

**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, 2015 and 2014**

**PREPARED BY:
FINANCE DEPARTMENT**

**ROBYN SMITH, CPA
DIRECTOR OF FINANCE**

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

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INTRODUCTORY SECTION



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www.ktnpba.org

Dale Smith, Administrator/CEO

Board of Directors

Winston Frazier, Chair
George Prosser, Vice Chair
Scott Davis, Secretary
Keena Strickland, Treasurer

October 27, 2015

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

Lewis Cosby
Jennifer Holder
Dr. Rocio Huet
Chuck Severance
Billy J. Stokes
John Sibley
Hubert Smith

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, 2015 and 2014.

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

Mauldin & Jenkins, LLC has issued an unmodified ("clean") opinion on PBA's financial statements for the year ended June 30, 2015. As stated in the independent auditor's report, the audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A)

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

Profile of The PBA

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

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

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

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

Budgeting

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

Each budget is fully costed, containing both the direct and indirect costs of providing services. An operating reserve has been funded, at an amount agreed upon with each client as appropriate, within each budget through the end of fiscal year 2015.

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 971 wholesale establishments, 1,629 retail establishments, and 5,830 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. Around 10 million people visited the National Park in 2014.

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 5.4 % in Knox County at July 31, 2015. This compares favorably to the national unemployment rate of 5.6% and the state rate of 6.4%.

The overall economic health of the Knoxville/Knox County area continues to improve. The City of Knoxville serves as the economic hub of the entire upper East Tennessee area, and its trade sector is one of the strongest in the state. Knox County has the fifth highest per capita sales tax rate in the state, at roughly 112.17% of the state average. In fiscal years 2015 and 2014, respectively, sales tax collections on a countywide basis were \$760,655,405 and \$720,725,107. This represents an increase of 5.0%.

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 \$27,518,791 and \$1,321,575 respectively in which PBA is involved.

Projects	Total Budget	FY 2016 *	FY 2017 to FY 2020
<u>City Projects:</u>			
Beardsley Farm Building	\$ 235,000	\$ 235,000	\$ 0
Convention Center Pedestrian Enhancements	2,818,658	2,818,658	0
Fire Station #7 Interior Renovation and Concrete Bay Room Replacement	259,000	259,000	0
Fire Station #12 Structural Repairs	300,000	335,000	0
Fire Station #15 Concrete Bay Room Replacement	85,000	85,000	0
Fire Station #16 Concrete Apron Work	35,000	35,000	0
Fire Station #10 Soffit, Fascia, Concrete and Roof Repairs	137,681	137,681	0
Knoxville Convention Center Roof – Storm Damage	1,310,104	1,310,104	0
Lakeshore Administration Building – Phase II	2,100,000	2,100,000	0
Locust Street Garage Brick Repair	150,000	150,000	0
LT Ross – Exterior Improvements	237,000	237,000	0
Promenade Walking Deck Improvements	350,000	350,000	0
Public Works Center	18,237,819	12,000,000	6,237,819
Solid Waste Management Storm Water and Roof Additions	300,000	300,000	0
State Street Garage Lower Levels Renovation	500,000	500,000	0
Sunsphere Roof – Storm Damage	246,389	246,389	0
Transit Center Doors	70,500	70,500	0
Volunteer Landing Stair Repairs	146,640	146,640	0
Total City Projects	<u>27,518,791</u>	<u>21,280,972</u>	<u>6,237,819</u>
<u>County Projects:</u>			
ADA Remediation – Bearden Elementary	400,000	400,000	0
ADA Remediation – Maynard Elementary	450,000	450,000	0
ADA Remediation – John Tarleton Park	8,000	8,000	0
Old Courthouse Brick Repairs and Roof	125,000	125,000	0
Young Williams Animal Center Renovations	88,575	88,575	0
Total County Projects	<u>1,321,575</u>	<u>1,321,575</u>	<u>0</u>
Total All Projects	<u>\$ 28,840,366</u>	<u>\$ 22,380,972</u>	<u>\$ 6,237,819</u>

*FY 2016 allocations may include amounts from prior years.

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

Major Initiatives

Property Management

We have continued to realize growth in the area of Property Management. With the addition of the Forensic Center in December of 2014, we have added a high level of services that are necessary for a facility that utilizes body coolers that must maintain very specific temperatures, along with the care and cleaning necessary for a facility where autopsies are performed.

We added the Karns Senior Center to the portfolio in August, 2015, which is a 5,202 square foot facility. Our painting division restriped the entire parking lot and the lot of the adjoining baseball fields and park prior to its opening. We also assisted the County in the operational startup of this facility.

We have added HVAC maintenance responsibilities to PBA's role at both the Public Defender's Building (23,405 square feet) and the Young Williams Animal Center (21,308 square feet) this year. Both have new equipment needs and some modifications to ductwork.

We are working with KAT to add cameras at the "Super Stops" and monitor them through the cameras fed into the Communications Center for PBA. We will be adding snow removal at the KAT Magnolia facility to our management contract.

Our on-street parking enforcement for Gay Street has been working well, and the City of Knoxville has plans for PBA to take over all on-street enforcement for the CBID and the Cumberland "strip" next year. This allows us to work closely with KPD in an effort to enforce the parking and allow them to focus on crime and other issues in these areas.

We are planning to take the garage management completely in-house July 1, 2016. Today, PBA manages everything but the monthly contracts, payments and daily transient parking transactions, and we want to bring these services in-house in an effort to increase net garage revenue for the City and County.

The following summarizes the 79 projects Property Management has completed this year for our Clients totaling \$1,410,593:

- County - \$802,030 (29 projects)
- City - \$219,218 (18 projects)
- CCB - \$389,345 (32 projects)

Property Management also hired a Project Manager to assist us with ongoing Capital Asset Replacement Projects (CARP) in addition to all of the reimbursable projects we handle for our clients during the year.

Property Development

PBA Property Development managed over \$35 million worth of projects for the City of Knoxville and \$2.8 million in projects for the County in FY2014-15. Completed projects included: Convention Center repairs to hardscape, City County Building Jail Sprinklers replacement, City County Building Uninterruptable Power Supply Upgrade, Transit Center – a new accessible door was installed and modifications were made to the existing doors. This is a LEED facility with a specialty glazing system and FTA funding. Also completed were several repairs to the Old Courthouse, including structural repairs over the entrance and concrete repairs to the North upper level of the building.

Ongoing projects begun in FY 2014-15:

Public Works Complex – This \$18 million facility is currently under construction with foundations being completed and the geothermal field being installed.

Beardsley Farm Storage Building and classroom – A collaborative effort with significant donations and volunteer work, this facility is under construction with the masonry in progress.

LT Ross Building (CAC) – Phase I consisting of exterior concrete repair and paint is complete. Phase II is in the pricing stage to include new entry canopies.

Lakeshore Administration Building – Phase I work to the exterior of the building is complete. Phase II to renovate the interior into office space for the Parks Department is underway.

The Henley Street Pedestrian Bridge saw major renovations and is near complete, with lighting remaining. A new covered crosswalk was installed at Clinch Avenue and is complete.

City Storm Damage Repairs – Four smaller projects have been completed and work is beginning on several larger projects.

ADA Renovations – Funding from multiple fiscal years was compiled to fund two large school renovations. Design is complete for Maynard Elementary and the project is in the bidding phase. Bearden Elementary is in the design phase. Both projects will consist of an elevator addition and other ADA related modifications.

Young Williams Animal Center – Renovations are complete in the interior and for the HVAC terminals. Some exterior improvements remaining.

Promenade Roof and Deck Improvements – A new roof is complete and the deck renovations are underway.

Solid Waste Transfer Station – Design is complete and we are in the submittal phase.

Telecommunications Department

Telecom completed numerous projects, including the NEC telephone system installation at the World's Fair Park, assisting the City Risk Management Dept. with a call recording system, completing the installation of a Motorola Life Safety (KCSO, KPD and KFD) indoor radio repeater in the City County Building, and completing a major re-cabling work order (cleanup) in the District Attorney's Office. Telecom also oversaw the replacement of 6 telephone poles between the Knox Co. Health Dept. and Baxter Ave. Campus.

Audio/Visual projects included the upgrade of the City County Building Main Assembly Room video system and relocating the system to the room behind the Small Assembly room. Other A/V projects included adding video annotation in Criminal Courts I, II and III as well as 2 video systems for the Criminal Court Jury rooms.

WiFi projects included replacement of PBA's wireless network links to World's Fair Park and Richard St., 17 branch libraries and Chilhowee Park's Jacob Building.

Other projects completed include the Regional Forensics Center (infrastructure, WiFi and A/V), Karns Senior Center (infrastructure, WiFi and A/V) and Knoxville Police Dept. Training Academy move to Cement Plant Rd (relocated NEC UG-50, WiFi). Other projects supported include Lakeshore Administration Building, City Public Works Complex, Knoxville Fire Dept. Station 7 renovation and assisted KCDC with their Voice over IP (VoIP) evaluation.

Telecom received 1,593 work orders, completing 1,570 of them by close of business on June 30th.

On a daily basis, Telecom manages 26 NEC telephone systems, accounting for over 6,000 extensions on the CCB '215' telephone network. This includes the ancillary systems of voicemail, call accounting, call recording and PBX workstations. Telecom also supports 2 NEC telephone systems for the Knox Co Sheriff's Dept., 3 for the Community Action Committee, 3 for the Knoxville Fire Dept. (as well as the telephones in the 18 stations) and 1 at Three Ridges Golf Course.

Telecom also manages 96 Knox Co Schools telephone locations with 27 NEC telephone systems (approx. 850 extensions), various other manufacturers and 2,300 telephone lines. KCS is evaluating a hosted VoIP solution from ENA. If this is implemented, these numbers will continue to be reduced as KCS makes this migration.

Management Information Systems (MIS) Department

On the client side, the MIS Department purchased, configured and deployed 13 desktop PC's, 5 laptops, 5 printers and 1 scanner.

On the network side, the MIS Department installed 1 server, upgraded the Trane ES HVAC application and continued to develop and deploy the Virtual Server configuration.

MIS also oversaw software licensing for Trend Micro (antivirus), Exchange, extended the firewall warranty and renewed the Perspective AIR licensing for PBA Security.

Over the course of the FY14-15 the MIS enhancements came to a total of \$48,170.61. MIS provides daily support to PBA's employees and over 400 devices (servers, PC's, printers, wireless devices, Smartphones, security cameras, HVAC devices, etc...) on the network.

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, 2014 and 2013. This was the eleventh 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.

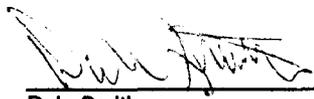
The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

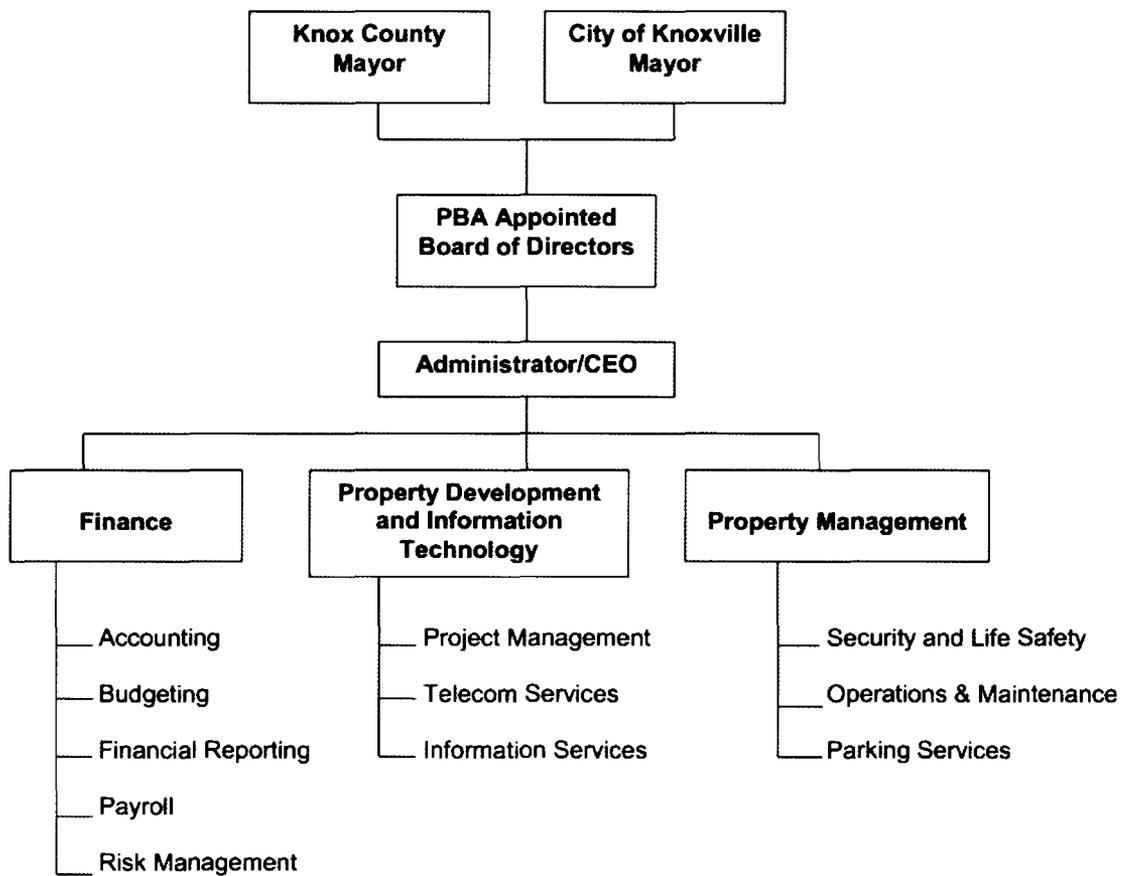
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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

