits	57,439,840	58,083,337	58,068,867	14,470	55,636,142	54,112,867	1,523,275	
Contracted Services	22,437,396	24,494,855	22,428,058	2,066,797	21,453,459	20,996,762	456,697	
Supplies and Materials	21,766,905	27,335,882	25,374,719	1,961,163	35,674,574	35,276,358	398,216	
Other Charges	7,719,302	8,027,302	7,482,643	544,659	6,534,062	6,288,751	245,311	
Capital Outlay	914,288	1,036,320	745,469	290,851	1,077,836	915,566	162,270	
Payments to Primary Government	7,555,392	5,132,099	5,131,555	544	4,951,950	4,369,055	582,895	
Payments to Component Unit	-	1,504,848	1,504,848	-	-	-	-	
<b>Total Expenditures</b>	<b>370,000,000</b>	<b>380,026,844</b>	<b>368,937,912</b>	<b>11,088,932</b>	<b>369,333,739</b>	<b>361,109,150</b>	<b>8,224,589</b>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,065,855)	(10,946,177)	(3,458,775)	7,487,402	(11,066,278)	604,066	11,670,344	

continued

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
 Knox County Board of Education  
 General Fund - General Purpose School  
 Comparative Schedules of Revenues, Expenditures  
 and Changes in Fund Balances - Budget and Actual (GAAP Basis) (Continued)  
 For the years ended June 30, 2009 and June 30, 2008

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Other Financing Sources (Uses)</b>							
Transfers From Other Funds	165,855	248,355	20,833	(227,522)	250,000	-	(250,000)
Transfers To Other Funds	-	(2,395,543)	(2,395,543)	-	(868,068)	(1,438,915)	(570,847)
Total Other Financing Sources (Uses)	165,855	(2,147,188)	(2,374,710)	(227,522)	(618,068)	(1,438,915)	(820,847)
Net Change in Fund Balances	(2,900,000)	(13,093,365)	(5,833,485)	7,259,880	(11,684,346)	(834,849)	10,849,497
Fund Balances, July 1	31,616,792	31,616,792	31,616,792	-	32,451,641	32,451,641	-
Fund Balances, June 30	\$ 28,716,792	\$ 18,523,427	\$ 25,783,307	\$ 7,259,880	\$ 20,767,295	\$ 31,616,792	\$ 10,849,497

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KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
Knox County Board of Education  
School Construction Capital Projects Fund  
Comparative Balance Sheets  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 14,560,000	\$ 14,424,788
Receivables (Net of Allowance for Uncollectibles):		
Accounts	2,912,462	3,215,948
Due from Primary Government	-	35,763,902
	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 17,472,462</u>	<u>\$ 53,404,638</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 1,075,971	\$ 7,907,561
Due to Other Funds	157,408	20,919,645
Due to Primary Government	-	16
	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>1,233,379</u>	<u>28,827,222</u>
<b>Fund Balances:</b>		
Reserved	5,148,442	9,457,257
Unreserved, Undesignated	11,090,641	15,120,159
	<u>                    </u>	<u>                    </u>
TOTAL FUND BALANCES	<u>16,239,083</u>	<u>24,577,416</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,472,462</u>	<u>\$ 53,404,638</u>

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
School Construction Capital Projects Fund  
Comparative Statements of Revenues, Expenditures  
and Changes in Fund Balances**

For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Local Taxes	\$ 17,755,090	\$ 19,190,670
Interest Earned	288,290	1,460,028
Payments from Primary Government	-	5,000,000
Debt Proceeds Received from Primary Government	14,000,000	-
	<hr/>	<hr/>
Total Revenues	32,043,380	25,650,698
	<hr/>	<hr/>
<b>Expenditures</b>		
Capital Projects	20,593,278	48,964,047
Payments to Primary Government	19,500,000	18,962,500
Other Charges	288,435	175,665
	<hr/>	<hr/>
Total Expenditures	40,381,713	68,102,212
	<hr/>	<hr/>
Deficiency of Revenues Under Expenditures	(8,338,333)	(42,451,514)
	<hr/>	<hr/>
<b>Other Financing Sources</b>		
Capital Lease Proceeds	-	11,000,000
Transfers From Other Funds	-	12,500
	<hr/>	<hr/>
Total Other Financing Sources	-	11,012,500
	<hr/>	<hr/>
Net Change in Fund Balances	(8,338,333)	(31,439,014)
	<hr/>	<hr/>
Fund Balances, July 1	24,577,416	56,016,430
	<hr/>	<hr/>
Fund Balances, June 30	\$ 16,239,083	\$ 24,577,416
	<hr/> <hr/>	<hr/> <hr/>

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
School Construction Capital Projects Fund  
Comparative Schedules of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual (Budget Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Local Taxes	\$ 19,600,000	\$ 19,600,000	\$ 17,755,090	\$ (1,844,910)	\$ 18,700,000	\$ 19,190,670	\$ 490,670
Other Local Revenue	702,665	702,665	288,290	(414,375)	500,000	1,460,028	960,028
<b>Total Revenues</b>	<b>20,302,665</b>	<b>20,302,665</b>	<b>18,043,380</b>	<b>(2,259,285)</b>	<b>19,200,000</b>	<b>20,650,698</b>	<b>1,450,698</b>
<b>Expenditures</b>							
Other Charges:							
Payments to Primary Government	19,802,665	19,802,665	19,500,000	302,665	18,700,000	18,700,000	-
Issuance Costs	300,000	300,000	140,000	160,000	300,000	-	300,000
Other Charges	200,000	200,000	148,435	51,565	200,000	175,665	24,335
<b>Total Expenditures</b>	<b>20,302,665</b>	<b>20,302,665</b>	<b>19,788,435</b>	<b>514,230</b>	<b>19,200,000</b>	<b>18,875,665</b>	<b>324,335</b>
Net Change in Fund Balances	-	-	(1,745,055)	(1,745,055)	-	1,775,033	1,775,033
Fund Balances, July 1 (Budget Basis)	-	-	-	-	-	-	-
Fund Balances, June 30 (Budget Basis)	\$ -	\$ -	\$ (1,745,055)	\$ (1,745,055)	\$ -	\$ 1,775,033	\$ 1,775,033
<b>Reconciliation of Fund Balances (Budget Basis) to Fund Balances (GAAP Basis):</b>							
Fund Balance (Budget Basis)			\$ (1,745,055)			\$ 1,775,033	
Timing Differences:							
Project Length Budgets			17,984,138			22,802,383	
Fund Balance (GAAP Basis)			<u>\$ 16,239,083</u>			<u>\$ 24,577,416</u>	

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
 Knox County Board of Education  
 School Construction Capital Projects Fund  
 Schedule of Construction Project Expenditures -  
 Budget and Actual  
 For the year ended June 30, 2009

	Project Budget	Expenditures			Available
		Prior Years	Current	Total	
<b>Expenditures</b>					
<i>Capital Projects:</i>					
<i>School Renovation:</i>					
Physical Plant Upgrades	\$ 20,733,107	\$ -	\$ 10,649,387	\$ 10,649,387	\$ 10,083,720
Roofing and HVAC	99,001	-	73,969	73,969	25,032
Foundation Stabilization	750,000	658,587	84,788	743,375	6,625
Elementary Growth	1,200,000	5,524	637,870	643,394	556,606
School Energy Savings Project	11,000,000	8,613,226	1,640,613	10,253,839	746,161
School Maintenance & Consolidation	1,023,000	1,015,141	-	1,015,141	7,859
Amherst Elementary	16,077,296	16,002,641	1,700	16,004,341	72,955
Cedar Bluff K-3	20,037,113	18,072,112	1,684,533	19,756,645	280,468
Brickey Elementary	14,410,823	14,402,698	-	14,402,698	8,125
New Holston Middle	11,944,500	11,849,826	10,920	11,860,746	83,754
West High Library / Cafeteria	2,200,000	2,198,138	-	2,198,138	1,862
Gibbs Elementary School	15,404,720	15,344,838	3,870	15,348,708	56,012
Powell Middle	1,128,543	1,121,610	-	1,121,610	6,933
Karns High Addition and Renovations	3,000,000	2,960,719	12,960	2,973,679	26,321
Hardin Valley High School	50,000,000	43,131,996	5,728,566	48,860,562	1,139,438
Ball Camp ES Addition/Renovation	2,200,000	-	64,102	64,102	2,135,898
<i>Total Capital Projects:</i>	<u>\$ 171,208,103</u>	<u>\$ 135,377,056</u>	<u>\$ 20,593,278</u>	<u>\$ 155,970,334</u>	<u>\$ 15,237,769</u>
Project Expenditures			\$ 20,593,278		
Expenditures - Activities Budgeted on Annual Basis			<u>19,788,435</u>		
Total School Construction Fund Expenditures			<u>\$ 40,381,713</u>		

