

**KNOXVILLE – KNOX COUNTY  
PLANNING COMMISSION**

**ANNUAL FINANCIAL STATEMENTS**

**For the Fiscal Years Ended June 30, 2022 and 2021**

**Prepared By:  
Knox County Department of Finance**

**KNOXVILLE – KNOX COUNTY PLANNING COMMISSION**

**ANNUAL FINANCIAL STATEMENTS**

For the Fiscal Years Ended June 30, 2022 and 2021

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**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**

Knoxville, Tennessee

**ANNUAL FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2022 and 2021

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**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**

Knoxville, Tennessee

**ANNUAL FINANCIAL STATEMENTS**

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**INTRODUCTORY  
SECTION**

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**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**

**COMMISSION MEMBERS**

June 30, 2022

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**Representing the City of Knoxville:**

Ms. Karyn Adams

Mr. Nathaniel Shelso

Mr. Logan Higgins

Mr. Tim Hill

Ms. Amy Midis

Ms. Marite Perez

Mr. Patrick Phillips, Chairman

**Representing Knox County:**

Ms. Tamara Boyer

Mr. Louis Browning

Mr. Richard Graf

Mr. Jim Nichols

Mr. Chris Ooten

Mr. Jeffery W. Roth

Mr. Eddie Smith

Mr. Scott Smith, Vice Chair

## **FINANCIAL SECTION**



**PUGH & COMPANY, P.C.**  
315 NORTH CEDAR BLUFF ROAD, SUITE 200  
KNOXVILLE, TENNESSEE 37923  
TELEPHONE 865-769-0660  
FAX 865-769-1660  
www.pughcpas.com

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners of the  
Knoxville - Knox County Planning Commission  
Knoxville, Tennessee

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities and the major government fund (the general fund) of the Knoxville – Knox County Planning Commission (“Commission”), as of and for the years ended June 30, 2022 and 2021, the budgetary comparison statement of the general fund, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major governmental fund of the Knoxville – Knox County Planning Commission, as of June 30, 2022 and 2021, and the respective changes in financial position and the budgetary comparison statement of the general fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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.

### **Supplementary Information**

Our audit were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary information section, as listed in the table of contents, including the schedule of expenditures federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section as listed in the table of contents. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

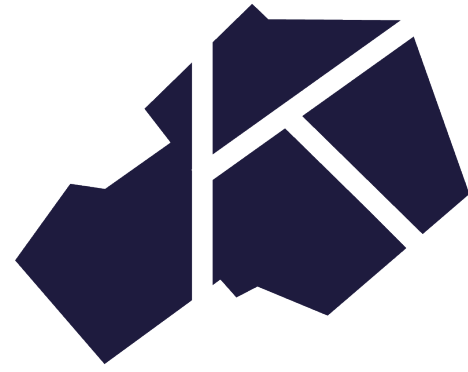
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the information exists, we are required to describe it on our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Knoxville – Knox County Planning Commission's internal control over financial reporting and compliance.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
December 21, 2022



## Management's Discussion and Analysis

As management of the Knoxville - Knox County Planning Commission (the Commission), we offer the readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal years ended June 30, 2022, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the information provided in the financial statements, notes to financial statements, and supplementary information when reviewing the Commission's financial activities and condition.

### Financial Highlights for Fiscal Year 2022

- ❖ The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$3,372,125 (*net position*). Of this amount, \$2,976,181 (unrestricted net position) may be used to meet the Commission's ongoing obligations to citizens and creditors.
- ❖ The Commission's total net position increased by \$512,325. This increase is the result of a combination of increased revenues in various categories.
- ❖ The Commission's ending cash increased by \$692,445 while grants receivable decreased by \$88,731 related to the decrease in grant revenues.
- ❖ The Commission's total liabilities increased by \$36,258 primarily due to an increase in accounts payable and compensated absences.

### Financial Highlights for Fiscal Year 2021

- ❖ The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$2,859,800 (*net position*). Of this amount, \$2,417,694 (unrestricted net position) may be used to meet the Commission's ongoing obligations to citizens and creditors.
- ❖ The Commission's total net position increased by \$634,623. This increase is the result of increased revenues primarily from grants related to the TDOT Section 5310 grant for the purchase of vans for local non-profits.
- ❖ The Commission's ending cash increased by \$537,868 while grants receivable increased by \$422,878 related to the increase in grant revenues.
- ❖ The Commission's total liabilities increased by \$320,802 primarily due to an increase in accounts payable related to the purchase of vans through the TDOT Section 5310 grant.

### Financial Highlights for Fiscal Year 2020

- ❖ The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$2,225,177 (*net position*). Of this amount, \$1,730,450 (unrestricted net position) may be used to meet the Commission's ongoing obligations to citizens and creditors.
- ❖ The Commission's total net position increased by \$387,220. This increase is primarily the result of decreased program expenses.

- ❖ The Commission's ending cash increased by \$650,474 while grants receivable decreased by \$608,243 due to payments received prior to year-end.
- ❖ The Commission's total liabilities decreased by \$397,799 primarily due to a decrease in accounts payable.

## Overview of Financial Statements

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business. The comparative Statements of Net Position presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The comparative Statements of Activities present information showing how the Commission's net position changed during the last two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (full accrual accounting), regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected grant and contract reimbursements, and earned but unused vacation leave).

The government-wide financial statements can be found on pages 11-12 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission uses one fund, the general fund, which is considered a governmental fund.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The governmental funds financial statements can be found on pages 13-17 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 18-29 of this report.

**Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Commission's budgetary compliance and variances from the final amended budget, and schedules of expenditures of federal and state financial assistance. This supplementary information can be found on pages 30-34 of this report.

