

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

*COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
June 30, 2009 and 2008*

*PREPARED BY:
FINANCE DEPARTMENT*

*ROBYN SMITH, CPA
MANAGER OF ACCOUNTING*

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

*COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2009 and 2008*

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INTRODUCTORY SECTION



City County Building
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Knoxville, Tennessee 37902
Phone: (865) 215-2121
Fax: (865) 215-2662
www.ktnpba.org

November 3, 2009

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

State law and the Comptroller of the Treasury, State of Tennessee, requires that every political subdivision of municipal corporation publish within six months of the close of each fiscal year-end, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill these requirements for the fiscal years ended June 30, 2009 and 2008.

Internal Controls

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

The Comprehensive Annual Financial Report

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

Independent Audit

Bacon, Howard and Company, CPAs have issued an unqualified ("clean") opinion on PBA's financial statements for the years ended June 30, 2009 and 2008. As stated in the independent auditor's report, the audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A)

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

Profile of The PBA

The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (PBA) is a joint venture between the County of Knox (The County) and the City of Knoxville (The City) and was created under the authority of the State of Tennessee, Tennessee Code Annotated (TCA), Sections 12-10-101 to 12-10-124. The PBA was incorporated on August 16, 1971. Under various agreements, the PBA manages and operates certain public buildings that house the governments of the City, the County, and certain other related governmental organizations. Public parking facilities are also included under this PBA umbrella of management. These activities include security, custodial, maintenance, and grounds services and are coordinated within the Property Management Department.

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

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

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

Budgeting

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

Each budget is fully costed, containing both the direct and indirect costs of providing services. An operating reserve has been funded, at an amount agreed upon with each client as appropriate, within each budget through the end of fiscal year 2009.

Local Economy

Knox County is the third most populated county in the State of Tennessee. The City of Knoxville is the County seat. Knoxville is located on the Tennessee River near the geographic center of East Tennessee. Because of its central location in the eastern United States, the Knoxville area serves thousands of industrial and commercial customers in a concentrated eight-state area. It is within 500 miles of approximately one-half of the population of the United States. The County for many years has been known as one of the South's leading wholesale markets. Located within the County are 984 wholesale establishments, 1,730 retail establishments, and 5,359 service establishments.

Tourism also plays a vital role in the economic development of the area. Knox County is the principal Gateway to the Great Smoky Mountains National Park, located 40 miles to the southeast. There are over 500,000 acres that make up the nation's most visited National Park, extending over the States of Tennessee and North Carolina. More than 9 million people visited the National Park in 2008.

The presence of the University of Tennessee and the Tennessee Valley Authority in Knoxville lends stability to the area, making the local economy less cyclical than either the national or state economy. This contributes to a low unemployment rate, which was 4.8% in Knox County at December 31, 2008. This compares favorably to the national unemployment rate of 5.8% and the state rate of 6.4%.

The overall economic health of the Knoxville/Knox County area remains steady. The City of Knoxville serves as the economic hub of the entire upper East Tennessee area, and its trade sector is one of the strongest in the state. Knox County has the fifth highest per capita sales tax rate in the state, at roughly 114% of the state average. In fiscal years 2008 and 2007, respectively, sales tax collections on a countywide basis were \$718,878,978 and \$721,394,063. This represents a decrease of (0.35) %.

Long-Term Financial Planning

The PBA's costs are covered by fees charged to the City and County and certain other rated governmental organizations for management and development of public properties. Both the City and the County have long-term capital plans allocating significant resources totaling \$32,414,252 and \$4,815,871 respectively in which PBA is involved.

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

A summary of these projects, with annual estimated allocations, is as follows:

Projects	Total Budget	FY 2010 *	FY 2011 to FY 2014
<u>City Projects:</u>			
Central Station Transit Center	\$ 26,610,000	\$ 26,000,000	\$ 610,000
Central Station Transit Center (ARRA)	3,000,000	2,500,000	500,000
Downtown Dog Park	162,000	162,000	-
KAT Renovation – Magnolia (ARRA)	2,300,000	2,000,000	300,000
Lorraine Street Medical Center	67,770	67,770	-
West Haven Recreation Center Re-roof	19,232	19,232	-
West View Park Shelters Re-roof	105,250	105,250	-
World’s Fair Park Playground	150,000	150,000	-
Total City Projects	32,414,252	31,004,252	1,410,000
<u>County Projects:</u>			
ADA Remediation	400,000	400,000	-
Burlington Park – Phase I	50,000	50,000	-
Seven Islands Park Pedestrian Bridge	1,645,448	1,645,448	-
Clayton Park – Phase I	20,000	20,000	-
KUB Park – Phase I	25,000	25,000	-
Family Investment Center Renovations	613,500	613,500	-
Capital Asset Replacement for County Managed Properties:			
A. Johnson Building/D. Kessel Garage	1,154,503	517,790	636,713
Tarleton Homes	18,000	18,000	-
Juvenile Justice Center	415,000	53,000	365,000
Health Department	250,000	100,000	150,000
Senior Centers	70,000	20,000	50,000
Fairview Technology Center	154,420	12,420	142,000
Total County Projects	4,815,871	3,475,158	1,343,713
<u>Other Projects:</u>			
Jefferson County Facilities Assessment	67,000	67,000	-
Total Other Projects	67,000	67,000	-
Total All Projects	\$ 37,297,123	\$ 34,456,410	\$ 2,753,713

*FY 2010 allocations may include amounts from prior years.

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

Major Initiatives

Beginning with fiscal year 2009, the County took over managing all utility costs and payments for all its properties, eliminating these costs from the PBA's property management budgets. Along these same lines, the County decided to self-manage custodial and grounds services at Knox Central, the Libraries, Senior Centers, and the Health Department, eliminating these activities and costs from the PBA's property management budgets.

The City has requested that PBA's Property Development division manage two of their projects that will be appropriated by one or more federal agencies under the American Recovery and Reinvestment Act of 2009 (ARRA). Of these two ARRA funded projects, the City has designated \$2,300,000 to improve and renovate a facility operated by the Knoxville Area Transit (KAT) and \$3,000,000 for additional work on the current Central Station Transit Facility project (\$26,610,000). The Central Station Transit Facility and the KAT Renovations will be completed by August 2010.

In addition to Property Development's regular project load, two major Knox County projects were completed in fiscal year 2009. Hardin Valley Academy, a \$50,000,000 project, was opened in August 2008. Powell Middle School Renovations, a \$16,000,000 project, was substantially completed in June 2009.

In partnership with Knox County's Energy Efficiency program, PBA has worked with Trane to identify areas of capital savings, provided tours through the County-owned facilities to understand the systems and scheduled access and site visits for their program. Coordination is essential to avoid duplication or further costs with replacements of systems scheduled for repair. PBA will continue to partner with both the County and Trane to recognize the energy efficient cost savings in our future property budgets and to accommodate the requirements for the new systems.

Additionally, PBA's Property Management Division continues to look internally at cost-savings measures as the groundwork is laid for the 2011 budget sessions. Recent initiatives have combined a courier position with a part-time information desk position and not replacing a full-time position for security screening at the Old Courthouse.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the PBA for its comprehensive annual financial report for the fiscal years ended June 30, 2008 and 2007. This was the fifth consecutive year that the PBA has received this prestigious award. In order to be awarded a

Certificate of Achievement, an organization must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

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

Respectfully submitted,



Dale Smith
Administrator/CEO



Robyn Smith, CPA
Manager of Accounting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 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 handwritten signature in black ink, appearing to read "M. L. R.", is written over the printed name.

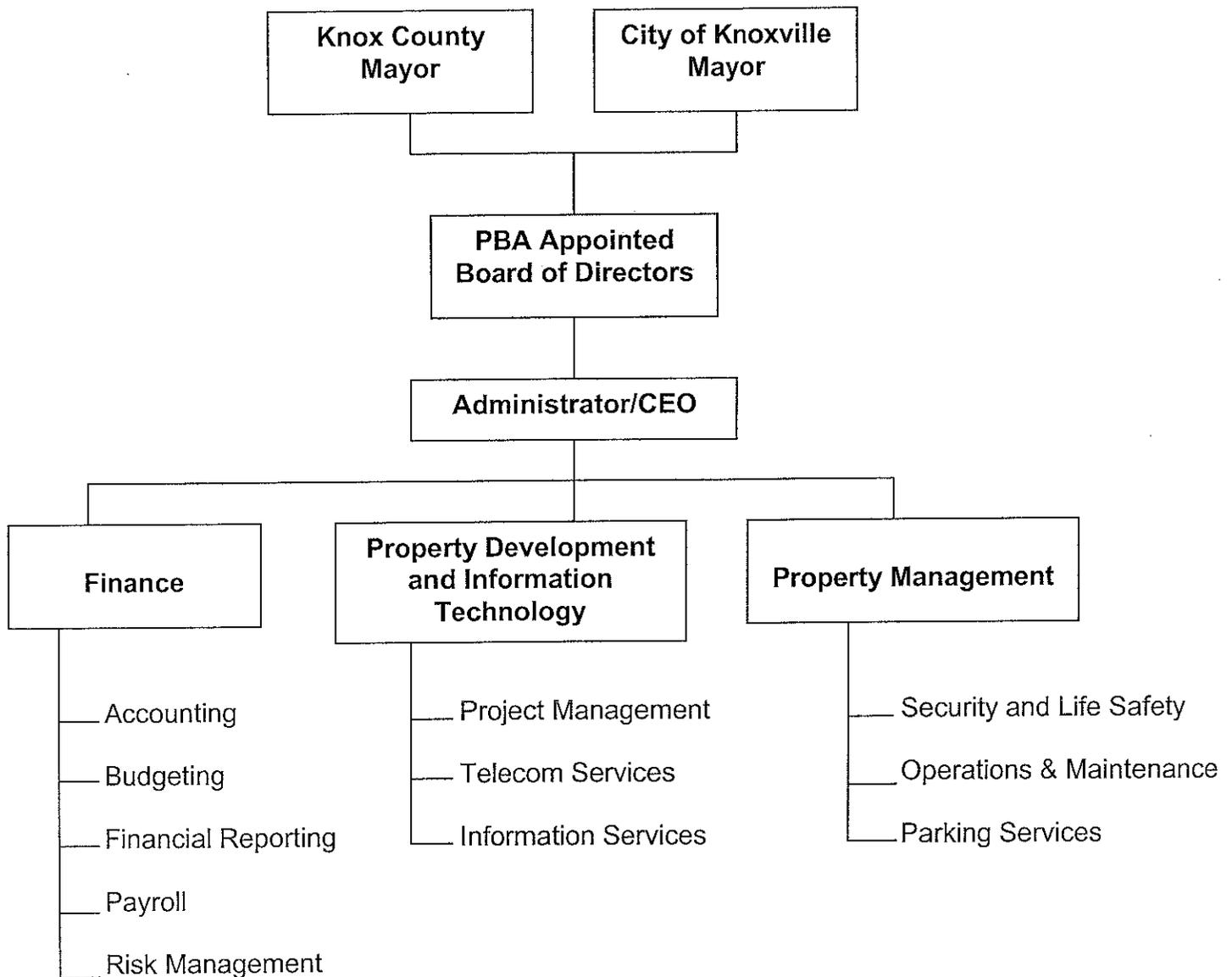
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer", is written over the printed name.

Executive Director

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

Organizational Chart June 30, 2009



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

ROSTER OF OFFICIALS AND OTHERS

June 30, 2009

<u>Board of Directors</u>	<u>Expiration of Term</u>
John A. Murphy, Chairperson	2009
Billy J. Stokes, Vice Chairperson	2007 (Acting)
Dawn-Michelle Foster, Secretary	2009
Suzanne T. Schriver, Treasurer	2011
George T. Prosser, Executive Committee	2011
C. Howard Capito	2009
Pete Claussen	2011
Scott Davis	2013
Winston Frazier	2013
Dr. Rocio Huet	2009
F. Carl Tindell	2011

Management

Dale Smith, Administrator/CEO

Robyn Smith, Manager of Accounting

Jayne Burritt, Director of Property Management

Jeff Galyon, Director of Property Development
and Information Technology

Independent Auditor

John Bacon, CPA
Bacon, Howard and Company, CPAs
Knoxville, Tennessee

Legal Counsel

Herbert H. Slatery III
Egerton, McAfee, Armistead & Davis, P.C.
Knoxville, Tennessee

FINANCIAL SECTION



John W. Bacon, CPA

Calvin C. Howard, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (PBA) as of June 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of PBA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee as of June 30, 2009 and 2008, and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2009, on our consideration of PBA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 audits.

Management's Discussion and Analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 this information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the PBA's basic financial statements. The introductory, supplementary and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary section has been subjected to the tests and other auditing procedures applied in the audits of the basic financial statements mentioned above, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bacon Howard and Company

Knoxville, Tennessee
November 3, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of the PBA's financial condition and results of operations for the years ending June 30, 2009, 2008 and 2007. This information should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The following are key financial highlights:

- Total assets at June 30, 2009, 2008 and 2007 were \$16,396,693, \$18,508,235, and \$16,396,143 and exceeded liabilities (net assets) by \$11,021,674, \$10,584,391, and \$10,157,477, respectively. Of the total net assets, \$3,955,855, \$4,457,421, and \$3,944,131 was unrestricted and was available to support short-term operations for the years ending June 30, 2009, 2008 and 2007, respectively.
- Operating revenues were \$13,369,638, \$16,218,265, and \$15,423,906 for the years ending June 30, 2009, 2008 and 2007, representing a (decrease) increase of (17.6) %, 5.15% and 12.8%, from prior years.
- During 2009 there was an increase of \$938,849 in net assets invested in capital assets and a decrease in unrestricted net assets of \$(501,566), which combined for the overall increase in net assets of \$437,283.
- Operating expenses before depreciation decreased by \$(2,165,217) and increased by \$367,133 during 2009 and 2008, representing a (18.6)% decrease and 2.7% increase from 2008 and 2007.
- Operating income for 2009 was \$1,108,953, representing a decrease of \$(743,650) from 2008. The increase in net assets, before capital contributions and deductions, decreased by \$(450,882) when compared to 2008.
- The ratios of operating income to total operating revenues were 8.3% for 2009, 11.4% for 2008 and 9.7% for 2007.
- Capital asset replacement reserve contributions were \$1,308,436 for 2009, \$833,000 for 2008 and \$894,500 for 2007.
- Capital contributions returned were \$2,073,461 for 2009, \$2,604,592 for 2008 and \$615,410 for 2007, a decrease of \$(531,131) and an increase of \$1,458,051 when compared to 2008 and 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

SUMMARY OF ORGANIZATION AND BUSINESS

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS

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

Condensed Balance Sheets
(In Thousands of Dollars)
June 30, 2009 and 2008 and 2007

	<u>2009</u>	<u>2008</u>	<u>2007</u>
ASSETS			
Current Assets	\$ 9,331	\$ 12,381	\$ 10,183
Net Capital Assets	<u>7,066</u>	<u>6,127</u>	<u>6,213</u>
TOTAL ASSETS	<u>\$ 16,397</u>	<u>\$ 18,508</u>	<u>\$ 16,396</u>
LIABILITIES			
Current Liabilities	\$ 5,156	\$ 7,667	\$ 6,010
Non-Current Liabilities	<u>219</u>	<u>257</u>	<u>229</u>
TOTAL LIABILITIES	5,375	7,924	6,239
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,066	6,127	6,213
Unrestricted	<u>3,956</u>	<u>4,457</u>	<u>3,944</u>
Total Net Assets	<u>11,022</u>	<u>10,584</u>	<u>10,157</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,397</u>	<u>\$ 18,508</u>	<u>\$ 16,396</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Assets (In Thousands of Dollars)

For The Years Ended June 30, 2009 and 2008 and 2007

	2009	2008	2007
Operating Revenues			
Rentals – Net	\$ 3,816	\$ 3,669	\$ 3,544
Management Fees	6,572	9,713	9,342
Net Parking	2,982	2,836	2,538
Total Operating Revenues	13,370	16,218	15,424
Operating Expenses			
Salaries and Benefits	6,451	6,272	6,418
Office	118	144	173
Education and Training	13	11	34
Purchased Services and Supplies	978	1,031	963
Operating Contracts	1,464	1,895	1,626
Utilities	2,011	3,906	3,493
Communications	59	68	81
Insurance	229	235	189
Professional Fees	57	91	90
Depreciation	643	583	518
Maintenance Facility	60	51	-
Other	178	78	348
Total Operating Expenses	12,261	14,365	13,933
Operating Income	1,109	1,853	1,491
Non-Operating Revenues (Expenses)			
Interest Income	92	331	363
Gain on Disposal of Capital Assets	-	-	6
Bank Charges	(7)	(8)	(8)
Interest Expense	-	-	(1)
Capital Contributions Returned	(2,073)	(2,605)	(616)
Noncash – Capital Asset Retirements	-	-	(5)
Total Non-Operating Revenues – Net	(1,988)	(2,282)	(261)
Increase (Decrease) in Net Assets Before Capital Contributions (Deductions)	(879)	(429)	1,230

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Capital Contributions (Deductions):			
Capital Contributions	<u>1,317</u>	<u>856</u>	<u>901</u>
Increase in Net Assets	438	427	2,131
Net Assets, Beginning of Year	<u>10,584</u>	<u>10,157</u>	<u>8,026</u>
Net Assets, End of Year	\$ <u>11,022</u>	\$ <u>10,584</u>	\$ <u>10,157</u>

OTHER SELECTED INFORMATION

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Space (in Square Feet) Under Management	1,711,170	1,721,345	1,654,209
Number of Parking Spaces Under Management	5,924	5,924	5,924
Parks – Number of Acres Under Management	32	23	23
Employees at Year-End:			
Facilities Management	47	40	56
Safety and Security	44	48	42
Property Development	5	8	7
Telecommunications	9	8	9
Administrative	<u>12</u>	<u>14</u>	<u>13</u>
Total	<u>117</u>	<u>118</u>	<u>127</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

	2009	2008	2007
Average Number of Employees	117	123	123
Per Average Employee:			
Operating Revenues	\$ 114,270	\$ 131,854	\$ 125,398
Operating Expenses	\$ 104,792	\$ 116,789	\$ 113,280
Ratio of Operating Revenues to:			
Operating Expenses	109%	113%	111%
Operating Expenses – Net of Depreciation	115%	118%	115%
Total Assets	82%	88%	94%
Net Assets	121%	153%	152%

GENERAL TRENDS AND SIGNIFICANT EVENTS FOR FY 2009

Beginning with fiscal year 2009, the County took over managing all utility costs and payments for all its properties, eliminating these costs from the PBA’s property management budgets. Along these same lines, the County decided to self-manage custodial and grounds services at Knox Central, the Libraries, Senior Centers, and the Health Department, eliminating these activities and costs from the PBA’s property management budgets.