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit**

**Knox County Board of Education**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

June 30, 2009

	<b>School Federal Projects</b>	<b>School General Projects</b>	<b>Central Cafeteria</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 2,093,567	\$ 1,293,356	\$ 3,386,923
Receivables (Net of Allowance for Uncollectibles):				
Accounts	9,062,573	564,878	2,404,278	12,031,729
Due from Other Funds	-	1,477,704	-	1,477,704
Inventories	-	-	247,372	247,372
Prepaid Items	8,377	-	-	8,377
<b>TOTAL ASSETS</b>	<b>\$ 9,070,950</b>	<b>\$ 4,136,149</b>	<b>\$ 3,945,006</b>	<b>\$ 17,152,105</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 3,228,356	\$ 622,593	\$ 357,906	\$ 4,208,855
Due to Other Funds	5,805,341	-	1,931	5,807,272
Due to Primary Government	15,517	1,860	-	17,377
Deferred Revenue	9,408	1,502,047	169,655	1,681,110
<b>TOTAL LIABILITIES</b>	<b>9,058,622</b>	<b>2,126,500</b>	<b>529,492</b>	<b>11,714,614</b>
<b>Fund Balances (Deficits):</b>				
Reserved	37,220	2,274,793	459,947	2,771,960
Unreserved:				
Undesignated	(24,892)	(265,144)	2,955,567	2,665,531
<b>TOTAL FUND BALANCES</b>	<b>12,328</b>	<b>2,009,649</b>	<b>3,415,514</b>	<b>5,437,491</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,070,950</b>	<b>\$ 4,136,149</b>	<b>\$ 3,945,006</b>	<b>\$ 17,152,105</b>

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit**

**Knox County Board of Education**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Governmental Funds**

For the Year Ended June 30, 2009

	<u>School Federal Projects</u>	<u>School General Projects</u>	<u>Central Cafeteria</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>				
Charges for Current Services	\$ -	\$ 99,761	\$ 9,947,899	\$ 10,047,660
Other Local Revenues	-	633,742	334,116	967,858
State of Tennessee	102,186	711,171	232,817	1,046,174
Federal Government	31,590,104	-	12,290,682	43,880,786
Other Governments and Citizen Groups	-	871,373	-	871,373
Payments from Primary Government	-	3,936,149	-	3,936,149
<b>Total Revenues</b>	<u>31,692,290</u>	<u>6,252,196</u>	<u>22,805,514</u>	<u>60,750,000</u>
<b>Expenditures</b>				
Current:				
Education	30,504,932	5,719,547	21,932,003	58,156,482
Payment to Component Unit	-	3,823,874	-	3,823,874
<b>Total Expenditures</b>	<u>30,504,932</u>	<u>9,543,421</u>	<u>21,932,003</u>	<u>61,980,356</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,187,358</u>	<u>(3,291,225)</u>	<u>873,511</u>	<u>(1,230,356)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	31,683	3,582,951	-	3,614,634
Transfers to Other Funds	(1,219,091)	-	(20,833)	(1,239,924)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,187,408)</u>	<u>3,582,951</u>	<u>(20,833)</u>	<u>2,374,710</u>
<b>Net Change in Fund Balances</b>	(50)	291,726	852,678	1,144,354
<b>Fund Balance, July 1</b>	<u>12,378</u>	<u>1,717,923</u>	<u>2,562,836</u>	<u>4,293,137</u>
<b>Fund Balance, June 30</b>	<u>\$ 12,328</u>	<u>\$ 2,009,649</u>	<u>\$ 3,415,514</u>	<u>\$ 5,437,491</u>

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KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
Knox County Board of Education  
School Federal Projects Special Revenue Fund  
Comparative Balance Sheets  
June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Receivables (Net of Allowance for Uncollectibles):		
Accounts	\$ 9,062,573	\$ 6,000,814
Prepaid Items	<u>8,377</u>	<u>26,140</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 9,070,950</u></u>	<u><u>\$ 6,026,954</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 3,228,356	\$ 3,338,790
Due to Other Funds	5,805,341	2,660,347
Due to Primary Government	15,517	9,445
Deferred Revenue	<u>9,408</u>	<u>5,994</u>
<b>TOTAL LIABILITIES</b>	<u>9,058,622</u>	<u>6,014,576</u>
<b>Fund Balances (Deficits):</b>		
Reserved	37,220	133,096
Unreserved, Undesignated	<u>(24,892)</u>	<u>(120,718)</u>
<b>TOTAL FUND BALANCES</b>	<u>12,328</u>	<u>12,378</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 9,070,950</u></u>	<u><u>\$ 6,026,954</u></u>

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
School Federal Projects Special Revenue Fund  
Comparative Statements of Revenues, Expenditures  
and Changes in Fund Balances  
For the years ended June 30, 2009 and June 30, 2008**

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Other Local Revenues	\$ -	\$ 375
State of Tennessee	102,186	94,523
Federal Government	31,590,104	31,830,108
Other Governments & Citizens Groups	<u>-</u>	<u>109,822</u>
Total Revenues	<u>31,692,290</u>	<u>32,034,828</u>
<b>Expenditures</b>		
Current:		
Education	<u>30,504,932</u>	<u>31,958,576</u>
Excess of Revenues Over Expenditures	1,187,358	76,252
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	31,683	33,347
Transfers to Other Funds	<u>(1,219,091)</u>	<u>(110,382)</u>
Total Other Financing Uses	<u>(1,187,408)</u>	<u>(77,035)</u>
Net Change in Fund Balances	(50)	(783)
Fund Balances, July 1	<u>12,378</u>	<u>13,161</u>
Fund Balances, June 30	<u>\$ 12,328</u>	<u>\$ 12,378</u>

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
School Federal Projects Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Other Local Revenues	\$ -	\$ 31,683	\$ -	\$ (31,683)	\$ -	\$ 375	\$ 375
State of Tennessee	-	103,297	102,186	(1,111)	103,099	94,523	(8,576)
Federal Government	-	36,445,377	31,590,104	(4,855,273)	38,343,961	31,830,108	(6,513,853)
Other Governments & Citizens Groups	-	-	-	-	109,822	109,822	-
<b>Total Revenues</b>	-	36,580,357	31,692,290	(4,888,067)	38,556,882	32,034,828	(6,522,054)
<b>Expenditures</b>							
Current:							
Education:							
Personal Services	-	20,947,915	19,602,756	1,345,159	22,775,532	20,291,947	2,483,585
Employee Benefits	-	4,904,969	4,586,720	318,249	4,902,148	4,604,933	297,215
Contracted Services	-	2,162,768	1,306,087	856,681	3,012,493	1,486,347	1,526,146
Supplies and Materials	-	4,307,596	2,677,971	1,629,625	4,359,936	3,607,613	752,323
Other Charges	-	2,086,755	1,679,751	407,004	2,352,786	1,692,241	660,545
Capital Outlay	-	912,127	651,647	260,480	1,077,510	275,495	802,015
<b>Total Expenditures</b>	-	35,322,130	30,504,932	4,817,198	38,480,405	31,958,576	6,521,829
Excess of Revenues Over Expenditures	-	1,258,227	1,187,358	(70,869)	76,477	76,252	(225)
<b>Other Financing Sources (Uses)</b>							
Transfer from Other Funds	-	-	31,683	31,683	33,347	33,347	-
Transfer to Other Funds	-	(1,258,227)	(1,219,091)	39,136	(110,421)	(110,382)	39
<b>Total Other Financing Uses</b>	-	(1,258,227)	(1,187,408)	70,819	(77,074)	(77,035)	39
Net Change in Fund Balances	-	-	(50)	(50)	(597)	(783)	(186)
Fund Balances, July 1	-	12,378	12,378	-	13,161	13,161	-
Fund Balances, June 30	\$ -	\$ 12,378	\$ 12,328	\$ (50)	\$ 12,564	\$ 12,378	\$ (186)

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

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
Knox County Board of Education  
School General Projects Special Revenue Fund  
Comparative Balance Sheets  
June 30, 2009 and June 30, 2008

	2009	2008
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,093,567	\$ 1,715,392
Receivables (Net of Allowance for Uncollectibles):		
Accounts	564,878	329,264
Due from Other Funds	1,477,704	1,238,666
<b>TOTAL ASSETS</b>	<u>\$ 4,136,149</u>	<u>\$ 3,283,322</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 622,593	\$ 295,639
Due to Primary Government	1,860	1,326
Deferred Revenue	1,502,047	1,268,434
<b>TOTAL LIABILITIES</b>	<u>2,126,500</u>	<u>1,565,399</u>
<b>Fund Balances (Deficits):</b>		
Reserved	2,274,793	636,399
Unreserved:		
Undesignated	(265,144)	1,081,524
<b>TOTAL FUND BALANCES</b>	<u>2,009,649</u>	<u>1,717,923</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,136,149</u>	<u>\$ 3,283,322</u>

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
School General Projects Special Revenue Fund  
Comparative Statements of Revenues, Expenditures  
and Changes in Fund Balances  
For the years ended June 30, 2009 and June 30, 2008**