### **Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. As of June 30, 2022, 2021 and 2020, the Commission's assets exceeded its liabilities by \$3,372,125, \$2,859,800 and \$2,225,177, respectively. At June 30, 2022, the majority of the Commission's net position reflects its current assets (e.g. cash and cash equivalents and receivables). These current assets (less current liabilities) equal approximately 92% of total net position; however, all net position is not available for future operational spending as \$395,944, or 12%, is invested in capital assets. The remaining balance of unrestricted net position \$2,976,181 may be used to meet the Commission's ongoing obligations to citizens and creditors.

As the following table shows, the Commission reported an increase in net position of \$512,325 for the current fiscal year ended June 30, 2022. As previously noted, this increase is the result of a combination of increased revenues.

During the fiscal year ended June 30, 2021, the Commission reported an increase in net position of \$634,623. This increase was primarily the result of increased grant revenues. The increase of \$422,878 in grants receivable was due to payments related to grant programs received after year-end.

During the fiscal year ended June 30, 2020, the Commission reported an increase in net position of \$387,220. This increase was primarily the result of decreased program expenses. The decrease of \$608,243 in grants receivable was due to payments related to grant programs received prior to the end of the year.

**Knoxville-Knox County Planning Commission  
Condensed Statement of Net Position**

	FYE June 30, 2022	As Restated FYE June 30, 2021	FYE* June 30, 2020
Current and Other Assets	\$ 3,777,226	\$ 3,171,847	\$ 2,218,291
Capital Assets - Net	439,800	496,596	494,727
Total Assets	<u>4,217,026</u>	<u>3,668,443</u>	<u>2,713,018</u>
Current Liabilities	685,249	613,886	374,796
Non Current Liabilities Outstanding	159,652	194,757	113,045
Total Liabilities	<u>844,901</u>	<u>808,643</u>	<u>487,841</u>
Net Position:			
Investment in			
Capital Assets	395,944	442,106	494,727
Unrestricted	2,976,181	2,417,694	1,730,450
Total Net Position	<u>\$ 3,372,125</u>	<u>\$ 2,859,800</u>	<u>\$ 2,225,177</u>
Increase in Net Position	<u>\$ 512,325</u>	<u>\$ 634,623</u>	<u>\$ 387,220</u>

\* Not practical to restate for GASB 87

The next table shows the key elements from ongoing operations that contributed to the increase in net position of \$512,325 during the current fiscal year. The reasons for this year's increase are a combination of increased revenues in various categories.

For fiscal year 2022, total revenues increased by \$62,911. The increase is a result of increased contributions from the City of Knoxville that offset the decrease in grant revenues.

For fiscal year 2021, total revenues increased by \$636,149. The increase is in charges for services of \$115,156 resulting from increased fees for rezonings, subdivisions and other applications and an increase in federal government grants of \$410,750 (primarily in the transit services programs), an increase of \$40,666 in state government grants (primarily in the Tennessee Department of Transportation grants).

For fiscal year 2020, total revenues decreased by \$802,997. That decrease is primarily due to a decrease in federal government grants of \$580,530 (primarily in the transit services programs), a decrease of \$91,792 in state government grants (primarily in the Tennessee Department of Transportation grants), and a decrease in local grants of \$42,549.

Total expenses for fiscal year 2022 increased by \$185,209. The increase was primarily in Contracted Services due to a regional study of pavement conditions throughout the Knoxville area.

During fiscal year 2021, total expenses increased by \$388,746. The increase primarily in Supplies and Materials due to increased purchases of vehicles related to the transit program grants.

During fiscal year 2020, total expenses decreased by \$1,022,829. The decrease included decreases in each category but mainly in Supplies and Materials due to decreased purchases of vehicles related to the transit program grants.

**Knoxville-Knox County Planning Commission**  
**Condensed Statement of Changes in Net Position**

	FYE June 30, 2022	As Restated FYE June 30, 2021	FYE* June 30, 2020
<b>Revenues:</b>			
Charges for Services	\$ 734,219	\$ 736,290	\$ 621,134
Federal, State and Local Grants	1,909,587	1,984,898	1,529,375
City of Knoxville and Knox County	2,269,990	2,129,697	2,064,227
<b>Total Revenues</b>	<b>4,913,796</b>	<b>4,850,885</b>	<b>4,214,736</b>
<b>Expenses:</b>			
Personnel Services	2,624,177	2,598,128	2,621,940
Contracted Services	1,529,685	795,055	811,972
Supplies and Materials	52,922	620,486	155,376
Other Charges	124,205	131,712	179,391
Depreciation	70,482	70,881	58,837
<b>Total Expenses</b>	<b>4,401,471</b>	<b>4,216,262</b>	<b>3,827,516</b>
Change in Net Position	512,325	634,623	387,220
Net Position - Beginning of Year	2,859,800	2,225,177	1,837,957
Net Position - End of Year	\$ 3,372,125	\$ 2,859,800	\$ 2,225,177

\* Not practical to restate for GASB 87

**Budgetary Highlights**

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, which is found on page 17 of this report, details the original and final budget, actual revenues and expenditures, as well as the variances from the final budget. The Commission’s actual revenues were \$1,055,312 under budget primarily due to decreases in federal grants reflected in the budget. The Commission’s actual expenditures were \$1,672,059 under budget and each category was less than budget. The net result is a \$616,747 favorable budget variance. The following table is a summary of the budget and actual results for the current year.