**Organizational Chart
June 30, 2015**



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

ROSTER OF OFFICIALS AND OTHERS

June 30, 2015

Board of Directors	Expiration of Term
Winston Frazier, Chair	2019
George T. Prosser, Vice-Chair	2017
Scott Davis, Secretary	2019
Keena Strickland, Treasurer	2015
Billy J. Stokes, Executive Committee	2019
Lewis Cosby	2017
Dr. Rocio Huet	2015
Chuck Severance	2015
Jennifer Holder	2015
John Sibley	2017
Hubert Smith	2016

Management

Dale Smith, Administrator/CEO

Robyn Smith, Director of Finance

Jayne Burritt, Director of Property Management

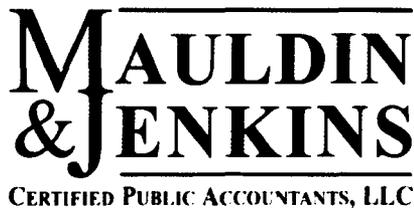
Independent Auditor

Mauldin & Jenkins
Certified Public Accountants
Chattanooga, Tennessee

Legal Counsel

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Public Building Authority of the County of Knox and the City of Knoxville, Tennessee ("PBA"), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the PBA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the PBA as of June 30, 2015 and 2014, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the PBA's basic financial statements. The supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity), introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information (schedule of net position by activity, schedule of revenues, expenses, and changes in net position by activity, and schedule of revenues, expenses, and changes in net position – budget to actual by activity) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015 on our consideration of the PBA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PBA's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
October 26, 2015

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, 2015, 2014 and 2013. 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, 2015, 2014 and 2013 were \$15,804,046, \$15,826,100, and \$16,037,146 and exceeded liabilities (net position) by \$11,244,650, \$11,863,072, and \$12,610,780 respectively. Of the total net position, \$3,269,503, \$2,605,776, and \$3,778,411 was unrestricted and was available to support short-term operations for the years ending June 30, 2015, 2014 and 2013, respectively.
- Operating revenues were \$14,281,017, \$14,248,217, and \$13,072,479 for the years ending June 30, 2015, 2014 and 2013, representing an increase of 0.23%, 8.99% and 2.21% from prior years.
- During 2015 there was a decrease of \$(1,282,149) in net position investment in capital assets and an increase in unrestricted net position of \$663,727 which combined for the overall decrease in net position of \$(618,422).
- Operating expenses before depreciation increased by \$718,448 and increased by \$805,592 during 2015 and 2014, representing a 6.00% increase and 7.26% increase from 2014 and 2013.
- Operating loss for 2015 was \$(494,850), representing a decrease of \$(1,887,867) from 2014. The change in net position, before capital contributions and deductions, decreased by \$(954,951) when compared to 2014.
- The ratios of operating income to total operating revenues were (3.5)% for 2015, 9.8% for 2014 and 7.6% for 2013.
- Capital asset replacement reserve contributions were \$1,632,738 for 2015, \$548,501 for 2014 and \$815,424 for 2013.
- Capital contributions returned were 1,704,579 for 2015, \$2,201,312 for 2014 and \$1,598,276 for 2013, a decrease of \$(496,733) and an increase of \$603,036 when compared to 2014 and 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

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

SUMMARY OF ORGANIZATION AND BUSINESS

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS

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

Condensed Statements of Net Position (In Thousands of Dollars) June 30, 2015 and 2014 and 2013

	<u>2015</u>		<u>2014</u>		<u>2013</u>
ASSETS					
Current Assets	\$ 7,829	\$	6,569	\$	7,205
Net Capital Assets	<u>7,975</u>		<u>9,257</u>		<u>8,832</u>
TOTAL ASSETS	<u>\$ 15,804</u>	\$	<u>15,826</u>	\$	<u>16,037</u>
LIABILITIES					
Current Liabilities	\$ 4,339	\$	3,741	\$	3,185
Non-Current Liabilities	<u>220</u>		<u>222</u>		<u>242</u>
TOTAL LIABILITIES	<u>4,559</u>		<u>3,963</u>		<u>3,427</u>
NET POSITION					
Investment in Capital Assets	7,975		9,257		8,832
Unrestricted	<u>3,270</u>		<u>2,606</u>		<u>3,778</u>
Total Net Position	<u>11,245</u>		<u>11,863</u>		<u>12,610</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 15,804</u>	\$	<u>15,826</u>	\$	<u>16,037</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Condensed Statements of Revenues, Expenses,
and Changes in Net Position
(In Thousands of Dollars) For The Years Ended June 30, 2015 and 2014 and 2013

	2015	2014	2013
Operating Revenues			
Rentals – Net	\$ 4,456	\$ 4,327	\$ 4,246
Management Fees	6,902	6,935	6,104
Net Parking	2,923	2,986	2,722
Total Operating Revenues	14,281	14,248	13,072
Operating Expenses			
Salaries and Benefits	6,594	6,006	5,569
Office	106	120	105
Education and Training	22	17	9
Purchased Services and Supplies	1,288	1,151	1,157
Operating Contracts	1,696	1,676	1,609
Utilities	2,008	2,100	2,051
Communications	88	83	96
Insurance	308	298	269
Professional Fees	92	58	49
Depreciation	2,152	950	982
Maintenance Facility	86	86	82
Other	336	310	103
Total Operating Expenses	14,776	12,855	12,081
Operating Income (Loss)	(495)	1,393	991
Non-Operating Revenues (Expenses)			
Interest Income	28	19	16
Bank Charges	(59)	(17)	(12)
Loss on Capital Assets Removed/Retired	(20)	(490)	0
Capital Contributions Returned	(1,705)	(2,201)	(1,598)
Total Non-Operating Revenues (Expenses) – Net	(1,756)	(2,689)	(1,594)
Increase (Decrease) in Net Position Before Capital Contributions (Deductions)	(2,251)	(1,296)	(603)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Capital Contributions (Deductions):			
Capital Contributions	<u>1,633</u>	<u>548</u>	<u>815</u>
Extraordinary Gain on Impairment	<u>0</u>	<u>0</u>	<u>1,040</u>
Increase (Decrease) in Net Position	(618)	(748)	1,252
Net Position, Beginning of Year	<u>11,863</u>	<u>12,611</u>	<u>11,359</u>
Net Position, End of Year	\$ <u>11,245</u>	\$ <u>11,863</u>	\$ <u>12,611</u>

OTHER SELECTED INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Space (in Square Feet) Under Management	1,492,061	1,492,061	1,480,288
Number of Parking Spaces Under Management	6,626	6,626	6,386
Parks – Number of Acres Under Management	32	32	32
Employees at Year-End:			
Facilities Management	44	41	41
Safety and Security	47	51	41
Property Development	4	6	4
Telecommunications	12	11	9
Administrative	<u>9</u>	<u>9</u>	<u>9</u>
Total	<u>116</u>	<u>118</u>	<u>104</u>

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Average Number of Employees	120	111	104
Per Average Employee:			
Operating Revenues	\$ 119,008	\$ 128,362	\$ 125,697
Operating Expenses	\$ 123,132	\$ 115,813	\$ 116,165
Ratio of Operating Revenues to:			
Operating Expenses	97%	111%	108%
Operating Expenses – Net of Depreciation	113%	120%	118%
Total Assets	90%	90%	82%
Net Position	127%	120%	104%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL CONDITION

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

Net position increased (decreased) by \$(618,422), \$(747,708), and \$1,252,065 for the years ending June 30, 2015, 2014 and 2013, respectively. Decrease in net position is the result of shortening the life of assets due to a change in policy.

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 \$1,632,738 and \$548,501 for 2015 and 2014, respectively. The contributions consist of the following:

<u>June 30, 2015</u>	<u>Capital Reserves</u>
County:	
City County Building	\$ <u>361,750</u>
City:	
City County Building	138,250
City Parking Facilities	90,000
City Parks	827,601
KAT Facilities	107,099
Telecommunications	<u>108,038</u>
Total City	<u>1,270,988</u>
Others	<u>0</u>
Total	\$ <u>1,632,738</u>

<u>June 30, 2014</u>	<u>Capital Reserves</u>
County:	
City County Building	\$ <u>192,174</u>
City:	
City County Building	77,354
City Parking Facilities	0
City Parks	<u>278,973</u>
Total City	<u>356,327</u>
Others	<u>0</u>
Total	\$ <u>548,501</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

RESULTS OF OPERATIONS (Continued)

Capital Contributions (Deductions) (Continued)

Reserves returned to the City and County during 2015 totaled \$1,668,938 and represented a refund of operating results above the calculated desired reserve. Additionally, operating reserves of \$4,515 were refunded to the Emergency Communications District, \$10,310 to the Development Corporation Board, \$16,263 to Knox County Schools, and \$4,553 to the Industrial Development Board, also representing operating reserves above the calculated needed reserve.

Reserves returned to the City and County during 2014 totaled \$2,135,304 and represented a refund of operating results above the calculated desired reserve. Additionally, operating reserves of \$9,657 were refunded to the Emergency Communications District, \$31,092 to Knoxville Utilities Board, \$16,000 to Knox County Schools, and \$9,259 to the Industrial Development Board, also representing operating reserves above the calculated needed reserve.

Operating Expenses

Operating expenses during 2015, 2014, and 2013 increased by \$1,920,667, \$774,044, and \$474,899 or 14.9%, 6.4%, and 4.1%, respectively. This was a result of major increases (decreases) such as:

	2015	2014	2013
Salaries and Benefits	\$ 587,748	\$ 436,804	\$ 79,325
Purchased Services and Supplies	136,870	(6,215)	101,473
Operating Contracts	20,356	66,926	22,300
Utilities	(92,843)	49,372	171,202
Other - Net	1,268,536	227,157	100,599
Total	\$ 1,920,667	\$ 774,044	\$ 474,899

Depreciation expense was \$2,152,372, \$950,153 and \$981,701 in 2015, 2014 and 2013, respectively.

Capital Assets

During 2015, 2014, and 2013, PBA increased its producing capital assets by \$3,051,088, \$1,098,194, and \$513,624, respectively. These increases consist of the following:

	2015	2014	2013
Site Improvements	\$ 0	\$ 0	\$ 0
Building Improvements	2,583,291	777,338	203,670
Machinery and Equipment	392,875	280,653	195,997
Data Processing Equipment and Software	0	0	32,365
Vehicles	74,922	40,203	81,591
Total	\$ 3,051,088	\$ 1,098,194	\$ 513,624

The PBA's capital asset activity for 2015 and 2014 is described in Note 6 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS AND NEXT FISCAL YEAR

- There is a 3.0% salary increase budgeted for FY 2016.
- Insurance expense is expected to decrease 3.1%.
- There is a 10.59% and 5.69% projected increase in operating expense budgets related to the City and County, respectively.
- County property budgets increased due to the addition of the Public Defender and the Young Williams Animal Welfare Center, along with a full year budget for Forensic Center (FY15 budget was for 6 months).
- City property budgets increased due to the addition of personnel for parking enforcement and the projected increase in expense for snow removal.
- FY 2016 Budget is summarized as follows:

Revenues	\$	15,786,816
Expenses		<u>15,030,043</u>
Change in Net Position	\$	<u>756,773</u>

FINAL COMMENTS

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

CONTACTING THE PBA

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

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

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

STATEMENTS OF NET POSITION

June 30, 2015 and 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,872,263	\$ 4,880,344
Receivables:		
Other Receivables	72,787	22,357
Due from City and County	2,713,019	1,561,084
Due from Other Governmental Agencies	69,440	1,927
Inventory	11,530	10,571
Prepaid Items	89,860	92,521
Total Current Assets	7,828,899	6,568,804
CAPITAL ASSETS		
Property and Equipment	15,117,484	12,148,418
Less: Accumulated Depreciation	(7,396,855)	(5,306,830)
Land	101,016	101,016
Construction in Progress	153,502	2,314,692
Net Capital Assets	7,975,147	9,257,296
TOTAL ASSETS	\$ 15,804,046	\$ 15,826,100

(Continued)

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

STATEMENTS OF NET POSITION

June 30, 2015 and 2014

LIABILITIES AND NET POSITION

	2015	2014
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 2,806,780	\$ 2,258,911
Due to City and County	1,168,754	1,109,269
Due to Other Governmental Agencies	35,641	66,008
Customer Deposits	22,970	23,194
Compensated Absences Payable	305,546	283,161
Total Current Liabilities	4,339,691	3,740,543
NON-CURRENT LIABILITIES		
Compensated Absences Payable	219,705	222,485
Total Non-Current Liabilities	219,705	222,485
Total Liabilities	4,559,396	3,963,028
NET POSITION		
Investment in capital assets	7,975,147	9,257,296
Unrestricted	3,269,503	2,605,776
Total Net Position	11,244,650	11,863,072
TOTAL LIABILITIES AND NET POSITION	\$ 15,804,046	\$ 15,826,100

The accompanying notes are an integral part of these financial statements

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Rental Income from City and County	\$ 4,215,037	\$ 4,101,739
Management Fees from City and County	6,596,204	6,770,676
Management Fees from Other Governmental Agencies	305,775	163,956
Other Rental Income - Net	241,439	225,648
Net Parking Revenues	2,922,562	2,986,198
Total Operating Revenues	14,281,017	14,248,217
OPERATING EXPENSES		
Salaries and Benefits	6,593,584	6,005,836
Office	105,780	120,030
Education and Training	21,507	17,241
Purchased Services and Supplies	1,287,942	1,151,072
Operating Contracts	1,695,954	1,675,598
Utilities	2,007,525	2,100,368
Communications	88,539	82,609
Insurance	308,154	298,444
Professional Fees	91,862	58,113
Depreciation	2,152,372	950,153
Maintenance Facility	86,222	86,008
Other	336,426	309,728
Total Operating Expenses	14,775,867	12,855,200
OPERATING INCOME (LOSS)	\$ (494,850)	\$ 1,393,017

(Continued)

