

# **KNOXVILLE – KNOX COUNTY PLANNING**

## **ANNUAL FINANCIAL STATEMENTS**

**For the Fiscal Years Ended June 30, 2025 and 2024**

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

**KNOXVILLE – KNOX COUNTY PLANNING**

**ANNUAL FINANCIAL STATEMENTS**

For the Fiscal Years Ended June 30, 2025 and 2024

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# KNOXVILLE - KNOX COUNTY PLANNING

Knoxville, Tennessee

## ANNUAL FINANCIAL STATEMENTS For the Fiscal Years Ended June 30, 2025 and 2024

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**KNOXVILLE - KNOX COUNTY PLANNING**

Knoxville, Tennessee

**ANNUAL FINANCIAL STATEMENTS**

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**INTRODUCTORY  
SECTION**

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**KNOXVILLE - KNOX COUNTY PLANNING**

**MEMBERS**  
June 30, 2025

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**Representing the City of Knoxville:**

Ms. Karyn Adams

Mr. Nick Gill

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, Vice Chair

Mr. Matthew Anderson

Ms. Katie Overton

Ms. Kara Daley

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  
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 (“Planning”), as of and for the years ended June 30, 2025 and 2024, the budgetary comparison statement of the general fund, and the related notes to the financial statements, which collectively comprise Planning'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, as of June 30, 2025 and 2024, 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 Planning 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 Planning'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 Planning'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 Planning'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 Planning'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.

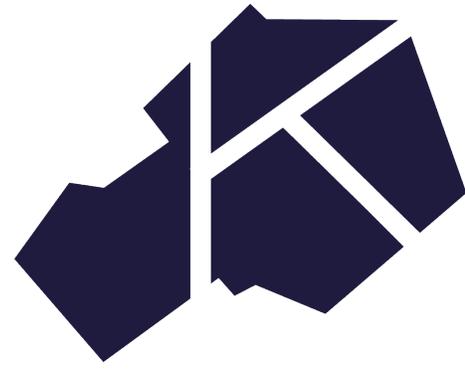
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 22, 2025 on our consideration of the Planning'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 Planning'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's internal control over financial reporting and compliance.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
December 22, 2025



## Management's Discussion and Analysis

As management of the Knoxville - Knox County Planning (Planning), we offer the readers of Planning's financial statements this narrative overview and analysis of the financial activities of Planning for the fiscal years ended June 30, 2025, 2024, and 2023. 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 Planning's financial activities and condition.

### Financial Highlights for Fiscal Year 2025

- ❖ The assets of Planning exceeded its liabilities at the close of the most recent fiscal year by \$4,109,805 (*net position*). Of this amount, \$3,819,875 (unrestricted net position) may be used to meet Planning's ongoing obligations to citizens and creditors.
- ❖ Planning's grants receivable increased by \$612,453 related to the increase in federal grant revenues. This is the primary reason for the \$405,027 increase in total net position.

### Financial Highlights for Fiscal Year 2024

- ❖ The assets of Planning exceeded its liabilities at the close of the most recent fiscal year by \$3,704,778 (*net position*). Of this amount, \$3,362,065 (unrestricted net position) may be used to meet Planning's ongoing obligations to citizens and creditors.
- ❖ Planning's total net position decreased by \$412,926. This decrease is primarily due to the implementation of GASB 101 on compensated absences.
- ❖ Planning's ending cash increased by \$148,029 while grants receivable decreased by \$96,344 related to the decrease in federal grant revenues.
- ❖ Planning's total liabilities increased by \$423,658 primarily due to GASB 101.

### Financial Highlights for Fiscal Year 2023

- ❖ The assets of Planning 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 Planning's ongoing obligations to citizens and creditors.
- ❖ Planning'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.
- ❖ Planning's ending cash increased by \$785,834 while grants receivable decreased by \$169,518 related to the decrease in federal grant revenues.
- ❖ Planning's total liabilities decreased by \$240,147 primarily due to a decrease in accounts payable and non-current liabilities.

## Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Planning'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 Planning's finances, in a manner similar to a private-sector business. The comparative Statements of Net Position presents information on all of Planning'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 Planning is improving or deteriorating.

The comparative Statements of Activities present information showing how Planning'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. Planning uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Planning 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 18-31 of this report.

**Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning Planning’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 32-37 of this report.

**Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of Planning’s financial position. As of June 30, 2025, 2024 and 2023, Planning’s assets exceeded its liabilities by \$4,109,805, \$3,704,778, and \$4,117,704, respectively. At June 30, 2025, the majority of Planning’s net position reflects its current assets (e.g. cash and cash equivalents and receivables). These current assets (less current liabilities) equal approximately 96% of total net position; however, all net position is not available for future operational spending as \$289,930, or 7.1%, is invested in capital assets. The remaining balance of unrestricted net position \$3,819,875 may be used to meet Planning’s ongoing obligations to citizens and creditors.

