

**KNOXVILLE – KNOX COUNTY  
PLANNING COMMISSION**

**ANNUAL FINANCIAL STATEMENTS**

**For the Fiscal Years Ended June 30, 2024 and 2023**

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

**KNOXVILLE – KNOX COUNTY PLANNING COMMISSION**

**ANNUAL FINANCIAL STATEMENTS**

For the Fiscal Years Ended June 30, 2024 and 2023

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**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**

Knoxville, Tennessee

**ANNUAL FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2024 and 2023

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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, 2024

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**Representing the City of Knoxville:**

Ms. Karyn Adams

Mr. Nathaniel Shelso

Mr. Logan Higgins

Mr. Tim Hill, Chairman

Ms. Amy Midis

Ms. Marite Perez

Mr. Miles Biggs

**Representing Knox County:**

Ms. Tamara Boyer

Mr. Louis Browning

Ms. Nancy Barger

Mr. John Huber

Mr. Chris Ooten, Vice Chair

Ms. Katie Overton

Mr. Eddie Smith

Mr. Rich Levenson

## **FINANCIAL SECTION**



**PUGH & COMPANY, P.C.**  
315 NORTH CEDAR BLUFF ROAD, SUITE 200  
KNOXVILLE, TENNESSEE 37923  
Telephone: 865-769-0660  
Fax: 865-769-1660

## 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, 2024 and 2023, 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, 2024 and 2023, 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.



### ***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 was 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.

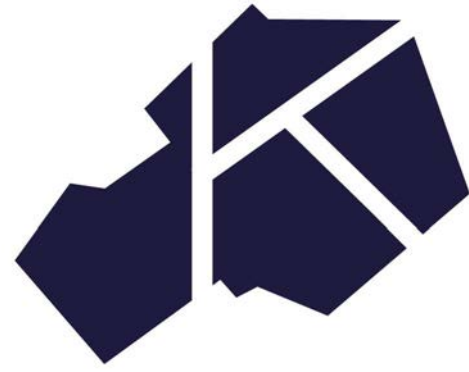
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 16, 2024 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 16, 2024



## 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, 2024, 2023, and 2022. 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 2024

- ❖ The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$4,130,013 (*net position*). Of this amount, \$3,787,300 (unrestricted net position) may be used to meet the Commission's ongoing obligations to citizens and creditors.
- ❖ The Commission's ending cash increased by \$148,029 while grants receivable decreased by \$96,344 related to the decrease in federal grant revenues.

### Financial Highlights for Fiscal Year 2023

- ❖ The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$4,117,704 (*net position*). Of this amount, \$3,779,316 (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 \$744,146. This increase is the result of a combination of increased revenues in various categories and a decrease in expenses.
- ❖ The Commission's ending cash increased by \$785,834 while grants receivable decreased by \$169,518 related to the decrease in federal grant revenues.
- ❖ The Commission's total liabilities decreased by \$240,147 primarily due to a decrease in accounts payable and non-current liabilities.

### Financial Highlights for Fiscal Year 2022

- ❖ The assets of the Commission exceeded its liabilities at the close of the most recent fiscal year by \$3,373,558 (*net position*). Of this amount, \$2,976,132 (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 \$513,758. 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 \$166,844 primarily due to an increase in lease and subscription liabilities with the implementation of two new accounting standards, GASB 87 and 96.

## 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 18-30 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 31-36 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, 2024, 2023 and 2022, the Commission’s assets exceeded its liabilities by \$4,130,013, \$4,117,704, and \$3,373,558, respectively. At June 30, 2024, 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 94% of total net position; however, all net position is not available for future operational spending as \$342,713, or 8%, is invested in capital assets. The remaining balance of unrestricted net position \$3,787,300 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 \$12,309 for the current fiscal year ended June 30, 2024. This increase is the result of a combination of decreased revenues and a decrease in contracted services and supplies and materials expenses.

During the fiscal year ended June 30, 2023, the Commission reported an increase in net position of \$744,146. This increase was the result of a combination of increased revenues and a decrease in expenses.

During the fiscal year ended June 30, 2022, the Commission reported an increase in net position of \$513,758. This increase was primarily the result of increased other revenues related to the KAT transit study.

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

	FYE June 30, 2024	FYE June 30, 2023	As Restated FYE June 30, 2022
Current and Other Assets	\$ 4,454,619	\$ 4,394,284	\$ 3,777,226
Capital Assets - Net	409,157	458,760	571,819
Total Assets	<u>4,863,776</u>	<u>4,853,044</u>	<u>4,349,045</u>
Current Liabilities	590,263	594,588	728,554
Non Current Liabilities Outstanding	143,500	140,752	246,933
Total Liabilities	<u>733,763</u>	<u>735,340</u>	<u>975,487</u>
Net Position:			
Investment in			
Capital Assets	342,713	338,388	397,426
Unrestricted	3,787,300	3,779,316	2,976,132
Total Net Position	<u>\$ 4,130,013</u>	<u>\$ 4,117,704</u>	<u>\$ 3,373,558</u>
Increase in Net Position	<u>\$ 12,309</u>	<u>\$ 744,146</u>	<u>\$ 513,758</u>

The next table shows the key elements from ongoing operations that contributed to the increase in net position of \$12,309 during the current fiscal year. The reasons for this year's increase are a combination of decreased revenues in various categories and a decrease in expenses for contracted services.