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Charges for Current Services	\$ 99,761	\$ 92,937
Other Local Revenues	633,742	780,176
State of Tennessee	711,171	619,089
Other Governments and Citizens Groups	871,373	432,348
Payments from Primary Government	<u>3,936,149</u>	<u>6,385,000</u>
Total Revenues	<u>6,252,196</u>	<u>8,309,550</u>
<b>Expenditures</b>		
Current:		
Education	5,719,547	3,726,155
Payment to Component Unit	<u>3,823,874</u>	<u>6,385,000</u>
Total Expenditures	<u>9,543,421</u>	<u>10,111,155</u>
Deficiency of Revenues Under Expenditures	<u>(3,291,225)</u>	<u>(1,801,605)</u>
<b>Other Financing Sources</b>		
Transfers From Other Funds	<u>3,582,951</u>	<u>1,503,450</u>
Net Change in Fund Balances	291,726	(298,155)
Fund Balances, July 1	<u>1,717,923</u>	<u>2,016,078</u>
Fund Balances, June 30	<u><u>\$ 2,009,649</u></u>	<u><u>\$ 1,717,923</u></u>

KNOX COUNTY, TENNESSEE

Discretely Presented Component Unit -  
 Knox County Board of Education  
 School General Projects Special Revenue Fund  
 Comparative Schedules of Revenues, Expenditures  
 and Changes in Fund Balances - Budget and Actual (GAAP Basis)  
 For the years ended June 30, 2009 and June 30, 2008

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Licenses and Permits	\$ -	\$ 4,870	\$ -	\$ (4,870)	\$ -	\$ -	\$ -
Charges for Current Services	-	274,617	99,761	(174,856)	255,177	92,937	(162,240)
Other Local Revenues	-	1,161,920	633,742	(528,178)	812,010	780,176	(31,834)
State of Tennessee	-	1,792,615	711,171	(1,081,444)	1,483,287	619,089	(864,198)
Payments from Primary Government	-	3,936,149	3,936,149	-	6,385,000	6,385,000	-
Other Governments and Citizens Groups	-	1,105,319	871,373	(233,946)	825,107	432,348	(392,759)
<b>Total Revenues</b>	<b>-</b>	<b>8,275,490</b>	<b>6,252,196</b>	<b>(2,023,294)</b>	<b>9,760,581</b>	<b>8,309,550</b>	<b>(1,451,031)</b>
<b>Expenditures</b>							
Current:							
Education:							
Personal Services	-	2,462,922	2,248,529	214,393	1,246,539	1,088,695	157,844
Employee Benefits	-	522,019	419,612	102,407	236,399	194,783	41,616
Contracted Services	-	3,245,693	1,420,598	1,825,095	2,237,400	1,543,541	693,859
Supplies and Materials	-	1,602,537	1,409,567	192,970	1,094,174	847,336	246,838
Other Charges	-	150,416	20,078	130,338	49,225	14,806	34,419
Capital Outlay	-	1,503,282	201,163	1,302,119	1,966,189	36,994	1,929,195
Payment to Component Unit	-	3,823,874	3,823,874	-	6,385,000	6,385,000	-
<b>Total Expenditures</b>	<b>-</b>	<b>13,310,743</b>	<b>9,543,421</b>	<b>3,767,322</b>	<b>13,214,926</b>	<b>10,111,155</b>	<b>3,103,771</b>
Deficiency of Revenues Under Expenditures	-	(5,035,253)	(3,291,225)	1,744,028	(3,454,345)	(1,801,605)	1,652,740
<b>Other Financing Sources</b>							
Transfers from Other Funds	-	3,724,285	3,582,951	(141,334)	1,427,388	1,503,450	76,062
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(1,310,968)</b>	<b>291,726</b>	<b>1,602,694</b>	<b>(2,026,957)</b>	<b>(298,155)</b>	<b>1,728,802</b>
Fund Balances, July 1	-	1,717,923	1,717,923	-	2,016,078	2,016,078	-
Fund Balances, June 30	\$ -	\$ 406,955	\$ 2,009,649	\$ 1,602,694	\$ (10,879)	\$ 1,717,923	\$ 1,728,802

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

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Central Cafeteria Special Revenue Fund  
Comparative Balance Sheets  
June 30, 2009 and June 30, 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,293,356	\$ 542,345
Receivables (Net of Allowance for Uncollectibles):		
Accounts	2,404,278	2,316,333
Inventories	<u>247,372</u>	<u>184,363</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,945,006</u>	<u>\$ 3,043,041</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable and Accrued Liabilities	\$ 357,906	\$ 315,842
Due to Other Funds	1,931	42,724
Deferred Revenue	<u>169,655</u>	<u>121,639</u>
<b>TOTAL LIABILITIES</b>	<u>529,492</u>	<u>480,205</u>
<b>Fund Balances:</b>		
Reserved	459,947	218,300
Unreserved, Undesignated	<u>2,955,567</u>	<u>2,344,536</u>
<b>TOTAL FUND BALANCES</b>	<u>3,415,514</u>	<u>2,562,836</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,945,006</u>	<u>\$ 3,043,041</u>

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Central Cafeteria Special Revenue Fund  
Comparative Statements of Revenues, Expenditures  
and Changes in Fund Balances  
For the years ended June 30, 2009 and June 30, 2008**

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	<u>2009</u>	<u>2008</u>
<b>Revenues</b>		
Charges for Current Services	\$ 9,947,899	\$ 9,233,616
Other Local Revenues	334,116	282,379
State of Tennessee	232,817	240,674
Federal Government	<u>12,290,682</u>	<u>10,698,601</u>
Total Revenues	<u>22,805,514</u>	<u>20,455,270</u>
<b>Expenditures</b>		
Current:		
Education:		
Food Service	<u>21,932,003</u>	<u>21,170,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>873,511</u>	<u>(715,212)</u>
<b>Other Financing Uses</b>		
Transfers to Other Funds	<u>(20,833)</u>	<u>-</u>
Net Change in Fund Balances	852,678	(715,212)
Fund Balances, July 1	<u>2,562,836</u>	<u>3,278,048</u>
Fund Balances, June 30	<u><u>\$ 3,415,514</u></u>	<u><u>\$ 2,562,836</u></u>

**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Central Cafeteria Special Revenue Fund  
Comparative Schedules of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual (GAAP Basis)  
For the years ended June 30, 2009 and June 30, 2008**

	2009				2008		
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>							
Charges for Current Services	\$ 10,239,500	\$ 10,239,500	\$ 9,947,899	\$ (291,601)	\$ 9,254,826	\$ 9,233,616	\$ (21,210)
Other Local Revenues	368,400	368,400	334,116	(34,284)	324,480	282,379	(42,101)
State of Tennessee	285,000	285,000	232,817	(52,183)	240,000	240,674	674
Federal Government	11,633,561	11,633,561	12,290,682	657,121	10,954,435	10,698,601	(255,834)
<b>Total Revenues</b>	<b>22,526,461</b>	<b>22,526,461</b>	<b>22,805,514</b>	<b>279,053</b>	<b>20,773,741</b>	<b>20,455,270</b>	<b>(318,471)</b>
<b>Expenditures</b>							
Current:							
Education:							
Food Service:							
Personal Services	7,676,056	7,471,556	7,386,650	84,906	7,346,455	7,346,455	-
Employee Benefits	2,275,450	2,479,950	2,479,882	68	2,342,272	2,342,272	-
Contracted Services	717,700	767,134	645,784	121,350	848,834	848,834	-
Supplies & Materials	11,566,505	11,587,418	10,912,139	675,279	10,321,149	10,321,149	-
Other Charges	290,750	274,517	274,478	39	292,318	292,318	-
Capital Outlay	230,000	249,454	233,070	16,384	19,454	19,454	-
<b>Total Expenditures</b>	<b>22,756,461</b>	<b>22,830,029</b>	<b>21,932,003</b>	<b>898,026</b>	<b>21,170,482</b>	<b>21,170,482</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(230,000)	(303,568)	873,511	1,177,079	(396,741)	(715,212)	(318,471)
<b>Other Financing Uses</b>							
Transfers to Other Funds	-	(20,833)	(20,833)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(230,000)</b>	<b>(324,401)</b>	<b>852,678</b>	<b>1,177,079</b>	<b>(396,741)</b>	<b>(715,212)</b>	<b>(318,471)</b>
Fund Balances, July 1	2,562,836	2,562,836	2,562,836	-	3,278,048	3,278,048	-
Fund Balances, June 30	\$ 2,332,836	\$ 2,238,435	\$ 3,415,514	\$ 1,177,079	\$ 2,881,307	\$ 2,562,836	\$ (318,471)

**KNOX COUNTY, TENNESSEE**  
**Discretely Presented Component Unit**  
**Knox County Board of Education**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
 June 30, 2009