**Knoxville-Knox County Planning Commission**

**Budget vs. Actual**

**June 30, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	As Restated 2021 Total
Total Revenues	\$ 5,969,108	\$ 5,969,108	\$ 4,913,796	\$(1,055,312)	\$ 4,850,885
Total Expenditures	5,986,108	6,051,839	4,379,780	1,672,059	4,136,419
Net Change in Fund Balances	(17,000)	(82,731)	534,016	616,747	714,466
Fund Balances, July 1	2,557,961	2,557,961	2,557,961	-	1,843,495
Fund Balances, June 30	\$ 2,540,961	\$ 2,475,230	\$ 3,091,977	\$ 616,747	\$ 2,557,961

**Capital Assets.** The Commission's investment in capital assets as of June 30, 2022, amounts to \$439,800 (net of accumulated depreciation and amortization). Capital assets include furniture and fixtures, computer and office equipment, vehicles and leases. The Commission's investment in capital assets decreased for the current fiscal year by 11%, or \$56,796, due mainly to depreciation and amortization expense. As of June 30, 2021, the Commission's investment in capital assets amounted to \$496,596 (net of accumulated depreciation and amortization). For the fiscal year ending June 30, 2020, the Commission's investment in capital assets amounted to \$494,727 (net of accumulated depreciation and amortization). For a detailed schedule of the Commission's capital assets, see Note 4: Capital Assets on pages 25 and 26 in the Notes to the Financial Statements.

**Long-term Obligations.** Long-term obligations consist of compensated absences payable and sick leave liability as well as leases. Long-term obligations decreased by \$35,105 in 2022, increased by \$81,712 in 2021 and decreased by \$692 in 2020. The decrease in 2022 was due mainly to a decrease in the annual leave liability. For a detailed schedule of the Commission's long-term obligations, see Note 5: Long Term Obligations on page 27 in the Notes to the Financial Statements.

### **Fiscal Year 2023 Budget**

The Commission's budget adopted for 2023 reflects budgeted total expenditures of \$5,809,880, which is a 4.17% decrease from the 2022 original budget. The decrease in the Commission's fiscal year 2023 budget is primarily related to grant expenditures.

### **Requests for Information**

This financial report is designed to provide a general overview of the Knoxville-Knox County Planning Commission's finances for all of those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Executive Director, Knoxville-Knox County Planning Commission, 400 Main Street, Suite 403, City-County Building, Knoxville, Tennessee, 37902.



**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**STATEMENTS OF NET POSITION  
June 30, 2022 and 2021**

	<b>2022</b>	As Restated <b>2021</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,957,451	\$ 2,265,006
Accounts Receivable:		
Grants Receivable	808,677	897,408
Prepaid Items	11,098	9,433
Capital Assets:		
Buildings	253,258	253,258
Machinery and Equipment	298,147	298,147
Vehicles	24,012	24,012
Leases	65,026	65,026
Work in Progress	13,686	-
Less: Accumulated Depreciation and Amortization	(214,329)	(143,847)
Capital Assets, net of Accumulated Depreciation and Amortization	<u>439,800</u>	<u>496,596</u>
Total Assets	<u>4,217,026</u>	<u>3,668,443</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	364,256	347,355
Accrued Liabilities	19	24
Accrued Payroll	92,291	78,081
Unearned Revenue	14,267	-
Due to Others	350	350
Compensated Absences	203,301	177,442
Lease Liability - Current Portion	10,765	10,634
Total Current Liabilities	<u>685,249</u>	<u>613,886</u>
Non-current Liabilities		
Compensated Absences	126,561	150,901
Lease Liability	33,091	43,856
Total Non-current Liabilities	<u>159,652</u>	<u>194,757</u>
Total Liabilities	<u>844,901</u>	<u>808,643</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	395,944	442,106
Unrestricted	<u>2,976,181</u>	<u>2,417,694</u>
Total Net Position	<u>\$ 3,372,125</u>	<u>\$ 2,859,800</u>

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

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**STATEMENTS OF ACTIVITIES**

**For the Years Ended June 30, 2022 and 2021**

	<b>2022</b>	As Restated <b>2021</b>
<b>Program Revenues:</b>		
Charges for Services	\$ 734,219	\$ 736,290
Operating Grants and Contributions:		
Federal Government Grants	1,728,550	1,787,143
State of Tennessee Grants	154,407	172,074
Local Grants	26,630	25,681
Total Program Revenues	2,643,806	2,721,188
<b>Program Expenses:</b>		
Personnel Services	2,624,177	2,598,128
Contracted Services	1,529,685	795,055
Supplies and Materials	52,922	620,486
Other Charges	124,205	131,712
Depreciation and Amortization	70,482	70,881
Total Program Expenses	4,401,471	4,216,262
Net Program Deficiency of Revenues Under Expenses	(1,757,665)	(1,495,074)
<b>General Revenues:</b>		
Grants and Contributions not Restricted to Specific Programs:		
City of Knoxville	1,304,900	1,266,900
Knox County	803,250	812,500
Other Revenues	161,840	50,297
Total General Revenues	2,269,990	2,129,697
Change in Net Position	512,325	634,623
Total Net Position - Beginning of Year	2,859,800	2,225,177
Total Net Position - End of Year	\$ 3,372,125	\$ 2,859,800

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

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**BALANCE SHEETS - GENERAL FUND  
June 30, 2022 and 2021**

	<b>2022</b>	As Restated <b>2021</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,957,451	\$ 2,265,006
Accounts Receivable:		
Grants Receivable	808,677	897,408
Prepaid Items	11,098	9,433
Total Assets	<b>\$ 3,777,226</b>	<b>\$ 3,171,847</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 364,256	\$ 347,355
Accrued Liabilities	19	24
Accrued Payroll	92,291	78,081
Unearned Revenue	14,267	-
Due to Others	350	350
Compensated Absences Payable	203,301	177,442
Leases	10,765	10,634
Total Liabilities	685,249	613,886
<b>FUND BALANCES</b>		
Nonspendable	11,098	9,433
Assigned	-	-
Unassigned	3,080,879	2,548,528
Total Fund Balances	3,091,977	2,557,961
Total Liabilities and Fund Balances	<b>\$ 3,777,226</b>	<b>\$ 3,171,847</b>