For fiscal year 2024, total revenues decreased by \$660,259. The decrease is a result of a decrease in grant revenues from federal, state, and local grants.

For fiscal year 2023, total revenues decreased by \$102,149. The decrease is a result of decreased revenues related to the KAT transit study in the prior year and a decrease in grant revenues.

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 and an increase from the KAT transit study.

Total expenses for fiscal year 2024 increased by \$71,578. The increase was primarily in Personnel Services due to staff changes and their related benefits cost and a decrease in Contracted Services and Supplies and Materials due to fewer projects in comparison to the prior year.

During fiscal year 2023, total expenses decreased by \$332,537. The decrease was primarily in Personnel Services due to staff changes and their related benefits cost and Contracted Services due to fewer projects in comparison to the prior year.

During fiscal year 2022, total expenses increased by \$183,776. The increase was primarily in Contracted Services due to a regional study of pavement conditions throughout the Knoxville area.

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

	FYE June 30, 2024	FYE June 30, 2023	As Restated FYE June 30, 2022
<b>Revenues:</b>			
Charges for Services	\$ 793,228	\$ 740,274	\$ 734,219
Federal, State and Local Grants	1,156,031	1,869,999	1,909,587
City of Knoxville and Knox County	2,202,129	2,201,374	2,269,990
<b>Total Revenues</b>	<b>4,151,388</b>	<b>4,811,647</b>	<b>4,913,796</b>
<b>Expenses:</b>			
Personnel Services	3,030,560	2,386,495	2,624,177
Contracted Services	818,221	1,371,732	1,529,685
Supplies and Materials	47,827	75,328	52,922
Other Charges	130,855	120,887	80,246
Depreciation	111,616	113,059	113,008
<b>Total Expenses</b>	<b>4,139,079</b>	<b>4,067,501</b>	<b>4,400,038</b>
Change in Net Position	12,309	744,146	513,758
Net Position - Beginning of Year	4,117,704	3,373,558	2,859,800
Net Position - End of Year	<u>\$ 4,130,013</u>	<u>\$ 4,117,704</u>	<u>\$ 3,373,558</u>

**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 \$3,592,643 under budget primarily due to decreases in federal, state, and local grants reflected in the budget. The Commission’s actual expenditures were \$3,663,475 under budget and each category was less than budget. The net result is a \$70,832 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, 2024**

	Original Budget	Final Budget	Actual	Variance With	2023 Total
				Final Budget Positive (Negative)	
Total Revenues	\$ 7,744,031	\$ 7,744,031	\$ 4,151,388	\$ (3,592,643)	\$ 4,811,647
Total Expenditures	7,684,031	7,750,203	4,086,728	3,663,475	4,060,623
Net Change in Fund Balances	60,000	(6,172)	64,660	70,832	751,024
Fund Balances, July 1	3,799,696	3,799,696	3,799,696	-	3,048,672
Fund Balances, June 30	\$ 3,859,696	\$ 3,793,524	\$ 3,864,356	\$ 70,832	\$ 3,799,696

**Capital Assets.** The Commission’s investment in capital assets as of June 30, 2024, amounts to \$409,157 (net of accumulated depreciation and amortization). Capital assets include furniture and fixtures, computer and office equipment, vehicles, leases and subscriptions. The Commission’s investment in capital assets decreased for the current fiscal year by 11%, or \$49,603, due mainly to depreciation and amortization expense and the purchase of a new vehicle. As of June 30, 2023, the Commission’s investment in capital assets amounted to \$458,760 (net of accumulated depreciation and amortization). For the fiscal year ending June 30, 2022, the Commission’s investment in capital assets amounted to \$571,819 (net of accumulated depreciation and amortization) due to implementing GASB 96 for subscriptions. 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 and subscriptions. Long-term obligations increased by \$2,748 in 2024, decreased by \$106,181 in 2023, and increased by \$52,176 in 2022. The increase in 2024 occurred due to an increase in compensated absences and sick leave liability, while lease and subscription liabilities decreased. 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 2025 Budget**

The Commission’s budget adopted for 2025 reflects budgeted total expenditures of \$8,183,349, which is a 6.5% increase from the 2024 original budget. The increase in the Commission’s fiscal year 2025 budget is primarily related to grant expenditures for facility upgrades, vehicle purchases for local non-profits, and a match for retirement buyouts.