As the following table shows, Planning reported an increase in net position of \$405,027 for the current fiscal year ended June 30, 2025. This increase is the result of a combination of increased grant revenues offset by an increase in contracted services with also an increase in contributions from the City and County.

During the fiscal year ended June 30, 2024, Planning reported a decrease in net position of \$412,926. This decrease is primarily due to the implementation of GASB 101 on compensated absences.

During the fiscal year ended June 30, 2023, Planning 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.

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

	FYE June 30, 2025	As Restated FYE June 30, 2024	FYE June 30, 2023
Current and Other Assets	\$ 4,857,875	\$ 4,454,619	\$ 4,394,284
Capital Assets - Net	319,800	409,157	458,760
Total Assets	<u>5,177,675</u>	<u>4,863,776</u>	<u>4,853,044</u>
Current Liabilities	913,858	909,189	594,588
Non Current Liabilities Outstanding	154,012	249,809	140,752
Total Liabilities	<u>1,067,870</u>	<u>1,158,998</u>	<u>735,340</u>
Net Position:			
Investment in			
Capital Assets	289,930	342,713	338,388
Unrestricted	3,819,875	3,362,065	3,779,316
Total Net Position	<u>\$ 4,109,805</u>	<u>\$ 3,704,778</u>	<u>\$ 4,117,704</u>
Increase in Net Position	<u>\$ 405,027</u>	<u>\$ (412,926)</u>	<u>\$ 744,146</u>

The next table shows the key elements from ongoing operations that contributed to the increase in net position of \$405,027 during the current fiscal year. The reasons for this year's increase are a combination of increased grant revenues and increased contributions from the City and County.

For fiscal year 2025, total program revenues increased by \$1,382,943. The increase is a result of an increase in grant revenues from federal, state, and local grants. Planning receives several grants from the U.S. Department of Transportation. During 2025, Planning had an increase in federal grant revenues of \$946,136.

For fiscal year 2024, total revenues decreased by \$660,259. The decrease is a result of decreased grant revenues.

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.

Total expenses for fiscal year 2025 increased by \$1,364,986. The increase was primarily in Contracted Services and Supplies and Materials due to more projects in comparison to the prior year. These projects were mostly funded by federal, state and local grants.

During fiscal year 2024, total expenses increased by \$496,813. The increase was primarily in Personnel Services due to staff changes and their related benefits cost. This is primarily due to the implementation of a new accounting standard on compensated absences.

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.

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

	FYE June 30, 2025	As Restated FYE June 30, 2024	FYE June 30, 2023
<b>Revenues:</b>			
Charges for Services	\$ 795,567	\$ 793,228	\$ 740,274
Federal, State and Local Grants	2,536,635	1,156,031	1,869,999
City of Knoxville and Knox County	3,002,125	2,202,129	2,201,374
<b>Total Revenues</b>	<b>6,334,327</b>	<b>4,151,388</b>	<b>4,811,647</b>
<b>Expenses:</b>			
Personnel Services	3,136,357	3,455,795	2,386,495
Contracted Services	2,114,226	818,221	1,371,732
Supplies and Materials	435,554	47,827	75,328
Other Charges	143,032	130,855	120,887
Depreciation	100,131	111,616	113,059
<b>Total Expenses</b>	<b>5,929,300</b>	<b>4,564,314</b>	<b>4,067,501</b>
Change in Net Position	405,027	(412,926)	744,146
Net Position - Beginning of Year	3,704,778	4,117,704	3,373,558
Net Position - End of Year	<u>\$ 4,109,805</u>	<u>\$ 3,704,778</u>	<u>\$ 4,117,704</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. Planning’s actual revenues were \$1,849,022 under budget primarily due to decreases in federal, state, and local grants reflected in the budget. Planning’s actual expenditures were \$2,718,877 under budget. The net result is a \$869,855 favorable budget variance. The following table is a summary of the budget and actual results for the current year.