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
NON-OPERATING REVENUES		
Interest Income	\$ 27,528	\$ 19,038
Bank Charges	(59,585)	(17,373)
Loss on Capital Assets Removed/Retired	(19,674)	(489,579)
Capital Returned to City and County	(1,668,938)	(2,135,304)
Capital Returned to Other Governmental Agencies	<u>(35,641)</u>	<u>(66,008)</u>
Total Non-Operating Revenues (Expenses) - Net	<u>(1,756,310)</u>	<u>(2,689,226)</u>
 INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS		
	<u>(2,251,160)</u>	<u>(1,296,209)</u>
 CAPITAL CONTRIBUTIONS		
Cash:		
Capital Contributions from the City and County	<u>1,632,738</u>	<u>548,501</u>
 Total Contributions	 <u>1,632,738</u>	 <u>548,501</u>
 INCREASE (DECREASE) IN NET POSITION	 (618,422)	 (747,708)
 NET POSITION, BEGINNING OF YEAR	 <u>11,863,072</u>	 <u>12,610,780</u>
 NET POSITION, END OF YEAR	 \$ <u>11,244,650</u>	 \$ <u>11,863,072</u>

The accompanying notes are an integral part of these financial statements

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

STATEMENTS OF CASH FLOWS

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from City and County	\$ 9,744,903	\$ 11,053,009
Receipts from Other Governmental Agencies	152,665	271,387
Receipts from Other Customers	3,113,347	4,009,027
Payments to Employees	(6,573,980)	(6,049,101)
Payments to Suppliers	<u>(5,480,340)</u>	<u>(5,918,417)</u>
Net Cash Provided by Operating Activities	<u>956,595</u>	<u>3,365,905</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Contributed by City and County	1,632,738	548,501
Capital Returned to City and County	(1,609,452)	(1,567,669)
Capital Returned to Other Governmental Agencies	(66,007)	(34,853)
Capital Asset Additions	<u>(889,898)</u>	<u>(1,864,659)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(932,619)</u>	<u>(2,918,680)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Deposits	27,528	19,038
Bank Charges	<u>(59,585)</u>	<u>(17,373)</u>
Net Cash Provided (Used) by Investing Activities	<u>(32,057)</u>	<u>1,665</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(8,081)</u>	<u>(448,890)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,880,344</u>	<u>4,431,454</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,872,263</u>	<u>\$ 4,880,344</u>

(Continued)

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

STATEMENTS OF CASH FLOWS (Continued)

June 30, 2015 and 2014

	2015	2014
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (494,850)	\$ 1,393,017
Depreciation	2,152,372	950,153
Changes in:		
Accounts Receivable	(50,430)	801,773
Due from City and County	(1,180,518)	180,594
Due from Other Governmental Agencies	(38,930)	107,431
Prepaid Items	2,661	(5,242)
Other Current Assets	(958)	307
Accounts Payable and Accrued Liabilities	547,868	(14,270)
Customer Deposits	(224)	(4,592)
Compensated Absences Payable	19,604	(43,266)
Net Cash Provided by Operating Activities	\$ 956,595	\$ 3,365,905

The accompanying notes are an integral part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 1 - ORGANIZATION

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - The financial statements of the PBA have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. For the year ended June 30, 2013, the PBA implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Capital Assets - Capital assets are defined by the PBA as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Property, plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. 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.

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

NOTE 3 - RENTAL AGREEMENTS WITH THE COUNTY AND CITY

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

City County Building (CCB) - The PBA constructed and leases the public building complex, the land and the related equipment thereon to the County and City under a 25 year capital and operating lease which expired on June 30, 2001, and is now being extended on an annual basis. According to the original operating agreement between the PBA and the County and City, dated July 1, 1975, Article VIII, in the event of termination of the lease and after all expenses and obligations of the PBA have been met, the City and County shall direct the PBA to whom and in what manner, title to the City County Building is to be transferred and may direct disposition of any excess funds remaining. Rentals committed under the lease agreement are equal to the related aggregate of (a) amounts necessary, together with other available funds of PBA, to pay the annual estimated expenses for the operation and maintenance of the project as budgeted by the PBA, (b) amounts equal to the unpaid telephone service, (c) amounts necessary, together with other available funds of the PBA, to pay the annual estimated administrative expenses of the project as budgeted by the PBA, and (d) amounts sufficient to pay taxes or assessments levied or made against the PBA as they become due. The 2015 and 2014 rents are apportioned 71.3% to the County and 28.7% to the City.

NOTE 4 - OPERATING CONTRACTS

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

County Property Development and Operations

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

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

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

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 will expire June 30, 2016. The contract may be terminated upon 60 days written notice by any party.

Knoxville Area Transit Center/Magnolia Facility - The PBA and the City entered into operating contracts on July 15, 2010 to provide property management, maintenance, landscaping, security and custodial services for the Knoxville Area Transit Center and was amended on July 1, 2011 to add the Knoxville Area Transit Magnolia Facility. Under the terms of the agreement, the City shall reimburse the PBA for all costs and expenses. The contract will expire July 14, 2015. This contract may be terminated upon 180 days written notice by either party.

Knoxville Police Department/Moses Training Facility - The PBA and the City entered into operating contracts on July 19, 2005 to provide access control management for the Knoxville Police Department (KPD) and was amended on January 21, 2011 to add the Moses Training Facility. Under the agreement, the PBA will purchase, install, manage, and maintain an access control system for the KPD and training facility and the City shall reimburse the PBA for all costs and expenses. The contract will expire on June 30, 2015.

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

Volunteer Landing Public Park - The PBA entered into a contract with the City on September 7, 2001 to maintain the Volunteer Landing Public Park and related facilities. Under the terms of this contract, the City will reimburse the PBA for all costs and expenses. The contract will expire on June 30, 2016. This contract may be terminated upon 30 days written notice by either party.

NOTE 4 - OPERATING CONTRACTS (continued)

City Operating Contracts (continued)

World's Fair Park and Second Creek Greenway - The PBA entered into a contract with the City on July 1, 2001 to manage and maintain the World's Fair Park. This contract was amended on July 1, 2008, to add the Second Creek Greenway. Under the terms of the contract the PBA will provide general and scheduling services, property management and road maintenance. The City will reimburse the PBA for all costs and expenses incurred related to this project. The contract will expire on June 30, 2016. This contract may be terminated upon 30 days written notice by either party.

City Development Contracts

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

City/County Emergency Communications District (District)

The PBA and the District entered into an operating contract on October 1, 2003 for property management services for the District's communications center. Under the terms of the contract, the District reimburses the PBA for all direct and indirect costs and expenses related to property management. The PBA is required to submit an annual budget to the District's Board of Directors for approval. The contract will expire on September 30, 2015. This contract can be terminated upon 180 days written notice by either party.

Fairview Technology Center

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

City/County Telecommunications

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

Knox County Board of Education Telecommunications

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

NOTE 5 - DEPOSITS AND INVESTMENTS

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

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

Cash and Cash Equivalents - In lieu of a daily sweep overnight repurchase account, the PBA utilizes a special money rate checking account for public funds. All funds, less a required reserve of 10%, automatically earn interest at the rate of Federal Funds plus 20 basis points for 2013 and 47 basis points for 2012. The effective rate of interest on all collected funds was .20% at year-end 2013 and .47% at the year-end 2012. All funds are available on demand.

The PBA's cash and cash equivalents at June 30, 2015 and 2014 are as follows:

	2015	2014
Petty Cash	\$ 450	\$ 450
Demand Deposits	4,871,813	4,879,894
Total	\$ 4,872,263	\$ 4,880,344

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

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

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

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

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

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

Investment Income - Investment income, which consists of interest income, was \$27,528 and \$19,038 for 2015 and 2014, respectively. Bank charges are shown separately and were \$59,585 and \$17,373 for 2015 and 2014, respectively.

NOTE 6 - CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2015 was as follows:

	Balances July 1, 2014	Additions	Disposals	Transfers	Balances June 30, 2015
Capital Assets, Not Being Depreciated:					
Land	\$ 101,016	\$ 0	\$ 0	\$ 0	\$ 101,016
Construction in Progress	2,314,692	108,230	0	(2,269,421)	153,502
Subtotal	2,415,708	108,230	0	(2,269,421)	254,518
Capital Assets Being Depreciated:					
Site Improvements	696,670	0	0	0	696,670
Buildings & Improvements	8,710,958	313,870	(82,022)	2,269,421	11,212,227
Machinery & Equipment	2,294,637	392,875	0	0	2,687,512
Data Processing Equipment & Software	158,639	0	0	0	158,639
Vehicles	287,514	74,922	0	0	362,436
Subtotal	12,148,418	781,677	(82,022)	2,269,421	15,117,484
Less: Accumulated Depreciation:					
Site Improvements	(285,742)	(171,390)	0	0	(457,132)
Building Improvements	(3,339,821)	(1,584,371)	62,347	0	(4,861,845)
Machinery & Equipment	(1,378,106)	(334,121)	0	0	(1,712,227)
Data Processing Equipment & Software	(121,211)	(18,158)	0	0	(139,369)
Vehicles	(181,950)	(44,332)	0	0	(226,282)
Subtotal	(5,306,830)	(2,152,372)	62,347	0	(7,396,855)
Total Capital Assets Being Depreciated – Net	6,841,588	(1,370,695)	(19,675)	2,269,421	7,720,629
Total Capital Assets - Net	\$ 9,257,296	\$ (1,262,465)	\$ (19,675)	\$ 0	\$ 7,975,147

NOTE 6 - CAPITAL ASSETS (continued)

Capital asset activity during the year ended June 30, 2014 was as follows:

	Balances July 1, 2013	Additions	Disposals	Transfers	Balances June 30, 2014
Capital Assets, Not Being Depreciated:					
Land	\$ 101,016	\$ 0	\$ 0	\$ 0	\$ 101,016
Construction in Progress	1,548,227	1,149,881	0	(383,416)	2,314,692
Subtotal	1,649,243	1,149,881	0	(383,416)	2,415,708
Capital Assets Being Depreciated:					
Site Improvements	777,448	0	(80,778)	0	696,670
Buildings & Improvements	8,756,498	393,922	(822,878)	383,416	8,710,958
Machinery & Equipment	3,415,298	280,653	(1,401,314)	0	2,294,637
Data Processing Equipment & Software	330,284	0	(171,645)	0	158,639
Vehicles	447,622	40,203	(200,311)	0	287,514
Subtotal	13,727,150	714,778	(2,676,926)	383,416	12,148,418
Less: Accumulated Depreciation:					
Site Improvements	(248,945)	(67,518)	30,721	0	(285,742)
Building Improvements	(3,422,650)	(478,541)	561,370	0	(3,339,821)
Machinery & Equipment	(2,337,253)	(332,327)	1,291,474	0	(1,378,106)
Data Processing Equipment & Software	(257,130)	(26,385)	162,304	0	(121,211)
Vehicles	(278,046)	(45,382)	141,478	0	(181,950)
Subtotal	(6,544,024)	(950,153)	2,187,346	0	(5,306,830)
Total Capital Assets Being Depreciated – Net	7,183,126	(235,375)	(489,579)	383,416	6,841,588
Total Capital Assets - Net	\$ 8,832,369	\$ 914,506	\$ (489,579)	\$ 0	\$ 9,257,296

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense was charged as follows:

	2015	2014
Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage	\$ 122,835	\$ 37,536
City County Building	1,218,068	416,781
City Parking Facilities	221,054	95,470
City Parks	239,683	143,032
E-911	0	150
Fairview Technology Center	564	1,125
Health Department	0	281
Juvenile Justice Center	10,975	4,219
Knoxville Area Transit Facilities	0	949
Knox Central	0	735
Old Court House	128,584	37,011
Other	19,884	23,132
Property Development	0	179
Senior Centers	0	1,017
Telecom	190,725	188,536
Total	\$ 2,152,372	\$ 950,153

NOTE 7 – CONSTRUCTION IN PROGRESS

At June 30, 2015, construction in progress consisted of the following:

Facility/Project	2015		2014	
	Actual To-Date	Remaining Commitment	Actual To-Date	Remaining Commitment
City/County Building:				
Roof Replacement	\$ 0	\$ 0	\$ 1,922,496	127,728
Garage Post Tension Cables	0	0	195,817	26,455
Boiler Replacement				
HVAC Controllers	0	0	125,629	101,986
Crosswalk	0	0	6,785	136,091
City Parks:				
Fountain Computer System – World's Fair Park	59,527	13,033	45,271	27,289
Amphitheater Lighting	0	0	18,694	17,996
Stair Tower Repairs – Volunteer Landing	54,114	76,190		
Generator - Sunsphere	3,245	64,455		
City Parking Facilities:				
Brick Repair – Locust Street Garage	36,616	115,414		
Total	\$ 153,502	\$ 269,092	\$ 2,314,692	\$ 437,545

NOTE 8 – COMPENSATED ABSENCES PAYABLE

Compensated absences activity during the years ended June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Balance, Beginning of Year	\$ 505,646	\$ 548,912
Earned	312,189	262,269
Used	<u>(292,584)</u>	<u>(305,535)</u>
Balance, End of Year	\$ <u>525,251</u>	\$ <u>505,646</u>
Current Portion	\$ 305,546	\$ 283,161
Non-Current Portion	<u>219,705</u>	<u>222,485</u>
Total	\$ <u>525,251</u>	\$ <u>505,646</u>

NOTE 9: NET POSITION

Net position represents the difference between assets and liabilities. The net position at June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Investment in Capital Assets:		
Net Capital Assets	\$ <u>7,975,147</u>	\$ <u>9,257,296</u>
Unrestricted:		
Designated for Operating Reserve	1,056,564	1,036,564
Designated for Capital Asset Replacement	<u>2,212,939</u>	<u>1,569,212</u>
	<u>3,269,503</u>	<u>2,605,776</u>
Total	\$ <u>11,244,650</u>	\$ <u>11,863,072</u>

Since the PBA is a joint venture between the City and the County, the net position represents the equity ownership of the City, County and others. The joint venture equity in the PBA at June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
City	\$ 5,728,754	\$ 5,414,811
County	5,490,386	6,422,187
Others:		
Development Corp. of Knox County	4,610	5,174
Emergency Communications District	9,500	9,500
Knox County Schools	<u>11,400</u>	<u>11,400</u>
Total	\$ <u>11,244,650</u>	\$ <u>11,863,072</u>