**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, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,891,314	\$ 3,743,285
Accounts Receivable:		
Grants Receivable	542,813	639,157
Prepaid Items	20,492	11,842
Capital Assets:		
Buildings	266,944	266,944
Machinery and Equipment	298,147	298,147
Vehicles	61,067	24,012
Leases	65,026	65,026
Subscriptions	174,545	174,545
Construction in Progress	24,958	-
Less: Accumulated Depreciation and Amortization	(481,530)	(369,914)
Capital Assets, net of Accumulated Depreciation and Amortization	409,157	458,760
Total Assets	4,863,776	4,853,044
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	247,955	181,717
Accrued Liabilities	31	50
Accrued Payroll	111,056	132,599
Unearned Revenue	25,517	25,517
Due to Others	350	350
Compensated Absences	168,780	200,427
Lease Liability - Current Portion	11,030	10,896
Subscription Liability - Current Portion	25,544	43,032
Total Current Liabilities	590,263	594,588
Non-current Liabilities		
Compensated Absences	113,630	74,308
Lease Liability	11,165	22,195
Subscription Liability	18,705	44,249
Total Non-current Liabilities	143,500	140,752
Total Liabilities	733,763	735,340
<b>NET POSITION</b>		
Net Investment in Capital Assets	342,713	338,388
Unrestricted	3,787,300	3,779,316
Total Net Position	\$ 4,130,013	\$ 4,117,704

*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, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Program Revenues:</b>		
Charges for Services	\$ 793,228	\$ 740,274
Operating Grants and Contributions:		
Federal Government Grants	1,025,188	1,553,600
State of Tennessee Grants	123,005	190,336
Local Grants	7,838	126,063
Total Program Revenues	1,949,259	2,610,273
<b>Program Expenses:</b>		
Personnel Services	3,030,560	2,386,495
Contracted Services	818,221	1,371,732
Supplies and Materials	47,827	75,328
Other Charges	130,855	120,887
Depreciation and Amortization	111,616	113,059
Total Program Expenses	4,139,079	4,067,501
Net Program Deficiency of Revenues Under Expenses	(2,189,820)	(1,457,228)
<b>General Revenues:</b>		
Grants and Contributions not Restricted to Specific Programs:		
City of Knoxville	1,304,900	1,334,900
Knox County	882,253	843,413
Other Revenues	14,976	23,061
Total General Revenues	2,202,129	2,201,374
Change in Net Position	12,309	744,146
Total Net Position - Beginning of Year	4,117,704	3,373,558
Total Net Position - End of Year	\$ 4,130,013	\$ 4,117,704

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

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**BALANCE SHEETS - GENERAL FUND  
June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,891,314	\$ 3,743,285
Accounts Receivable:		
Grants Receivable	542,813	639,157
Prepaid Items	20,492	11,842
Total Assets	\$ 4,454,619	\$ 4,394,284
<b>LIABILITIES</b>		
Accounts Payable	\$ 247,955	\$ 181,717
Accrued Liabilities	31	50
Accrued Payroll	111,056	132,599
Unearned Revenue	25,517	25,517
Due to Others	350	350
Compensated Absences Payable	168,780	200,427
Leases	11,030	10,896
Subscriptions	25,544	43,032
Total Liabilities	590,263	594,588
<b>FUND BALANCES</b>		
Nonspendable	20,492	11,842
Unassigned	3,843,864	3,787,854
Total Fund Balances	3,864,356	3,799,696
Total Liabilities and Fund Balances	\$ 4,454,619	\$ 4,394,284

*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, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Amounts reported for governmental activities in the statements of net position are different because:		
Ending Fund Balance - General Fund	\$ 3,864,356	\$ 3,799,696
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:	409,157	458,760
Long-term liabilities, including compensated absences, leases, and subscriptions are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences, leases, and subscriptions	(143,500)	(140,752)
Net Position of Governmental Activities	\$ 4,130,013	\$ 4,117,704

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

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GENERAL FUND  
For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>		
Charges for Services	\$ 793,228	\$ 740,274
Federal Government Grants	1,025,188	1,553,600
State of Tennessee Grants	123,005	190,336
Local Grants	7,838	126,063
City of Knoxville	1,304,900	1,334,900
Knox County	882,253	843,413
Other Revenues	14,976	23,061
 Total Revenues	 4,151,388	 4,811,647
<b>Expenditures:</b>		
Current:		
Personnel Services	2,991,238	2,438,748
Contracted Services	818,221	1,371,732
Supplies and Materials	47,827	75,328
Other Charges	130,855	120,887
Capital Outlay	98,587	53,928
 Total Expenditures	 4,086,728	 4,060,623
 Net Change in Fund Balance	 64,660	 751,024
 Fund Balance, Beginning of Year	 3,799,696	 3,048,672
 Fund Balance, End of Year	 \$ 3,864,356	 \$ 3,799,696