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

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION  
RECONCILIATION OF THE BALANCE SHEETS -GENERAL FUND TO  
THE STATEMENTS OF NET POSITION  
June 30, 2022 and 2021**

	<b>2022</b>	As Restated <b>2021</b>
Amounts reported for governmental activities in the statements of net position are different because:		
Ending Fund Balance - General Fund	\$ 3,091,977	\$ 2,557,961
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:	439,800	496,596
Long-term liabilities, including compensated absences and leases, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences and leases	(159,652)	(194,757)
Net Position of Governmental Activities	\$ 3,372,125	\$ 2,859,800

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

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
IN FUND BALANCE - GENERAL FUND  
For the Years Ended June 30, 2022 and 2021**

	<b>2022</b>	As Restated <b>2021</b>
<b>Revenues:</b>		
Charges for Services	\$ 734,219	\$ 736,290
Federal Government Grants	1,728,550	1,787,143
State of Tennessee Grants	154,407	172,074
Local Grants	26,630	25,681
City of Knoxville	1,304,900	1,266,900
Knox County	803,250	812,500
Other Revenues	161,840	50,297
<b>Total Revenues</b>	<b>4,913,796</b>	<b>4,850,885</b>
<b>Expenditures:</b>		
Current:		
Personnel Services	2,648,517	2,560,272
Contracted Services	1,529,685	795,055
Supplies and Materials	52,922	620,486
Other Charges	124,205	142,248
Capital Outlay	24,451	18,358
<b>Total Expenditures</b>	<b>4,379,780</b>	<b>4,136,419</b>
Net Change in Fund Balance	534,016	714,466
Fund Balance, Beginning of Year	2,557,961	1,843,495
Fund Balance, End of Year	<u>\$ 3,091,977</u>	<u>\$ 2,557,961</u>

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

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GENERAL FUND TO THE STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2022 and 2021**

	<b>2022</b>	As Restated <b>2021</b>
Amounts reported for governmental activities in the statements of activities are different because:		
Net Change in Fund Balance - General Fund	\$ 534,016	\$ 714,466
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay \$24,451 is less than depreciation and amortization \$70,482 in the current year. During 2021, capital outlay \$18,358 was less than depreciation and amortization \$70,881.	(46,031)	(52,523)
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures in the General Fund. Change in compensated absences payable.	24,340	(27,320)
Change in Net Position per Statements of Activities	\$ 512,325	\$ 634,623

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

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2022**

(With Comparative Totals for Fiscal Year Ended June 30, 2021)

	Original Budget	Final Budget	Actual	Variance With Final Budget	As Restated 2021 Actual
<b>Revenues</b>					
Charges for Services	\$ 510,000	\$ 510,000	\$ 734,219	\$ 224,219	\$ 736,290
Federal Government Grants	3,239,598	3,239,598	1,728,550	(1,511,048)	1,787,143
State of Tennessee Grants	48,000	48,000	154,407	106,407	172,074
Local Grants	-	-	26,630	26,630	25,681
City of Knoxville	1,304,900	1,304,900	1,304,900	-	1,266,900
Knox County	853,250	853,250	803,250	(50,000)	812,500
Other Revenues	13,360	13,360	161,840	148,480	50,297
Total Revenues	<u>5,969,108</u>	<u>5,969,108</u>	<u>4,913,796</u>	<u>(1,055,312)</u>	<u>4,850,885</u>
<b>Expenditures</b>					
Current:					
Personnel Services	3,076,716	3,076,716	2,648,517	428,199	2,560,272
Contracted Services	2,176,923	2,241,669	1,529,685	711,984	795,055
Supplies and Materials	532,572	532,572	52,922	479,650	620,486
Other Charges	159,897	159,897	124,205	35,692	142,248
Capital Outlay	40,000	40,985	24,451	16,534	18,358
Total Expenditures	<u>5,986,108</u>	<u>6,051,839</u>	<u>4,379,780</u>	<u>1,672,059</u>	<u>4,136,419</u>
<b>Net Change in Fund Balances</b>	(17,000)	(82,731)	534,016	616,747	714,466
Fund Balances, Beginning of Year	<u>2,557,961</u>	<u>2,557,961</u>	<u>2,557,961</u>	<u>-</u>	<u>1,843,495</u>
Fund Balances, End of Year	<u>\$ 2,540,961</u>	<u>\$ 2,475,230</u>	<u>\$ 3,091,977</u>	<u>\$ 616,747</u>	<u>\$ 2,557,961</u>

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

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Knoxville - Knox County Planning Commission (the Commission) was formed in 1956. The Commission is a regional planning commission established by the Tennessee Department of Economic and Community Development pursuant to the provisions of the Tennessee Code Annotated, Section 13-3-102. The Commission's Board is composed of fifteen members serving four-year terms, eight of whom are nominated by the Knox County Mayor and the remaining seven are nominated by the Mayor of the City of Knoxville. The Local Government Planning Advisory Committee of the Tennessee Department of Economic and Community Development approves the nominations. The participating governments have an ongoing financial responsibility to the Commission, but do not have any equity interest in the Commission.

The Commission's financial statements include the accounts of all Commission operations.

**B. Basis of Accounting**

The government-wide financial statements (i.e., the statements of net position and the statements of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements employ the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are "measurable and available". "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Commission considers revenue generated from charges for service (i.e. fees) available if they are collected within 60 days after the fiscal year end. All other revenues are considered available if collected within one year after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting, except for compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.



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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting (continued)**

The General Fund is accounted for using the current flow of financial resources as the measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The general fund balance is considered a measure of “available spendable resources”. The operating statement of the general fund presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

Because of its spending measurement focus, expenditure recognition for the General Fund excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as general fund expenditures or fund liabilities.

1. Fund Accounting

The accounts of the Commission are organized, operated and presented on the basis of funds. Funds are independent fiscal and accounting entities with self-balancing sets of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Commission reports one governmental fund, the General Fund. The General Fund is the Commission’s operating fund which accounts for all financial resources.