NOTE 10 – OPERATING REVENUES

Operating revenues earned during the years ended June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Rental Income from City and County	\$ 4,215,037	\$ 4,101,739
Other Rental Income:		
Gross Revenues	<u>241,439</u>	<u>225,648</u>
Other Rental Income – Net	<u>241,439</u>	<u>225,648</u>
Management Fees from the City and County	<u>6,596,204</u>	<u>6,770,676</u>
Management Fees from Other Governmental Agencies	<u>305,775</u>	<u>163,956</u>
Parking Revenues:		
Gross Revenues	<u>3,453,222</u>	<u>3,522,278</u>
Less: Commissions to Vendor	<u>(530,660)</u>	<u>(536,080)</u>
Net Parking Revenues	<u>2,922,562</u>	<u>2,986,198</u>
Total	<u>\$ 14,281,017</u>	<u>\$ 14,248,217</u>

NOTE 11 – CAPITAL CONTRIBUTIONS AND DEDUCTIONS

During the year ended June 30, 2015, 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	\$ 1,270,988	361,750	0	1,632,738
Capital Deductions				
Capital Contributions Returned	<u>(1,479,272)</u>	<u>(189,666)</u>	<u>(35,641)</u>	<u>(1,704,579)</u>
Total - Net	<u>\$ (208,284)</u>	<u>172,084</u>	<u>(35,641)</u>	<u>(71,841)</u>

During the year ended June 30, 2014, 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	\$ 350,723	178,520	0	528,973
Operating Reserves	5,604	13,924	0	19,528
Capital Deductions				
Capital Contributions Returned	<u>(1,951,741)</u>	<u>(183,563)</u>	<u>(66,008)</u>	<u>(2,201,312)</u>
Total - Net	<u>\$ (1,595,414)</u>	<u>8,611</u>	<u>(66,008)</u>	<u>(1,652,811)</u>

NOTE 11 – CAPITAL CONTRIBUTIONS AND DEDUCTIONS (continued)

During the year ended June 30, 2015, the PBA returned to the City, the County, the Emergency Communications District, Knox County Schools, Knoxville Utilities Board, and the Industrial Development Board operating funds in excess of those agreed upon to be held in separate operating reserves; \$1,479,272 was returned to the City, \$189,666 was returned to the County, \$4,515 was returned to the Emergency Communications District, \$16,263 was returned to Knox County Schools, \$10,310 was returned to the Development Corporation, and \$4,553 was returned to the Industrial Development Board. These funds represented the results of operations.

During the year ended June 30, 2014, the PBA returned to the City, the County, the Emergency Communications District, Knox County Schools, Knoxville Utilities Board, and the Industrial Development Board operating funds in excess of those agreed upon to be held in separate operating reserves; \$1,951,741 was returned to the City, \$183,563 was returned to the County, \$9,657 was returned to the Emergency Communications District, \$16,000 was returned to Knox County Schools, \$31,092 was returned to Knoxville Utilities Board, and \$9,259 was returned to the Industrial Development Board. These funds represented the results of operations.

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 2015 and 2014:

<u>June 30, 2015</u>	<u>City</u>	<u>County</u>	<u>Total</u>
Due From, End of Year	\$ 2,012,887	\$ 700,132	\$ 2,713,019
Due To, End of Year	657,877	510,877	1,168,754
Rental Income	1,209,716	3,005,321	4,215,037
Management Fees	3,887,585	2,708,619	6,596,204
Net Parking Revenues	2,348,573	573,989	2,922,562
<u>June 30, 2014</u>	<u>City</u>	<u>County</u>	<u>Total</u>
Due From, End of Year	\$ 564,869	\$ 996,215	\$ 1,561,084
Due To, End of Year	950,706	158,563	1,109,269
Rental Income	1,177,199	2,924,540	4,101,739
Management Fees	3,951,997	2,818,679	6,770,676
Net Parking Revenues	2,375,134	611,064	2,986,198

During the years ended June 30, 2015 and 2014, approximately 54% and 54% of operating revenues, respectively, were from the City. During the years ended June 30, 2015 and 2014, approximately 46% and 46% of operating revenues, respectively, were from the County.

NOTE 14 - RETIREMENT PLANS

Overview

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

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

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

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

The financial statements of the County's retirement plans are reported within Knox County's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. 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

NOTE 14 - RETIREMENT PLANS (Continued)

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.

<u>Contribution Type and Years of Service</u>	<u>Employee Contribution</u>	<u>Employer (PBA) Contribution</u>
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%

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 the years ended June 30, 2015 and 2014, PBA employees made mandatory and voluntary contributions of \$349,911 and \$315,336, respectively. During 2015 and 2014, PBA made matching employer contributions of \$328,229 and \$305,933, respectively.

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

The maximum and minimum participant annual contributions for the years ended June 30, 2015 and 2014 are \$416 and \$208, respectively. The County DC Plan previously made matching contributions of 25% of the participant's. Effective January 1, 2015, the maximum increased to 50% up to a maximum of \$208. During 2015 and 2014, the Retirement and Pension Board contributions were \$2,524 and \$1,407, respectively. 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>
2015	120
2014	120
2013	120
2012	120

Participants are always 100% vested in voluntary and matching contributions. During 2015 and 2014, PBA employees made voluntary contributions of \$6,940 and \$ 5,732, 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. There were no employee contributions made during the years ended June 30, 2015 and 2014.

**SUPPLEMENTARY
INFORMATION**

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

**SCHEDULE OF NET POSITION BY ACTIVITY
June 30, 2015**

Property Management - City Properties

	Parking Facilities	Police Department	Parks	Transit Facility	Downtown Cinema	Total City Properties
Assets:						
Current Assets						
Cash and Cash Equivalents	\$ 601,730	3,450	1,012,942	222,868	57,216	1,898,206
Receivables:						
Other Receivables	24,634	0	48,153	0	0	72,787
Due from County	0	0	0	0	0	0
Due from City	90,000	0	550,000	0	0	640,000
Due from Other Governmental Agencies	40,568	0	0	0	0	40,568
Due from Other Departments	0	0	0	0	0	0
Inventory	0	0	0	0	0	0
Prepaid Items	0	0	0	0	0	0
Total Current Assets	<u>756,932</u>	<u>3,450</u>	<u>1,611,095</u>	<u>222,868</u>	<u>57,216</u>	<u>2,651,561</u>
Capital Assets						
Building Improvements	1,068,918	0	264,412	0	0	1,333,330
Site Improvements	0	0	627,415	0	0	627,415
Data Processing Equipment and Software	0	0	0	0	0	0
Machinery and Equipment	330,198	0	370,556	0	0	700,754
Vehicles	20,922	0	211,691	0	0	232,613
Total Capital Assets	<u>1,420,038</u>	<u>0</u>	<u>1,474,074</u>	<u>0</u>	<u>0</u>	<u>2,894,112</u>
Less: Accumulated Depreciation	(706,765)	0	(878,859)	0	0	(1,585,624)
Construction in Progress	36,616	0	116,886	0	0	153,502
Net Capital Assets	<u>749,889</u>	<u>0</u>	<u>712,101</u>	<u>0</u>	<u>0</u>	<u>1,461,990</u>
Total Assets	<u>\$ 1,506,821</u>	<u>3,450</u>	<u>2,323,196</u>	<u>222,868</u>	<u>57,216</u>	<u>4,113,551</u>
Liabilities:						
Current Liabilities						
Accounts Payable and Accrued Liabilities	\$ 199,934	153	221,981	30,531	3,428	456,027
Due to City	0	0	0	0	0	0
Due to County	0	0	0	0	0	0
Due to Other Governmental Agencies	0	0	0	0	0	0
Due to (from) Other Departments	304,791	2,843	266,174	51,201	46,383	671,392
Customer Deposits	3,829	0	15,194	0	3,947	22,970
Compensated Absences Payable	24,385	264	66,507	19,742	2,006	112,904
Total Current Liabilities	<u>532,939</u>	<u>3,260</u>	<u>569,856</u>	<u>101,474</u>	<u>55,764</u>	<u>1,263,293</u>
Non-Current Liabilities						
Compensated Absences Payable	17,658	190	48,162	14,295	1,452	81,757
Total Non-Current Liabilities	<u>17,658</u>	<u>190</u>	<u>48,162</u>	<u>14,295</u>	<u>1,452</u>	<u>81,757</u>
Total Liabilities	<u>550,597</u>	<u>3,450</u>	<u>618,018</u>	<u>115,769</u>	<u>57,216</u>	<u>1,345,050</u>
Net Position						
Investment in Capital Assets	749,889	0	712,101	0	0	1,461,990
Unrestricted:						
Designated for Operating Reserve	0	0	0	0	0	0
Designated for Capital Asset Replacement Reserve	206,335	0	993,077	107,099	0	1,306,511
Total Net Position	<u>956,224</u>	<u>0</u>	<u>1,705,178</u>	<u>107,099</u>	<u>0</u>	<u>2,768,501</u>
Total Liabilities and Net Position	<u>\$ 1,506,821</u>	<u>3,450</u>	<u>2,323,196</u>	<u>222,868</u>	<u>57,216</u>	<u>4,113,551</u>

Property Management - County Properties

Andrew Johnson Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Forencis Center	Health Department	Juvenile Justice Center	Knox Central	Old Court House	Senior Centers	Total County Properties
\$ 130,393	29,099	(5,902)	56,440	92,628	26,960	131,798	40,146	501,562
0	0	0	0	0	0	0	0	0
1,050	0	0	52,177	34,302	2,800	43,589	0	133,918
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>131,443</u>	<u>29,099</u>	<u>(5,902)</u>	<u>108,617</u>	<u>126,930</u>	<u>29,760</u>	<u>175,387</u>	<u>40,146</u>	<u>635,480</u>
665,141	0	0	0	11,591	0	659,863	0	1,336,595
0	0	0	0	0	0	0	0	0
19,620	0	0	0	0	0	0	0	19,620
129,327	0	0	5,028	0	6,656	0	0	141,011
0	0	0	0	41,000	0	10,200	0	51,200
814,088	0	0	5,028	52,591	6,656	670,063	0	1,548,426
(684,411)	0	0	(5,028)	(18,389)	(6,656)	(512,304)	0	(1,226,788)
0	0	0	0	0	0	0	0	0
<u>129,677</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,202</u>	<u>0</u>	<u>157,759</u>	<u>0</u>	<u>321,638</u>
<u>\$ 261,120</u>	<u>29,099</u>	<u>(5,902)</u>	<u>108,617</u>	<u>161,132</u>	<u>29,760</u>	<u>333,146</u>	<u>40,146</u>	<u>957,118</u>
\$ 20,481	13,789	3,516	67,886	65,161	9,400	117,674	3,994	301,901
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
81,739	9,937	(10,098)	29,572	39,004	14,296	18,554	31,169	214,173
0	0	0	0	0	0	0	0	0
16,949	3,116	394	6,472	13,204	3,517	23,712	2,790	70,154
<u>119,169</u>	<u>26,842</u>	<u>(6,188)</u>	<u>103,930</u>	<u>117,369</u>	<u>27,213</u>	<u>159,940</u>	<u>37,953</u>	<u>586,228</u>
12,274	2,257	286	4,687	9,561	2,547	15,447	2,193	49,252
12,274	2,257	286	4,687	9,561	2,547	15,447	2,193	49,252
<u>131,443</u>	<u>29,099</u>	<u>(5,902)</u>	<u>108,617</u>	<u>126,930</u>	<u>29,760</u>	<u>175,387</u>	<u>40,146</u>	<u>635,480</u>
129,677	0	0	0	34,202	0	157,759	0	321,638
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>129,677</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,202</u>	<u>0</u>	<u>157,759</u>	<u>0</u>	<u>321,638</u>
<u>\$ 261,120</u>	<u>29,099</u>	<u>(5,902)</u>	<u>108,617</u>	<u>161,132</u>	<u>29,760</u>	<u>333,146</u>	<u>40,146</u>	<u>957,118</u>

**THE PUBLIC BUILDING AUTHORITY OF THE COUNTY
OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE**
SCHEDULE OF NET POSITION BY ACTIVITY (Continued)
June 30, 2015

	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	\$ 1,722,242	14,198	18,720	4,154,928	115,447	165,795	436,093	4,872,263
Receivables:								
Other Receivables	0	0	0	72,787	0	0	0	72,787
Due from County	84,013	18,115	2,810	238,856	321,211	2,772	137,293	700,132
Due from City	5,099	0	0	645,099	0	410	1,367,378	2,012,887
Due from Other Governmental Agencies	0	0	0	40,568	0	28,583	289	69,440
Due from Other Departments	0	0	0	0	0	0	1,014,903	1,014,903
Inventory	0	0	0	0	0	11,530	0	11,530
Prepaid Items	0	0	0	0	0	0	89,860	89,860
Total Current Assets	1,811,354	32,313	21,530	5,152,238	436,658	209,090	3,045,816	8,843,802
Capital Assets								
Land	0	0	0	0	0	0	101,016	101,016
Buildings	0	0	0	0	0	0	528,264	528,264
Building Improvements	8,001,236	0	0	10,671,161	0	0	12,802	10,683,963
Site Improvements	69,255	0	0	696,670	0	0	0	696,670
Data Processing Equipment and Software	103,470	0	0	123,090	0	18,751	16,798	158,639
Machinery and Equipment	817,814	0	11,250	1,670,829	0	1,016,683	0	2,687,512
Vehicles	27,491	0	0	311,304	0	51,132	0	362,436
Total Capital Assets	9,019,266	0	11,250	13,473,054	0	1,086,566	658,880	15,218,500
Less: Accumulated Depreciation	(3,722,438)	0	(11,250)	(6,546,100)	0	(739,307)	(111,448)	(7,396,855)
Construction in Progress	0	0	0	153,502	0	0	0	153,502
Net Capital Assets	5,296,828	0	0	7,080,456	0	347,259	547,432	7,975,147
Total Assets	\$ 7,108,182	32,313	21,530	12,232,694	436,658	556,349	3,593,248	16,818,949
Liabilities:								
Current Liabilities								
Accounts Payable and Accrued Liabilities	\$ 469,010	13,933	4,527	1,245,398	53,177	48,989	1,459,216	2,806,780
Due to City	0	0	0	0	0	0	657,877	657,877
Due to County	0	0	0	0	321,211	0	189,666	510,877
Due to Other Governmental Agencies	0	0	0	0	0	0	35,641	35,641
Due to (from) Other Departments	61,348	5,204	10,625	962,742	47,610	4,551	0	1,014,903
Customer Deposits	0	0	0	22,970	0	0	0	22,970
Compensated Absences Payable	83,270	2,132	1,026	269,486	8,503	27,557	0	305,546
Total Current Liabilities	613,628	21,269	16,178	2,500,596	430,501	81,097	2,342,400	5,354,594
Non-Current Liabilities								
Compensated Absences Payable	60,299	1,544	742	193,594	6,157	19,954	0	219,705
Total Non-Current Liabilities	60,299	1,544	742	193,594	6,157	19,954	0	219,705
Total Liabilities	673,927	22,813	16,920	2,694,190	436,658	101,051	2,342,400	5,574,299
Net Position								
Investment in Capital Assets	5,296,828	0	0	7,080,456	0	347,259	547,432	7,975,147
Unrestricted:								
Designated for Operating Reserve	339,038	9,500	4,610	353,148	0	0	703,416	1,056,564
Designated for Capital Asset Replacement Reserve	798,389	0	0	2,104,900	0	108,039	0	2,212,939
Total Net Position	6,434,255	9,500	4,610	9,538,504	0	455,298	1,250,848	11,244,650
Total Liabilities and Net Position	\$ 7,108,182	32,313	21,530	12,232,694	436,658	556,349	3,593,248	16,818,949

