

**ANNUAL
FINANCIAL
REPORT**

Knoxville - Knox County

Metropolitan Planning Commission

June 30, 2009 and 2008

**KNOXVILLE - KNOX COUNTY METROPOLITAN PLANNING COMMISSION
ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

June 30, 2009 and 2008

	<u>Page</u>
<u>Introductory Section</u>	
Commission Members.....	1
 <u>Basic Financial Statements</u>	
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statements of Net Assets.....	9
Statements of Activities.....	10
Fund Financial Statements:	
Balance Sheets – General Fund.....	11
Reconciliation of the Balance Sheets to the Statements of Net Assets.....	12
Statements of Revenues / Expenditures and Changes in Fund Balance – General Fund.....	13
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balance to the Statements of Activities.....	14
Schedule of Revenues / Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	15
Notes to Financial Statements.....	16-22
 <u>Supplementary Section</u>	
Schedule of General Fund Expenditures (Unaudited)	23
 <u>Internal Control and Compliance Section</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
 <u>Single Audit Section</u>	
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	26-27
Schedule of Expenditures of Federal Awards.....	28
Schedule of Expenditures of State Awards	29
Notes to Schedules of Expenditures of Federal and State Awards	30
Schedule of Findings and Questioned Costs	31

INTRODUCTORY
SECTION

Knoxville – Knox County Metropolitan Planning Commission

Listing of Commission Members

June 30, 2009

Nominated by the Mayor of Knoxville

Expiration of Term

Ms. Ursula Bailey	2012
Mr. Bart Carey	2011
Mr. Art Clancy, III	2012
Mr. George A. Ewart	2009
Mr. Richard Graf	2009
Mr. Michael A. Kane	2011
Mr. Jack C. Sharp	2011

Nominated by the Knox County Mayor

Mr. Robert Anders, Vice Chair	2009
Mr. Trey Benefield, Chairman	2010
Ms. Laura Cole	2010
Ms. Rachel Craig	2011
Mr. Stan Johnson	2012
Mr. Robert Lobetti	2012
Ms. Rebecca Longmire	2010
Mr. Wes Stowers, Jr.	2009

BASIC
FINANCIAL STATEMENTS



KPMG LLP
401 Commerce Street, Suite 1000
Nashville, TN 37219-2422

Independent Auditors' Report

The Board of Directors
Knoxville – Knox County Metropolitan Planning Commission:

We have audited the accompanying financial statements of the governmental activities and the major governmental fund of the Knoxville-Knox County Metropolitan Planning Commission (MPC), as of and for the years ended June 30, 2009 and 2008, which collectively comprise MPC's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of MPC's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MPC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major governmental fund of the Knoxville-Knox County Metropolitan Planning Commission as of June 30, 2009 and 2008, and the respective changes in financial position and the budgetary comparison for the major governmental fund for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of MPC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The information in the Management's Discussion and Analysis on pages 4 through 8 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MPC's basic financial statements. The information in the introductory and supplementary information sections listed in the table of contents are presented for purposes of additional analysis and are not required as part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole. The introductory information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

KPMG LLP

December 7, 2009



Mark Donaldson, Executive Director
Suite 403
City – County Building
400 Main Street
Knoxville, Tennessee 37902
Office: (865) 215-2500
Fax: (865) 215-2068

Management's Discussion and Analysis

As management of the Knoxville-Knox County Metropolitan Planning Commission (the MPC), we offer the readers of the MPC's financial statements this narrative overview and analysis of the financial activities of the MPC for the fiscal year ended June 30, 2009 and June 30, 2008. 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 MPC's financial activities and condition.

Fiscal 2009 Financial Highlights

- The assets of the MPC exceeded its liabilities at the close of the most recent fiscal year by \$290,318 (net assets). Of this amount, \$228,858 (unrestricted net assets) may be used to meet the MPC's ongoing obligations to citizens and creditors.
- The MPC's total net assets decreased by \$218,953. This decrease is primarily the result of a combination of lower charges for services, delays in grant projects, added health insurance and liability charges.
- The MPC's total capital assets changed by \$21,973 for the amount of current year depreciation only since there were no capital assets purchased during the year.
- The MPC's total liabilities increased by \$387,175 due to higher accounts payable and netted against decreases in retainage payable and deferred revenue.