2. Sources of Revenue

The Commission receives funding from Knox County, the City of Knoxville, the State of Tennessee, the Federal Government, and from private grants and fees.

3. Classification of Expenditures by Function

All expenditures made by the Commission fall under the functional classification of general government since they are for the purpose of planning.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Equity**

1. Deposits and Investments

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Commission's cash, cash equivalents and investments are pooled and managed by the Trustee of Knox County. State Statutes authorize the Commission to invest in obligations of the federal government, State of Tennessee, U.S. governmental agencies, the State of Tennessee Local Government Investment Pool, certificates of deposit and repurchase agreements. All investments are reported at fair value. Short-term investments, however, are reported at cost, which approximates fair value. Tennessee Code Annotated Section 5-8-201 requires financial institutions to secure the Commission's deposits by pledging governmental securities as collateral. The market value of the securities must be at least 105 percent of the average daily balance of the Commission's deposits.

2. Receivables, Payables, and Unearned Revenue

All trade and subsidy receivables and payables are recognized when incurred and recorded at full value. Any amounts later determined to be uncollectible are written off when that determination is made. Management does not believe an allowance for doubtful accounts is necessary. Unearned revenue is reported in connection with receivables for revenues that have not yet been earned and are not considered available to liquidate liabilities of the current accounting period.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items when paid and expensed in the applicable future accounting period.

4. Capital Assets

Capital assets, which include property and equipment, are defined as assets with an initial, individual cost of more than \$10,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Equity (continued)**

**4. Capital Assets (continued)**

Property and equipment are depreciated using the straight-line method over the following estimated useful lives of the assets:

<u>Assets</u>	<u>Years</u>
Furniture and Fixtures	5
Computers and Equipment	5-10
Vehicles	5
Building Renovations	25

Maintenance and repairs are charged to operations as incurred; major renewals and betterments are capitalized. When capital assets are sold, the related costs and accumulated depreciation are removed from the respective accounts, and any gain or loss is charged or credited to operations.

Capital assets reported as construction in progress are stated at cost and are depreciated using the straight-line method over their estimated useful lives when placed into service.

**5. Compensated Absences Payable**

It is the Commission's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits based on years of service. Vacation pay is accrued when earned. Commission employees are generally not entitled to pay-out of sick leave at separation of employment. However, for the purpose of rewarding longevity and judicious use of the sick leave benefit, long time Commission employees shall be eligible upon separation to receive a payment for unused accrued sick leave in accordance with the following:

- The employee shall have worked for the Commission for a minimum of 15 years.
- Employees shall receive payment for unused accumulated sick leave up to a maximum accrual of \$10,000.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Equity (continued)**

**6. Fund Balance**

In the governmental fund financial statements, fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are (a) not in spendable form, or (b) legally or contractually required to be maintained intact (e.g. endowments). Fund balance not in spendable form includes items not expected to be converted to cash (e.g. prepaid items).

Restricted fund balance includes amounts that are restricted for specific purposes. These amounts result from constraints placed on the use of resources (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the Knoxville-Knox County Planning Commission is the Commission's Board. Amounts are reported as committed pursuant to approvals voted by the Commission's legislative branch, which have also been approved by the Commission's Director (executive branch).

Assigned fund balance consists of amounts constrained by the Commission's intent to be used for specific purposes but are neither restricted nor committed. Assignments may be made upon the authority of the Commission's Director.

Unassigned fund balance is the residual balance in the general fund (i.e. fund balance that is not nonspendable, nor restricted, nor committed, nor assigned). When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted amounts are expended first, and then unrestricted funds are used. When expenditures are incurred utilizing unrestricted funds, unassigned amounts are expended first, then assigned amounts, then committed amounts.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities, and Equity (continued)**

**6. Fund Balance (continued)**

Net position in government-wide financial statements is classified as investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law.

**7. Estimates**

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

**8. Reclassifications**

Certain items have been reclassified from the prior year to conform to current year presentation.

**NOTE 2: BUDGETARY INFORMATION**

As required by State Statutes, the Commission adopts an annual budget. The budget proposal is prepared on a basis consistent with accounting principles generally accepted in the United States of America. The Commission's budget is presented to its Executive Committee for review and approval then forwarded to the full Commission for vote and legal adoption. The appropriated budget is approved at a summary level and emphasis is also placed on complying with the grant budget, terms and conditions on a grant by grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

The appropriated budget is prepared at the major category level. For the Commission, the legal level of budgetary control, that is, the level at which management cannot overspend funds without a budget amendment approved by the Commission, is the major category level. The major categories are Personnel Services, Contracted Services, Supplies and Materials, Other Charges and Capital Outlay.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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**NOTE 2: BUDGETARY INFORMATION (Continued)**

The Commission's primary funding source is federal, state, and local grants which have a grant period that may or may not coincide with the fiscal year due to the fact that grants range from being less than a twelve month period to multiple years. Because of the Commission's dependency on federal, state, and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

The annual budget is subject to constant change within the fiscal year due to increases/decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget, and revised expenditure needs.

The Commission reports a total increase or decrease in net position which enables the Commission to determine the funds available for appropriation.

**NOTE 3: DEPOSITS AND INVESTMENTS**

During the current and prior fiscal years, the bank collateral pool administered by the Treasurer of the State of Tennessee covered the Commission's cash and cash equivalents, which were pooled and managed by the Trustee of Knox County. Banks participating in the collateral pool determine the aggregate balance of their public fund accounts for the Commission.

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 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. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be entirely insured or collateralized.