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION BY ACTIVITY
For the Year Ended June 30, 2015**

	Property Management - City Properties					
	Parking Facilities	Police Department	Parks	Transit Facility	Downtown Cinema	Total City Properties
Operating Revenues:						
Rental Income from City and County	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Management Fees from City and County	0	8,268	2,273,995	852,412	39,708	3,174,383
Management Fees from Other Governmental Agencies	0	0	0	0	35,981	35,981
Rental and Event Revenues	57,185	0	130,022	0	47,360	234,567
Net Parking Revenues (Expenses)	<u>2,255,420</u>	<u>0</u>	<u>76,377</u>	<u>0</u>	<u>0</u>	<u>2,331,797</u>
Total Operating Revenues	<u>2,312,605</u>	<u>8,268</u>	<u>2,480,394</u>	<u>852,412</u>	<u>123,049</u>	<u>5,776,728</u>
Operating Expenses:						
Direct:						
<u>Property Management</u>						
Management	453,939	1,168	459,770	38,228	6,225	959,330
Safety and Services	342,424	3,629	444,544	251,759	9,902	1,052,258
Operations and Maintenance	465,704	0	1,402,916	448,281	51,901	2,368,802
<u>Other Management Services</u>						
Property Development	0	0	0	0	0	0
Telecom Services	0	0	0	0	0	0
Total Direct Operating Expenses	<u>1,262,067</u>	<u>4,797</u>	<u>2,307,230</u>	<u>738,268</u>	<u>68,028</u>	<u>4,380,390</u>
Indirect:						
Corporate Administration	38,938	257	74,137	25,843	3,517	142,692
Finance	45,919	302	87,038	30,299	4,134	167,692
MIS	19,185	127	36,465	12,705	1,731	70,213
Total Indirect Operating Expenses	<u>104,042</u>	<u>686</u>	<u>197,640</u>	<u>68,847</u>	<u>9,382</u>	<u>380,597</u>
Total Operating Expenses	<u>1,366,109</u>	<u>5,483</u>	<u>2,504,870</u>	<u>807,115</u>	<u>77,410</u>	<u>4,760,987</u>
Operating Income (Loss)	<u>946,496</u>	<u>2,785</u>	<u>(24,476)</u>	<u>45,297</u>	<u>45,639</u>	<u>1,015,741</u>
Non-Operating Revenues (Expenses):						
Interest Income	3,085	17	5,782	1,421	254	10,559
Bank Charges	(32,196)	(17)	(5,776)	(1,401)	(249)	(39,639)
Capital Assets Removed/Retired	0	0	0	0	0	0
Capital Returned to City, County and Other Governmental Agencies	<u>(1,117,517)</u>	<u>(2,785)</u>	<u>(248,538)</u>	<u>(45,317)</u>	<u>(45,644)</u>	<u>(1,459,801)</u>
Total Non-Operating Revenues (Expenses) - Net	<u>(1,146,628)</u>	<u>(2,785)</u>	<u>(248,532)</u>	<u>(45,297)</u>	<u>(45,639)</u>	<u>(1,488,881)</u>
Increase (Decrease) in Net Position Before Capital Contributions	<u>(200,132)</u>	<u>0</u>	<u>(273,008)</u>	<u>0</u>	<u>0</u>	<u>(473,140)</u>
Capital Contributions						
Cash:						
Operating Reserves from City and County and Other Governmental Agencies	0	0	0	0	0	0
Capital Asset Replacement Reserves from City and County	<u>90,000</u>	<u>0</u>	<u>827,601</u>	<u>107,099</u>	<u>0</u>	<u>1,024,700</u>
Total Capital Contributions	<u>90,000</u>	<u>0</u>	<u>827,601</u>	<u>107,099</u>	<u>0</u>	<u>1,024,700</u>
Increase (Decrease) in Net Position	<u>(110,132)</u>	<u>0</u>	<u>554,593</u>	<u>107,099</u>	<u>0</u>	<u>551,560</u>
Net Position, Beginning of Year	<u>1,066,356</u>	<u>0</u>	<u>1,150,585</u>	<u>0</u>	<u>0</u>	<u>2,216,941</u>
Net Position, End of Year	<u>\$ 956,224</u>	<u>\$ 0</u>	<u>\$ 1,705,178</u>	<u>\$ 107,099</u>	<u>\$ 0</u>	<u>\$ 2,768,501</u>

Property Management - County Properties

Andrew Johnson Building/ Dwight Kessel Metropolitan Parking Garage	Family Investment Center	Health Department	Forensic Center	Juvenile Justice Center	Knox Central	Old Court House	Senior Centers	Total County Properties
\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
224,752	145,788	253,417	60,799	657,571	190,792	618,919	127,142	2,279,180
0	0	0	0	0	0	0	0	0
0	0	6,872	0	0	0	0	0	6,872
532,313	0	0	0	0	0	0	0	532,313
<u>757,065</u>	<u>145,788</u>	<u>260,289</u>	<u>60,799</u>	<u>657,571</u>	<u>190,792</u>	<u>618,919</u>	<u>127,142</u>	<u>2,818,365</u>
176,143	11,797	18,306	3,766	41,063	11,956	215,534	8,760	487,325
169,959	13,448	36,165	2,403	213,694	36,448	236,843	12,533	721,493
393,897	99,887	157,398	64,745	299,373	114,192	231,508	65,167	1,426,167
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>739,999</u>	<u>125,132</u>	<u>211,869</u>	<u>70,914</u>	<u>554,130</u>	<u>162,596</u>	<u>683,885</u>	<u>86,460</u>	<u>2,634,985</u>
22,757	4,422	7,839	0	19,984	5,772	18,574	3,908	83,256
26,761	5,199	9,186	0	23,533	6,774	21,900	4,617	97,970
11,200	2,176	3,853	0	9,841	2,838	9,151	1,927	40,986
<u>60,718</u>	<u>11,797</u>	<u>20,878</u>	<u>0</u>	<u>53,358</u>	<u>15,384</u>	<u>49,625</u>	<u>10,452</u>	<u>222,212</u>
800,717	136,929	232,747	70,914	607,488	177,980	733,510	96,912	2,857,197
<u>(43,652)</u>	<u>8,859</u>	<u>27,542</u>	<u>(10,115)</u>	<u>50,083</u>	<u>12,812</u>	<u>(114,591)</u>	<u>30,230</u>	<u>(38,832)</u>
691	197	381	97	851	171	926	240	3,554
(3,749)	(191)	(351)	(104)	(841)	(154)	(920)	(236)	(6,546)
(16,338)	0	0	0	0	0	0	0	(16,338)
<u>(76,126)</u>	<u>(8,865)</u>	<u>(27,572)</u>	<u>10,122</u>	<u>(34,068)</u>	<u>(12,829)</u>	<u>(13,999)</u>	<u>(30,234)</u>	<u>(193,571)</u>
<u>(95,522)</u>	<u>(8,859)</u>	<u>(27,542)</u>	<u>10,115</u>	<u>(34,058)</u>	<u>(12,812)</u>	<u>(13,993)</u>	<u>(30,230)</u>	<u>(212,901)</u>
<u>(139,174)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,025</u>	<u>0</u>	<u>(128,584)</u>	<u>0</u>	<u>(251,733)</u>
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>(139,174)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,025</u>	<u>0</u>	<u>(128,584)</u>	<u>0</u>	<u>(251,733)</u>
268,851	0	0	0	18,177	0	286,343	0	573,371
<u>\$ 129,677</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,202</u>	<u>\$ 0</u>	<u>\$ 157,759</u>	<u>\$ 0</u>	<u>\$ 321,638</u>

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION BY ACTIVITY
For the Year Ended June 30, 2015**

	Property Management - Other							
	City County Building	Emergency Communic. District	Fairview Technology Center	Total Property Management	Property Development	Telecom Services	Corporate	Total
Operating Revenues:								
Rental Income from City and County	\$ 4,215,037	\$ 0	\$ 0	\$ 4,215,037	\$ 0	\$ 0	\$ 0	\$ 4,215,037
Management Fees from City and County	0	0	0	5,453,563	642,421	500,220	0	6,596,204
Management Fees from Other Governmental Agencies	0	106,683	48,931	191,595	0	114,180	0	305,775
Rental and Event Revenues	0	0	0	241,439	0	0	0	241,439
Net Parking Revenues	58,452	0	0	2,922,562	0	0	0	2,922,562
Total Operating Revenues	4,273,489	106,683	48,931	13,024,196	642,421	614,400	0	14,281,017
Operating Expenses:								
Direct								
Property Management								
Management	1,517,395	5,811	1,946	2,971,807	0	0	19,884	2,991,691
Safety and Services	654,570	13,136	5,446	2,446,903	0	0	0	2,446,903
Operations and Maintenance	3,086,173	74,499	27,753	6,983,394	0	0	0	6,983,394
Other Management Services								
Property Development	0	0	0	0	499,263	0	0	499,263
Telecom Services	0	0	0	0	0	711,191	0	711,191
Total Direct Operating Expenses	5,258,138	93,446	35,145	12,402,104	499,263	711,191	19,884	13,632,442
Indirect								
Corporate Administration	130,219	3,264	1,512	360,943	38,754	29,006	0	428,703
Finance	152,880	3,839	1,784	424,165	45,542	34,076	0	503,783
MIS	64,050	1,606	745	177,600	19,069	14,270	0	210,939
Total Indirect Operating Expenses	347,149	8,709	4,041	962,708	103,365	77,352	0	1,143,425
Total Operating Expenses	5,605,287	102,155	39,186	13,364,812	602,628	788,543	19,884	14,775,867
Operating Income (Loss)	(1,331,798)	4,528	9,745	(340,616)	39,793	(174,143)	(19,884)	(494,850)
Non-Operating Revenues (Expenses):								
Interest Income	11,087	165	98	25,463	947	1,118	0	27,528
Bank Charges	(11,068)	(178)	(96)	(57,527)	(944)	(1,114)	0	(59,585)
Capital Assets Removed/Retired	(3,336)		0	(19,674)				(19,674)
Capital Returned to City, County and Other Governmental Agencies	0	(4,515)	(10,311)	(1,668,198)	(39,796)	(16,585)	20,000	(1,704,579)
Total Non-Operating Revenues (Expenses) - Net	(3,317)	(4,528)	(10,309)	(1,719,936)	(39,793)	(16,581)	20,000	(1,756,310)
Increase (Decrease) in Net Position Before Capital Contributions	(1,335,115)	0	(564)	(2,060,552)	0	(190,724)	116	(2,251,160)
Capital Contributions (Deductions)								
Cash:								
Operating Reserves from City and County and Other Governmental Agencies	0	0	0	0	0	0	0	0
Capital Asset Replacement Reserves from City and County	500,000	0	0	1,524,700	0	108,038	0	1,632,738
Total Capital Contributions	500,000	0	0	1,524,700	0	108,038	0	1,632,738
Increase (Decrease) in Net Position	(835,115)	0	(564)	(535,852)	0	(82,686)	116	(618,422)
Net Position, Beginning of Year	7,269,370	9,500	5,174	10,074,356	0	537,984	1,250,732	11,863,072
Net Position, End of Year	\$ 6,434,255	\$ 9,500	\$ 4,610	\$ 9,538,504	\$ 0	\$ 455,298	\$ 1,250,848	\$ 11,244,650

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY
For the Year Ended June 30, 2015**