**Knoxville-Knox County Planning**  
**Budget vs. Actual**  
**June 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	as Restated 2024 Total
Total Revenues	\$ 8,183,349	\$ 8,183,349	\$ 6,334,327	\$ (1,849,022)	\$ 4,151,388
Total Expenditures	8,118,349	8,654,617	5,935,740	2,718,877	4,086,728
Net Change in Fund Balances	65,000	(471,268)	398,587	869,855	64,660
Fund Balances, July 1	3,864,356	3,864,356	3,864,356	-	3,799,696
Fund Balances, June 30	\$ 3,929,356	\$ 3,393,088	\$ 4,262,943	\$ 869,855	\$ 3,864,356

**Capital Assets.** Planning’s investment in capital assets as of June 30, 2025, amounts to \$319,800 (net of accumulated depreciation and amortization). Capital assets include furniture and fixtures, computer and office equipment, vehicles, leases and subscriptions. Planning’s investment in capital assets decreased for the current fiscal year by 22%, or \$89,357, due mainly to depreciation and amortization expense and the completion of the office renovation project. As of June 30, 2024, Planning’s investment in capital assets amounted to \$409,157 (net of accumulated depreciation and amortization). For the fiscal year ending June 30, 2023, Planning’s investment in capital assets amounted to \$458,760 (net of accumulated depreciation and amortization). For a detailed schedule of Planning’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 as well as leases and subscriptions. Long-term obligations decreased by \$95,797 in 2025, increased by \$109,057 in 2024, and decreased by \$106,181 in 2023. The decrease in 2025 occurred due to a decrease in compensated absences and sick leave liability, while lease and subscription liabilities also decreased. For a detailed schedule of Planning’s long-term obligations, see Note 5: Long Term Obligations on page 27 in the Notes to the Financial Statements.

**Fiscal Year 2026 Budget**

Planning’s budget adopted for 2026 reflects budgeted total expenditures of \$8,313,250, which is a 2.4% increase from the 2025 original budget. The increase in Planning’s fiscal year 2026 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 finances for all of those with an interest in Planning’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, 400 Main Street, Suite 403, City-County Building, Knoxville, Tennessee, 37902.

**KNOXVILLE - KNOX COUNTY  
PLANNING**

**STATEMENTS OF NET POSITION  
June 30, 2025 and 2024**

	<b>2025</b>	As Restated <b>2024</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,681,092	\$ 3,891,314
Accounts Receivable:		
Grants Receivable	1,155,266	542,813
Prepaid Items	21,517	20,492
Capital Assets:		
Buildings	302,677	266,944
Machinery and Equipment	298,147	298,147
Vehicles	61,067	61,067
Leases	65,026	65,026
Subscriptions	113,947	174,545
Construction in Progress	-	24,958
Less: Accumulated Depreciation and Amortization	(521,064)	(481,530)
Capital Assets, net of Accumulated Depreciation and Amortization	<u>319,800</u>	<u>409,157</u>
Total Assets	<u>5,177,675</u>	<u>4,863,776</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	286,641	247,955
Accrued Liabilities	14	31
Accrued Payroll	141,378	111,056
Unearned Revenue	-	25,517
Due to Others	350	350
Compensated Absences	455,605	487,706
Lease Liability - Current Portion	11,165	11,030
Subscription Liability - Current Portion	18,705	25,544
Total Current Liabilities	<u>913,858</u>	<u>909,189</u>
Non-current Liabilities		
Compensated Absences	154,012	219,939
Lease Liability	-	11,165
Subscription Liability	-	18,705
Total Non-current Liabilities	<u>154,012</u>	<u>249,809</u>
Total Liabilities	<u>1,067,870</u>	<u>1,158,998</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	289,930	342,713
Unrestricted	<u>3,819,875</u>	<u>3,362,065</u>
Total Net Position	<u>\$ 4,109,805</u>	<u>\$ 3,704,778</u>

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

**KNOXVILLE - KNOX COUNTY  
PLANNING**

**STATEMENTS OF ACTIVITIES**

**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	As Restated <b>2024</b>
<b>Program Revenues:</b>		
Charges for Services	\$ 795,567	\$ 793,228
Operating Grants and Contributions:		
Federal Government Grants	1,971,324	1,025,188
State of Tennessee Grants	272,396	123,005
Local Grants	292,915	7,838
	3,332,202	1,949,259
<b>Program Expenses:</b>		
Personnel Services	3,136,357	3,455,795
Contracted Services	2,114,226	818,221
Supplies and Materials	435,554	47,827
Other Charges	143,032	130,855
Depreciation and Amortization	100,131	111,616
	5,929,300	4,564,314
Net Program Deficiency of Revenues Under Expenses	(2,597,098)	(2,615,055)
<b>General Revenues:</b>		
Grants and Contributions not Restricted to Specific Programs:		
City of Knoxville	1,897,772	1,304,900
Knox County	1,080,753	882,253
Other Revenues	23,600	14,976
	3,002,125	2,202,129
Change in Net Position	405,027	(412,926)
Total Net Position - Beginning of Year, as Restated	3,704,778	4,117,704
Total Net Position - End of Year	\$ 4,109,805	\$ 3,704,778