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Receivables (Net of Allowance for Uncollectibles):		
Contributions	\$ 13,815	\$ -
Investments	54,942,578	-
Other Assets	-	6,857,172
<b>TOTAL ASSETS</b>	<b>54,956,393</b>	<b>6,857,172</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	35,118	-
Liability for Student Activities	-	6,857,172
<b>TOTAL LIABILITIES</b>	<b>35,118</b>	<b>\$ 6,857,172</b>
<b>NET ASSETS</b>		
Held in Trust for:		
Pension Benefits	<b>\$ 54,921,275</b>	

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Comparative Statements of Fiduciary Net Assets  
Pension Trust Fund - Defined Benefit Plan  
June 30, 2009 and June 30, 2008**

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Receivables:		
Contributions	\$ 13,815	\$ 17,406
Investments, at Fair Value:		
Mutual Funds	<u>54,942,578</u>	<u>75,579,903</u>
<b>TOTAL ASSETS</b>	<u>54,956,393</u>	<u>75,597,309</u>
 <b>LIABILITIES</b>		
Accounts Payable	<u>35,118</u>	<u>17,616</u>
 <b>NET ASSETS</b>		
Held in Trust For:		
Pension Benefits	<u><u>\$ 54,921,275</u></u>	<u><u>\$ 75,579,693</u></u>

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Comparative Statements of Changes in Fiduciary Net Assets  
Pension Trust Fund - Defined Benefit Plan  
For the years ended June 30, 2009 and June 30, 2008**

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	<u>2009</u>	<u>2008</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 250,000	\$ -
Employee	171,091	100,438
Transfers from Other Plans	-	239,243
	<u>421,091</u>	<u>339,681</u>
Total Contributions		
Investment Income:		
Interest and Dividend Income	896,151	2,115,824
Net Appreciation (Depreciation) in Fair Value of Investments	<u>(15,966,680)</u>	<u>(7,031,937)</u>
	(15,070,529)	(4,916,113)
Total Investment Earnings (Losses)		
Less Investment Expense	<u>(187,434)</u>	<u>(185,196)</u>
	<u>(15,257,963)</u>	<u>(5,101,309)</u>
Net Investment Earnings (Losses)		
Total Additions	<u>(14,836,872)</u>	<u>(4,761,628)</u>
<b>Deductions</b>		
Benefits and Refunds	5,229,546	4,842,951
Payments to Primary Government	<u>592,000</u>	<u>425,716</u>
	<u>5,821,546</u>	<u>5,268,667</u>
Total Deductions		
Change in Net Assets	(20,658,418)	(10,030,295)
Total Net Assets Held in Trust for Pension Benefits, July 1	<u>75,579,693</u>	<u>85,609,988</u>
Total Net Assets Held in Trust for Pension Benefits, June 30	<u>\$ 54,921,275</u>	<u>\$ 75,579,693</u>

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**KNOX COUNTY, TENNESSEE**

**Discretely Presented Component Unit -  
Knox County Board of Education  
Agency Fund - Student Activity Fund**  
**Comparative Statements of Changes in Fiduciary Assets and Liabilities**  
For the years ended June 30, 2009 and June 30, 2008

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	<u>2009</u>	<u>2008</u>
Assets and Liabilities, July 1	\$ 7,142,850	\$ 6,995,110
Additions	18,241,880	18,179,340
Deductions	<u>(18,527,558)</u>	<u>(18,031,600)</u>
Assets and Liabilities, June 30	<u>\$ 6,857,172</u>	<u>\$ 7,142,850</u>

# Statistical Section



## STATISTICAL SECTION (Unaudited)

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

<b>Contents</b>	<b>Page</b>
Financial Trends	230-238
<i>These schedules contain trend information to help the reader understand how Knox County Government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	239-242
<i>These schedules contain information to help the reader assess Knox County Government's most significant local revenue source, the property tax.</i>	
Debt Capacity	243-245
<i>These schedules present information to help the reader assess the affordability of Knox County Government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	246-247
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Knox County Government's financial activities take place.</i>	
Operating Information	248-250
<i>These schedules contain service and infrastructure data to help the reader understand how the information in Knox County Government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year ended June 30, 2002; schedules presenting government-wide information include information beginning in that year.

**KNOX COUNTY, TENNESSEE**

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Primary government								
Governmental activities								
Invested in capital assets, net of related debt	\$ 439,996,102	\$ 429,012,067	\$ 430,036,480	\$ 395,113,478	\$ 365,746,439	\$ 333,733,504	\$ 349,499,226	\$ 299,440,597
Restricted	33,485,986	32,646,617	34,559,910	60,297,870	68,750,828	68,165,803	33,687,672	38,289,171
Unrestricted	(141,993,533)	(130,655,604)	(148,747,919)	(150,361,587)	(204,425,615)	(205,476,472)	(244,843,510)	(216,095,066)
Total primary governmental activities net assets	<u>\$ 331,488,555</u>	<u>\$ 331,003,080</u>	<u>\$ 315,848,471</u>	<u>\$ 305,049,761</u>	<u>\$ 230,071,652</u>	<u>\$ 196,422,835</u>	<u>\$ 138,343,388</u>	<u>\$ 121,634,702</u>
Component units								
Invested in capital assets, net of related debt	268,404,853	280,139,475	246,697,189	255,600,529	269,693,300	287,591,285	308,057,666	317,191,247
Restricted	21,543,330	4,029,664	5,045,320	9,118,222	16,479,581	16,556,546	4,118,075	16,585,893
Unrestricted	13,477,500	11,757,631	33,961,884	30,697,796	78,988,946	79,856,696	58,586,611	29,308,255
Total component units activities net assets	<u>\$ 303,425,683</u>	<u>\$ 295,926,770</u>	<u>\$ 285,704,393</u>	<u>\$ 295,416,547</u>	<u>\$ 365,161,827</u>	<u>\$ 384,004,527</u>	<u>\$ 370,762,352</u>	<u>\$ 363,085,395</u>
Total reporting unit activities net assets	<u>\$ 634,914,238</u>	<u>\$ 626,929,850</u>	<u>\$ 601,552,864</u>	<u>\$ 600,466,308</u>	<u>\$ 595,233,479</u>	<u>\$ 580,427,362</u>	<u>\$ 509,105,740</u>	<u>\$ 484,720,097</u>

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

KNOX COUNTY, TENNESSEE

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
Primary government:								
Governmental activities:								
Finance and Administration	\$ 30,108,481	\$ 32,196,730	\$ 34,272,564	\$ 36,027,013	\$ 37,137,558	\$ 41,307,625	\$ 45,573,546	\$ 41,738,286
Finance and Administration - payment to component unit	-	-	-	-	2,570,000	4,148,000	6,385,000	4,018,649
Administration of Justice	11,003,409	11,828,805	12,635,947	13,701,681	16,568,869	15,277,291	16,211,461	15,651,510
Public Safety	44,075,976	48,108,309	61,702,000	59,055,357	61,608,268	66,374,696	68,125,715	71,388,947
Public Safety - payment to component unit	1,073,360	1,136,184	603,450	603,450	326,200	326,200	326,200	326,200
Public Health and Welfare	36,660,927	37,804,098	37,216,721	38,368,614	43,340,309	40,902,596	40,356,191	38,463,931
Public Health and Welfare - payment to component unit	-	-	562,635	562,635	646,990	256,628	166,628	166,628
Social and Cultural Services	13,546,306	15,766,968	15,130,591	16,592,017	19,562,356	22,529,501	21,148,707	21,651,989
Social and Cultural Services - payment to component unit	1,504,800	-	-	-	-	-	-	-
Agricultural and Natural Resources	318,902	335,090	346,591	390,615	402,907	425,395	461,142	433,295
Other General Government	16,313,593	20,170,170	20,354,933	16,622,981	24,327,500	29,449,900	13,151,278	21,017,395
Engineering & Public Works	21,001,851	21,881,988	23,223,425	21,570,330	24,718,942	24,647,845	22,815,377	23,605,027
Engineering & Public Works - payment to component unit	-	-	-	-	-	-	-	25,872
Education - payment to component unit	30,635,055	8,400,000	32,000,000	24,844,700	71,812,250	29,174,787	5,000,000	14,853,832
Debt Service - interest and fees	19,120,169	18,389,968	17,958,758	21,404,699	23,403,511	25,920,605	28,915,724	30,093,010
Debt Service - other	368,441	374,006	-	-	-	-	-	-
Total governmental activities	225,731,270	216,392,316	256,007,615	249,744,092	326,425,660	300,741,069	268,636,969	283,434,571
Business-type activities:								
Three Ridges Golf Course	-	-	-	-	-	-	-	464,137
Total primary government expenses	\$ 225,731,270	\$ 216,392,316	\$ 256,007,615	\$ 249,744,092	\$ 326,425,660	\$ 300,741,069	\$ 268,636,969	\$ 283,898,708
Component units:								
Board of Education	\$ 335,660,189	\$ 360,448,491	\$ 386,742,267	\$ 395,291,970	\$ 405,567,591	\$ 429,883,031	\$ 462,569,748	\$ 470,348,600
Knox County Railroad Authority	74,365	508,507	220,964	63,818	77,809	298,394	382,538	63,759
Knox County Emergency Communications District	6,185,897	6,008,787	6,840,936	7,148,453	6,468,004	6,302,412	6,394,749	6,922,634
Knox County Tourist Commission	1,916,595	-	-	-	-	-	-	-
Total component units expenses	\$ 343,837,046	\$ 366,965,785	\$ 393,804,167	\$ 402,504,241	\$ 412,113,404	\$ 436,483,837	\$ 469,347,035	\$ 477,334,993
Total reporting unit expenses	\$ 569,568,316	\$ 583,358,101	\$ 649,811,782	\$ 652,248,333	\$ 738,539,064	\$ 737,224,906	\$ 737,984,004	\$ 761,233,701