	City Parking Facilities		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Net Parking Revenue	\$ 2,318,204	\$ 2,255,420	\$ (62,784)
Tenant Rental Income	52,472	57,185	4,713
Total Operating Revenues	2,370,676	2,312,605	(58,071)
Operating Expenses			
Direct:			
Salaries and Wages	402,082	354,450	47,632
Employee Benefits	148,770	138,218	10,552
Office Expenses	7,500	3,353	4,147
Education and Training	11,200	1,508	9,692
Operating Expenses	99,600	127,449	(27,849)
Operating Contracts	289,211	207,748	81,463
Utilities	162,000	172,177	(10,177)
Communications	17,000	17,193	(193)
Insurance	9,109	9,094	15
Professional Services	4,100	916	3,184
Maintenance Facility	10,135	8,907	1,228
Capital Purchases	20,000	0	20,000
Depreciation Expense	0	221,054	(221,054)
Total Direct Operating Expenses	1,180,707	1,262,067	(81,360)
Total Indirect Operating Expenses	106,673	104,042	2,631
Total Operating Expenses	1,287,380	1,366,109	(78,729)
Operating Income (Loss)	1,083,296	946,496	(136,800)
Non-Operating Revenues (Expenses)			
Interest Income	2,500	3,085	585
Bank Charges	(16,750)	(32,196)	(15,446)
Transfer of Operating Reserves	(1,069,046)	(1,117,517)	(48,471)
Net Non-Operating Revenues (Expenses)	(1,083,296)	(1,146,628)	(63,332)
Increase (Decrease) in Net Position Before Capital Contributions	0	(200,132)	(200,132)
Capital Contributions			
Capital Asset Replacement Reserve	0	90,000	90,000
Increase (Decrease) in Net Position	\$ 0	(110,132)	\$ (110,132)
Net Position, Beginning of Year		1,066,356	
Net Position, End of Year		\$ 956,224	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	The Knoxville Police Department		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from City	\$ 8,268	\$ 8,268	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	3,550	2,345	1,205
Employee Benefits	1,313	1,280	33
Office Expenses	150	4	146
Education and Training	500	0	500
Operating Expenses	1,800	1,028	772
Communications	65	34	31
Insurance	43	46	(3)
Professional Services	85	0	85
Maintenance Facility	66	60	6
Total Direct Operating Expenses	7,572	4,797	2,775
Total Indirect Operating Expenses	696	686	10
Total Operating Expenses	8,268	5,483	2,785
Operating Income (Loss)	0	2,785	2,785
Non-Operating Revenues (Expenses)			
Interest Income	12	17	5
Bank Charges	(12)	(17)	(5)
Transfer of Operating Reserves	0	(2,785)	(2,785)
Net Non-Operating Revenues (Expenses)	0	(2,785)	(2,785)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	City Parks		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Management Fees from City	\$ 2,273,995	\$ 2,273,995	\$ 0
Net Parking Revenues	68,173	76,377	8,204
Rental and Event Income	95,760	130,022	34,262
Total Operating Revenues	<u>2,437,928</u>	<u>2,480,394</u>	<u>42,466</u>
Operating Expenses			
Direct:			
Salaries and Wages	830,484	797,517	32,967
Employee Benefits	307,278	278,144	29,134
Office Expenses	21,200	10,173	11,027
Education and Training	6,000	528	5,472
Operating Expenses	386,000	332,623	53,377
Operating Contracts	204,575	133,456	71,119
Utilities	403,700	395,894	7,806
Communications	22,729	13,555	9,174
Insurance	26,655	26,596	59
Professional Services	5,000	203	4,797
Maintenance Facility	19,500	17,141	2,359
Capital Purchases	0	61,717	(61,717)
Depreciation Expense	0	239,683	(239,683)
Total Direct Operating Expenses	<u>2,233,121</u>	<u>2,307,230</u>	<u>(74,109)</u>
Total Indirect Operating Expenses	<u>205,231</u>	<u>197,640</u>	<u>7,591</u>
Total Operating Expenses	<u>2,438,352</u>	<u>2,504,870</u>	<u>(66,518)</u>
Operating Income (Loss)	<u>(424)</u>	<u>(24,476)</u>	<u>(24,052)</u>
Non-Operating Revenue (Expenses)			
Interest Income	2,924	5,782	2,858
Bank Charges	(2,500)	(5,776)	(3,276)
Transfer of Operating Reserves	0	(248,538)	(248,538)
Net Non-Operating Revenues (Expenses)	<u>424</u>	<u>(248,532)</u>	<u>(248,956)</u>
Increase (Decrease) in Net Position Before Capital Contributions	<u>0</u>	<u>(273,008)</u>	<u>(273,008)</u>
Capital Contributions			
Capital Asset Replacement Reserve	<u>0</u>	<u>827,601</u>	<u>827,601</u>
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>\$ 554,593</u>	<u>\$ 554,593</u>
Net Position, Beginning of Year		<u>1,150,585</u>	
Net Position, End of Year		<u>\$ 1,705,178</u>	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Knoxville Area Transit Facilities		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from City	\$ 852,412	\$ 852,412	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	267,969	287,947	(19,978)
Employee Benefits	99,148	90,984	8,164
Office Expenses	6,200	2,134	4,066
Education and Training	3,100	894	2,206
Operating Expenses	78,600	65,611	12,989
Operating Contracts	204,653	177,519	27,134
Utilities	95,000	95,343	(343)
Communications	12,225	5,966	6,259
Insurance	5,835	5,819	16
Professional Services	1,210	59	1,151
Maintenance Facility	6,818	5,992	826
Depreciation Expense	0	0	0
Total Direct Operating Expenses	780,758	738,268	42,490
Total Indirect Operating Expenses	71,754	68,847	2,907
Total Operating Expenses	852,512	807,115	45,397
Operating Income (Loss)	(100)	45,297	45,397
Non-Operating Revenues (Expenses)			
Interest Income	242	1,421	1,179
Bank Charges	(142)	(1,401)	(1,259)
Transfer of Operating Reserves	0	(45,317)	(45,317)
Net Non-Operating Revenues (Expenses)	100	(45,297)	(45,397)
Increase in Net Position Before Capital Contributions	0	0	0
Capital Contributions			
Capital Asset Replacement Reserve	0	107,099	107,099
Increase (Decrease) in Net Position	\$ 0	107,099	\$ 107,099
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 107,099	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Downtown Cinema		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Rental and Event Revenues	\$ 47,360	\$ 47,360	\$ 0
Management Fees from City	39,708	39,708	0
Management Fees from Other Governmental Agencies	35,981	35,981	0
Total Operating Revenues	<u>123,049</u>	<u>123,049</u>	<u>0</u>
Operating Expenses			
Direct:			
Salaries and Wages	17,818	13,698	4,120
Employee Benefits	6,593	5,864	729
Office Expenses	50	6	44
Operating Expenses	29,000	16,903	12,097
Operating Contracts	45,387	27,442	17,945
Utilities	2,000	2,203	(203)
Communications	800	502	298
Insurance	712	712	0
Professional Services	2,660	0	2,660
Maintenance Facility	792	698	94
Capital Purchases	7,500	0	7,500
Total Direct Operating Expenses	<u>113,312</u>	<u>68,028</u>	<u>45,284</u>
Total Indirect Operating Expenses	<u>9,737</u>	<u>9,382</u>	<u>355</u>
Total Operating Expenses	<u>123,049</u>	<u>77,410</u>	<u>45,639</u>
Operating Income (Loss)	<u>0</u>	<u>45,639</u>	<u>45,639</u>
Non-Operating Revenues (Expenses)			
Interest Income	118	254	136
Bank Charges	(118)	(249)	(131)
Transfer of Operating Reserves	0	(45,644)	(45,644)
Net Non-Operating Revenues (Expenses)	<u>0</u>	<u>(45,639)</u>	<u>(45,639)</u>
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Net Position, Beginning of Year		<u>0</u>	
Net Position, End of Year		<u>\$ 0</u>	

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

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

June 30, 2015

	Andrew Johnson Building/Dwight Kessel Metropolitan Parking Garage		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from County	\$ 224,752	\$ 224,752	\$ 0
Net Parking Revenues	544,125	532,313	(11,812)
Total Operating Revenues	768,877	757,065	(11,812)
Operating Expenses			
Direct: Andrew Johnson Building			
Salaries and Wages	187,798	213,490	(25,692)
Employee Benefits	69,485	63,010	6,475
Office Expenses	5,400	1,501	3,899
Education and Training	1,000	0	1,000
Operating Expenses	55,600	51,404	4,196
Operating Contracts	172,532	152,171	20,361
Communications	7,850	2,611	5,239
Insurance	3,860	3,851	9
Professional Services	2,140	0	2,140
Maintenance Facility	8,516	7,484	1,032
Capital Purchases	18,000	0	18,000
Depreciation Expense	0	122,835	(122,835)
Total Direct Operating Expenses - Andrew Johnson Building	532,181	618,357	(86,176)
Direct: Dwight Kessel Metropolitan Parking Garage			
Salaries and Wages	76,780	46,912	29,868
Employee Benefits	28,409	25,179	3,230
Office Expenses	1,700	440	1,260
Education and Training	2,600	291	2,309
Operating Expenses	10,600	13,760	(3,160)
Operating Contracts	46,244	29,995	16,249
Communications	1,635	1,642	(7)
Insurance	901	897	4
Professional Services	2,150	0	2,150
Maintenance Facility	2,880	2,526	354
Total Direct Operating Expenses - DKMPG	173,899	121,642	52,257
Total Indirect Operating Expenses	62,737	60,718	2,019
Total Operating Expenses	768,817	800,717	(31,900)
Operating Income (Loss)	60	(43,652)	(43,712)
Non-Operating Revenues (Expenses)			
Interest Income	415	691	276
Bank Charges	(475)	(3,749)	(3,274)
Capital Assets Removed/Retired	0	(16,338)	(16,338)
Transfer of Operating Reserves	0	(76,126)	(76,126)
Net Non-Operating Revenues (Expenses)	(60)	(95,522)	(95,462)
Increase (Decrease) in Net Position	\$ 0	(139,174)	\$ (139,174)
Net Position, Beginning of Year		268,851	
Net Position, End of Year		\$ 129,677	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Family Investment Center		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from County	\$ 145,788	\$ 145,788	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	44,448	42,614	1,834
Employee Benefits	16,446	14,859	1,587
Office Expenses	500	25	475
Education and Training	200	63	137
Operating Expenses	17,000	20,524	(3,524)
Operating Contracts	49,457	42,079	7,378
Communications	1,965	2,147	(182)
Insurance	877	872	5
Professional Services	500	0	500
Maintenance Facility	2,213	1,949	264
Total Direct Operating Expenses	133,606	125,132	8,474
Total Indirect Operating Expenses	12,182	11,797	385
Total Operating Expenses	145,788	136,929	8,859
Operating Income (Loss)	0	8,859	8,859
Non-Operating Revenues (Expenses)			
Interest Income	86	197	111
Bank Charges	(86)	(191)	(105)
Transfer of Operating Reserves	0	(8,865)	(8,865)
Net Non-Operating Revenues (Expenses)	0	(8,859)	(8,859)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Health Department		Variance Favorable (Unfavorable)
	Budget	Actual	
Operating Revenues			
Rental Income	\$ 6,872	\$ 6,872	\$ 0
Management Fees from the County	253,417	253,417	0
Total Operating Revenues	<u>260,289</u>	<u>260,289</u>	<u>0</u>
Operating Expenses			
Direct:			
Salaries and Wages	96,890	97,471	(581)
Employee Benefits	35,849	32,177	3,672
Office Expenses	4,200	773	3,427
Education and Training	1,900	166	1,734
Operating Expenses	62,500	49,729	12,771
Operating Contracts	27,536	23,600	3,936
Communications	3,070	2,338	732
Insurance	2,144	2,140	4
Professional Services	500	0	500
Maintenance Facility	3,951	3,475	476
Depreciation Expense	0	0	0
Total Direct Operating Expenses	<u>238,540</u>	<u>211,869</u>	<u>26,671</u>
Total Indirect Operating Expenses	<u>21,749</u>	<u>20,878</u>	<u>871</u>
Total Operating Expenses	<u>260,289</u>	<u>232,747</u>	<u>27,542</u>
Operating Income (Loss)	<u>0</u>	<u>27,542</u>	<u>27,542</u>
Non-Operating Revenues (Expenses)			
Interest Income	250	381	131
Bank Charges	(250)	(351)	(101)
Transfer of Operating Reserves	0	(27,572)	(27,572)
Net Non-Operating Revenues (Expenses)	<u>0</u>	<u>(27,542)</u>	<u>(27,542)</u>
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Position, Beginning of Year		<u>0</u>	
Net Position, End of Year		<u>\$ 0</u>	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Forensic Center		Variance
	Budget	Actual	Favorable (Unfavorable)
Operating Revenues			
Management Fees from the County	\$ 60,799	\$ 60,799	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	23,320	15,453	7,867
Employee Benefits	8,629	8,149	480
Office Expenses	300	3,707	(3,407)
Education and Training	0	0	0
Operating Expenses	12,000	18,888	(6,888)
Operating Contracts	15,750	24,441	(8,691)
Communications	800	276	524
Insurance	0	0	0
Maintenance Facility	0	0	0
Total Direct Operating Expenses	60,799	70,914	(10,115)
Total Indirect Operating Expenses	0	0	0
Total Operating Expenses	60,799	70,914	(10,115)
Operating Income (Loss)	0	(10,115)	(10,115)
Non-Operating Revenues (Expenses)			
Interest Income	0	97	97
Bank Charges	0	(104)	(104)
Transfer of Operating Reserves	0	10,122	10,122
Net Non-Operating Revenues (Expenses)	0	10,115	10,115
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY(Continued)
For the Year Ended June 30, 2015**