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

**KNOXVILLE - KNOX COUNTY  
PLANNING**

**BALANCE SHEETS - GENERAL FUND  
June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,681,092	\$ 3,891,314
Accounts Receivable:		
Grants Receivable	1,155,266	542,813
Prepaid Items	<u>21,517</u>	<u>20,492</u>
 Total Assets	 <u>\$ 4,857,875</u>	 <u>\$ 4,454,619</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 286,641	\$ 247,955
Accrued Liabilities	14	31
Accrued Payroll	141,378	111,056
Unearned Revenue	-	25,517
Due to Others	350	350
Compensated Absences Payable	136,679	168,780
Leases	11,165	11,030
Subscriptions	<u>18,705</u>	<u>25,544</u>
 Total Liabilities	 <u>594,932</u>	 <u>590,263</u>
<b>FUND BALANCES</b>		
Nonspendable	21,517	20,492
Unassigned	<u>4,241,426</u>	<u>3,843,864</u>
 Total Fund Balances	 <u>4,262,943</u>	 <u>3,864,356</u>
 Total Liabilities and Fund Balances	 <u>\$ 4,857,875</u>	 <u>\$ 4,454,619</u>

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

**KNOXVILLE - KNOX COUNTY  
PLANNING  
RECONCILIATION OF THE BALANCE SHEETS -GENERAL FUND TO  
THE STATEMENTS OF NET POSITION  
June 30, 2025 and 2024**

	<u>2025</u>	as Restated <u>2024</u>
Amounts reported for governmental activities in the statements of net position are different because:		
Ending Fund Balance - General Fund	\$ 4,262,943	\$ 3,864,356
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:	319,800	409,157
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	<u>(472,938)</u>	<u>(568,735)</u>
Net Position of Governmental Activities	<u>\$ 4,109,805</u>	<u>\$ 3,704,778</u>

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

**KNOXVILLE - KNOX COUNTY  
PLANNING**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GENERAL FUND  
For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>		
Charges for Services	\$ 795,567	\$ 793,228
Federal Government Grants	1,971,324	1,025,188
State of Tennessee Grants	272,396	123,005
Local Grants	292,915	7,838
City of Knoxville	1,897,772	1,304,900
Knox County	1,080,753	882,253
Other Revenues	23,600	14,976
<b>Total Revenues</b>	<b>6,334,327</b>	<b>4,151,388</b>
<b>Expenditures:</b>		
Current:		
Personnel Services	3,202,283	2,991,238
Contracted Services	2,114,226	818,221
Supplies and Materials	435,554	47,827
Other Charges	143,032	130,855
Capital Outlay	40,645	98,587
<b>Total Expenditures</b>	<b>5,935,740</b>	<b>4,086,728</b>
Net Change in Fund Balance	398,587	64,660
Fund Balance, Beginning of Year	3,864,356	3,799,696
Fund Balance, End of Year	<b>\$ 4,262,943</b>	<b>\$ 3,864,356</b>

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

**KNOXVILLE - KNOX COUNTY  
PLANNING  
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, 2025 and 2024**

	<b>2025</b>	as Restated <b>2024</b>
Amounts reported for governmental activities in the statements of activities are different because:		
Net Change in Fund Balance - General Fund	\$ 398,587	\$ 64,660
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 \$40,645 is less than depreciation and amortization \$100,131 in the current year. During 2024, capital outlay \$98,587 was less than depreciation and amortization \$111,616.	(59,486)	(13,029)
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.	65,926	(464,557)
Change in Net Position per Statements of Activities	\$ 405,027	\$ (412,926)

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

**KNOXVILLE - KNOX COUNTY  
PLANNING**

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

**For the Year Ended June 30, 2025**

(With Comparative Totals for Fiscal Year Ended June 30, 2024)

	Original Budget	Final Budget	Actual	Variance With Final Budget	2024 Actual
<b>Revenues</b>					
Charges for Services	\$ 679,000	\$ 679,000	\$ 795,567	\$ 116,567	\$ 793,228
Federal Government Grants	3,822,870	3,822,870	1,971,324	(1,851,546)	1,025,188
State of Tennessee Grants	360,826	360,826	272,396	(88,430)	123,005
Local Grants	400,000	400,000	292,915	(107,085)	7,838
City of Knoxville	1,819,900	1,819,900	1,897,772	77,872	1,304,900
Knox County	1,080,753	1,080,753	1,080,753	-	882,253
Other Revenues	20,000	20,000	23,600	3,600	14,976
Total Revenues	<u>8,183,349</u>	<u>8,183,349</u>	<u>6,334,327</u>	<u>(1,849,022)</u>	<u>4,151,388</u>
<b>Expenditures</b>					
Current:					
Personnel Services	3,585,837	3,585,837	3,202,283	383,554	2,991,238
Contracted Services	2,824,775	3,134,182	2,114,226	1,019,956	818,221
Supplies and Materials	1,560,340	1,787,201	435,554	1,351,647	47,827
Other Charges	142,397	142,397	143,032	(635)	130,855
Capital Outlay	5,000	5,000	40,645	(35,645)	98,587
Total Expenditures	<u>8,118,349</u>	<u>8,654,617</u>	<u>5,935,740</u>	<u>2,718,877</u>	<u>4,086,728</u>
<b>Net Change in Fund Balance</b>	65,000	(471,268)	398,587	869,855	64,660
Fund Balances, Beginning of Year	<u>3,864,356</u>	<u>3,864,356</u>	<u>3,864,356</u>	-	<u>3,799,696</u>
Fund Balances, End of Year	<u>\$ 3,929,356</u>	<u>\$ 3,393,088</u>	<u>\$ 4,262,943</u>	<u>\$ 869,855</u>	<u>\$ 3,864,356</u>