*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 ACTIVITES  
For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Amounts reported for governmental activities in the statements of activities are different because:		
Net Change in Fund Balance - General Fund	\$ 64,660	\$ 751,024
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 \$98,587 is less than depreciation and amortization \$111,616 in the current year. During 2023, capital outlay \$53,928 was less than depreciation and amortization \$113,059.	(13,029)	(59,131)
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.	(39,322)	52,253
Change in Net Position per Statements of Activities	\$ 12,309	\$ 744,146

*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, 2024**

(With Comparative Totals for Fiscal Year Ended June 30, 2023)

	Original Budget	Final Budget	Actual	Variance With Final Budget	2023 Actual
<b>Revenues</b>					
Charges for Services	\$ 602,000	\$ 602,000	\$ 793,228	\$ 191,228	\$ 740,274
Federal Government Grants	4,154,062	4,154,062	1,025,188	(3,128,874)	1,553,600
State of Tennessee Grants	330,230	330,230	123,005	(207,225)	190,336
Local Grants	180,030	180,030	7,838	(172,192)	126,063
City of Knoxville	1,480,196	1,480,196	1,304,900	(175,296)	1,334,900
Knox County	843,413	843,413	882,253	38,840	843,413
Other Revenues	154,100	154,100	14,976	(139,124)	23,061
Total Revenues	<u>7,744,031</u>	<u>7,744,031</u>	<u>4,151,388</u>	<u>(3,592,643)</u>	<u>4,811,647</u>
<b>Expenditures</b>					
Current:					
Personnel Services	3,309,649	3,309,649	2,991,238	318,411	2,438,748
Contracted Services	2,196,637	2,262,809	818,221	1,444,588	1,371,732
Supplies and Materials	1,922,848	1,922,848	47,827	1,875,021	75,328
Other Charges	159,897	159,897	130,855	29,042	120,887
Capital Outlay	95,000	95,000	98,587	(3,587)	53,928
Total Expenditures	<u>7,684,031</u>	<u>7,750,203</u>	<u>4,086,728</u>	<u>3,663,475</u>	<u>4,060,623</u>
<b>Net Change in Fund Balance</b>	60,000	(6,172)	64,660	70,832	751,024
Fund Balances, Beginning of Year	<u>3,799,696</u>	<u>3,799,696</u>	<u>3,799,696</u>	-	<u>3,048,672</u>
Fund Balances, End of Year	<u>\$ 3,859,696</u>	<u>\$ 3,793,524</u>	<u>\$ 3,864,356</u>	<u>\$ 70,832</u>	<u>\$ 3,799,696</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, 2024 and 2023

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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, 2024 and 2023

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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, 2024 and 2023

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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, 2024 and 2023

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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, 2024 and 2023

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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

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024 and 2023

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unrestricted funds, unassigned amounts are expended first, then assigned amounts, then committed amounts.

**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, 2024 and 2023

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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, 2024 and 2023

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, 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	\$ -	\$ 24,958	\$ -	\$ 24,958
Capital Assets Being Depreciated and Amortized:				
Leasehold improvements	\$ 266,944	\$ -	\$ -	\$ 266,944
Furniture and fixtures	255,335	-	-	255,335
Computer and equipment	42,812	-	-	42,812
Vehicles	24,012	37,055	-	61,067
Leases - Equipment	65,026	-	-	65,026
Subscriptions - Software	174,545	-	-	174,545
Total Capital Assets Being Depreciated and Amortized	<u>828,674</u>	<u>37,055</u>	<u>-</u>	<u>865,729</u>
Less Accumulated Depreciation and Amortization for:				
Leasehold improvements	(43,876)	(12,837)	-	(56,713)
Furniture and fixtures	(165,143)	(36,660)	-	(201,803)
Computer and equipment	(17,846)	(6,046)	-	(23,892)
Vehicles	(24,010)	(1,235)	-	(25,245)
Leases - Equipment	(32,271)	(10,757)	-	(43,028)
Subscriptions - Software	(86,768)	(44,081)	-	(130,849)
Total Accumulated Depreciation and Amortization	<u>(369,914)</u>	<u>(111,616)</u>	<u>-</u>	<u>(481,530)</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>458,760</u>	<u>(74,561)</u>	<u>-</u>	<u>384,199</u>
Total Capital Assets, Net	<u>\$ 458,760</u>	<u>\$ (49,603)</u>	<u>\$ -</u>	<u>\$ 409,157</u>