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ -	\$ 13,686	\$ -	\$ 13,686
Capital Assets Being Depreciated and Amortized:				
Leasehold improvements	\$ 253,258	\$ -	\$ -	\$ 253,258
Furniture and fixtures	255,335	-	-	255,335
Computer and equipment	42,812	-	-	42,812
Vehicles	24,012	-	-	24,012
Leases	65,026	-	-	65,026
Total Capital Assets Being Depreciated and Amortized	<u>640,443</u>	<u>-</u>	<u>-</u>	<u>640,443</u>
Less Accumulated Depreciation and Amortization for:				
Leasehold improvements	(20,939)	(10,100)	-	(31,039)
Furniture and fixtures	(79,209)	(42,967)	-	(122,176)
Computer and equipment	(13,334)	(2,256)	-	(15,590)
Vehicles	(19,608)	(4,402)	-	(24,010)
Leases	(10,757)	(10,757)	-	(21,514)
Total Accumulated Depreciation and Amortization	<u>(143,847)</u>	<u>(70,482)</u>	<u>-</u>	<u>(214,329)</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>496,596</u>	<u>(70,482)</u>	<u>-</u>	<u>426,114</u>
Total Capital Assets, Net	<u>\$ 496,596</u>	<u>\$ (56,796)</u>	<u>\$ -</u>	<u>\$ 439,800</u>

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

**NOTE 4: CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	As Restated Ending Balance
Capital Assets Being Depreciated and Amortized:				
Leasehold improvements	\$ 253,258	\$ -	\$ -	\$ 253,258
Furniture and fixtures	247,611	7,724	-	255,335
Computer and equipment	42,812	-	-	42,812
Vehicles	24,012	-	-	24,012
Leases	-	65,026	-	65,026
Total Capital Assets Being Depreciated and Amortized	<u>567,693</u>	<u>72,750</u>	<u>-</u>	<u>640,443</u>
Less Accumulated Depreciation and Amortization for:				
Leasehold improvements	(10,839)	(10,100)	-	(20,939)
Furniture and fixtures	(36,242)	(42,967)	-	(79,209)
Computer and equipment	(11,079)	(2,255)	-	(13,334)
Vehicles	(14,806)	(4,802)	-	(19,608)
Leases	-	(10,757)	-	(10,757)
Total Accumulated Depreciation and Amortization	<u>(72,966)</u>	<u>(70,881)</u>	<u>-</u>	<u>(143,847)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 494,727</u>	<u>\$ 1,869</u>	<u>\$ -</u>	<u>\$ 496,596</u>



**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

**NOTE 5: LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	\$ 328,343	\$ 225,683	\$ (224,164)	\$ 329,862	\$ 203,301
Leases	54,490	-	(10,634)	43,856	10,765
<b>Total Long-Term Obligations</b>	<b>\$ 382,833</b>	<b>\$ 225,683</b>	<b>\$ (234,798)</b>	<b>\$ 373,718</b>	<b>\$ 214,066</b>

Long-term obligations activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	As Restated Due Within One Year
Compensated Absences	\$ 301,450	\$ 196,896	\$ (170,003)	\$ 328,343	\$ 177,442
Leases	-	65,026	(10,536)	54,490	10,634
<b>Total Long-Term Obligations</b>	<b>\$ 301,450</b>	<b>\$ 261,922</b>	<b>\$ (180,539)</b>	<b>\$ 382,833</b>	<b>\$ 188,076</b>

The sick leave liability is expected to be paid after one year and is calculated based on the retirement requirements for early and longevity retirement.

**NOTE 6: RELATED PARTY TRANSACTIONS**

Knox County provides office space within the City/County Building to the Commission. The Commission paid for maintenance costs amounting to \$29,318 in fiscal years 2022 and 2021, respectively. Maintenance costs are agreed to each year during budget negotiations. Knox County provides various administrative and internal service functions to the Commission. The total charged by the County to the Commission for those services was \$59,579 and \$79,586 in fiscal years 2022 and 2021, respectively.

**NOTE 7: ECONOMIC CONCENTRATION**

The City of Knoxville and Knox County, Tennessee provided funding of \$2,108,150 in the current fiscal year and \$2,079,400 in the past fiscal year to the Commission, which amounted to 43 percent of total revenues for the fiscal years 2022 and 2021.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

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**NOTE 8: RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains general liability, auto liability and worker's compensation insurance through a public entity risk pool operated as a risk-sharing program by the Tennessee Municipal League (TML). This pool is sustained by member premiums. Because the TML pool has excess aggregate and individual claim loss insurance coverage, management considers any related risk to be insignificant. The Commission has had no significant reduction in insurance coverage over the last three years. There have been no settlements in excess of insurance coverage over the last three years.

**NOTE 9: FUND BALANCES**

The amount that is reported on the balance sheets –general fund as nonspendable fund balance on June 30, 2022 and 2021 is comprised of prepaid items. Those amounts totaled \$11,098 and \$9,433, respectively.

**NOTE 10: EMPLOYEE RETIREMENT PLANS**

The Commission participates in the Knox County defined contribution asset accumulation plan (the DC Plan), a single employer plan of Knox County, Tennessee, that covers substantially all full-time employees of the Commission. The plan is administered by the Knox County Retirement and Pension Board. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Participation begins on the first day of employment and all eligible employees not participating in another county or state retirement plan are required to participate.

Employees vest in the employer contributions at 20% per year after one year of service and are 100% vested after five years. All employees who work at least 18.5 hours a week are required to contribute a minimum of 6% of compensation. This contribution is matched dollar-for-dollar by the Commission. Forfeitures are used to assist in funding the Knox County Employee Disability Plan.

The Commission also participates in the Knox County Voluntary 457 plan which incorporates voluntary pre-tax contributions by the participant with an employer match based on length of service with the Commission. For 2022, the defined contribution plan has 35 active members and the 457 plan has 18 active members. For 2021, the defined contribution plan had 33 active members and the 457 plan had 17 active members.