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

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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

**A. Reporting Entity**

The Knoxville - Knox County Planning (Planning) was formed in 1956. Planning is established by the Tennessee Department of Economic and Community Development pursuant to the provisions of the Tennessee Code Annotated, Section 13-3-102. Planning’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 Planning, but do not have any equity interest in Planning.

Planning’s financial statements include the accounts of all Planning 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. Planning 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**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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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 Planning 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. Planning reports one governmental fund, the General Fund. The General Fund is Planning’s operating fund which accounts for all financial resources.

2. Sources of Revenue

Planning 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 Planning fall under the functional classification of general government since they are for the purpose of planning.

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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

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

1. Deposits and Investments

Planning'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. Planning's cash, cash equivalents and investments are pooled and managed by the Trustee of Knox County. State Statutes authorize Planning 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 Planning'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 Planning'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**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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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**

Compensated absences consist of unpaid accumulated vacation and sick leave. In accordance with the provisions of GASB Statement No. 101, Compensated Absences, compensated absences are recognized as a liability when the obligation is attributable to services already rendered, the payment is probable, and the amount can be reasonably estimated. This includes leave that is expected to be used in future periods and leave that will be paid out upon termination or retirement. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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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 Planning 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 is Planning's Board. Amounts are reported as committed pursuant to approvals voted by Planning's legislative branch, which have also been approved by Planning's Director (executive branch).

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

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

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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

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

**6. Fund Balance (continued)**

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

**7. Estimates**

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

**8. Reclassifications**

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

**9. Adoption of New Accounting Standards**

The System adopted the provisions of GASB Statement No. 101, Compensated Absences. This Statement provides guidance on the accounting and financial reporting for compensated absences for government end users (governments). It requires recognition for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement's effect on the financial statements is more fully explained in Note 13.

The System adopted the provisions of GASB Statement No. 102, Certain Risk Disclosures, for the fiscal year ended June 30, 2025. This Statement requires governments to disclose information about concentrations or constraints that could make them vulnerable to the risk of a substantial impact on financial position, results of operations, or cash flows, when specific criteria are met. Management determined that no concentrations or constraints exist that meet all the criteria for disclosure under this Statement.

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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**NOTE 2: BUDGETARY INFORMATION**

Planning adopts an annual budget that is prepared on a basis consistent with accounting principles generally accepted in the United States of America. Planning's budget is presented to its Executive Committee for review and approval then forwarded to the full Planning for 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.

Planning'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 Planning'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.

Planning reports a total increase or decrease in net position which enables Planning 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 Planning'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 Planning.

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**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025, 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	\$ 10,775	\$ (35,733)	\$ -
Capital Assets Being Depreciated and Amortized:				
Leasehold improvements	\$ 266,944	\$ 35,733	\$ -	\$ 302,677
Furniture and fixtures	255,335	-	-	255,335
Computer and equipment	42,812	-	-	42,812
Vehicles	61,067	-	-	61,067
Leases - Equipment	65,026	-	-	65,026
Subscriptions - Software	174,545	-	(60,598)	113,947
Total Capital Assets Being Depreciated and Amortized	<u>865,729</u>	<u>35,733</u>	<u>(60,598)</u>	<u>840,864</u>
Less Accumulated Depreciation and Amortization for:				
Leasehold improvements	(56,714)	(13,552)	-	(70,266)
Furniture and fixtures	(201,803)	(36,660)	-	(238,463)
Computer and equipment	(23,892)	(6,046)	-	(29,938)
Vehicles	(25,245)	(7,411)	-	(32,656)
Leases - Equipment	(43,028)	(10,757)	-	(53,785)
Subscriptions - Software	(130,849)	(25,705)	60,598	(95,956)
Total Accumulated Depreciation and Amortization	<u>(481,531)</u>	<u>(100,131)</u>	<u>60,598</u>	<u>(521,064)</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>384,198</u>	<u>(64,398)</u>	<u>-</u>	<u>319,800</u>
Total Capital Assets, Net	<u>\$ 409,156</u>	<u>\$ (53,623)</u>	<u>\$ 35,733</u>	<u>\$ 319,800</u>