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

Continued

KNOX COUNTY, TENNESSEE

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Program Revenues</b>								
Primary government:								
Governmental activities:								
Charges for Services:								
Finance and Administration	\$ 23,459,317	\$ 24,360,351	\$ 26,732,880	\$ 28,316,120	\$ 20,316,983	\$ 20,508,747	\$ 23,475,489	\$ 18,291,849
Administration of Justice	3,421,390	3,099,291	3,212,895	3,657,019	11,071,804	11,190,419	12,348,218	10,535,989
Public Safety	662,636	789,430	903,493	1,032,281	533,509	499,320	983,881	1,333,523
Public Health and Welfare	4,180,347	4,085,553	5,086,478	4,901,207	5,349,029	5,182,137	4,283,390	4,252,529
Social and Cultural Services	1,591,060	805,230	2,206,814	1,873,889	1,122,961	1,193,157	1,327,729	1,324,927
Other General Government	265	114	21	5,697	2,412,907	1,984,775	88,337	249,935
Engineering & Public Works	10,664	2,492	50,692	20,570	53,041	-	20,105	214,851
Operating grants and contributions	18,997,160	20,962,543	23,108,400	22,760,584	23,799,473	20,535,731	15,232,355	13,162,718
Total governmental activities	<u>52,322,839</u>	<u>54,105,004</u>	<u>61,301,673</u>	<u>62,567,367</u>	<u>64,659,707</u>	<u>61,094,286</u>	<u>57,759,504</u>	<u>49,366,321</u>
Business-type activities:								
Three Ridges Golf Course	-	-	-	-	-	-	-	462,055
Total primary government program revenues	<u>\$ 52,322,839</u>	<u>\$ 54,105,004</u>	<u>\$ 61,301,673</u>	<u>\$ 62,567,367</u>	<u>\$ 64,659,707</u>	<u>\$ 61,094,286</u>	<u>\$ 57,759,504</u>	<u>\$ 49,828,376</u>
Component units:								
Charges for Services:								
Board of Education	\$ 11,766,285	\$ 11,023,657	\$ 11,723,822	\$ 12,199,060	\$ 12,406,982	\$ 13,452,161	\$ 13,744,165	\$ 12,545,538
Knox County Emergency Communications District	3,717,937	3,768,771	3,806,247	3,867,183	3,739,653	3,562,338	5,605,505	6,215,901
Knox County Tourist Commission	201,709	-	-	-	-	-	-	-
Operating grants and contributions	140,046,001	147,774,587	150,148,071	166,164,250	168,419,769	174,417,041	50,968,461	55,064,528
Capital grants and contributions	-	-	-	-	131,471	-	-	-
Total component units program revenues	<u>\$ 155,731,932</u>	<u>\$ 162,567,015</u>	<u>\$ 165,678,140</u>	<u>\$ 182,230,493</u>	<u>\$ 184,697,875</u>	<u>\$ 191,431,540</u>	<u>\$ 70,318,131</u>	<u>\$ 73,825,967</u>
Total reporting unit program revenues	<u>\$ 208,054,771</u>	<u>\$ 216,672,019</u>	<u>\$ 226,979,813</u>	<u>\$ 244,797,860</u>	<u>\$ 249,357,582</u>	<u>\$ 252,525,826</u>	<u>\$ 128,077,635</u>	<u>\$ 123,654,343</u>
Net (expenses)/revenues								
Primary government activities	\$ (173,408,431)	\$ (162,287,312)	\$ (194,705,942)	\$ (187,176,725)	\$ (261,765,953)	\$ (239,646,783)	\$ (210,877,465)	\$ (234,070,332)
Component units	(188,105,114)	(204,398,770)	(228,126,027)	(220,273,748)	(227,415,529)	(245,052,297)	(399,028,904)	(403,509,026)
Total net (expenses) revenues for reporting unit	<u>\$ (361,513,545)</u>	<u>\$ (366,686,082)</u>	<u>\$ (422,831,969)</u>	<u>\$ (407,450,473)</u>	<u>\$ (489,181,482)</u>	<u>\$ (484,699,080)</u>	<u>\$ (609,906,369)</u>	<u>\$ (637,579,358)</u>

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

Continued

KNOX COUNTY, TENNESSEE

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Revenues and Other Changes in Net Assets</b>								
Primary government:								
Governmental activities:								
Taxes								
Property taxes	\$ 107,481,587	\$ 112,175,848	\$ 113,293,837	\$ 116,504,303	\$ 117,697,785	\$ 124,861,193	\$ 128,874,750	\$ 140,608,170
Sales taxes	6,480,559	9,516,271	9,185,734	9,133,387	9,626,296	10,031,562	9,952,384	8,987,868
Lodging taxes	3,857,548	4,272,762	4,025,335	4,207,643	4,702,072	5,286,419	5,382,819	4,815,765
Business taxes	4,602,011	4,797,392	5,115,059	5,605,190	5,864,308	6,651,425	6,629,276	7,440,271
Wheel taxes	-	-	1,186,075	9,182,465	10,118,110	10,347,460	10,636,138	10,570,144
Other local taxes	3,326,165	3,229,268	3,249,019	3,671,045	3,649,170	3,667,617	3,793,818	4,317,993
Interest income	3,738,576	2,839,049	2,016,481	2,756,903	7,142,137	8,179,185	5,641,188	2,936,051
Other revenues	20,848,860	20,849,073	31,715,158	25,001,861	27,521,207	36,236,016	36,856,107	36,821,934
Contracts - other governments and citizens	1,017,769	1,679,555	1,797,835	307,354	466,759	584,683	419,470	851,750
Miscellaneous	-	(876)	-	7,864	-	152,406	1,122,914	11,700
Transfers	-	-	-	-	-	-	-	(1,182,572)
<b>Total governmental activities</b>	<b>151,353,075</b>	<b>159,358,342</b>	<b>171,584,533</b>	<b>176,378,015</b>	<b>186,787,844</b>	<b>205,997,966</b>	<b>209,308,864</b>	<b>216,179,074</b>
Business-type activities:								
Transfers	-	-	-	-	-	-	-	1,182,572
<b>Total primary government</b>	<b>\$ 151,353,075</b>	<b>\$ 159,358,342</b>	<b>\$ 171,584,533</b>	<b>\$ 176,378,015</b>	<b>\$ 186,787,844</b>	<b>\$ 205,997,966</b>	<b>\$ 209,308,864</b>	<b>\$ 217,361,646</b>
Component units:								
Taxes								
Property taxes	\$ 83,864,682	\$ 87,309,066	\$ 88,924,962	\$ 91,224,003	\$ 96,753,338	\$ 97,724,691	\$ 102,342,297	\$ 107,324,525
Sales taxes	98,456,334	99,196,928	104,990,997	109,296,323	118,690,397	125,062,455	125,522,010	116,296,501
Wheel taxes	-	-	1,186,075	1,500,000	1,500,000	1,459,461	1,500,030	1,490,723
Other local taxes	-	-	-	-	1,139,144	1,276,897	1,352,978	554,495
Interest income	365,736	215,361	222,216	361,331	2,003,350	2,746,738	1,739,023	418,377
Payments from primary government	33,213,215	9,536,184	33,166,085	26,010,785	75,355,440	33,905,615	11,877,828	19,391,181
Other revenues	5,573	-	-	-	-	-	-	4,525,727
Contracts - other governments and citizens	1,440,198	1,518,452	1,518,460	1,593,460	1,719,140	1,719,140	1,719,140	1,719,140
Miscellaneous	-	1,000	-	-	-	-	-	-
Grants and Contributions Not Restricted for Specific Programs	-	-	-	-	-	-	142,038,000	144,111,400
Special item - distribution of net assets to successor organization	-	(877,134)	-	-	-	-	-	-
<b>Total component units</b>	<b>\$ 217,345,738</b>	<b>\$ 196,899,857</b>	<b>\$ 230,008,795</b>	<b>\$ 229,985,902</b>	<b>\$ 297,160,809</b>	<b>\$ 263,894,997</b>	<b>\$ 388,091,306</b>	<b>\$ 395,832,069</b>
<b>Total reporting unit</b>	<b>\$ 368,698,813</b>	<b>\$ 356,258,199</b>	<b>\$ 401,593,328</b>	<b>\$ 406,363,917</b>	<b>\$ 483,948,653</b>	<b>\$ 469,892,963</b>	<b>\$ 597,400,170</b>	<b>\$ 613,193,715</b>
<b>Change in Net Assets</b>								
Primary government activities	\$ (22,055,356)	\$ (2,928,970)	\$ (23,121,409)	\$ (10,798,710)	\$ (74,978,109)	\$ (33,648,817)	\$ (1,568,601)	\$ (16,708,686)
Component units activities	29,240,624	(7,498,913)	1,882,768	9,712,154	69,745,280	18,842,700	(10,937,598)	(7,676,957)
<b>Total reporting unit</b>	<b>\$ 7,185,268</b>	<b>\$ (10,427,883)</b>	<b>\$ (21,238,641)</b>	<b>\$ (1,086,556)</b>	<b>\$ (5,232,829)</b>	<b>\$ (14,806,117)</b>	<b>\$ (12,506,199)</b>	<b>\$ (24,385,643)</b>