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2022 and 2021

**NOTE 10: EMPLOYEE RETIREMENT PLANS (Continued)**

During 2022, the Commission made employer contributions of \$121,777 and the employees contributed \$121,777 to the DC Plan. The Commission made employer contributions of \$50,375 and the employees contributed \$83,097 to the 457 Plan.

During 2021, the Commission made employer contributions of \$118,046 and the employees contributed \$118,046 to the DC Plan. The Commission made employer contributions of \$48,284 and the employees contributed \$70,999 to the 457 Plan.

The assets of these plans are held in trust for the benefit of participants and their beneficiaries and are administered and managed by the Knox County Retirement and Pension Board. A description of the plans, financial statements and notes are presented in the *Knox County Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2022.

**NOTE 11: LEASE LIABILITIES**

On July 1, 2021, the Commission implemented a new lease standard under GASB 87. The standard requires adjusting the financial statements back to the earliest period presented. The Commission leases equipment with 72 months remaining at implementation date. An initial lease liability was recorded in the amount of \$65,026. As of June 30, 2022, the value of the lease liability is \$43,856. The Commission is required to make monthly fixed payments of \$936. The lease has an interest rate of 1.2170%. The value of the right to use asset as of June 30, 2022 of \$65,026 with accumulated amortization of \$21,514 is included with the Lease Class on the capital asset schedule. The Commission has one extension option on one copier for 53 months and 31 months on the other copier. The FY 2021 financial statements have been restated to reflect these changes.

June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,765	\$ 473	\$ 11,238
2024	10,896	342	11,238
2025	11,030	208	11,238
2026	<u>11,165</u>	<u>73</u>	<u>11,238</u>
	<u>\$ 43,856</u>	<u>\$ 1,096</u>	<u>\$ 44,952</u>

**SUPPLEMENTARY  
INFORMATION**

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**SCHEDULE OF GENERAL FUND EXPENDITURES  
For the Year Ended June 30, 2022  
(With Comparative Totals for Fiscal Year Ended June 30, 2021)**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	As Restated 2021 Actual
<b>Expenditures</b>					
Personnel Services	\$ 3,076,716	\$ 3,076,716	\$ 2,648,517	\$ 428,199	\$ 2,560,272
Legal Services - Attorney	51,000	51,000	55,696	(4,696)	49,900
Legal Notices	11,500	11,500	29,339	(17,839)	13,284
Other Professional Services (Advertisement & Audit Services)	68,200	72,004	25,410	46,594	73,505
Rent, Repair, & Maintenance	32,850	32,850	7,071	25,779	16,250
Advertising	65,600	68,075	28,569	39,506	86,576
Communications	656,500	663,920	561,666	102,254	83,680
Other Services (Consulting, Postage & Printing)	1,122,723	1,160,690	729,435	431,255	409,868
Contracts with Other Agencies	135,500	148,580	78,818	69,762	57,008
Travel, Tuition, Dues & Memberships	23,550	23,550	7,679	15,871	499
Conference Registration	9,500	9,500	6,002	3,498	4,485
Food	16,260	16,260	11,009	5,251	3,439
Utilities & Fuel	-	-	-	-	177
Office Supplies & Minor Equipment	506,062	506,062	30,410	475,652	609,489
Vehicle/ Equipment	-	-	2,981	(2,981)	0
Educational Materials	6,250	6,250	3,512	2,738	2,681
Other Materials (Signs)	4,000	4,000	5,010	(1,010)	4,700
Capital Outlay	40,000	40,985	24,451	16,534	18,358
Insurance Related Expenses - Building & Vehicles	35,500	35,500	25,146	10,354	26,368
Workers' Compensation	8,500	8,500	515	7,985	17
Trustee Commission	27,000	27,000	9,049	17,951	6,934
Space Costs	29,318	29,318	29,318	-	29,318
Other Central Service Costs	59,579	59,579	59,579	-	79,586
Other	-	-	598	(598)	25
<b>Total Expenditures</b>	<u>\$ 5,986,108</u>	<u>\$ 6,051,839</u>	<u>\$ 4,379,780</u>	<u>\$ 1,672,059</u>	<u>\$ 4,136,419</u>

**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation:				
Passed through Tennessee Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	Contract 200226 PIN No. 130740.00	\$ 418,370	418,370
Highway Planning and Construction-FHWA	20.205	Contract ID 59110 PIN No. 129931.00		556,137
Highway Planning and Construction-FHWA	20.205	Z19-MPO-008 EDISON ID 38616		191,111
Regional Transportation and Air Quality	20.205	F&A Contract No. GG15-45861-00		9,746
Knoxville Smart Trips Program (Comprehensive)	20.205	Contract No.130313 PIN No. 106867.01		14,350
Knoxville Smart Trips Program (Ridesharing)	20.205	PIN No. 125453.00 Contract #170022		<u>40,082</u>
Total Highway Planning and Construction Cluster				<u>1,229,796</u>
Federal Transit Technical Studies Grant	20.505	F&A Contract No. GG 22-71811-00		<u>137,490</u>
Total Passed through Tennessee Department of Transportation				<u>1,367,286</u>
Direct Payments:				
Transit Services Programs Cluster:				
Federal Transit - Enhanced Mobility Capital	20.521	Federal Project ID # TN-2022-002-01	\$ 39,597	39,597
Federal Transit - Operating Assistance	20.521	Federal Project ID # TN-2022-002-02-00	93,277	93,277
Federal Transit - Enhanced Mobility	20.521	Federal Project ID # TN-2019-028-00	33,534	33,534
Federal Transit - Operating Assistance	20.521	Federal Project ID # TN-2019-028-00	79,091	79,091
Federal Transit - Administration	20.521	Federal Project ID # TN-2019-028-00	-	65,244
Federal Transit Stimulus Funding	20.521	Federal Project ID # TN-2022-009-00	<u>50,521</u>	<u>50,521</u>
Total Transit Services Programs Cluster			<u>296,020</u>	<u>361,264</u>
Total U.S. Department of Transportation			<u>296,020</u>	<u>1,728,550</u>
Total Expenditures of Federal Awards			<u>\$ 296,020</u>	<u>\$ 1,728,550</u>

The accompanying notes are an integral part of this schedule.