The City has requested that PBA’s Property Development division manage two of their projects that will be appropriated by one or more federal agencies under the American Recovery and Reinvestment Act of 2009 (ARRA). Of these two ARRA funded projects, the City has designated \$2,300,000 to improve and renovate a facility operated by the Knoxville Area Transit (KAT) and \$3,000,000 for additional work on the current Central Station Transit Facility project (\$26,610,000). The Central Station Transit Facility and the KAT Renovations will be completed by August 2010.

In addition to Property Development’s regular project load, two major Knox County projects were completed in fiscal year 2009. Hardin Valley Academy, a \$50,000,000 project, was opened in August 2008. Powell Middle School Renovations, a \$16,000,000 project, was substantially completed in June 2009.

In partnership with Knox County’s Energy Efficiency program, PBA has worked with Trane to identify areas of capital savings, provided tours through the County-owned facilities to understand the systems and scheduled access and site visits for their program. Coordination is essential to avoid duplication or further costs with replacements of systems scheduled for repair. PBA will continue to partner with both the County and Trane to recognize the energy efficient cost savings in our future property budgets and to accommodate the requirements for the new systems.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GENERAL TRENDS AND SIGNIFICANT EVENTS FOR FY 2009 (Continued)

Additionally, PBA's Property Management Division continues to look internally at cost-savings measures as the groundwork is laid for the 2011 budget sessions. Recent initiatives have combined a courier position with a part-time information desk position and not replacing a full-time position for security screening at the Old Courthouse.

GENERAL TRENDS AND SIGNIFICANT EVENTS FOR FY 2008

In early fiscal year 2008, the Downtown Cinema construction project was completed for the City and the Industrial Development Board by the PBA. The Cinema is operated through agreement by the City with the Regal Corporation. Property management responsibilities are limited to certain outside areas and retail space.

Within the World's Fair Park, in early fiscal year 2008, two (2) previously mothballed structures were placed into productive use by the City: the Amphitheater and the Sunsphere. The Sunsphere was leased to private developers, with the exception of a public observation deck. The PBA retains property management responsibilities for both of these structures within the Park campus, totaling more than 31,000 square feet.

Full operations of the County's State Street Parking Lot resumed in fiscal year 2008 after plans for alternate use did not materialize.

A Central administrative maintenance facility, begun by the PBA in fiscal year 2007, was completed and occupied during the first quarter of fiscal year 2008. Funding was provided under a tri-party agreement including the City, the County, and the PBA.

FINANCIAL CONDITION

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

Net assets increased by \$437,283, \$426,914, and \$2,131,428 for the years ending June 30, 2009, 2008 and 2007, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

RESULTS OF OPERATIONS

Capital Contributions (Deductions)

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

Operating and capital asset replacement reserve contributions were \$1,316,805 and \$855,554 for 2009 and 2008, respectively. The contributions consist of the following:

<u>June 30, 2009</u>	<u>Capital Reserves</u>
County:	
City County Building	\$ <u>455,423</u>
City:	
City County Building	196,299
City Parking Facilities	538,090
City Parks	<u>122,346</u>
Total City	<u>856,735</u>
Others	<u>4,647</u>
Total	\$ <u>1,316,805</u>
<u>June 30, 2008</u>	<u>Capital Reserves</u>
County:	
City County Building	\$ <u>463,393</u>
City:	
City County Building	199,735
City Parks	<u>185,000</u>
Total City	<u>384,735</u>
Others	<u>7,426</u>
Total	\$ <u>855,554</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

RESULTS OF OPERATIONS (Continued)

Capital Contributions (Deductions) (Continued)

Reserves returned to the City and County during 2009 totaled \$2,054,297 and represented a refund of operating results above the calculated desired reserve. Additionally, operating reserves of \$13,076 were refunded to the Emergency Communications District and \$6,088 to the Industrial Development Board, also representing operating reserves above the calculated needed reserve.

Reserves returned to the City and County during 2008 totaled \$2,579,761 and represented a refund of operating results above the calculated desired reserve. Additionally, operating reserves of \$14,826 were refunded to the Emergency Communications District and \$10,006 to the Industrial Development Board, also representing operating reserves above the calculated needed reserve.

Operating Expenses

Operating expenses decreased by \$(2,104,977) and increased by \$432,335, or (14.6)% and 3.1% in 2009 and 2008, respectively. This was a result of major increases (decreases) such as:

	<u>2009</u>	<u>2008</u>
Salaries and Benefits	\$ 178,221	\$ (146,174)
Purchased Services and Supplies	(52,242)	68,462
Operating Contracts	(431,556)	269,051
Utilities	(1,894,819)	412,504
Other – Net	<u>(95,419)</u>	<u>(171,608)</u>
Total	\$ <u>(2,104,977)</u>	\$ <u>432,335</u>

Depreciation expense was \$643,194 and \$582,954 and in 2009 and 2008, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

RESULTS OF OPERATIONS (Continued)

Capital Assets

During 2009, 2008 and 2007, PBA increased its producing capital assets by \$1,027,984, \$950,171, and \$960,919, respectively. These increases (decreases) consist of the following:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Site Improvements	\$ 190,795	\$ 37,776	\$ 61,911
Building Improvements	550,698	725,834	613,829
Machinery and Equipment	123,052	252,806	327,182
Data Processing Equipment and Software	56,839	(66,245)	(69,271)
Vehicles	<u>106,600</u>	<u>-</u>	<u>27,268</u>
Total	\$ <u>1,027,984</u>	\$ <u>950,171</u>	\$ <u>960,919</u>

The PBA's capital asset activity for 2009 and 2008 is described in Note 6 to the financial statements.

FINAL COMMENTS

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

CONTACTING THE PBA

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

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

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

*BALANCE SHEETS
June 30, 2009 and 2008*

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents	\$ 6,455,154	\$ 8,364,494
Receivables:		
Accounts	20,901	30,459
Due from City and County	2,763,082	3,895,122
Due from Other Governmental Agencies	688	626
Inventory	12,043	6,418
Prepaid Items	<u>79,006</u>	<u>84,146</u>
 Total Current Assets	 <u>9,330,874</u>	 <u>12,381,265</u>
 Capital Assets		
Property and Equipment	9,952,973	8,924,989
Less: Accumulated Depreciation	(3,482,307)	(2,839,113)
Construction in Progress	<u>595,153</u>	<u>41,094</u>
 Net Capital Assets	 <u>7,065,819</u>	 <u>6,126,970</u>
 TOTAL ASSETS	 <u><u>\$ 16,396,693</u></u>	 <u><u>\$ 18,508,235</u></u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 3,852,638	\$ 4,755,020
Due to City and County	948,284	2,579,760
Due to Other Governmental Agencies	19,164	24,832
Unearned Revenues	31,268	54,795
Customer Deposits	15,025	12,149
Compensated Absences Payable	<u>289,925</u>	<u>240,687</u>
Total Current Liabilities	<u>5,156,304</u>	<u>7,667,243</u>
Non-Current Liabilities		
Compensated Absences Payable	<u>218,715</u>	<u>256,601</u>
Total Non-Current Liabilities	<u>218,715</u>	<u>256,601</u>
Total Liabilities	<u>5,375,019</u>	<u>7,923,844</u>
Net Assets		
Invested in Capital Assets	7,065,819	6,126,970
Unrestricted	<u>3,955,855</u>	<u>4,457,421</u>
Total Net Assets	<u>11,021,674</u>	<u>10,584,391</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 16,396,693</u></u>	<u><u>\$ 18,508,235</u></u>

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

*STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS*

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Rental Income from City and County	\$ 3,623,121	\$ 3,454,701
Management Fees from City and County	6,380,409	9,536,951
Management Fees from Other Governmental Agencies	191,633	176,338
Other Rental Income - Net	192,461	214,103
Net Parking Revenues	<u>2,982,014</u>	<u>2,836,172</u>
Total Operating Revenues	<u>13,369,638</u>	<u>16,218,265</u>
Operating Expenses		
Salaries and Benefits	6,450,488	6,272,267
Office	118,120	143,731
Education and Training	12,437	11,121
Purchased Services and Supplies	978,689	1,030,931
Operating Contracts	1,463,449	1,895,038
Utilities	2,010,877	3,905,696
Communications	59,126	68,443
Insurance	229,141	235,118
Professional Fees	56,743	90,815
Depreciation	643,194	582,954
Maintenance Facility	60,301	51,173
Other	<u>178,120</u>	<u>78,375</u>
Total Operating Expenses	<u>12,260,685</u>	<u>14,365,662</u>
Operating Income	<u>1,108,953</u>	<u>1,852,603</u>

The accompanying notes are an integral part of these financial statements.

	<u>2009</u>	<u>2008</u>
Non-Operating Revenues (Expenses)		
Interest Income	\$ 92,272	\$ 331,019
Bank Charges	(7,286)	(7,669)
Capital Returned to City and County	(2,054,297)	(2,579,761)
Capital Returned to Other Governmental Agencies	<u>(19,164)</u>	<u>(24,832)</u>
Total Non-Operating Revenues (Expenses) - Net	<u>(1,988,475)</u>	<u>(2,281,243)</u>
Increase (Decrease) in Net Assets Before Capital Contributions	<u>(879,522)</u>	<u>(428,640)</u>
Capital Contributions		
Cash:		
Capital Contributions from the City and County	1,312,158	848,128
Capital Contributions from Other Governmental Agencies	<u>4,647</u>	<u>7,426</u>
Total Capital Contributions	<u>1,316,805</u>	<u>855,554</u>
Increase (Decrease) in Net Assets	437,283	426,914
Net Assets, Beginning of Year	<u>10,584,391</u>	<u>10,157,477</u>
Net Assets, End of Year	<u><u>\$ 11,021,674</u></u>	<u><u>\$ 10,584,391</u></u>

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

*STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2009 and 2008*

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Receipts from City and County	\$ 11,135,570	\$ 13,589,008
Receipts from Other Governmental Agencies	191,571	179,038
Receipts from Other Customers	3,186,909	3,026,545
Payments to Employees	(6,439,131)	(6,275,493)
Payments to Suppliers	<u>(6,093,401)</u>	<u>(7,864,302)</u>
Net Cash Provided by Operating Activities	<u>1,981,518</u>	<u>2,654,796</u>
Cash Flows from Capital and Related Financing Activities		
Capital Contributed by City and County	1,312,158	848,128
Capital Contributed by Other Governmental Agencies	4,647	7,426
Capital Returned to City and County	(3,685,774)	(674,680)
Capital Returned to Other Governmental Agencies	(24,832)	(29,252)
Capital Asset Additions	<u>(1,582,043)</u>	<u>(496,579)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(3,975,844)</u>	<u>(344,957)</u>
Cash Flows from Investing Activities		
Interest Received on Deposits	92,272	331,019
Bank Charges	<u>(7,286)</u>	<u>(7,669)</u>
Net Cash Provided by Investing Activities	<u>84,986</u>	<u>323,350</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,909,340)	2,633,189
Cash and Cash Equivalents, Beginning of Year	<u>8,364,494</u>	<u>5,731,305</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,455,154</u>	<u>\$ 8,364,494</u>

The accompanying notes are an integral part of these financial statements.

	<u>2009</u>	<u>2008</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 1,108,953	\$ 1,852,603
Adjustments to Reconcile Operating Income to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	643,194	582,954
Changes in:		
Accounts Receivable	9,558	(11,301)
Due from City and County	1,132,040	419,821
Due from Other Governmental Agencies	(62)	2,700
Prepaid Items	5,139	26,277
Other Current Assets	(5,625)	(2,773)
Accounts Payable and Accrued Liabilities	(902,382)	(246,045)
Customer Deposits	2,876	(12,429)
Compensated Absences Payable	11,354	(3,225)
Other Current Liabilities	(23,527)	46,214
Net Cash Provided by Operating Activities	<u>\$ 1,981,518</u>	<u>\$ 2,654,796</u>

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

*NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009 and 2008*

NOTE 1: ORGANIZATION

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Presentation

The PBA's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The PBA applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The PBA applies only GASB pronouncements issued after November 30, 1989 in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting and Presentation (Continued)

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

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

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Budgeting

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

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

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

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

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

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Reimbursable Projects

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

D. Cash and Cash Equivalents

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

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

E. Receivables and Revenues

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

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

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

Net parking revenues are recorded on a monthly basis. These revenues are collected under a third-party contract with a parking lot vendor.

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Receivables and Revenues (Continued)

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets are defined by the PBA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Property, plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Assets acquired through contributions from the County, City, or other customers are capitalized at their estimated fair market value, if available, or at engineers' estimated fair market value or cost to construct at the date of the contribution.

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

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets (Continued)

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

	<u>Years</u>
Site Improvements	20
Buildings and Improvements	7-30
Machinery and Equipment	5-10
Data Processing Equipment and Software	5
Vehicles	5-7

The City County Building (CCB), Andrew Johnson Building, and Dwight Kessel Metropolitan Parking Garage (AJ/DKMPG) are not recorded on PBA's balance sheet. These facilities were previously "sold" to the City and County under a direct financing capital lease. According to Financial Accounting Standards Board (FASB) Statement No. 13, this type of transactions is an "in-substance" sale by the PBA to the City and County. Currently, title to the CCB remains with the PBA; however, since the City and County can exercise an option for the transfer of ownership, the agreements constitute a capitalized lease transaction according to FASB Statement No. 13.

H. Compensated Absences Payable

Accumulated annual leave eligible to be paid to employees at termination or retirement is recorded as an expense and liability as the benefits are earned by the employee. PBA has assumed a first-in, first-out method of using accumulated compensated time and the related liability has been recorded as a current liability in the financial statements. Sick leave is forfeited upon employee termination or retirement.

I. Capital Asset Replacement Reserve Contributions

The City and County provide capital asset replacement reserve contributions and are recognized in the statement of revenues, expenses, and changes in net assets when earned.

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Assets

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following two components: invested in capital assets, net of related debt, and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and related outstanding debt. Unrestricted consists of net results of the PBA's operating activities. PBA had designated part of its unrestricted net assets for capital replacement, which is described in Note 9.