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

KNOX COUNTY, TENNESSEE

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

Fiscal Year	Property Tax	Sales Tax	Lodging Tax	Business Tax	Wheel Tax	Other Local Tax	Total
2002	\$ 107,481,587	\$ 6,480,559	\$ 3,857,548	\$ 4,602,011	\$ -	\$ 3,326,165	\$ 125,747,870
2003	112,175,848	9,516,271	4,272,762	4,797,392	-	3,229,268	133,991,541
2004	113,293,837	9,185,734	4,025,335	5,115,059	1,186,075 (1)	3,249,019	136,055,059
2005	116,504,303	9,133,387	4,207,643	5,605,190	9,182,465	3,671,045	148,304,033
2006	117,697,785	9,626,296	4,702,072	5,864,308	10,118,110	3,649,170	151,657,741
2007	124,861,193	10,031,562	5,286,419	6,651,425	10,347,460	3,667,617	160,845,676
2008	128,874,750	9,952,384	5,382,819	6,629,276	10,636,138	3,793,818	165,269,185
2009	140,608,170	8,987,868	4,815,765	7,440,271	10,570,144	4,317,993	176,740,211

(1) First year of tax.

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

Continued

KNOX COUNTY, TENNESSEE

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Wheel Tax</b>	<b>Other Local Tax</b>	<b>Total</b>
2002	\$ 83,864,682	\$ 98,456,334	-	-	\$ 182,321,016
2003	87,309,066	99,196,928	-	-	186,505,994
2004	88,924,962	104,990,997	1,186,075 (1)	-	195,102,034
2005	91,224,003	109,296,323	1,500,000	-	202,020,326
2006	96,753,338	118,690,397	1,500,000	1,139,144	218,082,879
2007	97,724,691	125,062,455	1,459,461	1,276,897	225,523,504
2008	102,342,297	125,522,010	1,500,030	1,352,978	230,717,315
2009	107,324,525	116,296,501	1,490,723	554,495	225,666,244

(1) First year of tax.

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

Continued

KNOX COUNTY, TENNESSEE

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

Fiscal Year	Property Tax	Sales Tax	Lodging Tax	Business Tax	Wheel Tax	Other Local Tax	Total
2002	\$ 191,346,269	\$ 104,936,893	\$ 3,857,548	\$ 4,602,011	\$ -	\$ 3,326,165	\$ 308,068,886
2003	199,484,914	108,713,199	4,272,762	4,797,392	-	3,229,268	320,497,535
2004	202,218,799	114,176,731	4,025,335	5,115,059	2,372,150 (1)	3,249,019	331,157,093
2005	207,728,306	118,429,710	4,207,643	5,605,190	10,682,465	3,671,045	350,324,359
2006	214,451,123	128,316,693	4,702,072	5,864,308	11,618,110	4,788,314	369,740,620
2007	222,585,884	135,094,017	5,286,419	6,651,425	11,806,921	4,944,514	386,369,180
2008	231,217,047	135,474,394	5,382,819	6,629,276	12,136,168	5,146,796	395,986,500
2009	247,932,695	125,284,369	4,815,765	7,440,271	12,060,867	4,872,488	402,406,455

(1) First year of tax.

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

**KNOX COUNTY, TENNESSEE**

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

	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund								
Reserved	\$ 5,364,376	\$ 10,937,680	\$ 8,671,373	\$ 7,934,931	\$ 7,823,979	\$ 9,306,651	\$ 11,024,655	\$ 9,080,512
Unreserved	36,120,754	38,472,540	39,593,912	40,799,145	49,774,563	46,495,324	48,348,469	44,197,261
Total general fund	<u>\$ 41,485,130</u>	<u>\$ 49,410,220</u>	<u>\$ 48,265,285</u>	<u>\$ 48,734,076</u>	<u>\$ 57,598,542</u>	<u>\$ 55,801,975</u>	<u>\$ 59,373,124</u>	<u>\$ 53,277,773</u>
All other governmental funds								
Reserved	\$ 36,587,826	\$ 26,269,284	\$ 22,402,928	\$ 24,624,542	\$ 12,295,421	\$ 21,463,450	\$ 10,173,788	\$ 13,950,926
Unreserved, reported in:								
Special revenue constitutional officers	2,512,960	2,560,175	3,563,157	4,793,783	3,784,117	3,826,048	5,405,844	3,831,682
Capital projects public improvement	(9,877,536)	(17,489,451)	(20,814,424)	5,645,300	(3,214,692)	(9,257,333)	(28,415,905)	12,367,955
Debt service	26,210,928	25,500,852	28,024,529	30,906,228	24,120,114	26,617,102	24,383,887	17,757,274
Other governmental funds	15,882,015	19,135,952	16,105,862	15,957,883	15,157,943	12,742,029	13,448,644	9,879,284
Total all other governmental funds	<u>\$ 71,316,193</u>	<u>\$ 55,976,812</u>	<u>\$ 49,282,052</u>	<u>\$ 81,927,736</u>	<u>\$ 52,142,903</u>	<u>\$ 55,391,296</u>	<u>\$ 24,996,258</u>	<u>\$ 57,787,121</u>