**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**For the Year Ended June 30, 2022**

Program Title	Identifying Number	State Expenditures
<b>Tennessee Department of Transportation:</b>		
Regional Transportation and Air Quality	EDISON ID #45861	\$ 2,437
Federal Transit - Enhanced Mobility (Capital)	Federal Project ID # TN-2019-028-00 State Contract No. 47-5310-S3-004	4,191
Federal Transit - Enhanced Mobility	Federal Project ID # TN-2019-028-00 State Contract No. 47CRIT-S3-007	39,543
Federal Transit - Enhanced Mobility (Capital)	TDOT Contract GG-22-75418 State Contract No. 475310-S3-005	4,949
Federal Transit - Operating Assistance	Federal Project ID # TN-2022-002-02-00 State Contract No. 475310-S3-005	42,998
Federal Transit - Operating Assistance	Federal Project ID # TN-2022-002-02-00 State Contract No. 475310-S3-006	3,639
Federal Transit Technical Studies Grant	Z19-MPO-008 EDISON ID 38616 TDOT Project No. 475303-S3-017	4,705
Federal Transit Technical Studies Grant	Contract ID 59110 PIN No. 129931.00 State Proj.# 47954-1081-54	34,759
Federal Transit Technical Studies Grant	F&A Contract No. GG 22-71811-00 TDOT Proj.# 475303-S3-018	17,186
<b>Total Tennessee Department of Transportation</b>		<u>154,407</u>
<b>Total Expenditures of State Financial Assistance</b>		<u>\$ 154,407</u>

The accompanying notes are an integral part of this schedule.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE**

June 30, 2022

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**NOTE 1 – BASIS OF PRESENTATION and SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules of expenditures of federal awards and state financial assistance summarizes the expenditures of the Knoxville-Knox County Planning Commission (the Commission) under federal programs for the year ended June 30, 2022. Because the schedules present only a selected portion of the operations for the Commission, they are not intended to, and do not, present the financial position, changes in net position, or cash flows of the Commission. For purposes of the schedule of expenditures of federal awards, expenditures for federal programs are recognized on the modified accrual basis of accounting.

Federal awards include all grants, contracts, and similar agreements entered into directly between the Commission and agencies and departments of the federal government, and all subawards to the Commission by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

In compliance with Tennessee state law, the accompanying schedule of expenditures of state financial assistance is also included in this report. This schedule presents all state funded financial assistance, as defined by the State's Comptroller's Office, and is prepared and presented in a manner consistent with the schedule of expenditures of federal awards.

**NOTE 2 – INDIRECT COSTS**

Many of the Commission's federally funded programs allow indirect costs to be charged and include them as a line item in the grant budget. However, if the grant budget does not specifically provide for indirect costs to be charged, none of the indirect costs are reported as costs to the grantor nor are the costs included or presented in the schedule of expenditures of federal awards and state financial assistance. The Commission has elected to use the 10% de minimis rate as allowed under the Uniform Guidance for the Section 5310 Federal Grant program only.



**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION  
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS**

**June 30, 2022**

<b>Governmental Activities</b>	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2021	Issued During Period	Paid and/or Matured During Period	Outstanding June 30, 2022
<b>Leases Payable</b>								
Copier Equipment	\$ 45,101	1.217	% 7/1/2021	7/15/2026	\$ 37,792	\$ -	\$ 7,375	\$ 30,417
Printer Equipment	\$ 19,925	1.217	% 7/1/2021	7/19/2026	16,698	-	3,259	13,439
Total Governmental Activities					<u>\$ 54,490</u>	<u>\$ -</u>	<u>\$ 10,634</u>	<u>\$ 43,856</u>

**SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTERST REQUIREMENTS BY FISCAL YEAR**

**June 30, 2022**

Year Ending June 30,	Leases		
	Principal	Interest	Total
2023	\$ 10,765	\$ 473	\$ 11,238
2024	10,896	342	11,238
2025	11,030	208	11,238
2026	11,165	73	11,238
	<u>\$ 43,856</u>	<u>\$ 1,096</u>	<u>\$ 44,952</u>

**INTERNAL CONTROL  
AND COMPLIANCE SECTION /  
SINGLE AUDIT SECTION**



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**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 Commissioners of the  
 Knoxville - Knox County Planning Commission  
 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 governmental activities, the major governmental fund, and the budgetary comparison statement of the general fund of the Knoxville - Knox County Planning Commission ("Commission"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 21, 2022.

**Report on Internal Control Over Financial Reporting**

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



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission'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 financial statements. 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
December 21, 2022



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners of the  
Knoxville - Knox County Planning Commission  
Knoxville, Tennessee

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Knoxville - Knox County Planning Commission's ("Commission") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2022. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further discussed in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's federal programs.



## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance with it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for the resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
December 21, 2022

**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**

**Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2022**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?  yes  no

Major federal programs for the Knoxville – Knox County Planning Commission for the fiscal year ended June 30, 2022 are as follows:

<u>Program Name</u>	<u>Assistance Listing Number</u>
U.S. Department of Transportation: New Freedom Program	20.521

Dollar threshold used to distinguish between Type A & Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

**Section II - Findings Related to the Audit of the Financial Statements**

Current Year Audit Findings: None

**Section III - Findings Related to Federal Awards**

Current Year Audit Findings: None

**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**  
**SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS**  
**For the Year Ended June 30, 2022**

There were no findings reported in the prior year.