**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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

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**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

**NOTE 5: LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	\$ 707,645	\$ 216,427	\$ (314,455)	\$ 609,617	\$ 455,605
Leases	22,195	-	(11,030)	11,165	11,165
Subscriptions	44,249	-	(25,544)	18,705	18,705
<b>Total Long-Term Obligations</b>	<b>\$ 774,089</b>	<b>\$ 216,427</b>	<b>\$ (351,029)</b>	<b>\$ 639,487</b>	<b>\$ 485,475</b>

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	\$ 672,998	\$ (240,088)	\$ 707,645	\$ 487,706
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>\$ 672,998</b>	<b>\$ (294,016)</b>	<b>\$ 774,089</b>	<b>\$ 524,280</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. Compensated absences were adjusted due to the implementation of GASB 101.

**NOTE 6: ECONOMIC CONCENTRATION**

The City of Knoxville and Knox County, Tennessee provided funding of \$2,978,525 in the current fiscal year and \$2,187,153 in the past fiscal year to Planning, which amounted to 47 and 53 percent of total revenues for the fiscal years 2025 and 2024.

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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**NOTE 7: RELATED PARTY TRANSACTIONS**

Knox County provides office space within the City/County Building to Planning. Planning paid for maintenance costs amounting to \$29,318 in fiscal years 2025 and 2024, respectively. Maintenance costs are agreed to each year during budget negotiations. Knox County provides various administrative and internal service functions to Planning. The total charged by the County to Planning for those services was \$59,579 in fiscal years 2025 and 2024, respectively.

**NOTE 8: RISK MANAGEMENT**

Planning 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. Planning 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. Planning 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, 2025 and 2024 is comprised of prepaid items. Those amounts totaled \$21,517 and \$20,492, respectively.

**NOTE 10: EMPLOYEE RETIREMENT PLANS**

Planning 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 Planning. 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

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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

compensation. This contribution is matched dollar-for-dollar by Planning. Forfeitures are used to assist in funding the Knox County Employee Disability Plan. Planning 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 Planning. For 2025, the defined contribution plan has 34 active members and the 457 plan has 16 active members. For 2024, the defined contribution plan had 36 active members and the 457 plan had 15 active members.

During 2025, Planning made employer contributions of \$153,451 and the employees contributed \$153,451 to the DC Plan. Planning made employer contributions of \$60,316 and the employees contributed \$93,781 to the 457 Plan.

During 2024, Planning made employer contributions of \$143,944 and the employees contributed \$143,944 to the DC Plan. Planning made employer contributions of \$61,527 and the employees contributed \$92,209 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, 2025.

**NOTE 11: LEASE LIABILITIES**

Planning has agreements to lease equipment. As of June 30, 2025 and 2024, the value of the lease liability was \$11,165 and \$22,195, respectively. Planning 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, 2025 and 2024 of \$65,026 with accumulated amortization of \$53,785 and \$43,028, respectively is included with the lease equipment class on the capital asset schedule.

**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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

Future principal and interest payments are as follows:

Year Ending June 30,	Leases		
	Principal	Interest	Total
2026	\$ <u>11,165</u>	\$ <u>73</u>	\$ <u>11,238</u>

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

Planning has subscription-based information technology arrangements (SBITAs). As of June 30, 2025 and 2024, the value of the SBITA liability is \$18,705 and \$44,249, respectively. Planning 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, 2025, of \$113,947 with accumulated amortization of \$95,955 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, 2024, was \$174,545 with accumulated amortization of \$130,849. Future principal and interest payments are as follows:

Year Ending June 30,	Subscriptions		
	Principal	Interest	Total
2026	\$ <u>18,705</u>	\$ <u>45</u>	\$ <u>18,750</u>

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025 and 2024

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**NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE - IMPLEMENTATION OF NEW  
PRONOUNCEMENT**

Due to the implementation of Statement No. 101 of the Governmental Accounting Standards Board on Compensated Absences Planning has adjusted the financial statements to account for this change in accounting principle. The effect on beginning net position is described below.