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

K. Reclassifications

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

L. Estimates

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 3: RENTAL AGREEMENTS WITH THE COUNTY AND CITY

A. Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage
(AJ/DKMPG)

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 3: RENTAL AGREEMENTS WITH THE COUNTY AND CITY (Continued)

B. City County Building (CCB)

The PBA constructed and leases the public building complex, the land and the related equipment thereon to the County and City under a 25 year capital and operating lease which expired on June 30, 2001, and is now being extended on an annual basis. According to the original operating agreement between the PBA and the County and City, dated July 1, 1975, Article VIII, in the event of termination of the lease and after all expenses and obligations of the PBA have been met, the City and County shall direct the PBA to whom and in what manner, title to the City County Building is to be transferred and may direct disposition of any excess funds remaining. Rentals committed under the lease agreement are equal to the related aggregate of (a) amounts necessary, together with other available funds of PBA, to pay the annual estimated expenses for the operation and maintenance of the project as budgeted by the PBA, (b) amounts equal to the unpaid telephone service, (c) amounts necessary, together with other available funds of the PBA, to pay the annual estimated administrative expenses of the project as budgeted by the PBA, and (d) amounts sufficient to pay taxes or assessments levied or made against the PBA as they become due. The 2009 and 2008 rents are apportioned 69.88% to the County and 30.12% to the City.

NOTE 4: OPERATING CONTRACTS

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

A. County Property Development and Operations

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

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 4: OPERATING CONTRACTS (Continued)

A. County Property Development and Operations (Continued)

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

Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage
Family Investment Center
Health Department Facilities
John Tarleton Homes
East Tennessee Juvenile Justice Center
Knox Central
Library System
Old Court House
Senior Citizen Centers
State Street Parking Lot

B. City Operating Contracts

City Parking Facilities

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

Downtown Cinema

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

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
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NOTE 4: OPERATING CONTRACTS (Continued)

B. City Operating Contracts (Continued)

Knoxville Police Department

The PBA and the City entered into an operating contract on July 19, 2005 to provide access control management for the Knoxville Police Department (KPD). Under the agreement, the PBA will purchase, install, manage, and maintain an access control system for the KPD; the City shall reimburse the PBA for all costs and expenses. The contract expires on June 30, 2010 and may be terminated earlier upon 180 days notice by either party.

Locust Street Parking Garage

The PBA has a contract with the City whereby the PBA will design, develop, operate and maintain a parking facility with 645 spaces and related retail space. Under the term of the agreement, the City shall reimburse the PBA for all costs and expenses. This contract may be terminated upon 30 days written notice by either party.

Volunteer Landing Public Park

The PBA has a contract with the City to maintain the Volunteer Landing Public Park and related facilities. This contract expires on June 30, 2011. Under the terms of this contract, the City will reimburse the PBA for all costs and expenses incurred related to this project. This contract can be terminated upon 30 days written notice by either party.

World's Fair Park and Second Creek Greenway

The PBA has a contract with the City to manage and maintain the World's Fair Park. This contract was amended on July 1, 2008 to add the Second Creek Greenway. Under the terms of the contract the PBA will provide general and scheduling services, property management and road maintenance. The City will reimburse the PBA for all costs and expenses incurred related to this project. This contract expires on June 30, 2009, however, by mutual agreement, the contract may be extended for one additional term of one year. This contract can be terminated upon 30 days written notice by either party

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
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NOTE 4: OPERATING CONTRACTS (Continued)

C. City Development Contracts

The PBA entered into a contract with the City on April 30, 2003, for the development, design, and construction of a Downtown Intermodal Transit Facility within the City's Central Business Improvement District. The City will provide funding to reimburse the PBA for all direct and indirect costs related to this project. The PBA is required to submit a proposed budget to the City before the start of each major phase. This contract can be terminated upon 60 days written notice by either party.

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

D. City/County Emergency Communications District (District)

The PBA and the District entered into an operating contract for property management services for the District's communications center. Under the terms of the contract, the District reimburses the PBA for all direct and indirect costs and expenses related to property management. The PBA is required to submit an annual budget to the District's Board of Directors for approval. This contract can be terminated upon 180 days written notice by either party.

E. Fairview Technology Center

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

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
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NOTE 4: OPERATING CONTRACTS (Continued)

F. City/County Telecommunications

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

G. Knox County Board of Education Telecommunications

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

NOTE 5: DEPOSITS AND INVESTMENTS

A. Credit Risk - Deposits

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

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

B. Custodial Credit Risk - Deposits

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

C. Cash and Cash Equivalents

In lieu of a daily sweep overnight repurchase account, the PBA utilizes a special money rate checking account for public funds. All funds, less a required reserve of 10%, automatically earn interest at the rate of Federal Funds plus 47 basis points. The effective rate of interest on all collected funds is the rate of Federal Funds plus 27 basis points, which was .47% and 2.35% at year-end 2009 and 2008. All funds are available on demand.

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

C. Cash and Cash Equivalents (Continued)

The PBA's cash and cash equivalents at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Petty Cash	\$ 650	\$ 650
Postage	1,040	467
Demand Deposits	<u>6,453,464</u>	<u>8,363,377</u>
Total	<u>\$ 6,455,154</u>	<u>\$ 8,364,494</u>

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

D. Credit Risk – Investments

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

E. Custodial Credit Risk – Investments

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

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

F. Concentration of Credit Risk – Investments

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

G. Interest Rate Risk - Investments

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

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

H. Investment Income

Investment income, which consists of interest income, was \$92,272 and \$331,019 for 2009 and 2008, respectively. Bank charges are shown separately and were \$7,286 and \$7,669 for 2009 and 2008, respectively.

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 6: CAPITAL ASSETS

Capital asset activity during 2009 was as follows:

	<u>Balances</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balances</u> <u>June 30, 2009</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 101,016	\$ -	\$ -	\$ -	\$ 101,016
Construction in Progress	<u>41,094</u>	<u>591,418</u>	<u>-</u>	<u>(37,359)</u>	<u>595,153</u>
Subtotal	<u>142,110</u>	<u>591,418</u>	<u>-</u>	<u>(37,359)</u>	<u>696,169</u>
Capital Assets Being Depreciated:					
Site Improvements	139,992	190,795	-	-	330,787
Buildings & Improvements	6,456,260	550,698	-	-	7,006,958
Machinery & Equipment	1,879,105	123,052	-	-	2,002,157
Data Processing Equipment & Software	182,130	56,839	-	-	238,969
Vehicles	<u>166,486</u>	<u>106,600</u>	<u>-</u>	<u>-</u>	<u>273,086</u>
Subtotal	<u>8,823,973</u>	<u>1,027,984</u>	<u>-</u>	<u>-</u>	<u>9,851,957</u>
Less: Accumulated Depreciation:					
Site Improvements	(17,912)	(17,671)	-	-	(35,583)
Building Improvements	(1,718,959)	(319,535)	-	-	(2,038,494)
Machinery & Equipment	(870,534)	(248,380)	-	-	(1,118,914)
Data Processing Equipment & Software	(127,421)	(27,715)	-	-	(155,136)
Vehicles	<u>(104,287)</u>	<u>(29,893)</u>	<u>-</u>	<u>-</u>	<u>(134,180)</u>
Subtotal	<u>(2,839,113)</u>	<u>(643,194)</u>	<u>-</u>	<u>-</u>	<u>(3,482,307)</u>
Total Capital Assets Being Depreciated – Net	<u>5,984,860</u>	<u>384,790</u>	<u>-</u>	<u>-</u>	<u>6,369,650</u>
Total Capital Assets - Net	<u>\$ 6,126,970</u>	<u>\$ 976,208</u>	<u>\$ -</u>	<u>\$ (37,359)</u>	<u>\$ 7,065,819</u>

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 6: CAPITAL ASSETS (Continued)

Capital asset activity during 2008 was as follows:

	Balances July 1, 2007	Additions	Disposals	Transfers	Balances June 30, 2008
Capital Assets, Not Being Depreciated:					
Land	\$ -	\$ 101,016	\$ -	\$ -	\$ 101,016
Construction in Progress	661,947	41,094	-	(661,947)	41,094
Subtotal	661,947	142,110	-	(661,947)	142,110
Capital Assets Being Depreciated:					
Site Improvements	102,216	37,776	-	-	139,992
Buildings & Improvements	5,730,426	63,887	-	661,947	6,456,260
Machinery & Equipment	1,626,299	252,806	-	-	1,879,105
Data Processing Equipment & Software	248,375	-	(66,245)	-	182,130
Vehicles	166,486	-	-	-	166,486
Subtotal	7,873,802	354,469	(66,245)	661,947	8,823,973
Less: Accumulated Depreciation:					
Site Improvements	(9,552)	(8,360)	-	-	(17,912)
Building Improvements	(1,425,723)	(293,236)	-	-	(1,718,959)
Machinery & Equipment	(642,185)	(228,349)	-	-	(870,534)
Data Processing Equipment & Software	(168,034)	(25,632)	66,245	-	(127,421)
Vehicles	(76,909)	(27,378)	-	-	(104,287)
Subtotal	(2,322,403)	(582,955)	66,245	-	(2,839,113)
Total Capital Assets Being Depreciated – Net	5,551,399	(228,486)	-	661,947	5,984,860
Total Capital Assets - Net	\$ 6,213,346	\$ (86,376)	\$ -	\$ -	\$ 6,126,970

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 6: CAPITAL ASSETS (Continued)

Depreciation expense was charged as follows:

	<u>2009</u>	<u>2008</u>
Andrew Johnson Building/Dwight Kessel		
Metropolitan Parking Garage	\$ 78,624	\$ 78,895
City County Building	259,282	247,090
City Parking Facilities	36,392	31,445
City Parks	52,488	41,320
E-911	350	200
Downtown Cinema	-	-
Fairview Technology Center	1,125	1,128
Family Investment Center	-	-
Health Department	1,889	2,323
John Tarleton Home	2,377	2,021
Juvenile Justice Center	2,726	1,877
Knox Central	1,222	899
Libraries	11,260	11,837
Old Court House	36,448	35,592
Other	26,439	16,389
Property Development	4,496	4,508
Senior Centers	1,702	1,707
Telecom	<u>126,374</u>	<u>105,724</u>
 Total	 <u>\$ 643,194</u>	 <u>\$ 582,955</u>

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 7: CONSTRUCTION IN PROGRESS

At year-end 2009 and 2008, construction in progress consisted of the following:

Facility/Project	2009		2008	
	Actual To-Date	Remaining Commitments	Actual To-Date	Remaining Commitments
City/County Building:				
Carpet – Phase I	\$ -	\$ -	\$ 24,091	\$ 442,909
Carpet – Phase II	281,394	18,851	-	-
West Elevator Upgrade	4,997	4,275	-	-
Assembly Room Lighting	16,663	60,772	-	-
Crossover Pavers	5,413	6,587	-	-
City Parking Facilities:				
ADA Signage – State Street Garage	3,735	31,265	3,735	31,265
ADA Sidewalk – State Street Garage	-	-	5,276	79,724
Structural Upgrades– State Street Garage	279,333	319,137	-	-
Volunteer Landing:				
Landscaping/Irrigation	-	-	7,992	17,008
Other:				
Fence - Maintenance Building	3,618	2,662	-	-
Total	\$ 595,153	\$ 443,279	\$ 41,094	\$ 570,906

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
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NOTE 8: COMPENSATED ABSENCES PAYABLE

Compensated absences activity during 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Balance, Beginning of Year	\$ 497,287	\$ 500,515
Earned	294,700	238,984
Used	<u>(283,347)</u>	<u>(242,211)</u>
Balance, End of Year	\$ <u>508,640</u>	\$ <u>497,288</u>
Current Portion	\$ 289,925	\$ 240,687
Non-Current Portion	<u>218,715</u>	<u>256,601</u>
Total	\$ <u><u>508,640</u></u>	\$ <u><u>497,288</u></u>

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 9: NET ASSETS

Net assets represent the difference between assets and liabilities. The net assets at June 30, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Invested in Capital Assets:		
Net Capital Assets	\$ 7,065,819	\$ 6,126,970
Unrestricted:		
Designated for Operating Reserve	1,072,981	1,160,924
Designated for Capital Asset Replacement	<u>2,882,874</u>	<u>3,296,497</u>
	<u>3,955,855</u>	<u>4,457,421</u>
Total	\$ <u>11,021,674</u>	\$ <u>10,584,391</u>

Since the PBA is a joint venture between the City and the County, the net assets represent the equity ownership of the City, County and others. The joint venture equity in the PBA at June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
City	\$ 5,124,429	\$ 4,671,052
County	5,845,855	5,866,537
Others:		
Development Corp. of Knox County	16,390	21,033
Emergency Communications District	<u>35,000</u>	<u>25,769</u>
Total	\$ <u>11,021,674</u>	\$ <u>10,584,391</u>

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 10: OPERATING REVENUES

Operating revenues earned during 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Rental Income from City and County	\$ 3,623,121	\$ 3,454,701
Other Rental Income:		
Gross Revenues	193,603	214,103
Less: Bad Debts	<u>(1,142)</u>	<u>-</u>
Other Rental Income – Net	<u>192,461</u>	<u>214,103</u>
Management Fees from the City and County	6,380,409	9,536,951
Management Fees from Other Governmental Agencies	191,633	176,338
Parking Revenues:		
Gross Revenues	3,397,972	3,253,308
Less: Commissions to Vendor	<u>(415,958)</u>	<u>(417,136)</u>
Net Parking Revenues	<u>2,982,014</u>	<u>2,836,172</u>
Total	<u>\$ 13,369,638</u>	<u>\$ 16,218,265</u>

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
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NOTE 11: CAPITAL CONTRIBUTIONS AND DEDUCTIONS

During 2009, capital contributions and deductions were as follows:

	<u>City</u>	<u>County</u>	<u>Others</u>	<u>Total</u>
Capital Contributions				
Capital Asset Replacement Reserves	\$ 855,614	\$ 452,822	\$ -	\$ 1,308,436
Operating Reserves	1,121	2,601	4,647	8,369
Capital Deductions				
Capital Contributions Returned	<u>(1,688,014)</u>	<u>(366,283)</u>	<u>(19,164)</u>	<u>(2,073,461)</u>
Total - Net	<u>\$ (831,179)</u>	<u>\$ 89,140</u>	<u>\$ (14,517)</u>	<u>\$ (756,656)</u>

During 2008, capital contributions and deductions were as follows:

	<u>City</u>	<u>County</u>	<u>Others</u>	<u>Total</u>
Capital Contributions				
Capital Asset Replacement Reserves	\$ 380,178	\$ 452,822	\$ -	\$ 833,000
Operating Reserves	4,557	10,571	7,426	22,554
Capital Deductions				
Capital Contributions Returned	<u>(1,564,326)</u>	<u>(1,015,434)</u>	<u>(24,833)</u>	<u>(2,604,593)</u>
Total - Net	<u>\$ (1,179,591)</u>	<u>\$ (552,041)</u>	<u>\$ (17,407)</u>	<u>\$ (1,749,039)</u>

During 2009, the PBA returned to the City, the County, the Emergency Communications District (the District), and the Industrial Development Board (IDB) operating funds in excess of those agreed upon to be held in separate operating reserves; \$1,688,014 was returned to the City, \$366,283 was returned to the County, \$13,076 was returned to the District, and \$6,088 to the IDB. These funds represented the results of operations.

During 2008, the PBA returned to the City, the County, the Emergency Communications District (the District), and the Industrial Development Board (IDB) operating funds in excess of those agreed upon to be held in separate operating reserves; \$1,564,326 was returned to the City, \$1,015,434 was returned to the County, \$14,826 was returned to the District, and \$10,007 to the IDB. These funds represented the results of operations.