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

**KNOX COUNTY, TENNESSEE**

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>								
Taxes	\$ 128,776,863	\$ 134,082,211	\$ 136,756,864	\$ 148,071,025	\$ 156,075,279	\$ 161,129,442	\$ 165,894,884	\$ 169,892,631
Licenses and permits	2,379,483	2,840,878	3,226,481	3,472,814	3,741,911	3,623,663	3,696,245	3,415,302
State of Tennessee	20,558,477	19,612,800	19,657,610	19,312,368	16,370,956	21,319,794	19,645,086	17,799,336
Federal government	2,736,348	4,465,916	6,472,966	5,779,123	11,534,036	8,635,219	7,834,280	6,534,996
Other governments and citizen groups	1,966,116	730,942	2,321,912	1,455,388	1,040,630	3,830,345	1,738,118	1,347,906
Charges for services	23,506,444	24,030,206	27,142,787	27,835,419	28,388,616	27,931,145	30,467,122	25,843,423
Fines	3,033,556	2,846,280	2,856,308	3,231,893	4,058,576	4,126,768	4,366,159	4,114,621
Investment earnings	3,720,835	2,834,462	2,015,723	2,713,771	7,145,359	8,180,389	173,206	794,846
Payments from component units	15,795,391	16,457,417	27,473,875	20,838,840	21,649,922	23,229,518	23,614,046	24,914,174
Fees received from county officials	271,420	310,317	370,274	426,736	207,187	173,375	199,697	173,830
Increase in equity interest in joint venture	-	-	-	-	10,385	713,764	46,412	-
Other local revenues	2,955,393	4,416,726	4,271,988	4,383,663	4,470,506	2,590,971	10,018,778	5,049,121
<b>Total revenues</b>	<b>205,700,326</b>	<b>212,628,155</b>	<b>232,566,788</b>	<b>237,521,040</b>	<b>254,693,363</b>	<b>265,484,393</b>	<b>267,694,033</b>	<b>259,880,386</b>
<b>Expenditures</b>								
Finance and administration	30,185,822	32,108,836	34,004,920	35,792,902	36,919,202	41,092,636	42,994,827	40,263,423
Finance and administration - payments to component units	-	-	-	1,000,000	2,570,000	4,148,000	6,385,000	4,018,649
Administration of justice	10,294,719	11,233,689	12,139,488	13,069,224	13,915,861	12,477,574	13,635,809	13,141,252
Public safety	41,576,515	46,654,053	55,531,601	57,235,374	59,624,309	64,460,665	66,148,272	69,556,725
Public safety - payments to component units	-	1,136,184	603,450	603,450	326,200	326,200	326,200	326,200
Public health and welfare	35,774,006	36,867,614	36,382,457	37,318,628	40,028,212	39,407,838	39,351,120	37,443,749
Public health and welfare - payments to component units	-	-	562,635	562,635	646,990	256,628	166,628	166,628
Social and cultural services	12,553,883	14,186,357	13,955,047	14,688,232	15,719,033	17,697,777	17,868,031	19,224,930
Agricultural and natural resources	318,902	335,090	346,591	390,615	402,907	425,395	461,142	433,295
Other general government	13,673,548	13,352,236	13,625,581	13,533,836	11,690,674	14,173,623	13,878,441	14,588,454
Engineering & Public Works	9,829,051	9,113,368	11,938,273	8,607,547	12,887,045	11,228,081	11,096,021	12,130,049
Engineering & Public Works - payments to component units	-	-	-	-	-	-	-	25,872
Decrease in equity interest in joint venture	-	-	442,629	457,224	-	-	-	20,682
Debt proceeds paid to component unit	-	-	32,000,000	24,000,000	27,000,000	18,550,000	-	14,000,000
Debt issuance cost	-	-	144,875	308,200	337,500	340,537	489,154	368,000
Payments to component units	2,578,160	-	-	5,500	44,994,500	10,750,000	5,000,000	-
Capital Outlay	20,992,178	31,512,938	40,140,959	24,273,922	37,596,153	47,004,907	26,612,521	18,427,009
Debt Service:								
Principal	17,985,467	21,455,467	18,790,467	20,040,468	21,370,468	22,980,467	24,185,467	28,550,620
Interest	18,634,020	18,251,918	18,567,892	21,439,049	23,704,393	25,102,520	27,307,441	29,218,581
Other charges	539,190	427,087	559,594	868,759	1,230,283	1,309,719	2,064,509	1,965,036
<b>Total expenditures</b>	<b>214,935,461</b>	<b>236,634,837</b>	<b>289,736,459</b>	<b>274,195,565</b>	<b>350,963,730</b>	<b>331,732,567</b>	<b>297,970,583</b>	<b>303,869,154</b>
Deficiency of revenues under expenditures	(9,235,135)	(24,006,682)	(57,169,671)	(36,674,525)	(96,270,367)	(66,248,174)	(30,276,550)	(43,988,768)
<b>Other financing sources (uses)</b>								
Transfers in	8,758,013	8,906,826	42,381,859	23,722,579	32,427,313	26,009,546	23,608,526	25,711,520
Transfers out	(9,245,787)	(11,410,264)	(43,446,859)	(23,933,579)	(34,077,313)	(27,309,546)	(80,419,372)	(28,898,609)
Refunding bonds issued	33,891,691	81,110,000	-	93,310,000	-	-	-	-
Bonds issued	50,000,000	13,099,424	72,000,000	70,000,000	77,000,000	69,000,000	57,000,000	40,000,000
Premium on debt issued	3,388,812	7,613,126	-	8,238,711	-	-	-	332,400
Discount on bonds issued	(299,724)	(555,460)	-	(585,773)	-	-	-	-
Payments to refunded bond escrow agent	(35,030,150)	(88,167,090)	(21,605,024)	(100,962,938)	-	-	-	-
Notes issued	-	-	-	-	-	-	3,263,507	33,538,969
Decrease in equity interest in joint venture	-	(370,313)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>51,462,855</b>	<b>10,226,249</b>	<b>49,329,976</b>	<b>69,789,000</b>	<b>75,350,000</b>	<b>67,700,000</b>	<b>3,452,661</b>	<b>70,684,280</b>
<b>Net change in fund balances</b>	<b>\$ 42,227,720</b>	<b>\$ (13,780,433)</b>	<b>\$ (7,839,695)</b>	<b>\$ 33,114,475</b>	<b>\$ (20,920,367)</b>	<b>\$ 1,451,826</b>	<b>\$ (26,823,889)</b>	<b>\$ 26,695,512</b>
Debt service as a percentage of noncapital expenditures	19.10%	19.40%	14.75%	16.83%	14.15%	16.38%	19.84%	21.06%

Only eight years reported as Knox County implemented GASB 34 in fiscal year 2002.

**KNOX COUNTY, TENNESSEE**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Tax Years  
(Unaudited)**

Tax Year Ended June 30	Real Property		Personal Property	Public Utilities	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2001	\$ 3,500,743,875	\$ 2,004,715,480	\$ 535,256,469	\$ 263,632,399	\$ 6,304,348,223	\$ 2.96	\$ 21,278,284,065	\$ 29.63
2002	3,606,764,625	2,063,227,360	547,329,124	257,387,958	6,474,709,067	2.96	21,877,535,419	29.60
2003	3,723,284,900	2,096,341,920	522,595,219	229,326,698	6,571,548,737	2.96	22,292,936,096	29.48
2004	3,905,616,475	2,110,926,520	517,162,396	237,929,088	6,771,634,479	2.96	23,056,255,195	29.37
2005	4,641,294,150	2,360,192,280	532,543,347	253,178,224	7,787,208,001	2.96	26,701,125,834	29.16
2006	4,787,353,825	2,407,512,800	542,154,459	229,967,878	7,966,988,962	2.69	27,393,502,245	29.09
2007	5,112,307,100	2,523,485,320	499,933,519	255,770,424	8,391,496,363	2.69	28,889,423,898	29.04
2008	5,269,166,675	2,645,340,600	512,989,782	253,357,471	8,680,854,528	2.69	29,860,634,087	29.02

**Source:** Tennessee State Board of Equalization.  
Knox County, Tennessee Trustee Department.

**Notes:** Assessment rates are set by Tennessee State Law as follows:  
Real Property: Residential and Farm at 25% of value  
Commercial and Industrial at 40% of value  
Personal property at 30% of value  
Public Utilities at 55% of value (Railroads 40%)

In FY 2009 a county-wide reappraisal was completed.

*Only eight years reported as Knox County implemented GASB 34 in fiscal year 2002.*

**KNOX COUNTY, TENNESSEE**

**Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(Unaudited)**

	Year Taxes Are Payable							
	2002	2003	2004	2005	2006	2007	2008	2009
Knox County Direct Rates								
General	1.167	1.143	1.36	1.36	1.24	1.24	1.13	1.10
Public Library	0.134	0.135	-	-	-	-	-	-
Solid Waste	0.047	0.050	-	-	-	-	-	-
Debt Service	0.277	0.277	0.25	0.25	0.22	0.22	0.33	0.36
ADA Construction	0.012	0.012	-	-	-	-	-	-
Schools	1.323	1.343	1.35	1.35	1.23	1.23	1.23	1.23
Total direct rate	2.96	2.96	2.96	2.96	2.69	2.69	2.69	2.69
City of Knoxville Rates	2.70	2.70	3.05	2.81	2.81	2.81	2.81	2.81
Total direct & overlapping rates	5.66	5.66	6.01	5.77	5.50	5.50	5.50	5.50

*Only eight years reported as Knox County implemented GASB 34 in fiscal year 2002.*

**KNOX COUNTY, TENNESSEE**

**Principal Property Taxpayers  
Tax Year 2008 and Eight Years Ago  
(Unaudited)**

<u><b>Taxpayer</b></u>	<u><b>Fiscal Year 2009</b></u>			<u><b>Fiscal Year 2002</b></u>		
	<u><b>Taxable Assessed Value</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Taxable Assessed Value</b></u>	<u><b>Taxable Assessed Value</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total Taxable Assessed Value</b></u>
BellSouth	\$ 76,223,028	1	0.88%	\$ 95,462,295	1	1.53%
Verizon Wireless Tennessee	26,492,516	2	0.31%	-		-
DRA Advisors	25,154,240	3	0.29%	-		-
Parkside Drive LLC	25,045,040	4	0.29%	-		-
West Town Mall LLC	24,933,040	5	0.29%	38,092,720	2	0.61%
Mercy Health Partners	22,442,840	6	0.26%	-		-
Fort Sanders Alliance	22,310,320	7	0.26%	10,437,280	8	0.17%
Knoxville Center LLC	20,776,160	8	0.24%	30,231,440	3	0.48%
Walmart	20,712,880	9	0.24%	-		-
Norfolk Southern	20,063,923	10	0.23%	16,127,598	4	0.26%
Parkway Properties LP	-		-	13,330,160	5	0.21%
AT&T Communications	-		-	12,923,349	6	0.21%
Concord Telephone	-		-	10,468,984	7	0.17%
River View Tower/City	-		-	9,060,120	9	0.14%
Knoxville Cellular Telephone Company	-		-	8,645,175	10	0.14%
<b>Totals</b>	<u><u>\$ 284,153,987</u></u>		<u><u>3.29%</u></u>	<u><u>\$ 244,779,121</u></u>		<u><u>3.92%</u></u>

Source: Knox County, Tennessee Trustee Department.

Only eight years reported as Knox County implemented GASB 34 in fiscal year 2002.

**KNOX COUNTY, TENNESSEE**

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

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2001	\$ 178,216	\$ 169,059	94.9%	\$ 8,967	\$ 178,026	99.9%
2002	186,176	177,651	95.4%	8,226	185,877	99.8%
2003	190,465	181,786	95.4%	8,229	190,015	99.8%
2004	193,528	186,380	96.3%	6,619	192,999	99.7%
2005	198,664	191,042	96.2%	6,677	197,719	99.5%
2006	207,101	198,584	95.9%	7,247	205,831	99.4%
2007	214,847	207,118	96.4%	5,771	212,889	99.1%
2008	223,825	215,195	96.1%	5,154	220,349	98.4%
2009	233,065	221,475	95.0%	-	221,475	95.0%

Source: Knox County, Tennessee Trustee Department.