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024 and 2023

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

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 13,686	\$ -	\$ 13,686	\$ -
Capital Assets Being Depreciated and Amortized:				
Leasehold improvements	\$ 253,258	\$ 13,686	\$ -	\$ 266,944
Furniture and fixtures	255,335	-	-	255,335
Computer and equipment	42,812	-	-	42,812
Vehicles	24,012	-	-	24,012
Leases - Equipment	65,026	-	-	65,026
Subscriptions - Software	174,545	-	-	174,545
Total Capital Assets Being Depreciated and Amortized	814,988	13,686	-	828,674
Less Accumulated Depreciation and Amortization for:				
Leasehold improvements	(31,039)	(12,837)	-	(43,876)
Furniture and fixtures	(122,176)	(42,967)	-	(165,143)
Computer and equipment	(15,590)	(2,256)	-	(17,846)
Vehicles	(24,010)	-	-	(24,010)
Leases - Equipment	(21,514)	(10,757)	-	(32,271)
Subscriptions - Software	(42,526)	(44,242)	-	(86,768)
Total Accumulated Depreciation and Amortization	(256,855)	(113,059)	-	(369,914)
Total Capital Assets Being Depreciated and Amortized, Net	558,133	(99,373)	-	458,760
Total Capital Assets, Net	\$ 571,819	\$ (99,373)	\$ 13,686	\$ 458,760



**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024 and 2023

**NOTE 5: LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	\$ 274,735	\$ 247,763	\$ (240,088)	\$ 282,410	\$ 168,781
Leases	33,091	-	(10,896)	22,195	11,030
Subscriptions	87,281	-	(43,032)	44,249	25,544
<b>Total Long-Term Obligations</b>	<b>\$ 395,107</b>	<b>\$ 247,763</b>	<b>\$ (294,016)</b>	<b>\$ 348,854</b>	<b>\$ 205,355</b>

Long-term obligations activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	\$ 329,862	\$ 188,103	\$ (243,230)	\$ 274,735	\$ 200,427
Leases	43,856	-	(10,765)	33,091	10,896
Subscriptions	130,537	-	(43,256)	87,281	43,032
<b>Total Long-Term Obligations</b>	<b>\$ 504,255</b>	<b>\$ 188,103</b>	<b>\$ (297,251)</b>	<b>\$ 395,107</b>	<b>\$ 254,355</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 2024 and 2023, 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 \$39,579 in fiscal years 2024 and 2023, respectively.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024 and 2023

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**NOTE 7: ECONOMIC CONCENTRATION**

The City of Knoxville and Knox County, Tennessee provided funding of \$2,187,153 in the current fiscal year and \$2,178,313 in the past fiscal year to the Commission, which amounted to 53 and 45 percent of total revenues for the fiscal years 2024 and 2023.

**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, 2024 and 2023 is comprised of prepaid items. Those amounts totaled \$20,492 and \$11,842, 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.

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**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024 and 2023

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

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 2024, the defined contribution plan has 36 active members and the 457 plan has 15 active members. For 2023, the defined contribution plan had 37 active members and the 457 plan had 16 active members.

During 2024, the Commission made employer contributions of \$143,944 and the employees contributed \$143,944 to the DC Plan. The Commission made employer contributions of \$61,527 and the employees contributed \$92,209 to the 457 Plan.

During 2023, the Commission made employer contributions of \$113,324 and the employees contributed \$113,324 to the DC Plan. The Commission made employer contributions of \$45,638 and the employees contributed \$74,608 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 Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2024.

**NOTE 11: LEASE LIABILITIES**

The Commission has agreements to lease equipment. As of June 30, 2024 and 2023, the value of the lease liability was \$22,195 and \$33,091, respectively. 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, 2024 and 2023 of \$65,026 with accumulated amortization of \$43,028 and \$32,271, respectively is included with the lease equipment 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.

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024 and 2023

**NOTE 11: LEASE LIABILITIES (Continued)**

Future principal and interest payments are as follows:

Year Ending June 30,	Leases		
	Principal	Interest	Total
2025	\$ 11,030	\$ 208	\$ 11,238
2026	11,165	73	11,238
	\$ 22,195	\$ 281	\$ 22,476

**NOTE 12: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY  
ARRANGEMENT LIABILITIES**

The Commission has subscription-based information technology arrangements (SBITAs). As of June 30, 2024 and 2023, the value of the SBITA liability is \$44,249 and \$87,281, respectively. The Commission is required to make annual payments as described below. The SBITAs have interest rates ranging from 0.315% to 2.015%. The value of the right to use asset as of June 30, 2024, of \$174,545 with accumulated amortization of \$130,849 is included with Subscriptions – Software on the capital asset schedule in Note 4. The value of the right to use asset as of June 30, 2023, was \$174,545 with accumulated amortization of \$86,768. Future principal and interest payments are as follows:

Year Ending June 30,	Subscriptions		
	Principal	Interest	Total
2025	\$ 25,544	\$ 185	\$ 25,729
2026	18,705	45	18,750
Total	\$ 44,249	\$ 230	\$ 44,479

**SUPPLEMENTARY  
INFORMATION**

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**SCHEDULE OF GENERAL FUND EXPENDITURES  
For the Year Ended June 30, 2024**