Net Position, June 30, 2024, as previously reported	\$ 4,130,013
Restatement - Implementation of GASB 101, Compensated Absences	<u>(425,235)</u>
Net Position, July 1, 2024, as restated	<u><u>\$ 3,704,778</u></u>

**SUPPLEMENTARY  
INFORMATION**

**KNOXVILLE - KNOX COUNTY  
PLANNING**

**SCHEDULE OF GENERAL FUND EXPENDITURES  
For the Year Ended June 30, 2025  
(With Comparative Totals for Fiscal Year Ended June 30, 2024)**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)	2024 Actual
<b>Expenditures</b>					
Personnel Services	\$ 3,585,837	\$ 3,585,837	\$ 3,202,283	\$ 383,554	\$ 2,991,238
Legal Services - Attorney	141,745	141,745	94,628	47,117	55,054
Legal Notices	22,298	22,298	27,341	(5,043)	22,284
Other Professional Services (Advertisement & Audit Services)	238,150	238,150	22,967	215,183	24,516
Rent, Repair, & Maintenance	16,700	16,700	4,064	12,636	3,062
Advertising	31,500	31,500	31,560	(60)	32,965
Communications	832,753	832,753	651,234	181,519	1,070
Other Services (Consulting, Postage & Printing)	687,725	687,725	730,037	(42,312)	415,888
Contracts with Other Agencies	774,961	1,084,368	532,644	551,724	250,601
Travel, Tuition, Dues & Memberships	38,943	38,943	7,398	31,545	7,856
Conference Registration	40,000	40,000	12,353	27,647	4,925
Food	14,000	14,000	14,724	(724)	11,592
Utilities & Fuel	-	-	650	(650)	619
Office Supplies & Minor Equipment	1,130,660	1,357,521	416,206	941,315	31,435
Vehicle/ Equipment	409,680	409,680	152	409,528	-
Educational Materials	6,000	6,000	1,902	4,098	3,681
Other Materials (Signs)	-	-	1,920	(1,920)	500
Capital Outlay	5,000	5,000	40,645	(35,645)	98,587
Insurance Related Expenses - Building & Vehicles	45,000	45,000	48,244	(3,244)	38,433
Workers' Compensation	8,500	8,500	5,514	2,986	2,843
Space Costs	29,318	29,318	29,318	-	29,318
Other Central Service Costs	59,579	59,579	59,579	-	59,579
Other	-	-	377	(377)	682
<b>Total Expenditures</b>	<u>\$ 8,118,349</u>	<u>\$ 8,654,617</u>	<u>\$ 5,935,740</u>	<u>\$ 2,718,877</u>	<u>\$ 4,086,728</u>

**KNOXVILLE - KNOX COUNTY PLANNING**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2025**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<i>U.S. Department of Transportation - ALN cluster 20.513, 20.516 and 20.521</i>				
Transit Services Programs Cluster:				
Federal Transit - Enhanced Mobility Capital	20.521	Federal Project ID # TN-2022-012-01	\$ 104,996	\$ 104,996
Federal Transit - Operating Assistance	20.521	Federal Project ID # TN-2022-012-02	296,528	296,528
Federal Transit - Administration	20.521	Federal Project ID # TN-2022-012-03	-	51,125
Federal Transit - Enhanced Mobility Capital	20.521	Federal Project ID # TN-2022-012-00	261,621	261,621
Federal Transit - Stimulus Funding ARP	20.521	Federal Project ID # TN-2022-008-00	55,242	55,242
<b>Total U.S. Department of Transportation-ALN cluster 20.513, 20.516 &amp; 20.521</b>			<u>718,387</u>	<u>769,512</u>
<i>U.S. Department of Transportation - ALN 20.939</i>				
Safe Streets and Roads for All	20.939	Federal Award No. 693JJJ32440496	-	24,000
<i>U.S. Department of Transportation - ALN 20.205 (pass through TDOT)</i>				
<b>Pass through Tennessee Department of Transportation</b>				
School-Based Education & Outreach Program to Reduce Vehicular Emissions in the Vicinity of School Campuses	20.205	Contract ID 83521 PIN No. 135541.00	1,427	1,427
Highway Planning and Construction-FHWA	20.205	Contract ID 80261 PIN No. 129931.00	-	609,120
Regional Transportation and Air Quality	20.205	F&A Contract No. GG21-68372-01	-	48,365
Knoxville Smart Trips Program (Comprehensive)	20.205	Contract No.200304 PIN No. 130836.00	-	4,976
Regional Pavement Condition Data Collection throughout Knoxville-Knox TPO	20.205	Federal Project No. STP-M-4700 (67) PIN No. 135282.00	-	513,924
<b>Total U.S. Department of Transportation ALN 20.205</b>			<u>1,427</u>	<u>1,177,812</u>
<b>Total U.S. Department of Transportation</b>			<u>719,814</u>	<u>1,971,324</u>
<b>Total Expenditure of Federal Awards</b>			<u>\$ 719,814</u>	<u>\$ 1,971,324</u>