Only nine years reported as Knox County implemented GASB 34 in fiscal year 2002.

**KNOX COUNTY, TENNESSEE**

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

<b>Fiscal Year</b>	<b>Primary Government</b>		<b>Component Units</b>	<b>Total Reporting Unit</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (2)</b>
	<b>General Obligation Bonds and Notes</b>	<b>Capital Leases</b>	<b>Capital Leases</b>			
2002	\$ 401,860	\$ 265	\$ 3,484	\$ 405,609	3.50%	\$ 1,037
2003	386,824	55	2,950	389,829	3.27%	982
2004	430,534	-	6,714	437,248	3.48%	1,093
2005	478,868	-	5,652	484,520	3.64%	1,196
2006	534,497	-	4,552	539,049	3.81%	1,296
2007	580,517	-	3,409	583,926	3.88%	1,377
2008	616,596	-	12,930	629,526	4.15% (2)	1,471 (2)
2009	632,121	-	11,767	643,888	4.20% (2)	1,490 (2)

*Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.*

*(1) See the Schedule of Demographic and Economic Statistics on page 246 for personal income and population data.*

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

*Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.*

**KNOX COUNTY, TENNESSEE**

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value (1) of Property</b>	<b>Per Capita (2)</b>
2002	\$ 401,860	\$ 26,211	\$ 375,649	1.77%	\$ 960
2003	386,824	25,501	361,323	1.65%	911
2004	430,534	28,025	402,509	1.81%	1,006
2005	478,868	28,906	449,962	1.95%	1,110
2006	534,498	24,116	510,382	1.91%	1,227
2007	580,517	26,613	553,904	2.02%	1,308
2008	613,332	24,384	588,948	2.04%	1,377
2009	627,121	17,757	609,364	2.04%	1,410

*Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.*

*(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 239 for property value data.*

*(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 246.*

*Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.*

**KNOX COUNTY, TENNESSEE**

**Direct and Overlapping Governmental Activities Debt**

As of June 30, 2009

(amounts expressed in thousands)

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 627,121	100.00%	\$ 627,121
Subtotal, direct debt			
City of Knoxville overlapping debt	197,370	100.00%	197,370
Town of Farragut overlapping debt	-		-
Total direct and overlapping debt			<u>\$ 824,491</u>

Note: Percentage of overlap based on assessed property values.

**KNOX COUNTY, TENNESSEE**

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

<b>Fiscal Year</b>	<b>Population</b> (1)	<b>Personal Income</b> (amounts expressed in thousands)	(1)	<b>Per Capita Personal Income</b>	(1)	<b>Median Age</b>	(3)	<b>School Enrollment</b>	(3)	<b>Unemployment Rate</b>	(2)
2002	391,462	\$	11,580,797	\$	29,583	36.9		98,074		4.0%	
2003	396,559		11,920,331		30,059	37.6		99,998		4.3%	
2004	400,174		12,572,396		31,417	38.0		96,563		4.1%	
2005	405,355		13,301,853		32,815	37.5		92,507		4.8%	
2006	416,014		14,142,669		33,996	37.8		92,507		4.5%	
2007	423,603		15,033,901		35,491	37.3		107,039		3.3%	
2008	427,850 (4)		15,185,000 (4)		35,550 (4)	37.4 (4)		107,039 (4)		3.8%	
2009	432,150 (4)		15,340,000 (4)		35,550 (4)	37.5 (4)		107,039 (4)		8.5%	

*Data sources:*

(1) Bureau of Economic Analysis, Regional Economic Accounts.

(2) Tennessee Department of Labor and Workforce Development.

(3) US Census Bureau/American Community Survey Profile.

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

Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.

**KNOX COUNTY, TENNESSEE**

**Principal Employers  
Calendar Year 2008 and Nine Years Ago  
(Unaudited)**

<b>Employer (1)</b>	<b>2008</b>			<b>1999</b>		
	<b>Employees (2)</b>	<b>Rank</b>	<b>Percentage of Total Knoxville MSA Employment (3)</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Knoxville MSA Employment</b>
U.S. Department of Energy, Oak Ridge Operations	12,927	1	3.54%	-		-
Covenant Health	9,016	2	2.47%	6,863	1	2.08%
The University of Tennessee, Knoxville	8,754	3	2.40%	6,559	2	1.98%
Knox County Public Schools	7,553	4	2.07%	6,173	3	1.87%
Mercy Health Partners	5,711	5	1.56%	-		-
Wal-Mart Stores	4,869	6	1.33%	-		-
K-VA-T Food Stores	3,853	7	1.06%	-		-
State of Tennessee, Regional Offices	3,834	8	1.05%	2,425	8	0.73%
University Health System	3,727	9	1.02%	3,494	5	1.06%
Knox County Government	3,021	10	0.83%	-		-
Lockheed - Martin Energy Systems	-		-	4,444	4	1.34%
Clayton Homes	-		-	2,850	6	0.86%
Aluminum Company of America	-		-	2,500	7	0.76%
Baptist Health System	-		-	2,347	9	0.71%
City of Knoxville	-		-	2,340	10	0.71%
<b>Total</b>	<b>63,265</b>		<b>17.34%</b>	<b>39,995</b>		<b>12.09%</b>

(1)Based on employers in the Knoxville metropolitan area which includes Anderson, Blount, Knox, Loudon, and Union Counties.

(2) Greater Knoxville Chamber of Commerce.

(3) Tennessee Department of Labor and Workforce Development.

**KNOX COUNTY, TENNESSEE**

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

	<b>Full-time Equivalent Employees by Function</b>							
<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General Government	707	672	705	664	682	821	708	708
Public safety	858	886	815	856	885	974	1054	1048
Health & human services	236	239	234	224	290	310	338	342
Engineering & public works	174	174	174	172	176	215	219	233
Parks & recreation	59	59	55	54	56	62	62	71
<b>Total</b>	<b>2,034</b>	<b>2,030</b>	<b>1,983</b>	<b>1,970</b>	<b>2,089</b>	<b>2,382</b>	<b>2,381</b>	<b>2,402</b>

*Source: Knox County Budget.*

*Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.*

**KNOX COUNTY, TENNESSEE**

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

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Sheriff (1)								
Arrests	27,026	27,278	28,386	31,218	32,508	33,233	32,054	*
Accidents	3,592	4,125	4,026	4,868	4,889	5,972	4,321	*
Incidents	15,821	15,883	16,704	15,595	21,870	30,302	29,873	*
Health services (2)								
Clinical services								
Pediatric cases	11,886	11,178	11,162	10,850	10,537	9,947	8,254	7,570
Preventive health cases	14,092	13,198	18,161	13,749	14,571	12,502	12,725	11,812
WIC services	19,352	17,151	16,936	26,533	31,156	29,892	32,198	34,085
Communicable diseases treated	17,563	16,923	17,195	17,896	18,893	16,497	14,087	16,434
New prescriptions filled	55,484	49,749	39,923	29,299	26,578	24,452	5,124	9,838
Engineering & public works (2)								
Street resurfacing (miles)	115	86	85	78	38	34	20	28
Road maintenance service orders processed	2,037	2,275	2,024	1,525	1,288	1,306	2,726	1,869
Litter reduction from right of way (miles)	187	300	417	361	538	817	238	720
Parks & recreation (2)								
Number of park shelter reservations	505	404	690	843	900	931	995	1,500
Total all participants on all teams	26,100	26,150	26,800	27,700	28,750	30,345	30,402	44,450
Total number of attendees at events	13,500	26,050	16,925	35,000	35,000	16,757	16,792	90,000

\* Information not yet available.

(1) Information kept by calendar year.

(2) Information kept by fiscal year.

*Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.*

**KNOX COUNTY, TENNESSEE**

**Capital Asset Statistics by Function  
Last Ten Fiscal Years  
(Unaudited)**

Function	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public safety								
Sheriff								
Detention Facility	1	1	1	1	1	1	1	1
Penal Farm	1	1	1	1	1	1	1	1
Patrol units	N/A	N/A	N/A	N/A	10	10	10	8
Engineering & public works								
Streets (miles)	N/A	N/A	N/A	N/A	203,252	203266	203310	203324
Bridges	3	3	4	4	4	4	4	7
Traffic signals	46	46	47	49	49	49	49	49
Parks & recreation								
Parks acreage	2,437	2,584	2,915	2,874	3,026	3051	3076	3122
Parks	35	40	40	43	45	46	47	47
Spray pools	-	-	-	2	2	3	3	3
Tennis courts	5	5	6	6	7	7	7	7

*Only eight years are reported as Knox County implemented GASB 34 in fiscal year 2002.*