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 12: RISK MANAGEMENT

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

NOTE 13: RELATED PARTY TRANSACTIONS AND ECONOMIC CONCENTRATION

PBA's two joint venture "owners," Knox County and the City of Knoxville, had the following activity during 2009 and 2008:

<u>June 30, 2009</u>	<u>City</u>	<u>County</u>	<u>Total</u>
Due From, End of Year	\$ 1,446,831	\$ 1,316,251	\$ 2,763,082
Due To, End of Year	582,000	366,283	948,284
Rental Income	1,091,284	2,531,837	3,623,121
Management Fees	2,182,384	4,198,025	6,380,409
Net Parking Revenues	2,216,174	765,840	2,982,014
<u>June 30, 2008</u>	<u>City</u>	<u>County</u>	<u>Total</u>
Due From, End of Year	\$ 987,775	\$ 2,907,347	\$ 3,895,122
Due To, End of Year	1,564,326	1,015,434	2,579,760
Rental Income	1,040,555	2,414,146	3,454,701
Management Fees	2,273,737	7,263,214	9,536,951
Net Parking Revenues	2,052,138	784,034	2,836,172

During 2009 and 2008, approximately 41% and 33% of operating revenues, respectively, were from the City. During 2009 and 2008, approximately 56% and 65% of operating revenues, respectively, were from the County.

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)
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NOTE 14: RETIREMENT PLANS

A. Overview

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

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

1. The *County Defined-Benefit Retirement (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 noncontributing participants and continue to be covered by 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 PBA employees prior to October 1, 1991. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

2. The *County Defined Contribution Retirement (DC) Plan* is a defined contribution plan (an asset accumulation plan) established by Knox County under Sections 401(a)(9) and 457 of the Internal Revenue Code. The Plan covers substantially all full-time employees of PBA, who are regularly scheduled to work 18.5 hours or more per week. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Participation begins on the first day of employment and all eligible employees not participating in the *County DB* retirement plan are required to participate.

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 14: RETIREMENT PLANS (Continued)

A. Overview (Continued)

3. The *County Defined Contribution (DC) Medical Retirement Plan*, a voluntary defined contribution plan (an asset accumulation plan), was established by the County on July 1, 1998, under Section 401(a)(9) of the Internal Revenue Code. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Voluntary participation begins upon enrollment; eligible employees may begin participation on the first day of employment. The Plan was specifically created to assist employees in planning and investing for anticipated medical expenses upon retirement.

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

The financial statements of the County's pension plans are reported within Knox County's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2009. The CAFR may be obtained by writing or contacting the Knox County Finance Department at:

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

B. County Defined Benefit (DB) Retirement Plan

Certain employees of the PBA are participants in the Knox County Defined Benefit Plan, a cost-sharing multiple employer plan.

The County DB Plan was closed to the PBA employees hired after September 30, 1991.

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 14: RETIREMENT PLANS (Continued)

B. County Defined Benefit (DB) Retirement Plan (Continued)

The County DB Plan requires all participants to make pre-tax contributions of five percent of annual compensation. PBA will make employer contributions as actuarially determined by the Knox County Retirement Board. Separate actuarial information for PBA employees is not available. For detailed actuarial information on the County DB Plan, you should review this data as disclosed in Knox County's CAFR for the year ended June 30, 2008.

Participants are always 100% vested in their contributions. Participants who have five years of credited service (960 annual hours) upon termination shall be entitled to elect to leave their contributions in the Plan and receive retirement benefits at age 65. In addition, an employee may elect to receive all of their mandatory contributions as a lump-sum distribution upon termination. Normal retirement age is age 65 with completion of five years of credited service (960 hours of annual work). Early retirement is age 55, with a reduced benefit, and five years of credit service.

Normal retirement benefits are based upon the participant's five highest consecutive years of compensation, multiplied by 1.75% and years of credited service.

Early retirement plan benefits are reduced by 5/12 of one percent for each full month from the normal retirement date. The Plan provides for retiree cost of living increase (COLA). Normal and early retirement benefits are increased annually equal to three percent of the initial benefit.

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 14: RETIREMENT PLANS (Continued)

B. County Defined Benefit (DB) Retirement Plan (Continued)

Three-year trend information

Fiscal Year	Required Annual Contribution (ARC)	Contributions Made	Percentage of ARC Contribution
2009	\$ -	\$ -	N/A
2008	-	-	N/A
2007	-	-	N/A

Due to the Plan's excess prior years' funding, PBA did not make any employer contributions during 2009, 2008 or 2007.

C. County Defined Contribution (DC) Retirement Plan

The County DC Plan requires all participants to make pre-tax contributions of six percent of annual compensation. PBA will provide a 100% match of participants' six percent contributions. Effective July 1, 2007, the Plan was amended to allow participants to make additional voluntary pre-tax contributions of up to nine percent of annual compensation with a 100% match of participants' six percent of compensation.

The following table indicates the contribution and service requirements under the Plan.

Contribution Type and Years of Service	Employee Contribution	Employer (PBA) Contribution
Mandatory	6%	6%
Voluntary		
Less than 5 Years	9%	0%
5 to 9 Years	9%	2%
10 to 14 Years	9%	4%
15 or more Years	9%	6%

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 14: RETIREMENT PLANS (Continued)

C. County Defined Contribution (DC) Retirement Plan (Continued)

Participants are always 100% vested in their contributions and become 100% vested in PBA's matching contributions after completing five years of continuous service.

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

During 2009 and 2008, PBA employees made mandatory and voluntary contributions of \$353,557 and \$348,013, respectively. During 2009 and 2008, PBA made matching employer contributions of \$329,412 and \$323,129, respectively.

D. County Defined Contribution (DC) Medical Retirement Plan

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

Participants make voluntary after-tax contributions with a matching contribution funded by using excess funds as actuarially determined from the County DB Plan.

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 14: RETIREMENT PLANS (Continued)

D. County Defined Contribution (DC) Medical Retirement Plan (Continued)

The maximum and minimum participant annual contributions for 2009 and 2008 are \$208 and \$416, respectively. The County DC Plan will make matching contributions of 25% of the participant's. In addition, participants and retirees may qualify for the following additional benefits:

1. A participant reaching age 40 and completing at least five years of credited service received a one-time lump sum contribution of \$100 for each year of eligible service from the Knox County Retirement and Pension Board.
2. 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:

<u>Calendar Year</u>	<u>Amount</u>
2009	\$ 120
2008	120
2007	120

Participants are always 100% vested in voluntary and matching contributions.

During 2009 and 2008, PBA employees made voluntary contributions of \$10,105 and \$11,928, respectively.

NOTE 15: DEFERRED COMPENSATION PLAN

The PBA offers its employees, through the Knox County Retirement Board, a supplemental deferred compensation plan created in accordance with Internal Revenue Code, Section 457 (the 457 Plan). The 457 Plan, available to all PBA employees, permits them to defer a portion of their salary until retirement. Employees can make voluntary pre-tax contributions; however, the PBA does not make any matching employer contributions. Employees are always 100% vested in their voluntary contributions. Employee contributions were \$220 during 2009 and \$870 during 2008.

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2009 and 2008*

NOTE 16: SUBSEQUENT EVENTS

Effective September 30, 2009, the PBA will no longer manage library facilities for Knox County. Due to the discontinuation of library facilities management, PBA's Property Management reduced staff by nine positions. PBA's operating budget for fiscal year 2010 includes one quarter of management fees for the library facilities.

As a part of a cost savings initiative, the City and the County planned to discontinue funding the PBA's finance function after December 31, 2009. A task force was formed to evaluate the elimination of all services that could be construed as a duplication of effort for the City and the County. In September 2009, the City and the County accepted an alternate plan to retain PBA's independent finance function, but with a reduction of staff across various departments. These reductions involved three positions in the finance department, which included the Director of Finance, one position in maintenance and one in telecommunications. The fiscal year 2010 budget is to be amended to reflect these reductions.

**SUPPLEMENTARY
INFORMATION**

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

BALANCE SHEET BY ACTIVITY
June 30, 2009

	Property Management - City Properties				
	Parking Facilities	Police Department	Parks	Downtown Cinema	Total City Properties
Assets:					
Current Assets					
Cash and Cash Equivalents	\$ 1,428,641	\$ 5,325	\$ 985,862	\$ 33,430	\$ 2,453,258
Receivables:					
Accounts	381	-	12,872	-	13,253
Due from County	-	-	-	-	-
Due from City	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Due from Other Departments	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid Items	1,095	34	3,572	98	4,799
Total Current Assets	<u>1,430,117</u>	<u>5,359</u>	<u>1,002,306</u>	<u>33,528</u>	<u>2,471,310</u>
Capital Assets					
Building Improvements	417,919	-	-	-	417,919
Site Improvements	-	-	289,994	-	289,994
Data Processing Equipment and Software	4,184	-	5,557	-	9,741
Machinery and Equipment	224,866	-	167,273	-	392,139
Vehicles	250	-	201,862	-	202,112
Total Capital Assets	647,219	-	664,686	-	1,311,905
Less: Accumulated Depreciation	(120,070)	-	(215,627)	-	(335,697)
Construction in Progress	283,068	-	-	-	283,068
Net Capital Assets	<u>810,217</u>	<u>-</u>	<u>449,059</u>	<u>-</u>	<u>1,259,276</u>
Total Assets	<u>\$ 2,240,334</u>	<u>\$ 5,359</u>	<u>\$ 1,451,365</u>	<u>\$ 33,528</u>	<u>\$ 3,730,586</u>
Liabilities:					
Current Liabilities					
Accounts Payable and Accrued Liabilities	\$ 217,869	\$ 796	\$ 175,528	\$ 2,162	\$ 396,355
Due to City	-	-	-	-	-
Due to County	-	-	-	-	-
Due to Other Governmental Agencies	-	-	-	-	-
Due to (from) Other Departments	358,847	3,884	159,589	30,166	552,486
Unearned Revenues	26,455	-	4,813	-	31,268
Customer Deposits	2,500	-	12,525	-	15,025
Compensated Absences Payable	9,510	387	44,055	684	54,636
Total Current Liabilities	<u>615,181</u>	<u>5,067</u>	<u>396,510</u>	<u>33,012</u>	<u>1,049,770</u>
Non-Current Liabilities					
Compensated Absences Payable	7,175	292	33,234	516	41,217
Total Non-Current Liabilities	<u>7,175</u>	<u>292</u>	<u>33,234</u>	<u>516</u>	<u>41,217</u>
Total Liabilities	<u>622,356</u>	<u>5,359</u>	<u>429,744</u>	<u>33,528</u>	<u>1,090,987</u>
Net Assets					
Invested in Capital Assets	810,217	-	449,059	-	1,259,276
Unrestricted:					
Designated for Operating Reserve	-	-	-	-	-
Designated for Capital Asset Replacement Reserve	807,761	-	572,562	-	1,380,323
Total Net Assets	<u>1,617,978</u>	<u>-</u>	<u>1,021,621</u>	<u>-</u>	<u>2,639,599</u>
Total Liabilities and Net Assets	<u>\$ 2,240,334</u>	<u>\$ 5,359</u>	<u>\$ 1,451,365</u>	<u>\$ 33,528</u>	<u>\$ 3,730,586</u>

Property Management - County Properties

Andrew Johnson Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Health Department	John Tarleton Homes	Juvenile Justice Center	Knox Central	Library System	Old Court House	Senior Centers	State Street Parking Lot	Total County Properties
\$ 68,749	\$ (6,706)	\$ 104,895	\$32,908	\$ 79,295	\$ 37,873	\$186,787	\$ 67,534	\$ 22,538	\$46,836	\$ 640,709
-	-	-	-	-	-	-	-	-	-	-
138,393	61,994	33,414	-	3,367	-	110,997	21,258	1,000	-	370,423
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
1,371	71	999	255	512	803	2,170	616	161	18	6,976
208,513	55,359	139,308	33,163	83,174	38,676	299,954	89,408	23,699	46,854	1,018,108
1,115,865	-	-	26,327	11,591	18,593	40,107	705,143	-	-	1,917,626
-	-	-	-	-	-	8,917	-	5,107	-	14,024
27,871	-	709	576	577	1,103	-	-	-	-	30,836
155,948	-	5,028	-	9,861	1,628	30,569	19,793	7,650	-	230,477
1,500	-	8,000	6,554	7,053	250	19,800	4,304	500	-	47,961
1,301,184	-	13,737	33,457	29,082	21,574	99,393	729,240	13,257	-	2,240,924
(746,550)	-	(9,484)	(7,329)	(6,489)	(3,091)	(46,148)	(248,770)	(4,258)	-	(1,072,119)
-	-	-	-	-	-	-	-	-	-	-
554,634	-	4,253	26,128	22,593	18,483	53,245	480,470	8,999	-	1,168,805
\$ 763,147	\$ 55,359	\$ 143,561	\$59,291	\$105,767	\$ 57,159	\$353,199	\$ 569,878	\$ 32,698	\$46,854	\$ 2,186,913
\$ 183,742	\$ 66,910	\$ 65,742	\$12,572	\$ 31,508	\$ 13,912	\$164,678	\$ 46,336	\$ 6,287	\$ 2,274	\$ 593,961
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(12,427)	(15,450)	59,974	13,728	33,544	15,216	81,557	18,524	13,278	44,064	252,008
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
21,203	2,222	7,747	3,912	10,329	5,442	30,622	13,992	2,356	294	98,119
192,518	53,682	133,463	30,212	75,381	34,570	276,857	78,852	21,921	46,632	944,088
15,995	1,677	5,845	2,951	7,793	4,106	23,097	10,556	1,778	222	74,020
15,995	1,677	5,845	2,951	7,793	4,106	23,097	10,556	1,778	222	74,020
208,513	55,359	139,308	33,163	83,174	38,676	299,954	89,408	23,699	46,854	1,018,108
554,634	-	4,253	26,128	22,593	18,483	53,245	480,470	8,999	-	1,168,805
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
554,634	-	4,253	26,128	22,593	18,483	53,245	480,470	8,999	-	1,168,805
\$ 763,147	\$ 55,359	\$ 143,561	\$59,291	\$105,767	\$ 57,159	\$353,199	\$ 569,878	\$ 32,698	\$46,854	\$ 2,186,913

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

BALANCE SHEET BY ACTIVITY (Continued)
June 30, 2009

	Property Management - Other							
	City County Building	Emergency Communi- cations District	Fairview Technology Center	Total Property Management	Property Development	Telecom Services	Corporate	Total
Assets:								
Current Assets								
Cash and Cash Equivalents	\$ 2,219,700	\$ 50,449	\$ 17,522	\$ 5,381,638	\$ 183,714	\$ 304,114	\$ 585,688	\$ 6,455,154
Receivables:								
Accounts	6,566	-	-	19,819	-	-	1,082	20,901
Due from County	599	-	-	371,022	-	27,407	917,822	1,316,251
Due from City	-	-	-	-	4,500	12,207	1,430,124	1,446,831
Due from Other Governmental Agencies	-	-	-	-	-	-	688	688
Due from Other Departments	-	-	-	-	-	-	1,023,428	1,023,428
Inventory	-	-	-	-	-	12,043	-	12,043
Prepaid Items	23,864	108	72	35,819	1,186	2,029	39,972	79,006
Total Current Assets	<u>2,250,729</u>	<u>50,557</u>	<u>17,594</u>	<u>5,808,298</u>	<u>189,400</u>	<u>357,800</u>	<u>3,998,804</u>	<u>10,354,302</u>
Capital Assets								
Land	-	-	-	-	-	-	101,016	101,016
Buildings	-	-	-	-	-	-	528,264	528,264
Building Improvements	4,115,371	6,000	-	6,456,916	8,977	-	12,801	6,478,694
Site Improvements	26,771	-	-	330,789	-	-	-	330,789
Data Processing Equipment and Software	67,280	-	-	107,857	20,698	18,751	91,661	238,967
Machinery and Equipment	713,127	-	11,250	1,346,993	-	655,164	-	2,002,157
Vehicles	2,350	250	-	252,673	-	20,413	-	273,086
Total Capital Assets	4,924,899	6,250	11,250	8,495,228	29,675	694,328	733,742	9,952,973
Less: Accumulated Depreciation	(1,605,835)	(575)	(5,058)	(3,019,284)	(15,743)	(387,094)	(60,186)	(3,482,307)
Construction in Progress	308,467	-	-	591,535	-	-	3,618	595,153
Net Capital Assets	<u>3,627,531</u>	<u>5,675</u>	<u>6,192</u>	<u>6,067,479</u>	<u>13,932</u>	<u>307,234</u>	<u>677,174</u>	<u>7,065,819</u>
Total Assets	<u>\$ 5,878,260</u>	<u>\$ 56,232</u>	<u>\$ 23,786</u>	<u>\$ 11,875,777</u>	<u>\$ 203,332</u>	<u>\$ 665,034</u>	<u>\$ 4,675,978</u>	<u>\$ 17,420,121</u>
Liabilities:								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 291,798	\$ 3,791	\$ 4,110	\$ 1,290,015	\$ 40,889	\$ 132,155	\$ 2,389,579	\$ 3,852,638
Due to City	-	-	-	-	-	-	582,000	582,000
Due to County	-	-	-	-	-	-	366,284	366,284
Due to Other Governmental Agencies	-	-	-	-	-	-	19,164	19,164
Due to (from) Other Departments	28,125	15,222	1,040	848,881	4,627	169,920	-	1,023,428
Unearned Revenues	-	-	-	31,268	-	-	-	31,268
Customer Deposits	-	-	-	15,025	-	-	-	15,025
Compensated Absences Payable	78,891	1,265	1,280	234,191	26,189	29,545	-	289,925
Total Current Liabilities	<u>398,814</u>	<u>20,278</u>	<u>6,430</u>	<u>2,419,380</u>	<u>71,705</u>	<u>331,620</u>	<u>3,357,027</u>	<u>6,179,732</u>
Non-Current Liabilities								
Compensated Absences Payable	59,514	954	966	176,671	19,757	22,287	-	218,715
Total Non-Current Liabilities	<u>59,514</u>	<u>954</u>	<u>966</u>	<u>176,671</u>	<u>19,757</u>	<u>22,287</u>	<u>-</u>	<u>218,715</u>
Total Liabilities	<u>458,328</u>	<u>21,232</u>	<u>7,396</u>	<u>2,596,051</u>	<u>91,462</u>	<u>353,907</u>	<u>3,357,027</u>	<u>6,398,447</u>
Net Assets								
Invested in Capital Assets	3,627,531	5,675	6,192	6,067,479	13,932	307,234	677,174	7,065,819
Unrestricted:								
Designated for Operating Reserve	289,850	29,325	10,198	329,373	97,938	3,893	641,777	1,072,981
Designated for Capital Asset Replacement Reserve	1,502,551	-	-	2,882,874	-	-	-	2,882,874
Total Net Assets	<u>5,419,932</u>	<u>35,000</u>	<u>16,390</u>	<u>9,279,726</u>	<u>111,870</u>	<u>311,127</u>	<u>1,318,951</u>	<u>11,021,674</u>
Total Liabilities and Net Assets	<u>\$ 5,878,260</u>	<u>\$ 56,232</u>	<u>\$ 23,786</u>	<u>\$ 11,875,777</u>	<u>\$ 203,332</u>	<u>\$ 665,034</u>	<u>\$ 4,675,978</u>	<u>\$ 17,420,121</u>