(With Comparative Totals for Fiscal Year Ended June 30, 2023)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	2023 Actual
<b>Expenditures</b>					
Personnel Services	\$ 3,309,649	\$ 3,309,649	\$ 2,991,238	\$ 318,411	\$ 2,438,748
Legal Services - Attorney	54,631	54,631	55,054	(423)	58,574
Legal Notices	19,568	19,568	22,284	(2,716)	16,469
Other Professional Services (Advertisement & Audit Services)	163,000	163,000	24,516	138,484	21,050
Rent, Repair, & Maintenance	16,775	16,775	3,062	13,713	2,731
Advertising	31,500	31,500	32,965	(1,465)	34,631
Communications	430,413	430,413	1,070	429,343	180,780
Other Services (Consulting, Postage & Printing)	1,284,750	1,337,032	415,888	921,144	645,650
Contracts with Other Agencies	133,000	146,890	250,601	(103,711)	385,055
Travel, Tuition, Dues & Memberships	38,000	38,000	7,856	30,144	11,053
Conference Registration	25,000	25,000	4,925	20,075	15,739
Food	11,500	11,500	11,592	(92)	12,133
Utilities & Fuel	-	-	619	(619)	544
Office Supplies & Minor Equipment	1,905,348	1,905,348	31,435	1,873,913	58,783
Vehicle/ Equipment	-	-	-	-	490
Educational Materials	6,000	6,000	3,681	2,319	3,368
Other Materials (Signs)	-	-	500	(500)	10
Capital Outlay	95,000	95,000	98,587	(3,587)	53,928
Insurance Related Expenses - Building & Vehicles	40,000	40,000	38,433	1,567	29,408
Workers' Compensation	8,500	8,500	2,843	5,657	86
Trustee Commission	22,500	22,500	-	22,500	-
Space Costs	29,318	29,318	29,318	-	29,318
Other Central Service Costs	59,579	59,579	59,579	-	59,579
Other	-	-	682	(682)	2,496
<b>Total Expenditures</b>	<b>\$ 7,684,031</b>	<b>\$ 7,750,203</b>	<b>\$ 4,086,728</b>	<b>\$ 3,663,475</b>	<b>\$ 4,060,623</b>

**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2024**

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-FHWA	20.205	Contract ID 59110 PIN No. 129931.00	\$	187,202
Highway Planning and Construction-FHWA	20.205	Contract ID 80261 PIN No. 129931.00		330,845
Regional Transportation and Air Quality	20.205	F&A Contract No. GG21.68372-01		126,264
Knoxville Smart Trips Program (Comprehensive)	20.205	Contract No.200304 PIN No. 130836.00		<u>24,721</u>
Total ALN 20.205				<u>669,032</u>
Federal Transit Technical Studies Grant	20.505	F&A Contract No. GG23-79094-00 Fed Project Number TN 2016-016		<u>12,941</u>
Total Passed through Tennessee Department of Transportation				<u>681,973</u>
Direct Payments:				
Transit Services Programs Cluster:				
Federal Transit - Enhanced Mobility Capital	20.521	Federal Project ID # TN-2022-002-01	\$	76,333
Federal Transit - Operating Assistance	20.521	Federal Project ID # TN-2022-012-02	95,812	95,812
Federal Transit - Administration	20.521	Federal Project ID # TN-2022-012-03	-	40,338
Federal Transit - Stimulus Funding ARP	20.521	Federal Project ID # TN-2022-008-00	28,525	28,525
Federal Transit Stimulus Funding CRRSSA	20.521	Federal Project ID # TN-2022-009-00	<u>7,946</u>	<u>7,946</u>
Total Transit Services Programs Cluster			<u>208,616</u>	<u>248,954</u>
Total U.S. Department of Transportation			<u>208,616</u>	<u>930,927</u>
U.S. Environmental Protection Agency				
Passed through City of Knoxville Office of Sustainability:				
Climate Pollution Reduction Grants Program	66.046	Document No. C-23-0460		<u>94,261</u>
Total U.S. Environmental Protection Agency				<u>94,261</u>
Total Expenditures of Federal Awards			<u>\$ 208,616</u>	<u>\$ 1,025,188</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, 2024**

Program Title	Identifying Number	Passed Through to Subrecipient	State Expenditures
<b>Tennessee Department of Transportation:</b>			
Regional Transportation and Air Quality	EDISON ID #68372	\$ -	\$ 31,566
Federal Transit - Enhanced Mobility	Federal Project ID # TN-2022-012-01 State Contract No. 475310-S3-006	9,540	9,540
Federal Transit - Operating Assistance	Federal Project ID # TN-2022-012-02-02 State Contract No. 475310-S3-005	47,904	47,904
Federal Transit Technical Studies Grant	Contract ID 59110 PIN No. 129931.00 State Proj.# 47954-1081-54	-	11,701
Federal Transit Technical Studies Grant	Contract ID 80261 PIN No. 129931.00 State Proj.# 47954-1081-54	-	20,678
Federal Transit Technical Studies Grant	F&A Contract No. GG 22-79094-00 TDOT Proj.# 475303-S3-019	-	1,616
<b>Total Tennessee Department of Transportation</b>		57,444	123,005
<b>Total Expenditures of State Awards</b>		\$ 57,444	\$ 123,005