	Juvenile Justice Center		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from County	\$ 657,571	\$ 657,571	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	239,924	241,024	(1,100)
Employee Benefits	88,772	81,404	7,368
Office Expenses	2,000	2,290	(290)
Education and Training	500	612	(112)
Operating Expenses	85,400	71,264	14,136
Operating Contracts	162,414	129,474	32,940
Communications	8,810	3,956	4,854
Insurance	4,361	4,354	7
Professional Services	500	0	500
Maintenance Facility	9,981	8,777	1,204
Depreciation Expense	0	10,975	(10,975)
Total Direct Operating Expenses	602,662	554,130	48,532
Total Indirect Operating Expenses	54,949	53,358	1,591
Total Operating Expenses	657,611	607,488	50,123
Operating Income (Loss)	(40)	50,083	50,123
Non-Operating Revenues (Expenses)			
Interest Income	440	851	411
Bank Charges	(400)	(841)	(441)
Transfer of Operating Reserves	0	(34,068)	(34,068)
Net Non-Operating Revenues (Expenses)	40	(34,058)	(34,098)
Increase (Decrease) in Net Position	\$ 0	16,025	\$ 16,025
Net Position, Beginning of Year		18,177	
Net Position, End of Year		\$ 34,202	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Knox Central		Variance
	Budget	Actual	Favorable (Unfavorable)
Operating Revenues			
Management Fees from the County	\$ 190,792	\$ 190,792	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	78,602	93,165	(14,563)
Employee Benefits	29,083	26,968	2,115
Office Expenses	7,060	3,190	3,870
Education and Training	700	165	535
Operating Expenses	36,350	17,489	18,861
Operating Contracts	13,512	13,425	87
Communications	3,905	4,196	(291)
Insurance	1,457	1,454	3
Professional Services	1,285	0	1,285
Maintenance Facility	2,896	2,544	352
Depreciation Expenses	0	0	0
Total Direct Operating Expenses	174,850	162,596	12,254
Total Indirect Operating Expenses	15,942	15,384	558
Total Operating Expenses	190,792	177,980	12,812
Operating Income (Loss)	0	12,812	12,812
Non-Operating Revenues (Expenses)			
Interest Income	120	171	51
Bank Charges	(120)	(154)	(34)
Transfer of Operating Reserves	0	(12,829)	(12,829)
Net Non-Operating Revenues (Expenses)	0	(12,812)	(12,812)
Increase (Decrease) in Net Position	\$ 0	0	0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Old Court House		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from County	\$ 618,919	\$ 618,919	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	271,895	239,967	31,928
Employee Benefits	100,601	93,034	7,567
Office Expenses	4,085	1,038	3,047
Education and Training	450	0	450
Operating Expenses	51,200	59,100	(7,900)
Operating Contracts	110,392	98,746	11,646
Communications	5,750	4,106	1,644
Insurance	3,424	3,417	7
Professional Services	1,000	47,771	(46,771)
Maintenance Facility	9,242	8,122	1,120
Capital Purchases	10,000	0	10000
Depreciation Expense	0	128,584	(128,584)
Total Direct Operating Expenses	568,039	683,885	(115,846)
Total Indirect Operating Expenses	50,880	49,625	1,255
Total Operating Expenses	618,919	733,510	(114,591)
Operating Income (Loss)	0	(114,591)	(114,591)
Non-Operating Revenue (Expenses)			
Interest Income	415	926	511
Bank Charges	(415)	(920)	(505)
Transfer of Operating Reserves	0	(13,999)	(13,999)
Net Non-Operating Revenue (Expenses)	0	(13,993)	(13,993)
Increase (Decrease) in Net Position	\$ 0	(128,584)	\$ (128,584)
Net Position, Beginning of Year		286,343	
Net Position, End of Year		\$ 157,759	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Senior Centers		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from County	\$ 127,142	\$ 127,142	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	64,496	36,765	27,731
Employee Benefits	23,863	21,693	2,170
Office Expenses	450	112	338
Education and Training	550	0	550
Operating Expenses	18,000	20,964	(2,964)
Operating Contracts	5,768	3,812	1,956
Communications	710	744	(34)
Insurance	676	671	5
Professional Services	75	0	75
Maintenance Facility	1,930	1,699	231
Depreciation Expense	0	0	0
Total Direct Operating Expenses	116,518	86,460	30,058
Total Indirect Operating Expenses	10,624	10,452	172
Total Operating Expenses	127,142	96,912	30,230
Operating Income (Loss)	0	30,230	30,230
Non-Operating Revenues (Expenses)			
Interest Income	75	240	165
Bank Charges	(75)	(236)	(161)
Transfer of Operating Reserves	0	(30,234)	(30,234)
Net Non-Operating Revenues (Expenses)	0	(30,230)	(30,230)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

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

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

For the Year Ended June 30, 2015

	City County Building		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Rental Income from City and County	\$ 4,215,037	\$ 4,215,037	\$ 0
Net Parking Revenues	50,013	58,452	8,439
Total Operating Revenues	<u>4,265,050</u>	<u>4,273,489</u>	<u>8,439</u>
Operating Expenses			
Direct:			
Salaries and Wages	885,023	949,550	(64,527)
Employee Benefits	327,459	303,936	23,523
Office Expenses	18,400	21,864	(3,464)
Education and Training	11,500	1,356	10,144
Operating Expenses	325,000	375,362	(50,362)
Operating Contracts	624,113	563,765	60,348
Utilities	1,488,413	1,341,907	146,506
Communications	23,300	11,929	11,371
Insurance	179,073	178,664	409
Professional Services	5,000	775	4,225
Maintenance Facility	18,492	16,253	2,239
Capital Purchases	0	274,709	(274,709)
Depreciation Expense	0	1,218,068	(1,218,068)
Total Direct Operating Expenses	<u>3,905,773</u>	<u>5,258,138</u>	<u>(1,352,365)</u>
Total Indirect Operating Expenses	<u>360,401</u>	<u>347,149</u>	<u>13,252</u>
Total Operating Expenses	<u>4,266,174</u>	<u>5,605,287</u>	<u>(1,339,113)</u>
Operating Income (Loss)	<u>(1,124)</u>	<u>(1,331,798)</u>	<u>(1,330,674)</u>
Non-Operating Revenues (Expenses)			
Interest Income	10,624	11,087	463
Bank Charges	(9,500)	(11,068)	(1,568)
Capital Asset Replacement Reserve Expenses	(500,000)	0	500,000
Capital Assets Removed/Retired	0	(3,336)	(3,336)
Net Non-Operating Revenues (Expenses)	<u>(498,876)</u>	<u>(3,317)</u>	<u>495,559</u>
Increase (Decrease) in Net Position Before Capital Contributions			
	<u>(500,000)</u>	<u>(1,335,115)</u>	<u>(835,115)</u>
Capital Contributions			
Capital Asset Replacement Reserve Contributions from City and County	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>(835,115)</u>	<u>\$ (835,115)</u>
Net Position, Beginning of Year		<u>7,269,370</u>	
Net Position, End of Year		<u>\$ 6,434,255</u>	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Emergency Communications District		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from Other Governmental Agencies	\$ 106,683	\$ 106,683	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	31,036	27,870	3,166
Employee Benefits	11,483	10,393	1,090
Office Expenses	301	5	296
Education and Training	150	0	150
Operating Expenses	21,000	25,649	(4,649)
Operating Contracts	31,979	28,049	3,930
Communications	450	393	57
Insurance	680	682	(2)
Professional Services	130	0	130
Maintenance Facility	462	405	57
Depreciation Expense	0	0	0
Total Direct Operating Expenses	97,671	93,446	4,225
Total Indirect Operating Expenses	9,012	8,709	303
Total Operating Expenses	106,683	102,155	4,528
Operating Income (Loss)	0	4,528	4,528
Non-Operating Revenues (Expenses)			
Interest Income	100	165	65
Bank Charges	(100)	(178)	(78)
Transfer of Operating Reserves	0	(4,515)	(4,515)
Net Non-Operating Revenues (Expenses)	0	(4,528)	(4,528)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		9,500	
Net Position, End of Year		\$ 9,500	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Fairview Technology Center		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from Other Governmental Agencies	\$ 48,931	\$ 48,931	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	18,120	14,828	3,292
Employee Benefits	6,705	6,198	507
Office Expenses	622	5	617
Education and Training	52	15	37
Operating Expenses	10,750	7,623	3,127
Operating Contracts	3,953	3,782	171
Communications	4,065	1,677	2,388
Insurance	268	263	5
Professional Services	50	0	50
Maintenance Facility	212	190	22
Depreciation Expense	0	564	(564)
Total Direct Operating Expenses	44,797	35,145	9,652
Total Indirect Operating Expenses	4,134	4,041	93
Total Operating Expenses	48,931	39,186	9,745
Operating Income (Loss)	0	9,745	9,745
Non-Operating Revenues (Expenses)			
Interest Income	45	98	53
Bank Charges	(45)	(96)	(51)
Transfer of Operating Reserves	0	(10,311)	(10,311)
Net Non-Operating Revenues (Expenses)	0	(10,309)	(10,309)
Increase (Decrease) in Net Position	\$ 0	(564)	\$ (564)
Net Position, Beginning of Year		5,174	
Net Position, End of Year		\$ 4,610	

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET TO ACTUAL BY ACTIVITY (Continued)
For the Year Ended June 30, 2015**

	Property Development		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from City and County	\$ 642,421	\$ 642,421	\$ 0
Operating Expenses			
Direct:			
Salaries and Wages	334,948	345,134	(10,186)
Employee Benefits	123,931	108,941	14,990
Office Expenses	25,000	21,341	3,659
Education and Training	15,000	8,978	6,022
Operating Expenses	5,000	1,505	3,495
Communications	10,000	4,062	5,938
Insurance	1,534	1,530	4
Professional Services	20,000	7,772	12,228
Depreciation Expense	0	0	0
Total Direct Operating Expenses	535,413	499,263	36,150
Total Indirect Operating Expenses	107,083	103,365	3,718
Total Operating Expenses	642,496	602,628	39,868
Operating Income (Loss)	(75)	39,793	39,868
Non-Operating Revenues (Expenses)			
Interest Income	690	947	257
Bank Charges	(615)	(944)	(329)
Transfer of Operating Reserves	0	(39,796)	(39,796)
Net Non-Operating Revenues (Expenses)	75	(39,793)	(39,868)
Increase (Decrease) in Net Position	\$ 0	0	\$ 0
Net Position, Beginning of Year		0	
Net Position, End of Year		\$ 0	

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

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

For the Year Ended June 30, 2015

	Telecommunications Services		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Management Fees from City and County	\$ 500,220	500,220	\$ 0
Management Fees Related to KCS	114,180	114,180	0
Total Operating Revenues	<u>614,400</u>	<u>614,400</u>	<u>0</u>
Direct Operating Expenses			
Telecom			
Salaries and Wages	289,748	305,514	(15,766)
Employee Benefits	106,274	94,123	12,151
Office Expenses	9,300	5,450	3,850
Education and Training	2,400	2,312	88
Operating Expenses	2,800	6,759	(3,959)
Operating Contracts	5,300	5,656	(356)
Communications	6,300	7,714	(1,414)
Insurance	9,026	9,004	22
Professional Services	4,000	282	3,718
Capital Purchases	0	0	0
Depreciation Expense	0	190,725	(190,725)
Telecom Operating Expenses	<u>435,148</u>	<u>627,539</u>	<u>(192,391)</u>
Knox County Schools			
Salaries and Wages	68,313	59,125	9,188
Employee Benefits	25,276	21,131	4,145
Office Expenses	1,200	425	775
Education and Training	600	973	(373)
Operating Expenses	1,200	849	351
Communications	1,400	765	635
Insurance	385	384	1
Professional Services	1,000	0	1,000
Schools Operating Expenses	<u>99,374</u>	<u>83,652</u>	<u>15,722</u>
Total Direct Operating Expenses	<u>534,522</u>	<u>711,191</u>	<u>(176,669)</u>
Total Indirect Operating Expenses	<u>80,178</u>	<u>77,352</u>	<u>2,826</u>
Total Operating Expenses	<u>614,700</u>	<u>788,543</u>	<u>(173,843)</u>
Operating Income (Loss)	<u>(300)</u>	<u>(174,143)</u>	<u>(173,843)</u>
Non-Operating Revenues (Expenses)			
Interest Income	474	1,118	644
Bank Charges	(174)	(1,114)	(940)
Transfer of Operating Reserves	0	(16,585)	(16,585)
Net Non-Operating Revenues (Expenses)	<u>300</u>	<u>(16,581)</u>	<u>(16,881)</u>
Increase (Decrease) in Net Position Before Capital Contributions	<u>0</u>	<u>(190,724)</u>	<u>(190,724)</u>
Capital Contributions			
Capital Asset Replacement Reserve Contributions from City and County	0	108,038	108,038
Increase (Decrease) in Net Position	<u>\$ 0</u>	<u>(82,686)</u>	<u>\$ (82,686)</u>
Net Position, Beginning of Year		<u>537,984</u>	
Net Position, End of Year		<u>\$ 455,298</u>	

STATISTICAL SECTION

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the PBA's financial performance and well-being have changed over time.....	57-58
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.	59-63
Debt Capacity	
The PBA is a joint venture between the City of Knoxville and Knox County; the PBA has no taxing authority. Debt for capital projects managed for the City and the County are funded by debt issued by these two government entities. Information on the City's and County's debt capacity is contained in their individual CAFRs.	N/A
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which PBA's financial activities take place approved by the City Council and the County Commission.	64-65
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.....	66

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

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

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

<u>Fiscal Year</u>	<u>Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>
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
2010	7,292,398	3,390,254	10,682,652
2011	7,451,392	3,571,882	11,023,274
2012	8,160,543	3,198,172	11,358,715
2013	8,832,369	3,256,753	12,089,122
2014	9,257,296	2,605,776	11,863,072
2015	7,975,147	3,269,503	11,244,650