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS BY ACTIVITY
For the Year Ended June 30, 2009*

Property Management - City Properties					
	Parking Facilities	Police Department	Parks	Downtown Cinema	Total City Properties
Operating Revenues:					
Rental Income from City and County	\$ -	\$ -	\$ -	\$ -	\$ -
Management Fees from City and County	-	15,988	1,868,027	96,663	1,980,678
Management Fees from Other Governmental Agencies	-	-	-	26,260	26,260
Rental and Event Revenues	32,779	-	92,860	-	125,639
Net Parking Revenues (Expenses)	<u>2,134,244</u>	<u>-</u>	<u>39,057</u>	<u>-</u>	<u>2,173,301</u>
Total Operating Revenues	<u>2,167,023</u>	<u>15,988</u>	<u>1,999,944</u>	<u>122,923</u>	<u>4,305,878</u>
Operating Expenses:					
Direct					
<u>Property Management</u>					
Management	217,232	1,005	236,277	12,246	466,760
Safety and Services	182,887	9,982	368,203	3,991	565,063
Operations and Maintenance	307,864	-	1,210,355	72,771	1,590,990
<u>Other Management Services</u>					
Property Development	-	-	-	-	-
Telecom Services	-	-	-	-	-
Total Direct Operating Expenses	<u>707,983</u>	<u>10,987</u>	<u>1,814,835</u>	<u>89,008</u>	<u>2,622,813</u>
Indirect					
Corporate Administration	14,998	418	43,972	1,797	61,185
Finance	26,301	734	77,092	3,158	107,285
MIS	6,258	174	18,350	748	25,530
Total Indirect Operating Expenses	<u>47,557</u>	<u>1,326</u>	<u>139,414</u>	<u>5,703</u>	<u>194,000</u>
Total Operating Expenses	<u>755,540</u>	<u>12,313</u>	<u>1,954,249</u>	<u>94,711</u>	<u>2,816,813</u>
Operating Income (Loss)	<u>1,411,483</u>	<u>3,675</u>	<u>45,695</u>	<u>28,212</u>	<u>1,489,065</u>
Non-Operating Revenues (Expenses)					
Interest Income	19,447	48	15,508	466	35,469
Bank Charges	(3,617)	(1)	(753)	(11)	(4,382)
Capital Returned to City, County and Other Governmental Agencies	<u>(1,457,181)</u>	<u>(3,722)</u>	<u>(140,297)</u>	<u>(28,667)</u>	<u>(1,629,867)</u>
Total Non-Operating Revenues (Expenses) - Net	<u>(1,441,351)</u>	<u>(3,675)</u>	<u>(125,542)</u>	<u>(28,212)</u>	<u>(1,598,780)</u>
Increase (Decrease) in Net Assets Before Capital Contributions	<u>(29,868)</u>	<u>-</u>	<u>(79,847)</u>	<u>-</u>	<u>(109,715)</u>

Property Management - County Properties

Andrew Johnson Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Health Department	John Tarleton Homes	Juvenile Justice Center	Knox Central	Library System	Old Court House	Senior Centers	State Street Parking Lot	Total County Properties
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	61,373	417,013	146,997	513,340	284,037	983,518	429,005	103,844	-	2,939,127
-	-	-	-	-	-	-	-	-	-	-
44,627	12,960	9,235	-	-	-	-	-	-	-	66,822
<u>609,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,338</u>	<u>666,374</u>
<u>653,663</u>	<u>74,333</u>	<u>426,248</u>	<u>146,997</u>	<u>513,340</u>	<u>284,037</u>	<u>983,518</u>	<u>429,005</u>	<u>103,844</u>	<u>57,338</u>	<u>3,672,323</u>
119,923	-	22,371	10,205	15,370	14,481	83,394	58,971	7,042	1,518	333,275
198,405	-	39,059	10,880	124,656	58,276	318,574	134,003	11,835	707	896,395
354,832	76,140	237,656	104,452	291,251	158,706	362,335	199,224	50,324	9,994	1,844,914
-	-	-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>673,160</u>	<u>76,140</u>	<u>299,086</u>	<u>125,537</u>	<u>431,277</u>	<u>231,463</u>	<u>764,303</u>	<u>392,198</u>	<u>69,201</u>	<u>12,219</u>	<u>3,074,584</u>
23,716	4,455	23,590	3,408	18,233	11,648	49,788	14,136	7,786	287	157,047
41,586	7,840	41,364	5,977	31,985	20,428	87,303	24,795	13,663	503	275,444
<u>9,896</u>	<u>1,854</u>	<u>9,843</u>	<u>1,422</u>	<u>7,606</u>	<u>4,860</u>	<u>20,775</u>	<u>5,897</u>	<u>3,247</u>	<u>120</u>	<u>65,520</u>
<u>75,198</u>	<u>14,149</u>	<u>74,797</u>	<u>10,807</u>	<u>57,824</u>	<u>36,936</u>	<u>157,866</u>	<u>44,828</u>	<u>24,696</u>	<u>910</u>	<u>498,011</u>
<u>748,358</u>	<u>90,289</u>	<u>373,883</u>	<u>136,344</u>	<u>489,101</u>	<u>268,399</u>	<u>922,169</u>	<u>437,026</u>	<u>93,897</u>	<u>13,129</u>	<u>3,572,595</u>
<u>(94,695)</u>	<u>(15,956)</u>	<u>52,365</u>	<u>10,653</u>	<u>24,239</u>	<u>15,638</u>	<u>61,349</u>	<u>(8,021)</u>	<u>9,947</u>	<u>44,209</u>	<u>99,728</u>
1,519	233	1,698	641	2,096	793	3,393	1,659	869	125	13,026
(676)	(2)	(85)	(13)	(38)	(16)	(71)	(32)	(13)	(499)	(1,445)
<u>22,579</u>	<u>15,725</u>	<u>(55,158)</u>	<u>(10,028)</u>	<u>(25,393)</u>	<u>(16,534)</u>	<u>(75,931)</u>	<u>(14,300)</u>	<u>(12,505)</u>	<u>(43,835)</u>	<u>(215,380)</u>
<u>23,422</u>	<u>15,956</u>	<u>(53,545)</u>	<u>(9,400)</u>	<u>(23,335)</u>	<u>(15,757)</u>	<u>(72,609)</u>	<u>(12,673)</u>	<u>(11,649)</u>	<u>(44,209)</u>	<u>(203,799)</u>
<u>(71,273)</u>	<u>-</u>	<u>(1,180)</u>	<u>1,253</u>	<u>904</u>	<u>(119)</u>	<u>(11,260)</u>	<u>(20,694)</u>	<u>(1,702)</u>	<u>-</u>	<u>(104,071)</u>

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

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS BY ACTIVITY (Continued)
For the Year Ended June 30, 2009

	Property Management - Other							Total
	City County Building	Emergency Communic. District	Fairview Technology Center	Total Property Management	Property Development	Telecom Services	Corporate	
Operating Revenues:								
Rental Income from City and County	\$ 3,623,121	\$ -	\$ -	\$ 3,623,121	\$ -	\$ -	\$ -	\$ 3,623,121
Management Fees from City and County	-	-	-	4,919,805	671,639	788,965	-	6,380,409
Management Fees from Other Governmental Agencies	-	91,571	51,236	169,067	22,566	-	-	191,633
Rental and Event Revenues	-	-	-	192,461	-	-	-	192,461
Net Parking Revenues	142,339	-	-	2,982,014	-	-	-	2,982,014
Total Operating Revenues	<u>3,765,460</u>	<u>91,571</u>	<u>51,236</u>	<u>11,886,468</u>	<u>694,205</u>	<u>788,965</u>	<u>-</u>	<u>13,369,638</u>
Operating Expenses:								
Direct								
<u>Property Management</u>								
Management	499,730	1,468	3,709	1,304,942	-	-	26,439	1,331,381
Safety and Services	725,331	7,468	8,444	2,202,701	-	-	-	2,202,701
Operations and Maintenance	2,791,359	57,951	39,941	6,325,155	-	-	-	6,325,155
<u>Other Management Services</u>								
Property Development	-	-	-	-	551,223	-	-	551,223
Telecom Services	-	-	-	-	-	539,875	-	539,875
Total Direct Operating Expenses	<u>4,016,420</u>	<u>66,887</u>	<u>52,094</u>	<u>9,832,798</u>	<u>551,223</u>	<u>539,875</u>	<u>26,439</u>	<u>10,950,335</u>
Indirect								
Corporate Administration	97,699	2,333	1,237	319,501	46,646	47,132	-	413,279
Finance	171,398	4,093	2,169	560,389	81,673	82,550	-	724,612
MIS	40,753	973	516	133,292	19,484	19,683	-	172,459
Total Indirect Operating Expenses	<u>309,850</u>	<u>7,399</u>	<u>3,922</u>	<u>1,013,182</u>	<u>147,803</u>	<u>149,365</u>	<u>-</u>	<u>1,310,350</u>
Total Operating Expenses	<u>4,326,270</u>	<u>74,286</u>	<u>56,016</u>	<u>10,845,980</u>	<u>699,026</u>	<u>689,240</u>	<u>26,439</u>	<u>12,260,685</u>
Operating Income (Loss)	<u>(560,810)</u>	<u>17,285</u>	<u>(4,780)</u>	<u>1,040,488</u>	<u>(4,821)</u>	<u>99,725</u>	<u>(26,439)</u>	<u>1,108,953</u>
Non-Operating Revenues (Expenses)								
Interest Income	36,593	607	260	85,955	3,047	3,270	-	92,272
Bank Charges	(1,302)	(13)	(6)	(7,148)	(64)	(74)	-	(7,286)
Capital Returned to City, County and Other Governmental Agencies	(9,197)	(13,295)	(118)	(1,867,857)	(4,516)	(160,875)	(40,213)	(2,073,461)
Total Non-Operating Revenues (Expenses) - Net	<u>26,094</u>	<u>(12,701)</u>	<u>136</u>	<u>(1,789,050)</u>	<u>(1,533)</u>	<u>(157,679)</u>	<u>(40,213)</u>	<u>(1,988,475)</u>
Increase (Decrease) in Net Assets Before Capital Contributions	<u>(534,716)</u>	<u>4,584</u>	<u>(4,644)</u>	<u>(748,562)</u>	<u>(6,354)</u>	<u>(57,954)</u>	<u>(66,652)</u>	<u>(879,522)</u>

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS BY ACTIVITY(Continued)
For the Year Ended June 30, 2009*

	Property Management - City Properties				
	Parking Facilities	Police Department	Parks	Downtown Cinema	Total City Properties
Capital Contributions					
Cash:					
Operating Reserves from Other Governmental Agencies	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Asset Replacement Reserves from City and County	<u>538,090</u>	<u>-</u>	<u>122,346</u>	<u>-</u>	<u>660,436</u>
Total Capital Contributions	<u>538,090</u>	<u>-</u>	<u>122,346</u>	<u>-</u>	<u>660,436</u>
Increase (Decrease) in Net Assets	508,222	-	42,499	-	550,721
Net Assets (Deficit), Beginning of Year	<u>1,109,756</u>	<u>-</u>	<u>979,122</u>	<u>-</u>	<u>2,088,878</u>
Net Assets, End of Year	<u>\$ 1,617,978</u>	<u>\$ -</u>	<u>\$ 1,021,621</u>	<u>\$ -</u>	<u>\$ 2,639,599</u>

Property Management - County Properties

Andrew Johnson										
Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Health Department	John Tarleton Homes	Juvenile Justice Center	Knox Central	Library System	Old Court House	Senior Centers	State Street Parking Lot	Total County Properties
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(71,273)	-	(1,180)	1,253	904	(119)	(11,260)	(20,694)	(1,702)	-	(104,071)
<u>625,907</u>	-	<u>5,433</u>	<u>24,875</u>	<u>21,689</u>	<u>18,602</u>	<u>64,505</u>	<u>501,164</u>	<u>10,701</u>	-	<u>1,272,876</u>
<u>\$ 554,634</u>	<u>\$ -</u>	<u>\$ 4,253</u>	<u>\$ 26,128</u>	<u>\$ 22,593</u>	<u>\$ 18,483</u>	<u>\$ 53,245</u>	<u>\$ 480,470</u>	<u>\$ 8,999</u>	<u>\$ -</u>	<u>\$ 1,168,805</u>

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

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS BY ACTIVITY (Continued)
For the Year Ended June 30, 2009

	Property Management - Other				Property Development	Telecom Services	Corporate	Total
	City County Building	Emergency Communi- cations District	Fairview Technology Center	Total Property Management				
Capital Contributions (Deductions)								
Cash:								
Operating Reserves from City and County and Other Governmental Agencies	\$ 3,722	\$ 4,647	\$ -	\$ 8,369	\$ -	\$ -	\$ -	\$ 8,369
Capital Asset Replacement Reserves from City and County	<u>648,000</u>	<u>-</u>	<u>-</u>	<u>1,308,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,308,436</u>
Total Capital Contributions	<u>651,722</u>	<u>4,647</u>	<u>-</u>	<u>1,316,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,316,805</u>
Increase (Decrease) in Net Assets	117,006	9,231	(4,644)	568,243	(6,354)	(57,954)	(66,652)	437,283
Net Assets, Beginning of Year	<u>5,302,926</u>	<u>25,769</u>	<u>21,034</u>	<u>8,711,483</u>	<u>118,224</u>	<u>369,081</u>	<u>1,385,603</u>	<u>10,584,391</u>
Net Assets, End of Year	<u>\$ 5,419,932</u>	<u>\$ 35,000</u>	<u>\$ 16,390</u>	<u>\$ 9,279,726</u>	<u>\$ 111,870</u>	<u>\$ 311,127</u>	<u>\$ 1,318,951</u>	<u>\$ 11,021,674</u>

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY
For the Year Ended June 30, 2009*