Fiscal 2008 Financial Highlights

- The assets of the MPC exceeded its liabilities at the close of the 2008 fiscal year by \$509,271 (net assets). Of this amount, \$425,838 (unrestricted net assets) may be used to meet the MPC's ongoing obligations to citizens and creditors.
- The MPC's total net assets decreased by \$49,841. This decrease is primarily the result of funding several small non-capital equipment purchases.
- The MPC's total capital assets changed by \$6,013 for the amount of current year depreciation expense netted against the cost of the new 2008 Chevrolet Impala.
- The MPC's total liabilities increased by \$191,413 due to higher accounts payable, accrued payroll, and deferred revenue.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the MPC's basic financial statements which consist of two components: 1) financial statements comprised of the Comparative Statements of Net Assets; the Comparative Statements of Activities, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements. The Comparative Statements of Net Assets presents information on all of the MPC's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the MPC is improving or deteriorating.

The Comparative Statement of Activities presents information showing how the MPC's net assets changed during the last two fiscal years. All changes in net assets 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 financial statements can be found on pages 9 - 15 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 16-22 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the MPC's budgetary compliance and variances from the final amended budget. This supplementary information can be found on page 23 of this report.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the MPC's financial position. As of June 30, 2009 and 2008 the MPC's assets exceeded its liabilities by \$290,318 and \$509,271 (net assets), respectively. At June 30, 2009, the majority of MPC's net assets reflect its current assets (e.g. cash and cash equivalents, grants receivable, and prepaid items). These current assets (less current liabilities) equals 99 percent of total net assets; however, all net assets are not available for future operational spending as \$61,460, or 21 percent, are invested in capital assets and are restricted on how they may be used. The remaining balance of unrestricted net assets \$228,858 may be used to meet the MPC's ongoing obligations to citizens and creditors.

As the following table shows, the MPC reported a decrease in net assets of \$218,953 and \$49,841 during the years ended June 30, 2009 and 2008, respectively. At June 30, 2009, the MPC's decrease in net assets is primarily due to a combination of lower operating revenues from fees and contracts and higher expenditures for health insurance. The MPC reported a decrease in net assets of \$49,841 during the year ended June 30, 2008. This decrease was primarily due to operating revenues and expenses being almost equal at end of the fiscal year thus requiring fund balance to cover one time small non-capital equipment purchases.

Knoxville-Knox County Metropolitan Planning Commission

Net Assets

	FYE June 30, 2009	FYE June 30, 2008	FYE June 30, 2007
Current and Other Assets	\$ 1,144,734	954,539	806,954
Capital Assets	61,460	83,433	89,446
Total Assets	\$ 1,206,194	1,037,972	896,400
Long Term Liabilities Outstanding	\$ 58,912	64,540	111,780
Other Liabilities	856,964	464,161	225,508
Total Liabilities	\$ 915,876	528,701	337,288
Net Assets:			
Invested in Capital Assets	\$ 61,460	83,433	89,446
Unrestricted	228,858	425,838	469,666
Total Net Assets	\$ 290,318	509,271	559,112

The next table shows the key elements from ongoing operations that contributed to the \$218,953 decrease in net assets during fiscal year 2009. As mentioned previously, the decrease is explained by several issues, including fee receipts being 20 percent lower than fiscal year 2008 while funding from grants and contracts increased by 33 percent and local funding from city and county increased by 15 percent. Key elements from ongoing operations contributed to a \$49,841 decrease in net assets during fiscal year 2008. This decrease is explained by several issues, including fee receipts being 16 percent lower than fiscal year 2007, and grant and contract revenues being nine percent higher than fiscal year 2007.