*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, 2024

---

**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, 2024. 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, 2024**

<b>Governmental Activities</b>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2023</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding June 30, 2024</u>
<b>Leases Payable</b>								
Copier Equipment	\$ 45,101	1.217	% 7/1/2021	7/15/2026	\$ 22,951	\$ -	\$ 7,557	\$ 15,394
Printer Equipment	\$ 19,925	1.217	% 7/1/2021	7/19/2026	10,140	-	3,339	6,801
Total Governmental Activities					<u>\$ 33,091</u>	<u>\$ -</u>	<u>\$ 10,896</u>	<u>\$ 22,195</u>

**SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTERST REQUIREMENTS BY FISCAL YEAR  
June 30, 2024**

Year Ending June 30,	<u>Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 11,030	\$ 208	\$ 11,238
2026	<u>11,165</u>	<u>73</u>	<u>11,238</u>
	<u>\$ 22,195</u>	<u>\$ 281</u>	<u>\$ 22,476</u>

**KNOXVILLE - KNOX COUNTY  
PLANNING COMMISSION**

**SCHEDULE OF CHANGES IN SUBSCRIPTION-BASED INFORMATION  
TECHNOLOGY ARRANGEMENT OBLIGATIONS**

**June 30, 2024**

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid and/or Matured During Period	Outstanding June 30, 2024
<b>Subscriptions Payable</b>								
Cloud Mapping Platform - Remix	\$ 113,946	0.577	% 4/1/2021	3/31/2026	\$ 66,947	\$ -	\$ 23,801	\$ 43,146
Security Awareness - KnowBe4	1,976	2.015	4/28/2022	4/27/2025	-	-	-	-
Google Workspace Platform	19,063	0.315	6/22/2021	6/21/2024	6,010	-	6,010	-
Mapping Software - ESRI -Transit	39,559	0.315	8/3/2021	8/2/2024	14,324	-	13,221	1,103
Total					<u>\$ 87,281</u>	<u>\$ -</u>	<u>\$ 43,032</u>	<u>\$ 44,249</u>

**SCHEDULE OF SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT  
OBLIGATIONS, PRINCIPAL, AND INTERST REQUIREMENT BY FISCAL YEAR**

**June 30, 2024**

Year Ending June 30,	<u>Subscriptions</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 25,544	\$ 185	\$ 25,729
2026	18,705	45	18,750
Total	<u>\$ 44,249</u>	<u>\$ 230</u>	<u>\$ 44,479</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 June 30, 2024, 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 16, 2024.

**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 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 or significant deficiencies may exist that were not 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 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.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
December 16, 2024



**PUGH & COMPANY, P.C.**  
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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, 2024. The Commission's major federal programs are 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, 2024.

***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 the Uniform Guidance are further described 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 when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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 federal 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 a 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 the 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 16, 2024

**KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**

**Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2024**

**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, 2024 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, 2024**

There were no findings reported in the prior year.

# **KNOXVILLE - KNOX COUNTY PLANNING COMMISSION**

Report to the Board of Commissioners  
For the Year Ended June 30, 2024





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December 16, 2024

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

We are pleased to present this report related to our audit of the financial statements of Knoxville - Knox County Planning Commission ("Commission") as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Commission's financial and compliance reporting process.

This report is intended solely for the information and use of the Board of Commissioners and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Knoxville - Knox County Planning Commission.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee

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## REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

### Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described to you in our contract dated March 4, 2024. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated March 4, 2024, regarding the planned scope and timing of our audit and identified significant risks.

### Accounting Policies and Practices

#### Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

#### Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### Significant Unusual Transactions

We did not identify any significant unusual transactions.

#### Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

### Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit. We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.



## Observations About the Audit Process

### Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

### Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

### Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

## Shared Responsibilities for Independence

Independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For Pugh CPAs (Pugh) to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Commissioners, and Pugh each play an important role.

### Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. Pugh is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

### The Commission's Responsibilities

- Timely inform Pugh, before the effective date of transactions or other business changes, of the following:
  - New affiliates, directors, or officers.
  - Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units, or jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Commission and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with Pugh.
- Not entering into arrangements of nonaudit services resulting in Pugh being involved in making management decisions on behalf of the Commission.
- Not entering into relationships resulting in close family members of Pugh covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Commission.