*The accompanying notes are an integral part of this schedule.*

**KNOXVILLE - KNOX COUNTY PLANNING**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**For the Year Ended June 30, 2025**

Program Title	Identifying Number	Passed Through to Subrecipient	State Expenditures
<b>Tennessee Department of Transportation:</b>			
Regional Transportation and Air Quality	EDISON ID #68372	\$ -	\$ 12,091
Federal Transit - Enhanced Mobility (Capital)	Federal Project ID # TN-2024-011 State Contract No. 475310-S3-010	8,010	8,010
Federal Transit - Enhanced Mobility	Federal Project ID # TN-2022-012-01 State Contract No. 475310-S3-006	8,965	8,965
Federal Transit - Operating Assistance	Federal Project ID # TN-2022-012-02 State Contract No. 475310-S3-005	100,940	100,940
Federal Transit - Operating Assistance	Federal Project ID # TN-2024-011-00 State Contract No.-475310-S3-007	81,634	81,634
Federal Transit Technical Studies Grant	Federal Project ID # SPR-PL-9M(420) State Proj. # 47NPLN-F7-002	-	38,070
Federal Transit Enhanced Mobility	Federal Project ID TN-2022-012-00 TDOT Proj.# 475310-S3-004	22,686	22,686
<b>Total Tennessee Department of Transportation</b>		222,235	272,396
<b>Total Expenditure of State Awards</b>		\$ 222,235	\$ 272,396

*The accompanying notes are an integral part of this schedule.*

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**KNOXVILLE - KNOX COUNTY  
PLANNING**

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

June 30, 2025

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

The accompanying schedules of expenditures of federal awards and state financial assistance summarizes the expenditures of the Knoxville-Knox County Planning (Planning) under federal programs for the year ended June 30, 2025. Because the schedules present only a selected portion of the operations for Planning, they are not intended to, and do not, present the financial position, changes in net position, or cash flows of Planning. 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 Planning and agencies and departments of the federal government, and all subawards to Planning 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 Planning'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. Planning 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  
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS  
June 30, 2025**

<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, 2024</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding June 30, 2025</u>
<b>Leases Payable</b>								
Copier Equipment	\$ 45,101	1.217	% 7/1/2021	7/15/2026	\$ 15,394	\$ -	\$ 7,650	\$ 7,744
Printer Equipment	\$ 19,925	1.217	% 7/1/2021	7/19/2026	6,801	-	3,380	3,421
Total Governmental Activities					<u>\$ 22,195</u>	<u>\$ -</u>	<u>\$ 11,030</u>	<u>\$ 11,165</u>

**SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTERST REQUIREMENTS BY FISCAL YEAR  
June 30, 2025**

Year Ending June 30,	<u>Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ <u>11,165</u>	\$ <u>73</u>	\$ <u>11,238</u>

**KNOXVILLE - KNOX COUNTY  
PLANNING**

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

**June 30, 2025**

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Outstanding June 30, 2025
<b>Subscriptions Payable</b>								
Cloud Mapping Platform - Remix	\$ 113,946	0.577	% 4/1/2021	3/31/2026	\$ 43,146	\$ -	\$ 24,441	\$ 18,705
Mapping Software - ESRI -Transit	39,559	0.315	8/3/2021	8/2/2024	1,103	-	1,103	-
Total					<u>\$ 44,249</u>	<u>\$ -</u>	<u>\$ 25,544</u>	<u>\$ 18,705</u>

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

**June 30, 2025**

Year Ending June 30,	Subscriptions		
	Principal	Interest	Total
2026	\$ <u>18,705</u>	\$ <u>45</u>	\$ <u>18,750</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  
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 ("Planning"), as of June 30, 2025, and the related notes to the financial statements, which collectively comprise Planning's basic financial statements, and have issued our report thereon dated December 22, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Planning'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 Planning's internal control. Accordingly, we do not express an opinion on the effectiveness of Planning'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 Planning'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 22, 2025



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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  
Knoxville, Tennessee

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

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

We have audited Knoxville - Knox County Planning's ("Planning") 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 Planning's major federal programs for the year ended June 30, 2025. Planning'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, Planning 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, 2025.

***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 Planning 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 Planning'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 Planning'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 Planning'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 Planning'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 Planning'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 Planning'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 Planning'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 22, 2025

**KNOXVILLE - KNOX COUNTY PLANNING**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

**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 for the fiscal year ended June 30, 2025 are as follows:

<u>Program Name</u>	<u>Assistance Listing Number</u>
U.S. Department of Transportation: Highway Planning and Construction	20.205

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**  
**SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS**  
**For the Year Ended June 30, 2025**

There were no findings reported in the prior year.