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues										
Rental Income from City and County	\$ 4,215,037	\$ 4,101,739	4,013,581	\$ 3,912,814	3,999,608	\$ 3,887,410	\$ 3,623,121	\$ 3,454,701	\$ 3,382,478	\$ 3,345,387
Other Rental Income - Net	241,439	225,648	232,474	208,204	196,173	130,853	192,461	214,103	161,821	198,273
Management Fees from City and County	6,596,204	6,770,676	5,915,239	5,652,775	5,776,189	5,833,766	6,380,409	9,536,951	9,169,175	7,998,757
Management Fees from Other										
Governmental Agencies	305,775	163,956	189,380	161,299	153,846	179,713	191,633	176,338	172,652	153,357
Net Parking Revenues	2,922,562	2,986,198	2,721,805	2,848,822	2,816,686	2,832,092	2,982,014	2,836,172	2,537,780	1,984,221
Total Operating Revenues	14,281,017	14,248,217	13,072,479	12,783,914	12,942,502	12,863,834	13,369,638	16,218,265	15,423,906	13,679,995
Operating Expenses										
Salaries and Benefits	6,593,584	6,005,836	5,569,032	5,489,707	5,625,169	5,896,222	6,450,488	6,272,267	6,418,441	5,836,446
Office	105,780	120,030	105,534	93,329	72,415	89,703	118,120	143,731	172,569	157,085
Education and Training	21,507	17,241	8,723	6,703	10,335	6,806	12,437	11,121	34,042	17,696
Purchased Services and Supplies	1,287,942	1,151,072	1,157,287	1,055,814	1,049,751	988,458	978,689	1,030,931	962,469	936,841
Operating Contracts	1,695,954	1,675,598	1,608,672	1,586,372	1,448,345	1,382,944	1,463,449	1,895,038	1,625,987	1,470,804
Utilities	2,007,525	2,100,368	2,050,996	1,879,794	2,059,794	1,844,483	2,010,877	3,905,696	3,493,192	3,212,988
Communications	88,539	82,609	95,780	72,458	67,270	60,503	59,126	68,443	81,076	67,377
Insurance	308,154	298,444	269,125	236,013	228,725	224,990	229,141	235,118	189,388	273,981
Professional Fees	91,862	58,113	48,926	59,226	77,905	110,701	56,743	90,815	90,494	114,714
Depreciation	2,152,372	950,153	981,701	906,441	803,661	722,568	643,194	582,954	517,852	462,741
Maintenance Facility	86,222	86,008	81,728	76,560	73,593	72,643	60,301	51,173	0	0
Other	336,426	309,728	103,652	143,840	41,678	243,499	178,120	78,375	347,917	129,327
Total Operating Expenses	14,775,867	12,855,200	12,081,156	11,606,257	11,558,641	11,643,520	12,260,685	14,365,662	13,933,427	12,680,000
Operating Income (Loss)	(494,850)	1,393,017	991,323	1,177,657	1,383,861	1,220,314	1,108,953	1,852,603	1,490,479	999,995
Non-Operating Revenues (Expenses)										
Interest Income	27,528	19,038	16,271	28,448	27,264	28,997	92,272	331,019	362,831	246,342
Gain (Loss) on Disposal of Capital Assets		(489,579)	0	0	0	0	0	0	6,018	0
Bank Charges	(59,585)	(17,373)	(12,232)	(8,224)	(8,210)	(7,706)	(7,286)	(7,669)	(8,156)	(9,783)
Impairment Gain - Insurance Settlement	0	0	1,039,555	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0	(166)	(732)
Capital Returned to the City and County	(1,668,938)	(2,135,304)	(1,563,423)	(1,728,491)	(1,730,881)	(1,801,089)	(2,054,297)	(2,579,761)	(586,159)	(1,217,881)
Capital Returned to Other										
Governmental Agencies	(35,641)	(66,008)	(34,853)	(16,414)	(42,537)	(111,666)	(19,164)	(24,832)	(29,251)	(5,335)
Noncash:										
Capital Asset Retirements from the City and County	(19,674)	0	0	0	0	0	0	0	(5,271)	(9,311)
Total Non-Operating Revenues (Expenses) - Net	(1,756,310)	(2,689,226)	(554,682)	(1,724,681)	(1,754,364)	(1,891,464)	(1,988,475)	(2,281,243)	(260,154)	(996,700)
Increase (Decrease) in Net Position Before Capital Contributions	(2,251,160)	(1,296,209)	436,641	(547,024)	(370,503)	(671,150)	(879,522)	(428,640)	1,230,325	3,295
Capital Contributions										
Capital Contributions from the City and County	1,632,738	548,501	815,424	882,465	711,125	332,128	1,312,158	848,128	894,500	268,416
Capital Contributions from Other Governmental Agencies	0	0	0	0	0	0	4,647	7,426	6,603	0
Noncash:										
Capital Asset Retirements from the City and County	0	0	0	0	0	0	0	0	0	0
Total Capital Contributions	1,632,738	548,501	815,424	882,465	711,125	332,128	1,316,805	855,554	901,103	268,416
Increase (Decrease) in Net Position	(618,422)	(747,708)	1,252,065	335,441	340,622	(339,022)	437,283	426,914	2,131,428	271,711
Net Position, Beginning of Year	11,863,072	12,610,780	11,358,715	11,023,274	10,682,652	11,021,674	10,584,391	10,157,477	8,026,049	7,754,338
Net Position, End of Year	11,244,650	\$ 11,863,072	\$ 12,610,780	\$ 11,358,715	\$ 11,023,274	\$ 10,682,652	\$ 11,021,674	\$ 10,584,391	\$ 10,157,477	\$ 8,026,049

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

**PROPERTIES MANAGED
Last Ten Fiscal Years**

Property	Space in Square Feet									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
County Owned										
Andrew Johnson Building	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661	145,661
Beck Cultural Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19,161	19,161
Fairview Technology Center	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Senior Centers (4)	33,738	33,738	33,738	33,738	33,738	33,738	33,738	27,500	27,500	27,500
Health Department (1 main facility, 3 community clinics, and air quality lab)	157,800	157,800	157,800	157,800	157,800	157,800	157,800	157,800	157,800	153,000
John Tarleton Homes	N/A	N/A	N/A	80,000	80,000	80,000	80,000	80,000	80,000	64,474
Juvenile Justice Center	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209	104,209
Knox Central	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000	165,000
Library System (1 main location, 1 history center, and 16 community branches)	N/A	N/A	N/A	N/A	N/A	N/A	300,201	321,537	302,376	294,549
Old Court House	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098	64,098
County Clerk Satellite Offices (5)	11,773	11,773								
Family Investment Center	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	N/A	N/A
Forensic Center	19,435									
City Owned										
Volunteer Landing Park	16,331	16,331	16,331	16,331	16,331	16,331	16,331	5,170	5,170	5,170
World's Fair Park	39,600	39,600	39,600	39,600	39,600	39,600	39,600	39,600	3,600	3,600
Downtown Cinema	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	N/A	N/A
Knoxville Station Transit Center	103,717	103,717	103,717	103,717	103,717					
Knoxville Area Transit - Magnolia Facility	35,000	35,000	35,000	35,000						
PBA Owned										
City County Building	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634	531,634
Owned by Other Governmental Agencies										
Emergency Communications District	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Totals	<u>1,511,496</u>	<u>1,492,061</u>	<u>1,480,288</u>	<u>1,560,288</u>	<u>1,525,288</u>	<u>1,421,571</u>	<u>1,721,772</u>	<u>1,725,709</u>	<u>1,654,209</u>	<u>1,620,056</u>

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

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

Location	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NUMBER OF PARKING SPACES										
County Owned										
Dwight Kessel Metropolitan Parking Garage	964	964	964	964	964	964	964	964	964	964
State Street Parking Lot	283	283	283	283	283	283	283	283	283	283
City Owned										
Hill Avenue Parking Lot	16	16	16	16						
Jackson Avenue Parking Lot	190	190	190	190	190	190	190	190	190	190
Locust Street Garage	645	645	645	645	645	645	645	645	645	645
Main Avenue Garage	475	475	475	475	475	475	475	475	475	475
Market Square Garage	677	677	677	700	700	700	700	700	700	700
Promenade Garage	277	277	277	277	277	277	277	277	277	0
State Street Garage	1,082	1,082	842	842	842	842	842	842	842	842
World's Fair Parking Lots	698	698	698	698	698	698	698	698	698	698
Tennessee Department of Transportation (TDOT)	469	469	469	469	469	0	0	0	0	0
PBA Owned										
City County Building Garage	850	850	850	850	850	850	850	850	850	850
Totals	6,626	6,626	6,386	6,409	6,393	5,924	5,924	5,924	5,924	5,647
PARKS										
City Owned										
World's Fair Park:										
Number of Acres	18	18	18	18	18	18	18	18	18	18
Volunteer Landing Park:										
Number of Acres	5	5	5	5	5	5	5	5	5	5
Second Creek Greenway:										
Number of Acres	9	9	9	9	9	9	9	0	0	0
Estimated Park Visitors Annually	706,236	671,988	678,733	689,518	648,530	610,955	446,885	200,000	200,000	150,000

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
COUNTY PROJECTS	
Andrew Johnson Buidling Elevator Upgrade	\$ 275,000
Andrew Johnson Building Reroof - Phase I	400,000
Andrew Johnson Building Reroof - Phase II	350,000
Carter Senior Center Storage Building Addition	28,127
Courtroom A/V Upgrades	260,000
Dwight Kessel Parking Garage Elevator Equipment Room	16,536
Dwight Kessel Parking Garage Lighting Upgrades	45,000
Family Investment Center A/V Upgrades	7,509
Family Investment Center Elevator Upgrades	42,475
Health Department - Access Control Addition	16,990
Health Department - Cooling Tower	59,900
Health Department - Piping/Capped Flange	20,000
Health Department - Pump Replacement	18,000
Health Department - Sputum Room	40,550
Juvenile Court Building Expansion	3,958,298
Knox Central Generator	250,000
Knox Central Parking Lot	110,550
Knox Central Switchgear	400,000
Old Courthouse HVAC Consoles	22,000
Old Courthouse Windows	1,366,474
Public Defender Exterior Repairs	25,200
ADA Projects:	
South Doyle High School	375,000
South Doyle High School	350,000
County Subtotal	\$ 8,437,608

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

**CAPITAL PROJECTS COMPLETED (Continued)
Last Five Fiscal Years**

Projects	Managed Budget
CITY PROJECTS	
Adaptive Center	\$ 159,000
Alice Bell Ballfield Re-roof	16,300
Badgett Field Concession Bldg Reroof	50,000
Beardsley Farm Shed Reroof	6,000
Cinema Retail Tenant Build Out	150,000
Convention Center Warranty Repairs	711,000
Duff Field Reroof	6,100
Elm Street Signal Shop	5,000
Elm Street Storage Facility	121,400
Fire Station #12 Structural Investigation	4,750
Fire Station #20 - Re Roof	16,229
Fire Station #20 Remodel	75,000
Fire Station #4 - Re Roof	14,998
Fire Station #5 Soffit and Fascia repairs	55,000
Fleet Services Storage Building Reroof	11,300
HUD House Demolition - 309 & 311 N. Chestnut St.	23,987
HUD House Demolition - 3210 MLK Jr. Blvd.	11,964
Ijams Skylights	6,000
KAT Renovation - Magnolia (ARRA)	2,300,000
Krutch Park	56,000
Lakeshore Administration Building - Phase I	1,200,000
Larry Cox Senior Center Remodel	350,000
Lorraine Street Salt Sheds Reroof	60,000
LT Ross Skylights	280,000
Mary Vestal Park Reroof	7,700
Oakland Recreation Center Reroof	33,700
Richard Leake HVAC Replacement	30,000
Safety Building Tenant Improvements	100,000
Solid Waste Transfer Station	25,000
State Street Addition	7,100,000
State Street Garage Dumpster Pad	43,500
Tyson Park Tennis Clubhouse Re-Roof	5,000
Walter Hardy Park	6,200
Whittle Springs Golf Shed	25,000
City Projects Subtotal	<u>13,066,128</u>
Total All Projects	\$ <u><u>21,503,736</u></u>

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

**TELECOMMUNICATION SERVICES
Last Ten Fiscal Years**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
CITY AND COUNTY										
Total Extensions	8,299	8,243	8,280	8,280	8,367	8,156	8,544	7,790	7,790	7,753
Telephone Lines	805	804	360	360	360	360	489	489	489	489
Cellular Telephones	140	144	127	131	96	145	218	823	795	708
Pagers	33	33	34	50	72	106	160	312	348	443
Repair Work Orders	1,002	823	716	807	905	829	858	1,177	973	927
SCHOOLS										
Total Extensions	855	852	852	929	817	785	631	661	634	628
Telephone Lines	2,300	2,338	2,329	2,285	2,430	2,391	2,430	2,386	2,340	2,341
Repair Work Orders	591	627	562	644	594	728	578	575	696	671

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
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	15,201,428	34,180	3.4	4.7
2008	430,019	15,666,206	36,431	4.8	6.4
2009	435,725	15,371,687	35,278	8.0	10.5
2010	432,226	15,222,567	35,219	7.0	9.5
2011	436,104	16,961,829	38,894	6.9	9.2
2012	440,725	18,149,825	41,127	6.3	8
2013	441,311	18,466,333	41,533	5.6	7.9
2014	447,933	n/a	n/a	5.7	6.6

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

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

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

Employer (a)	Industry	2014		2005	
		Number of Employees	% of Total Knox County Workforce	Number of Employees	% of Total Knox County Workforce
Covenant Health	Health Care	9,122	4.08 %	8,000	2.44 %
Knox County Schools	Education	7,066	3.16	7,230	2.21
The University of Tennessee	Government	6,550	2.93	8,311	2.54
Wal-Mart Stores, Inc.	Retail	5,776	2.58	4,173	1.27
University Health Systems	Health Care	4,061	1.81	3,707	1.13
K-VA-T Food Stores	Retail Grocery	3,857	1.72	n/a	n/a
St. Mary's Medical Center	Health Care	n/a	n/a	3,553	1.08
Tennova Healthcare	Health Care	3,124	1.40	n/a	n/a
Baptist Health	Health Care	n/a	n/a	3,000	0.92
Knox County	Government	2,991	1.34	2,500	0.76
State of Tennessee	Government	2,808	1.25	n/a	n/a
City of Knoxville	Government	n/a	n/a	2,798	0.85
Kroger Co.	Retail Grocery	2,555	1.14	n/a	n/a
Clayton Homes	Manufacturing and Finance	n/a	n/a	2,508	0.77
Total		47,910	21.41 %	45,780	13.97 %

Notes: (a) Only Knox County is presented.

Source: Greater Knoxville Chamber Partnership

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

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

Department	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Facilities Management	44	41	41	40	38	38	47	40	56	48
Safety and Security	47	51	41	40	42	37	44	48	42	42
Property Development	4	6	4	4	4	5	5	8	7	7
Telecommunications/MIS/PBX	12	11	9	9	9	8	9	8	9	9
Administrative	9	9	9	8	9	9	12	14	13	13
Total	116	118	104	101	102	97	117	118	127	119

Source: PBA Payroll Department.

**INTERNAL CONTROL
AND
COMPLIANCE SECTION**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Public Building Authority of the County of Knox and the City of Knoxville, Tennessee (the "PBA") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the PBA's basic financial statements, and have issued our report thereon dated October 26, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Chattanooga, TN
October 26, 2015