Revenues for fiscal year 2009 were \$4,296,711 compared to \$3,649,437 for fiscal year 2008 or an increase of \$647,274. The source of this increase is from \$219,262 higher funding from the city and county for general appropriations, and \$524,484 higher revenues from additional grant and contract funding netted against the \$96,472 decrease in fee receipts. Expenses for fiscal year 2009 were \$4,515,664 compared to \$3,699,278 for fiscal year 2008 or an increase of \$816,386 due to five percent higher personal services costs but primarily due to a 207 percent increase in grant related subcontractor payments. The change in net assets for fiscal year 2009 was a decrease of \$218,953, compared to a decrease of \$49,841 for fiscal year 2008.

Fee revenues totaled \$392,708 for fiscal year 2009 compared to \$489,180 for fiscal year 2008, a 20 percent decrease due to slowing economic conditions. Grant and contract reimbursements totaled \$2,127,409 for fiscal year 2009 compared to \$1,602,925 for fiscal year 2008, a 33 percent increase of \$524,484. Local funding (not restricted for specific programs) from the City of Knoxville and Knox County totaled \$1,657,430 and \$1,438,168 in 2009 and 2008, respectively. MPC made no capital purchases in fiscal year 2009 and \$16,053 in capital purchases in fiscal year 2008. Total assets equaled \$1,206,194 in fiscal year 2009, compared to \$1,037,972 for fiscal year 2008, an increase of \$168,222. Total liabilities equaled \$915,876 in fiscal year 2009, compared to \$528,701 for fiscal year 2008, an increase of \$387,175. The net effect is a decrease to net assets of \$218,953.

Revenues for fiscal year 2008 were \$3,649,437, compared to \$3,608,827 for fiscal year 2007 or an increase of \$40,610. The source of this increase is from about \$110,000 higher funding from the city and county for

contract work, and about \$23,000 higher revenues from additional grant funding netted against the \$92,000 decrease in fee receipts. Expenses for fiscal year 2008 were \$3,699,278 compared to \$3,586,129 for fiscal year 2007, or an increase of \$113,149, due primarily to higher personal services costs. The change in net assets for fiscal year 2008 was a decrease of \$49,841, compared to an increase of \$22,698 for fiscal year 2007.

Fee revenues totaled \$489,180 for fiscal year 2008 compared to \$581,100 for fiscal year 2007, a 16 percent decrease due to slowing economic conditions. Grant and contract reimbursements totaled \$1,602,925 for fiscal year 2008, compared to \$1,470,395 for fiscal year 2007, a nine percent increase of about \$133,000. Local funding (not restricted for specific programs from the City of Knoxville and Knox County totaled \$1,438,168 in 2008; the same amount as 2007. MPC made a \$16,053 capital purchase in fiscal year 2008 and no capital purchases in fiscal year 2007. Total assets equaled \$1,037,972 in fiscal year 2008 compared to \$896,400 for fiscal year 2007, an increase of \$141,572. Total liabilities equaled \$528,701 in fiscal year 2008 compared to \$337,288 for fiscal year 2007, an increase of \$191,413. The net effect is a decrease to net assets of \$49,841.

Knoxville-Knox County Metropolitan Planning Commission

Changes in Net Assets

	<u>FYE June 30, 2009</u>	<u>FYE June 30, 2008</u>	<u>FYE June 30, 2007</u>
Revenues:			
Fees and Charges	\$ 392,708	489,180	581,100
Grants and Contracts	2,127,409	1,602,925	1,470,395
City & County Funding	1,657,430	1,438,168	1,438,168
In-kind	119,164	119,164	119,164
Total Revenues	<u>4,296,711</u>	<u>3,649,437</u>	<u>3,608,827</u>
Expenses:			
Salaries and Employee Benefits	2,821,052	2,685,745	2,565,194
Contracted Services	1,443,710	757,875	799,639
Supplies and Material	63,653	94,641	61,121
Depreciation	21,973	22,065	21,012
Other Expenses	165,276	138,952	139,163
Total Expenditures	<u>4,515,664</u>	<u>3,699,278</u>	<u>3,586,129</u>
Increase/(decrease) in Net Assets	(218,953)	(49,841)	22,698
Net Assets July 1	<u>509,271</u>	<u>559,112</u>	<u>536,414</u>
Net Assets June 30	<u>\$ 290,318</u>	<u>509,271</u>	<u>559,112</u>