	City Parking Facilities		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Net Parking Revenue	\$ 1,933,656	\$ 2,134,244	\$ 200,588
Tenant Rental Income	42,000	32,779	(9,221)
Total Operating Revenues	<u>1,975,656</u>	<u>2,167,023</u>	<u>191,367</u>
Operating Expenses			
Salaries and Wages	225,484	190,837	34,647
Employee Benefits	72,147	58,330	13,817
Office Expenses	6,285	7,689	(1,404)
Education and Training	903	200	703
Operating Expenses	34,633	70,275	(35,642)
Operating Contracts	188,781	182,555	6,226
Utilities	118,606	182,784	(64,178)
Communications	1,525	10,498	(8,973)
Insurance	8,532	6,205	2,327
Professional Services	4,796	3,074	1,722
Maintenance Facility	7,324	4,553	2,771
Capital Purchases	21,829	2,148	19,681
Depreciation Expense	-	36,392	(36,392)
Total Operating Expenses	<u>690,845</u>	<u>755,540</u>	<u>(64,695)</u>
Operating Income	<u>1,284,811</u>	<u>1,411,483</u>	<u>126,672</u>
Non-Operating Revenues (Expenses)			
Interest Income	40,200	19,447	(20,753)
Bank Charges	(4,176)	(3,617)	559
Capital Asset Replacement Reserve Expenditure	(730,000)	-	730,000
Transfer of Operating Reserves	<u>(1,320,835)</u>	<u>(1,457,181)</u>	<u>(136,346)</u>
Net Non-Operating Revenues (Expenses)	<u>(2,014,811)</u>	<u>(1,441,351)</u>	<u>573,460</u>
Increase (Decrease) in Net Assets before Capital Contributions	<u>(730,000)</u>	<u>(29,868)</u>	<u>700,132</u>
Capital Contributions			
Capital Contributed from City	<u>538,090</u>	<u>538,090</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>\$ (191,910)</u>	508,222	<u>\$ 700,132</u>
Net Assets, Beginning of Year		<u>1,109,756</u>	
Net Assets, End of Year		<u>\$ 1,617,978</u>	

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

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

For the Year Ended June 30, 2009

	The Knoxville Police Department		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from City	\$ 15,988	\$ 15,988	\$ -
Operating Expenses			
Salaries and Wages	10,565	7,933	2,632
Employee Benefits	3,380	3,455	(75)
Office Expenses	445	60	385
Education and Training	12	7	5
Operating Expenses	397	8	389
Operating Contracts	23	24	(1)
Communications	73	29	44
Insurance	86	104	(18)
Professional Services	48	49	(1)
Maintenance Facility	938	585	353
Capital Purchases	101	59	42
Total Operating Expenses	<u>16,068</u>	<u>12,313</u>	<u>3,755</u>
Operating Income (Loss)	<u>(80)</u>	<u>3,675</u>	<u>3,755</u>
Non-Operating Revenues (Expenses)			
Interest Income	84	48	(36)
Bank Charges	(4)	(1)	3
Transfer of Operating Reserves	-	(3,722)	-
Net Non-Operating Revenues (Expenses)	<u>80</u>	<u>(3,675)</u>	<u>(33)</u>
Increase in Net Assets	<u>\$ -</u>	-	<u>\$ 3,722</u>
Net Assets, Beginning of Year		-	
Net Assets, End of Year		<u>\$ -</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	City Parks		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Management Fees from City	\$ 1,868,027	\$ 1,868,027	\$ -
Net Parking Revenues	18,616	39,057	20,441
Rental Income	97,760	92,860	(4,900)
Total Operating Revenues	<u>1,984,403</u>	<u>1,999,944</u>	<u>15,541</u>
Operating Expenses			
Salaries and Wages	857,625	755,921	101,704
Employee Benefits	274,417	272,499	1,918
Office Expenses	18,434	14,660	3,774
Education and Training	12,572	1,368	11,204
Operating Expenses	229,858	299,300	(69,442)
Operating Contracts	160,081	138,082	21,999
Utilities	344,976	327,903	17,073
Communications	11,984	9,598	2,386
Insurance	14,526	14,762	(236)
Professional Services	10,783	6,803	3,980
Maintenance Facility	23,963	14,900	9,063
Capital Purchases	52,172	10,278	41,894
Depreciation Expense	-	52,488	(52,488)
Total Operating Expenses	<u>2,011,391</u>	<u>1,918,562</u>	<u>92,829</u>
Operating Income (Loss)	<u>(26,988)</u>	<u>81,382</u>	<u>108,370</u>
Non-Operating Revenue (Expenses)			
Interest Income	27,840	15,508	(12,332)
Bank Charges	(852)	(753)	99
Capital Asset Replacement Reserve Expenditures	(122,346)	(35,687)	86,659
Transfer of Operating Reserves	-	(140,297)	(140,297)
Net Non-Operating Revenues (Expenses)	<u>(95,358)</u>	<u>(161,229)</u>	<u>(65,871)</u>
(Decrease) in Net Assets Before Capital Contributions	<u>(122,346)</u>	<u>(79,847)</u>	<u>42,499</u>
Capital Contributions			
Capital Asset Replacement Reserve	<u>122,346</u>	<u>122,346</u>	<u>-</u>
Increase in Net Assets	<u>\$ -</u>	<u>42,499</u>	<u>\$ 42,499</u>
Net Assets, Beginning of Year		<u>979,122</u>	
Net Assets, End of Year		<u>\$ 1,021,621</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	Downtown Cinema		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Rental and Event Revenues	\$ 46,867	\$ -	\$ (46,867)
Management Fees from City	96,663	96,663	-
Management Fees from Other Governmental Agencies	26,260	26,260	-
Total Operating Revenues	<u>169,790</u>	<u>122,923</u>	<u>(46,867)</u>
Operating Expenses			
Salaries and Wages	12,609	11,219	1,390
Employee Benefits	4,034	3,703	331
Office Expenses	210	207	3
Education and Training	120	19	101
Operating Expenses	47,725	9,987	37,738
Operating Contracts	59,530	57,333	2,197
Utilities	40,600	5,030	35,570
Communications	122	655	(533)
Insurance	457	743	(286)
Professional Services	207	2,008	(1,801)
Maintenance Facility	5,726	3,558	2,168
Capital Purchases	430	249	181
Total Operating Expenses	<u>171,770</u>	<u>94,711</u>	<u>77,059</u>
Operating Income	<u>(1,980)</u>	<u>28,212</u>	<u>30,192</u>
Non-Operating Revenues (Expenses)			
Interest Income	2,100	466	(1,634)
Bank Charges	(120)	(11)	109
Transfer of Operating Reserves	-	(28,667)	(28,667)
Net Non-Operating Revenues (Expenses)	<u>1,980</u>	<u>(28,212)</u>	<u>(30,192)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Net Assets, Beginning of Year		<u>-</u>	
Net Assets, End of Year		<u>\$ -</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY*

For the Year Ended June 30, 2009

	Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Rental Income	\$ 97,500	\$ 44,627	\$ (52,873)
Net Parking Revenues	<u>675,054</u>	<u>609,036</u>	<u>(66,018)</u>
Total Operating Revenues	<u>772,554</u>	<u>653,663</u>	<u>(118,891)</u>
Operating Expenses			
Salaries and Wages	318,527	295,435	23,092
Employee Benefits	101,917	103,452	(1,535)
Office Expenses	7,702	5,524	2,178
Education and Training	6,319	697	5,622
Operating Expenses	60,190	55,729	4,461
Operating Contracts	200,948	185,870	15,078
Communicaitons	3,597	3,879	(282)
Insurance	8,209	7,740	469
Professional Services	3,543	3,661	(118)
Maintenance Facility	7,000	4,348	2,652
Capital Purchases	15,044	3,399	11,645
Depreciation Expense	<u>-</u>	<u>78,624</u>	<u>(78,624)</u>
Total Operating Expenses	<u>732,996</u>	<u>748,358</u>	<u>(15,362)</u>
Operating Income (Loss)	<u>39,558</u>	<u>(94,695)</u>	<u>(134,253)</u>
Non-Operating Revenues (Expenses)			
Interest Income	5,820	1,519	(4,301)
Bank Charges	(852)	(676)	176
Transfer of Operating Reserves	<u>-</u>	<u>22,579</u>	<u>22,579</u>
Net Non-Operating Revenues (Expenses)	<u>4,968</u>	<u>23,422</u>	<u>18,454</u>
Increase (Decrease) in Net Assets	<u>\$ 44,526</u>	(71,273)	<u>\$ (26,747)</u>
Net Assets, Beginning of Year		<u>625,907</u>	
Net Assets, End of Year		<u>\$ 554,634</u>	

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

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

For the Year Ended June 30, 2009

	Family Investment Center		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from County	\$ 61,373	\$ 61,373	\$ -
Rental Income	76,044	12,960	(63,084)
Total Operating Revenues	<u>137,417</u>	<u>74,333</u>	<u>(63,084)</u>
Operating Expenses			
Salaries and Wages	40,259	37,438	2,821
Employee Benefits	12,880	12,388	492
Office Expenses	2,016	438	1,578
Education and Training	124	33	91
Operating Expenses	28,072	5,186	22,886
Operating Contracts	51,238	32,387	18,851
Communications	585	214	371
Insurance	1,535	1,077	458
Professional Services	507	523	(16)
Capital Purchases	1,053	605	448
Total Operating Expenses	<u>138,269</u>	<u>90,289</u>	<u>47,980</u>
Operating (Loss)	<u>(852)</u>	<u>(15,956)</u>	<u>(15,104)</u>
Non-Operating Revenues (Expenses)			
Interest Income	960	233	(727)
Bank Charges	(108)	(2)	106
Transfer of Operating Reserves	-	15,725	15,725
Net Non-Operating Revenues (Expenses)	<u>852</u>	<u>15,956</u>	<u>15,104</u>
Increase in Net Assets	<u>\$ -</u>	-	<u>\$ -</u>
Net Assets, Beginning of Year		-	
Net Assets, End of Year		<u>\$ -</u>	

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

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

For the Year Ended June 30, 2009

	Health Department		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Rental Income	\$ 9,235	\$ 9,235	\$ -
Management Fees from the County	417,013	417,013	-
Total Operating Revenues	<u>426,248</u>	<u>426,248</u>	<u>-</u>
Operating Expenses			
Salaries and Wages	216,418	178,460	37,958
Employee Benefits	69,241	68,353	888
Office Expenses	6,142	4,916	1,226
Education and Training	8,158	631	7,527
Operating Expenses	51,529	71,432	(19,903)
Operating Contracts	49,995	28,278	21,717
Communications	2,505	2,452	53
Insurance	11,132	7,484	3,648
Professional Services	2,829	2,873	(44)
Maintenance Facility	6,000	3,733	2,267
Capital Purchases	8,815	3,382	5,433
Depreciation Expense	-	1,889	(1,889)
Total Operating Expenses	<u>432,764</u>	<u>373,883</u>	<u>58,881</u>
Operating Income (Loss)	<u>(6,516)</u>	<u>52,365</u>	<u>(58,881)</u>
Non-Operating Revenues (Expenses)			
Interest Income	6,600	1,698	(4,902)
Bank Charges	(84)	(85)	(1)
Transfer of Operating Reserves	-	(55,158)	(55,158)
Net Non-Operating Revenues (Expenses)	<u>6,516</u>	<u>(53,545)</u>	<u>(60,061)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>(1,180)</u>	<u>\$ (118,942)</u>
Net Assets, Beginning of Year		<u>5,433</u>	
Net Assets, End of Year		<u>\$ 4,253</u>	

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

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

For the Year Ended June 30, 2009

	John Tarleton Homes		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Management Fees from the County	\$ 146,997	\$ 146,997	\$ -
Operating Expenses			
Salaries and Wages	54,117	57,683	(3,566)
Employee Benefits	17,317	20,870	(3,553)
Office Expenses	1,494	1,036	458
Education and Training	1,396	155	1,241
Operating Expenses	39,561	37,607	1,954
Operating Contracts	17,441	12,995	4,446
Communications	704	510	194
Insurance	1,423	1,249	174
Professional Services	407	440	(33)
Maintenance Facility	1,507	935	572
Capital Purchases	13,406	487	12,919
Depreciation Expense	-	2,377	(2,377)
Total Operating Expenses	<u>148,773</u>	<u>136,344</u>	<u>12,429</u>
Operating Income (Loss)	<u>(1,776)</u>	<u>10,653</u>	<u>12,429</u>
Non-Operating Revenues (Expenses)			
Interest Income	1,800	641	(1,159)
Bank Charges	(24)	(13)	11
Transfer of Operating Reserves	-	(10,028)	(10,028)
Net Non-Operating Revenues (Expenses)	<u>1,776</u>	<u>(9,400)</u>	<u>(11,176)</u>
Increase in Net Assets	<u>\$ -</u>	<u>1,253</u>	<u>\$ 1,253</u>
Net Assets, Beginning of Year		<u>24,875</u>	
Net Assets, End of Year		<u>\$ 26,128</u>	

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

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

For the Year Ended June 30, 2009

	Juvenile Justice Center		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from County	\$ 513,340	\$ 513,340	\$ -
Operating Expenses			
Salaries and Wages	220,466	192,523	27,943
Employee Benefits	70,539	64,373	6,166
Office Expenses	4,233	3,705	528
Education and Training	3,240	342	2,898
Operating Expenses	65,315	66,030	(715)
Operating Contracts	123,907	146,313	(22,406)
Communications	1,652	1,948	(296)
Insurance	5,043	4,875	168
Professional Services	2,673	2,111	562
Maintenance Facility	2,500	1,556	944
Capital Purchases	18,212	2,599	15,613
Depreciation Expense	-	2,726	(2,726)
Total Operating Expenses	<u>517,780</u>	<u>489,101</u>	<u>28,679</u>
Operating Income (Loss)	<u>(4,440)</u>	<u>24,239</u>	<u>28,679</u>
Non-Operating Revenues (Expenses)			
Interest Income	4,500	2,096	(2,404)
Bank Charges	(60)	(38)	22
Transfer of Operating Reserves	-	(25,393)	(25,393)
Net Non-Operating Revenues (Expenses)	<u>4,440</u>	<u>(23,335)</u>	<u>(27,775)</u>
Increase in Net Assets	<u>\$ -</u>	<u>904</u>	<u>\$ 904</u>
Net Assets, Beginning of Year		<u>21,689</u>	
Net Assets, End of Year		<u>\$ 22,593</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	Knox Central		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Management Fees from the County	\$ 284,037	\$ 284,037	\$ -
Operating Expenses			
Salaries and Wages	157,053	148,813	8,240
Employee Benefits	50,251	55,982	(5,731)
Office Expenses	4,514	3,226	1,288
Education and Training	3,475	431	3,044
Operating Expenses	42,382	29,557	12,825
Operating Contracts	14,730	16,882	(2,152)
Communications	1,228	3,447	(2,219)
Insurance	5,038	4,639	399
Professional Services	1,393	1,405	(12)
Maintenance Facility	1,811	1,128	683
Capital Purchases	5,414	1,667	3,747
Depreciation Expenses	-	1,222	(1,222)
Total Operating Expenses	<u>287,289</u>	<u>268,399</u>	<u>18,890</u>
Operating Income (Loss)	<u>(3,252)</u>	<u>15,638</u>	<u>18,890</u>
Non-Operating Revenues (Expenses)			
Interest Income	3,300	793	(2,507)
Bank Charges	(48)	(16)	32
Transfer of Operating Reserves	-	(16,534)	(16,534)
Net Non-Operating Revenues (Expenses)	<u>3,252</u>	<u>(15,757)</u>	<u>(19,009)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>(119)</u>	<u>\$ (119)</u>
Net Assets, Beginning of Year		<u>18,602</u>	
Net Assets, End of Year		<u>\$ 18,483</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	Library System		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Management Fees from the County	\$ 983,518	\$ 983,518	\$ -
Operating Expenses			
Salaries and Wages	571,076	554,725	16,351
Employee Benefits	182,717	184,166	(1,449)
Office Expenses	9,168	9,177	(9)
Education and Training	6,538	1,006	5,532
Operating Expenses	105,892	77,061	28,831
Operating Contracts	48,699	47,550	1,149
Communications	3,730	3,166	564
Insurance	17,986	14,493	3,493
Professional Services	5,968	5,827	141
Maintenance Facility	9,193	5,717	3,476
Capital Purchases	35,055	8,021	27,034
Depreciation Expense	-	11,260	(11,260)
Total Operating Expenses	<u>996,022</u>	<u>922,169</u>	<u>73,853</u>
Operating Income (Loss)	<u>(12,504)</u>	<u>61,349</u>	<u>73,853</u>
Non-Operating Revenues (Expenses)			
Interest Income	12,660	3,393	(9,267)
Bank Charges	(156)	(71)	85
Transfer of Operating Reserves	-	(75,931)	(75,931)
Net Non-Operating Revenues (Expenses)	<u>12,504</u>	<u>(72,609)</u>	<u>(85,113)</u>
(Decrease) in Net Assets	<u>\$ -</u>	<u>(11,260)</u>	<u>\$ (11,260)</u>
Net Assets, Beginning of Year		<u>64,505</u>	
Net Assets, End of Year		<u>\$ 53,245</u>	