## **Internal Control and Compliance Matters**

We have separately communicated any significant deficiencies and material weaknesses in internal control over financial reporting as well as noncompliance or other matters identified during our audit of the financial statements as required by *Government Auditing Standards* and Uniform Guidance. This communication is included in the bound financial statements.

## **Significant Written Communications Between Management and Our Firm**

Copies of significant written communications between our firm and the management of the Commission, including the draft representation letter to be provided to us by management, are attached as Exhibit A.

## SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Commission's June 30, 2024 financial statements.

Significant Accounting Estimates	
<b>Depreciation of Capital Assets</b>	
Accounting policy	Depreciation is calculated using the straight-line method over the estimated useful life of the asset.
Management's estimation process	Estimated depreciable lives are based upon prior experience and use of the asset.
Basis for our conclusion on the reasonableness of the estimate	We have reviewed the estimated useful lives used by management and compared them to industry standards for similar assets.
<b>Discount Rates for Lease Liabilities</b>	
Accounting policy	Interest is computed over the term of each lease based on a discount rate, as determined by management.
Management's estimation process	Management uses the risk-free rate for a period comparable to the lease's term as the discount rate.
Basis for our conclusion on the reasonableness of the estimate	We agreed each discount rate to the risk-free rate for a period comparable to each lease's term.
<b>Discount Rates for Subscription Based IT Arrangement (SBITA) Liabilities</b>	
Accounting policy	Interest is computed over the term of each SBITA based on a discount rate, as determined by management.
Management's estimation process	Management uses the risk-free rate for a period comparable to the SBITA's term as the discount rate.
Basis for our conclusion on the reasonableness of the estimate	We agreed each discount rate to the risk-free rate for a period comparable to each SBITA's term.

**EXHIBIT A**  
**Significant Written Communications Between  
Management and Our Firm**



## Draft Copy Management Representation Letter

Pugh & Company, P.C.  
315 N. Cedar Bluff Road  
Suite 200  
Knoxville, Tennessee 37923-4548

This representation letter is provided in connection with your audits of the basic financial statements of Knoxville - Knox County Planning Commission ("Commission") as of and for the years ended June 30, 2024 and 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm to the best of our knowledge and belief, that as of the date of this letter:

### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit contract dated March 4, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with Knox County and the City of Knoxville, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with GASB Statement No.10.
9. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
10. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
11. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
12. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are subject to the requirements of the Single Audit Act because we have received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of these audits.

13. We have no knowledge of any uncorrected misstatements in the financial statements.
14. The Commission has satisfactory title to all owned assets.
15. We have no knowledge of any uncorrected misstatements in the financial statements.
16. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.
17. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

**Information Provided**

18. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - b. Additional information that you have requested from us for the purpose of the audits;
  - c. Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence;
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
19. All transactions have been recorded in the accounting records and are reflected in the financial statements.
20. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
21. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
22. We have no knowledge of allegations of fraud or suspected fraud affecting the Commission's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
23. We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements received in communications from employees, former employees, analysts, regulators, or others.
24. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
25. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
26. We have disclosed to you the identity of the Commission's related parties and all the related-party relationships and transactions of which we are aware.
27. We are not aware of any significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Commission's ability to record, process, summarize and report financial data.
28. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
29. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.



## Supplementary Information

30. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
31. With respect to Management's Discussion and Analysis presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

## Compliance Considerations

In connection with your audits conducted in accordance with *Government Auditing Standards*, we confirm that management:

32. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
33. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
34. Has identified and disclosed to the auditor all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
35. Is responsible 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.
36. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
37. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports, if applicable.
38. Has a process to track the status of audit findings and recommendations.
39. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audits and whether related recommendations have been implemented, if applicable.
40. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report, if applicable.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

41. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
42. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.



43. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
44. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
45. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
46. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
47. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
48. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.
49. Management believes that the auditee has complied with the direct and material compliance requirements (except for noncompliance it has disclosed to the auditor, if any).
50. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
51. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
52. Management has disclosed to the auditor any communications from awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
53. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
54. Management is responsible for taking corrective action on audit findings of the compliance audit.
55. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions, if applicable.
56. Management has disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
57. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stating that there were no such known instances.
58. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
59. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

60. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
61. Management has monitored subrecipients, as necessary, to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
62. If applicable, management has issued management decisions for audit findings that relate to federal awards it makes to subrecipients and such management decisions are issued within six months of acceptance of the audit report by the FAC. Additionally, management has followed up to ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.
63. If applicable, management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.
64. Management has charged costs to federal awards in accordance with applicable cost principles and the Uniform Guidance.
65. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.
66. The reporting package does not contain protected personally identifiable information.
67. Management has accurately completed the appropriate sections of the data collection form.
68. If applicable, management has disclosed all contracts or other agreements with service organizations.
69. If applicable, management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

Knoxville – Knox County Planning Commission:

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Amy Brooks, Executive Director

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Perry Benshoof, CPA, Controller, Knox County Finance Department