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

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

For the Year Ended June 30, 2009

	Old Court House		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Management Fees from County	\$ 429,005	\$ 429,005	\$ -
Operating Expenses			
Salaries and Wages	228,350	215,041	13,309
Employee Benefits	73,064	77,042	(3,978)
Office Expenses	3,953	4,009	(56)
Education and Training	2,593	444	2,149
Operating Expenses	37,329	28,027	9,302
Operating Contracts	73,013	64,103	8,910
Communications	1,692	1,335	357
Insurance	3,691	3,564	127
Professional Services	2,186	2,650	(464)
Maintenance Facility	3,772	2,346	1,426
Capital Purchases	4,342	2,017	2,325
Depreciation Expense	-	36,448	(36,448)
Total Operating Expenses	<u>433,985</u>	<u>437,026</u>	<u>(3,041)</u>
Operating Income (Loss)	<u>(4,980)</u>	<u>(8,021)</u>	<u>(3,041)</u>
Non-Operating Revenue (Expenses)			
Interest Income	5,040	1,659	(3,381)
Bank Charges	(60)	(32)	28
Transfer of Operating Reserves	-	(14,300)	(14,300)
Net Non-Operating Revenue (Expenses)	<u>4,980</u>	<u>(12,673)</u>	<u>(17,653)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>(20,694)</u>	<u>\$ (20,694)</u>
Net Assets, Beginning of Year		<u>501,164</u>	
Net Assets, End of Year		<u>\$ 480,470</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	Senior Centers		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Management Fees from County	\$ 103,844	\$ 103,844	\$ -
Operating Expenses			
Salaries and Wages	46,597	48,176	(1,579)
Employee Benefits	14,908	16,323	(1,415)
Office Expenses	1,907	1,156	751
Education and Training	494	133	361
Operating Expenses	22,828	17,805	5,023
Operating Contracts	14,747	3,881	10,866
Communications	241	358	(117)
Insurance	2,121	1,917	204
Professional Services	969	896	73
Maintenance Facility	713	446	267
Capital Purchases	2,051	1,104	947
Depreciation Expense	-	1,702	(1,702)
Total Operating Expenses	<u>107,576</u>	<u>93,897</u>	<u>13,679</u>
Operating Income (Loss)	<u>(3,732)</u>	<u>9,947</u>	<u>13,679</u>
Non-Operating Revenues (Expenses)			
Interest Income	3,780	869	(2,911)
Bank Charges	(48)	(13)	35
Transfer of Operating Reserves	-	(12,505)	(12,505)
Net Non-Operating Revenues (Expenses)	<u>3,732</u>	<u>(11,649)</u>	<u>(15,381)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>(1,702)</u>	<u>\$ (1,702)</u>
Net Assets, Beginning of Year		<u>10,701</u>	
Net Assets, End of Year		<u>\$ 8,999</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	State Street Parking Lot		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Net Parking Revenues	\$ 12,000	\$ 57,338	\$ 45,338
Operating Expenses			
Salaries and Wages	4,625	3,917	708
Employee Benefits	1,480	1,269	211
Office Expenses	90	72	18
Education and Training	9	13	(4)
Operating Expenses	5	5,004	(4,999)
Operating Contracts	6,516	2,196	4,320
Communications	52	35	17
Insurance	39	87	(48)
Professional Services	35	36	(1)
Maintenance Facility	740	458	282
Capital Purchases	177	42	135
Total Operating Expenses	<u>13,768</u>	<u>13,129</u>	<u>639</u>
Operating Income	<u>(1,768)</u>	<u>44,209</u>	<u>45,977</u>
Non-Operating Revenues (Expenses)			
Interest Income	84	125	41
Bank Charges	(540)	(499)	41
Transfer of Operating Reserves	<u>-</u>	<u>(43,835)</u>	<u>(43,835)</u>
Net Non-Operating Revenues	<u>(456)</u>	<u>(44,209)</u>	<u>(43,753)</u>
Increase (Decrease) in Net Assets	<u>\$ (2,224)</u>	-	<u>\$ 2,224</u>
Net Assets, Beginning of Year		-	
Net Assets, End of Year		<u>\$ -</u>	

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

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

For the Year Ended June 30, 2009

	City County Building		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Rental Income from City and County	\$ 3,623,121	\$ 3,623,121	\$ -
Net Parking Revenues	<u>163,000</u>	<u>142,339</u>	<u>(20,661)</u>
Total Operating Revenues	<u>3,786,121</u>	<u>3,765,460</u>	<u>(20,661)</u>
Operating Expenses			
Salaries and Wages	1,155,017	1,183,011	(27,994)
Employee Benefits	369,555	422,521	(52,966)
Office Expenses	45,203	24,981	20,222
Education and Training	22,549	2,621	19,928
Operating Expenses	255,452	177,481	77,971
Operating Contracts	543,476	495,193	48,283
Utilities	1,221,200	1,495,160	(273,960)
Communications	7,896	9,088	(1,192)
Insurance	136,218	137,831	(1,613)
Professional Services	14,125	11,943	2,182
Maintenance Facility	24,130	14,991	9,139
Capital Purchases	63,360	13,906	49,454
Depreciation Expense	<u>-</u>	<u>259,282</u>	<u>(259,282)</u>
Total Operating Expenses	<u>3,858,181</u>	<u>4,248,009</u>	<u>(389,828)</u>
Operating (Loss)	<u>(72,060)</u>	<u>(482,549)</u>	<u>(410,489)</u>
Non-Operating Revenues (Expenses)			
Interest Income	73,500	36,593	(36,907)
Bank Charges	(1,440)	(1,302)	138
Capital Asset Replacement Reserve Expenditures	(894,200)	(78,261)	815,939
Transfer of Operating Reserves	<u>-</u>	<u>(9,197)</u>	<u>(9,197)</u>
Net Non-Operating Revenues (Expenses)	<u>(822,140)</u>	<u>(52,167)</u>	<u>769,973</u>
(Decrease) in Net Assets Before Capital Contributions	<u>(894,200)</u>	<u>(534,716)</u>	<u>359,484</u>
Capital Contributions			
Capital Asset Replacement Reserve Contributions from City and County	3,722	3,722	-
Operating Reserve Contributions from City and County	<u>648,000</u>	<u>648,000</u>	<u>-</u>
Total Capital Contributions	<u>651,722</u>	<u>651,722</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>\$ (242,478)</u>	117,006	<u>\$ 359,484</u>
Net Assets, Beginning of Year		<u>5,302,926</u>	
Net Assets, End of Year		<u>\$ 5,419,932</u>	

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	Emergency Communications District		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from Other Governmental Agencies	\$ 91,571	\$ 91,571	\$ -
Operating Expenses			
Salaries and Wages	23,592	22,997	595
Employee Benefits	7,549	8,807	(1,258)
Office Expenses	1,872	418	1,454
Education and Training	593	56	537
Operating Expenses	21,711	11,524	10,187
Operating Contracts	34,784	28,223	6,561
Communications	230	165	65
Insurance	722	671	51
Professional Services	277	273	4
Maintenance Facility	754	470	284
Capital Purchases	855	332	523
Depreciation Expense	-	350	(350)
Total Operating Expenses	<u>92,939</u>	<u>74,286</u>	<u>18,653</u>
Operating Income (Loss)	<u>(1,368)</u>	<u>17,285</u>	<u>18,653</u>
Non-Operating Revenues (Expenses)			
Interest Income	1,380	607	(773)
Bank Charges	(12)	(13)	(1)
Transfer of Operating Reserves	-	(13,295)	(13,295)
Net Non-Operating Revenues (Expenses)	<u>1,368</u>	<u>(12,701)</u>	<u>(14,069)</u>
Increase in Net Assets Before			
Capital Contributions	-	4,584	4,584
Capital Contributions			
Operating Reserve Contributions from Other Governmental Agencies	<u>4,647</u>	<u>4,647</u>	<u>-</u>
Increase in Net Assets	<u>\$ 4,647</u>	9,231	<u>\$ 4,584</u>
Net Assets, Beginning of Year		<u>25,769</u>	
Net Assets, End of Year		<u>\$ 35,000</u>	

*THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
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*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)*

For the Year Ended June 30, 2009

	Fairview Technology Center		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from Other Governmental Agencies	\$ 51,237	\$ 51,236	\$ (1)
Operating Expenses			
Salaries and Wages	18,002	19,658	(1,656)
Employee Benefits	5,668	6,949	(1,281)
Office Expenses	773	293	480
Education and Training	106	46	60
Operating Expenses	3,624	7,352	(3,728)
Operating Contracts	21,473	15,948	5,525
Communications	216	3,348	(3,132)
Insurance	364	357	7
Professional Services	147	183	(36)
Maintenance Facility	930	579	351
Capital Purchases	522	178	
Depreciation Expense	-	1,125	(1,125)
Total Direct Operating Expenses	<u>51,825</u>	<u>56,016</u>	<u>(4,191)</u>
Operating Loss	<u>(588)</u>	<u>(4,780)</u>	<u>(4,192)</u>
Non-Operating Revenues (Expenses)			
Interest Income	600	260	(340)
Bank Charges	(12)	(6)	6
Transfer of Operating Reserves	-	(118)	(118)
Net Non-Operating Revenues (Expenses)	<u>588</u>	<u>136</u>	<u>(452)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>(4,644)</u>	<u>\$ (4,644)</u>
Net Assets, Beginning of Year		<u>21,034</u>	
Net Assets, End of Year		<u>\$ 16,390</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	Property Development		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Management Fees from City and County	\$ 671,249	\$ 671,639	\$ 390
Management Fees from Other Governmental Agencies	-	22,566	22,566
Total Operating Revenues	<u>671,249</u>	<u>694,205</u>	<u>22,956</u>
Operating Expenses			
Salaries and Wages	499,558	477,618	21,940
Employee Benefits	159,832	146,535	13,297
Office Expenses	39,655	30,639	9,016
Education and Training	17,395	3,921	13,474
Operating Expenses	16,306	7,101	9,205
Operating Contracts	2,681	3,309	(628)
Communications	5,045	5,015	30
Insurance	7,416	7,648	(232)
Professional Services	15,712	5,915	9,797
Capital Purchases	11,861	6,829	
Depreciation Expense	-	4,496	(4,496)
Total Operating Expenses	<u>775,461</u>	<u>699,026</u>	<u>76,435</u>
Operating (Loss)	<u>(104,212)</u>	<u>(4,821)</u>	<u>99,391</u>
Non-Operating Revenues (Expenses)			
Interest Expense	4,296	3,047	(1,249)
Bank Charges	(84)	(64)	20
Transfer of Operating Reserves	-	(4,516)	(4,516)
Net Non-Operating Revenues (Expenses)	<u>4,212</u>	<u>(1,533)</u>	<u>(5,745)</u>
(Decrease) in Net Assets	<u>\$ (100,000)</u>	<u>(6,354)</u>	<u>\$ 93,646</u>
Net Assets, Beginning of Year		<u>118,224</u>	
Net Assets, End of Year		<u>\$ 111,870</u>	

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

*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2009*

	Telecommunications Services		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from City and County	\$ 480,784	\$ 480,784	\$ -
Management Fees Related to KCS	308,181	308,181	-
Total Operating Revenues	<u>788,965</u>	<u>788,965</u>	<u>-</u>
Direct Operating Expenses			
Salaries and Wages	264,389	240,631	23,758
Employee Benefits	84,589	79,122	5,467
Office Expenses	13,426	3,621	9,805
Education and Training	10,605	182	10,423
Operating Expenses	10,747	1,018	9,729
Operating Contracts	1,536	1,327	209
Communications	1,760	1,621	139
Insurance	10,053	10,052	1
Professional Services	13,273	3,692	9,581
Capital Purchases	76,797	3,916	72,881
Depreciation Expense	-	126,375	(126,375)
Telecom Operating Expenses	<u>487,175</u>	<u>471,557</u>	<u>15,618</u>
Knox County Schools			
Salaries and Wages	176,287	155,875	20,412
Employee Benefits	56,400	46,443	9,957
Office Expenses	10,879	2,286	8,593
Education and Training	4,946	137	4,809
Operating Expenses	45,298	1,202	44,096
Operating Contracts	1,159	1,001	158
Communications	1,050	1,764	(714)
Insurance	3,824	3,640	184
Professional Services	7,469	2,381	5,088
Capital Purchases	5,128	2,954	2,174
Schools Operating Expenses	<u>312,440</u>	<u>217,683</u>	<u>94,757</u>
Total Operating Expenses	<u>799,615</u>	<u>689,240</u>	<u>110,375</u>
Operating Income (Loss)	<u>(10,650)</u>	<u>99,725</u>	<u>110,375</u>
Non-Operating Revenues (Expenses)			
Interest Income	10,800	3,270	(7,530)
Bank Charges	(150)	(74)	76
Transfer of Operating Reserves	-	(160,875)	(160,875)
Net Non-Operating Revenues (Expenses)	<u>10,650</u>	<u>(157,679)</u>	<u>(168,329)</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>(57,954)</u>	<u>\$ (57,954)</u>
Net Assets, Beginning of Year		<u>369,081</u>	
Net Assets, End of Year		<u>\$ 311,127</u>	

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

SCHEDULE OF INSURANCE COVERAGE

June 30, 2009

	Coverage
Travelers Property and Casualty Insurance Company	
Commercial General Liability:	
General Aggregate	\$ 2,000,000
Products and Completed Operations Aggregate	2,000,000
Bodily Injury and Property Damage	1,000,000
Personal and Advertising Injury	1,000,000
Employee Benefits Liability	1,000,000/2,000,000
Property and Casualty:	
Buildings and Contents (Replacement Cost)	\$ 128,166,927
Earthquake (Co-Insurance 95%)	25,000,000
City and County PBX Phone System (Replacement Cost)	6,906,760
EDP Equipment	484,000
Miscellaneous Equipment	802,137
Extra Expense/Rental Income	7,139,429
Boiler and Machinery	122,157,169
Valuable Papers	200,000
Business Auto (Includes Private Autos):	
Bodily Injury and Property Damage	\$ 1,000,000
Medical Payments	2,000
Uninsured Motorists	1,000,000
Comprehensive Deductible	250
Collision Deductible	500
Umbrella	
Per Occurrence/Aggregate Limit of Liability	\$ 10,000,000
The Travelers Indemnity Company	
Worker's Compensation:	
Each Accident or Disease	\$ 500,000
Each Employee	500,000
Disease Limit - Aggregate	500,000
Travelers Casualty and Surety Company (3/1/2008 to 3/1/2011)	
Blanket Employee Dishonesty	\$ 1,000,000
ERISA Fidelity	500,000
Crime:	
Depositors Forgery or Alteration	1,000,000
Theft, Disappearance and Destruction	1,000,000
Computer and Funds Transfer Fraud	1,000,000
Money Orders and Counterfeit Currency	1,000,000
Personal Accounts Forgery or Alterations	1,000,000
Personal Accounts Identity Fraud Expense	1,000,000
Claim Expense	5,000
National Union Fire Insurance Company	
Primary Director's and Officers'	
Liability and Employment Practices Liability	\$ 10,000,000

Note: All policies, unless noted otherwise, begin March 1, 2009 and expire March 1, 2010.

STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the PBA's financial performance and well-being have changed over time.	75-76
Revenue Capacity	
These schedules contain information to help the reader assess the PBA's operating revenues and customer statistics. As a joint venture between the City of Knoxville and Knox County, the PBA's revenues are materially earned from revenue derived from rental income, management fees, net parking revenues, and miscellaneous charges. Rental income and management fees are annually negotiated with the City and County and approved by the City Council and the County Commission.	77-81
Debt Capacity	
The PBA is a joint venture between the City of Knoxville and Knox County; the PBA has no taxing authority. Debt for capital projects managed for the City and the County are funded by debt issued by these two government entities. Information on the City's and County's debt capacity is contained in their individual CAFRs.	N/A
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which PBA's financial activities take place and approved by the City Council and the County Commission.	82-83
Operating Information	
This schedule contains service data to help the reader understand how the information in the PBA's financial report relates to services provided and the activities performed.	84

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

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

*NET ASSETS BY COMPONENT
Last Seven Fiscal Years*

<u>Fiscal Year</u>	<u>Invested in Capital Assets Net of Related Debt</u>	<u>Unrestricted</u>	<u>Total</u>
2003	\$ 3,966,984	\$ 4,798,166	\$ 8,765,150
2004	4,544,503	3,540,685	8,085,188
2005	4,837,925	2,916,413	7,754,338
2006	4,985,744	3,040,305	8,026,049
2007	6,213,346	3,944,131	10,157,477
2008	6,126,970	4,457,421	10,584,391
2009	7,065,819	3,955,855	11,021,674

Note: Fiscal year 2003 was the first year PBA adopted GASB Statement No. 34.

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

*CHANGES IN NET ASSETS
Last Seven Fiscal Years*

	2009	2008	2007	2006	2005	2004	2003
Operating Revenues							
Rental Income from City and County	\$ 3,623,121	\$ 3,454,701	\$ 3,382,478	\$ 3,345,387	\$ 3,186,770	\$ 2,838,748	\$ 3,060,799
Other Rental Income - Net	192,461	214,103	161,821	198,273	199,343	185,193	146,218
Management Fees from City and County	6,380,409	9,536,951	9,169,175	7,998,757	7,859,868	6,796,961	3,715,118
Management Fees from Other Governmental Agencies	191,633	176,338	172,652	153,357	158,203	46,788	166,747
Net Parking Revenues	<u>2,982,014</u>	<u>2,836,172</u>	<u>2,537,780</u>	<u>1,984,221</u>	<u>1,410,632</u>	<u>1,257,159</u>	<u>1,303,360</u>
Total Operating Revenues	<u>13,369,638</u>	<u>16,218,265</u>	<u>15,423,906</u>	<u>13,679,995</u>	<u>12,814,816</u>	<u>11,124,849</u>	<u>8,392,242</u>
Operating Expenses							
Salaries and Benefits	6,450,488	6,272,267	6,418,441	5,836,446	5,453,141	5,355,107	4,136,380
Office	118,120	143,731	172,569	157,085	131,971	82,521	76,954
Education and Training	12,437	11,121	34,042	17,696	28,646	22,260	45,631
Purchased Services and Supplies	978,689	1,030,931	962,469	936,841	996,551	679,011	400,056
Operating Contracts	1,463,449	1,895,038	1,625,987	1,470,804	1,362,369	1,124,838	908,369
Utilities	2,010,877	3,905,696	3,493,192	3,212,988	2,876,037	2,794,113	1,512,351
Communications	59,126	68,443	81,076	67,377	48,737	58,237	47,608
Insurance	229,141	235,118	189,388	273,981	337,218	338,488	378,303
Professional Fees	56,743	90,815	90,494	114,714	61,226	72,851	370,051
Depreciation	643,194	582,954	517,852	462,741	412,003	349,597	277,372
Maintenance Facility	60,301	51,173	-	-	-	-	-
Other	<u>178,120</u>	<u>78,375</u>	<u>347,917</u>	<u>129,327</u>	<u>115,462</u>	<u>105,023</u>	<u>268,281</u>
Total Operating Expenses	<u>12,260,685</u>	<u>14,365,662</u>	<u>13,933,427</u>	<u>12,680,000</u>	<u>11,823,361</u>	<u>10,982,046</u>	<u>8,421,356</u>
Operating Income	<u>1,108,953</u>	<u>1,852,603</u>	<u>1,490,479</u>	<u>999,995</u>	<u>991,455</u>	<u>142,803</u>	<u>(29,114)</u>
Non-Operating Revenues (Expenses)							
Interest Income	92,272	331,019	362,831	246,342	150,119	84,833	95,232
Gain on Disposal of Capital Assets	-	-	6,018	-	-	-	-
Bank Charges	(7,286)	(7,669)	(8,156)	(9,783)	(10,585)	(10,280)	(13,821)
Interest Expense	-	-	(166)	(732)	(1,282)	(1,974)	(2,979)
Capital Returned to the City and County	(2,054,297)	(2,579,761)	(586,159)	(1,217,881)	(1,980,628)	(2,052,530)	(1,153,976)
Capital Returned to Other Governmental Agencies	(19,164)	(24,832)	(29,251)	(5,335)	(25,673)	-	-
Noncash:							
Capital Asset Retirements from the City and County	-	-	(5,271)	(9,311)	-	-	-
Total Non-Operating Revenues (Expenses) - Net	<u>(1,988,475)</u>	<u>(2,281,243)</u>	<u>(260,154)</u>	<u>(996,700)</u>	<u>(1,868,049)</u>	<u>(1,979,951)</u>	<u>(1,075,544)</u>
Increase (Decrease) in Net Assets Before Capital Contributions	<u>(879,522)</u>	<u>(428,640)</u>	<u>1,230,325</u>	<u>3,295</u>	<u>(876,594)</u>	<u>(1,837,148)</u>	<u>(1,104,658)</u>
Capital Contributions							
Capital Contributions from the City and County	1,312,158	848,128	894,500	268,416	537,848	1,149,186	1,126,123
Capital Contributions from Other Governmental Agencies	4,647	7,426	6,603	-	7,896	-	-
Noncash:							
Capital Asset Contributions from the City and County	-	-	-	-	-	8,000	27,710
Total Capital Contributions	<u>1,316,805</u>	<u>855,554</u>	<u>901,103</u>	<u>268,416</u>	<u>545,744</u>	<u>1,157,186</u>	<u>1,153,833</u>
Increase (Decrease) in Net Assets	437,283	426,914	2,131,428	271,711	(330,850)	(679,962)	49,175
Net Assets, Beginning of Year	<u>10,584,391</u>	<u>10,157,477</u>	<u>8,026,049</u>	<u>7,754,338</u>	<u>8,085,188</u>	<u>8,765,150</u>	<u>8,715,975</u>
Net Assets, End of Year	<u>\$ 11,021,674</u>	<u>\$ 10,584,391</u>	<u>\$ 10,157,477</u>	<u>\$ 8,026,049</u>	<u>\$ 7,754,338</u>	<u>\$ 8,085,188</u>	<u>\$ 8,765,150</u>

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

*PROPERTIES MANAGED
Last Six Fiscal Years*

Space in Square Feet						
Property	2009	2008	2007	2006	2005	2004
County Owned						
Andrew Johnson Building	145,661	145,661	145,661	145,661	145,661	145,661
Beck Cultural Center	-	-	19,161	19,161	18,961	-
Fairview Technology Center	17,000	17,000	17,000	17,000	17,000	-
Senior Centers (4)	27,500	27,500	27,500	27,500	7,800	6,300
Health Department (1 main facility, 3 community clinics and air quality lab)	157,800	157,800	157,800	153,000	153,000	153,000
John Tarleton Homes	80,000	80,000	80,000	64,474	64,474	50,500
Juvenile Justice Center	104,209	104,209	104,209	104,209	104,209	104,209
Knox Central Library System	171,000	171,000	171,000	165,000	165,000	165,000
(1 main location, 1 history center, and 16 community branches)	300,201	321,537	302,376	393,928	279,371	217,000
Old Court House	64,098	64,098	64,098	64,098	64,098	64,098
Family Investment Center	31,500	31,500	-	-	-	-
City Owned						
Volunteer Landing Park	16,331	5,170	5,170	5,170	16,331	16,331
World's Fair Park	35,236	35,236	3,600	3,600	88,279	88,279
Downtown Cinema	4,000	4,000	-	-	-	-
PBA Owned						
City County Building	531,634	531,634	531,634	531,634	531,634	517,856
Owned by Other Governmental Agencies						
Emergency Communications District	25,000	25,000	25,000	25,000	25,000	25,000
Totals	<u>1,711,170</u>	<u>1,721,345</u>	<u>1,654,209</u>	<u>1,719,435</u>	<u>1,680,818</u>	<u>1,553,234</u>

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

PROPERTIES MANAGED (Continued)
Last Six Fiscal Years

Location	2009	2008	2007	2006	2005	2004
NUMBER OF PARKING SPACES						
County Owned						
Dwight Kessel Metropolitan Parking Garage	964	964	964	964	964	964
State Street Parking Lot	283	283	283	283	283	-
City Owned						
Jackson Avenue Parking Lot	190	190	190	190	-	-
Locust Street Garage	645	645	645	645	645	645
Main Avenue Garage	475	475	475	475	-	-
Market Square Garage	700	700	700	700	-	-
Promenade Garage	277	277	277	-	-	-
State Steet Garage	842	842	842	842	-	-
World's Fair Parking Lots	698	698	698	698	698	698
PBA Owned						
City County Building Garage	850	850	850	850	850	850
Totals	5,924	5,924	5,924	5,647	3,440	3,157
PARKS						
City Owned						
World's Fair Park:						
Number of Acres	18	18	18	18	18	18
Volunteer Landing Park:						
Number of Acres	5	5	5	5	5	5
Second Creek Greenway						
Number of Acres	9					
Estimated Park Visitors Annually	446,885	200,000	200,000	150,000	110,000	90,000

Note: FY 2006 is the first year PBA started to manage several City owned parking facilities.

Source: PBA property management department.

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

*CAPITAL PROJECTS COMPLETED
Last Five Fiscal Years*

Projects	Managed Budget
LIBRARIES	
Beck Archive - Burlington	\$ 124,000
Burlington	2,950,000
Burlington - UT Buildout	251,000
East Tennessee Historical Center	18,328,224
Fountain City	2,509,297
Powell	2,438,766
Library Subtotal	26,601,287
OTHER COUNTY PROJECTS	
Beck Cultural Exchange Center	2,079,000
Carter Senior Center	1,400,000
Concord Park Concession Building	108,861
Corryton Senior Center	550,000
Courtroom Renovations	445,024
Frank Strang Senior Center	706,387
Halls Community Park	1,050,000
Halls Senior Center	1,342,643
Hardin Valley High School	50,000,000
Hardy Professional Building	300,000
Health Department Renovation	270,000
House Mountain	253,491
Jail Expansion	14,400,000
Knox County Clerk's Office - Five Points	175,000
Knox County School Facilities Assessment	600,000
New Harvest Park	2,046,750
Northwest Sports Complex	4,161,500
Pinkston Greenway	191,350
Powell Middle School Addition	16,000,000
Powell Station Park	350,000
Schumpert Park	3,712,500
Skate Park - County Portion	250,000
South Knoxville Senior Center	1,225,000
Ten Mile Greenway	246,700
Three Ridges Golf Course Tournament Pavilion	231,403
Other County Subtotal	\$ 102,095,609

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

CAPITAL PROJECTS COMPLETED (Continued)
Last Five Fiscal Years

<u>Projects</u>	<u>Managed Budget</u>
CITY PROJECTS	
Amphitheater Renovations	\$ 850,000
City Facilities Assessment	74,000
Downtown Cinema (Includes Public Access & Retail)	12,554,702
Family Justice Center	250,000
Second Creek Parking Lot Security	44,343
Skate Park - County Portion	341,000
Sunsphere Renovations	1,028,934
Tyson Park ADA Renovations	183,069
	<hr/>
City Projects Subtotal	15,326,048
	<hr/>
OTHER PROJECTS	
Emergency Communications District (E911) - Renovations	150,000
John T. O'Connor Senior Center Addition	712,274
	<hr/>
Other Project Subtotal	862,274
	<hr/>
Grand Total All Projects	\$ 144,885,218
	<hr/> <hr/>

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

*TELECOMMUNICATION SERVICES
Last Six Fiscal Years*

<u>CITY AND COUNTY</u>	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Total Extensions	8,544	7,790	7,790	7,753	7,759	7,783
Telephone Lines	489	489	489	489	443	114
Cellular Telephones	218	823	795	708	591	504
Pagers	160	312	348	443	504	610
Repair Work Orders	858	1,177	973	927	767	138
<u>SCHOOLS</u>						
Total Extensions	631	661	634	628	500	N/A
Telephone Lines	2,430	2,386	2,340	2,341	2,492	N/A
Repair Work Orders	578	575	696	671	511	N/A

Note: FY 2004 was the first full year of PBA providing telecommunication services for the City and the County and FY 2005 for the Schools.

Source: PBA Telecommunications Services Department.

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

*DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years*

Calendar Year	Population	Personal Income (Thousands of Dollars)	Per Capita Personal Income	Unemployment Rate	
				County	State
1999	380,010	\$ 10,062,631	\$ 26,480	3.0	4.0
2000	382,812	10,930,847	28,554	3.4	4.0
2001	387,092	11,297,562	29,182	3.7	4.6
2002	391,418	11,760,023	30,039	3.9	5.2
2003	396,742	12,257,757	30,901	4.1	5.5
2004	400,340	12,826,956	32,040	4.1	5.4
2005	404,972	13,301,853	32,815	4.4	5.1
2006	411,967	14,140,692	33,963	4.5	4.5
2007	416,352	15,033,901	35,491	3.4	4.7
2008	430,019	N/A	N/A	4.8	6.4

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

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

*PRINCIPAL EMPLOYERS
Current Calendar Year and Nine Years Ago*

<u>Employer</u>	<u>Industry</u>	<u>2008</u>		<u>1999</u>	
		<u>Number of Employees</u>	<u>% of Total MSA Employees</u>	<u>Number of Employees</u>	<u>% of Total MSA Employees</u>
U.S. Department of Energy	Government	12,927	3.61%	-	-%
Covenant Health	Health Care	9,016	2.52	6,863	2.15
The University of Tennessee	Education	8,754	2.44	6,559	2.05
Knox County Schools	Education	7,553	2.11	6,173	1.93
Mercy Health Partners	Health Care	5,711	1.59	-	-
WalMart Stores	Retail	4,869	1.36	-	-
K-VA-T Food Stores	Retail Grocery	3,853	1.08	-	-
State of Tennessee	Government	3,834	1.07	2,425	0.76
University of Tennessee Medical Center	Health Care	3,727	1.04	3,494	1.09
Knox County	Government	3,021	0.84	-	-
Baptist Health System of East Tennessee	Health Care	-	-	2,347	0.74
City of Knoxville	Government	-	-	2,340	0.74
Lockheed Martin	Manufacturing, Research	-	-	4,444	1.39
Clayton Homes	Manufacturing	-	-	2,400	0.75
Aluminum Co. of America	Manufacturing	-	-	2,500	0.78
Total		<u>63,265</u>	<u>17.66%</u>	<u>39,545</u>	<u>12.38%</u>

Notes: (a) Only Knox County presented.

(b) The Knoxville – Knox County MSA consists of six counties: Anderson, Blount, Knox, Loudon, Sevier and Union.

Source: Greater Knoxville Chamber Partnership.

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

*NUMBER OF EMPLOYEES BY ACTIVITY
Last Seven Fiscal Years*

Department	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Facilities Management	33	45	50	48	56	40	47
Safety and Security	25	45	37	42	42	48	44
Property Development	6	5	7	7	7	8	5
Telecommunications	4	6	8	9	9	8	9
Administrative	14	14	14	13	13	14	12
Total	<u>82</u>	<u>115</u>	<u>116</u>	<u>119</u>	<u>127</u>	<u>118</u>	<u>117</u>

Notes: FY 2004 was the first full year of PBA providing services to the County Library System, Health Department, Juvenile Justice Center and Telecommunications.

**INTERNAL CONTROL
AND
COMPLIANCE SECTION**

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

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

We have audited the financial statements of The Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (PBA) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 3, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the PBA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the effectiveness of PBA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of PBA's internal control over financial reporting.

A control deficiency exists when the design or operating of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the PBA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the PBA's financial statements that is more than inconsequential will not be prevented or detected by the PBA's internal control.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by PBA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors and various governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bacon Howard and Company

Knoxville, Tennessee
November 3, 2009

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

*SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
June 30, 2009*

A: SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of PBA.
2. No significant deficiencies were disclosed during the audit of the financial statements and is reported in the "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of PBA were disclosed during the audit.

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

*SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS (Continued)
June 30, 2009*

B. FINDINGS AND RECOMMENDATIONS

There were no findings

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

*SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2009*

There were no audit findings in the prior year ending June 30, 2008.