Budgetary Highlights

The Schedule of Revenues / Expenditures and Changes in Fund Balance – Budget and Actual – General Fund which is found on page 15 of this report, details the original and final budget, actual revenues and expenses, as well as variances from the final budget. The MPC’s actual revenues were \$712,276 less than the final budget due primarily from delays in grant and contract related projects. The MPC’s actual

expenses were \$627,155 less than the final budget due to salary savings and from delays in grant related projects. The net result is a \$85,121 favorable budget variance.

Capital Assets and Debt Administration

Capital Assets. The MPC's investment in capital assets as of June 30, 2009 and 2008 was \$61,460 and \$83,433 (net of accumulated depreciation). There were no capital purchases in 2009 and a purchase of a 2008 Chevrolet Impala in 2008. Depreciation expense for fiscal year 2009 was \$21,973 compared to \$22,065 for fiscal year 2008. Additional information is provided as part of Note 4 to the financial statements.

Long Term Liabilities. At the end of the current fiscal year, the MPC's long term liabilities consisted of compensated absences payable of \$58,912, compared to \$64,540 at the end of the fiscal year 2008, a decrease of \$5,628.

Requests for Information

This financial report is designed to provide a general overview of the Knoxville-Knox County Metropolitan Planning Commission's finances for all of those with an interest in the MPC'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 Metropolitan Planning Commission, 400 Main Street, Suite 403, City-County Building, Knoxville, Tennessee 37902.

Knoxville - Knox County Metropolitan Planning Commission
Statements of Net Assets
As of June 30, 2009 and June 30, 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	\$ 117,561	\$ 171,563
Restricted Cash - TTCDA	—	6,935
Accounts Receivable:		
Grants Receivable (net of doubtful accts)	895,069	708,556
Other	72,777	57,653
Prepaid Items	59,327	9,832
Capital assets, net of accumulated depreciation	61,460	83,433
Total Assets	\$ 1,206,194	\$ 1,037,972
<u>Liabilities</u>		
Accounts Payable	\$ 597,442	\$ 104,312
Retainage Payable	—	51,645
Accrued Payroll	63,838	64,581
Deferred Revenue	27,761	86,093
Due to Others	250	6,935
Compensated Absences:		
Expected to be paid within one year	167,673	150,595
Expected to be paid after one year	58,912	64,540
Total Liabilities	915,876	528,701
<u>Net Assets</u>		
Invested in capital assets	61,460	83,433
Unrestricted	228,858	425,838
Total Net Assets	\$ 290,318	\$ 509,271

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

Knoxville - Knox County Metropolitan Planning Commission
Statements of Activities
For the Fiscal Years Ended June 30, 2009 and 2008

	2009	2008
<u>Program revenues:</u>		
Charges for services	\$ 483,815	\$ 771,316
Operating grants and contributions:		
Federal government grants	1,729,926	1,169,296
State of Tennessee grants	276,855	127,425
Local grant match	29,521	24,068
Total program revenues	2,520,117	2,092,105
<u>Program Expenses:</u>		
General government - planning:		
Personal services	2,821,052	2,685,745
Contracted services	1,443,710	757,875
Materials and supplies	63,653	94,641
Depreciation	21,973	22,065
Other expenses	165,276	138,952
Total program expenses	4,515,664	3,699,278
Net program deficiency of revenues under expenses	(1,995,547)	(1,607,173)
<u>General revenues:</u>		
Grants and contributions not restricted to specific programs:		
City of Knoxville	763,430	713,430
Knox County	894,000	724,738
In-kind contributions	119,164	119,164
Total general revenues	1,776,594	1,557,332
Change in net assets	(218,953)	(49,841)
<u>Net assets:</u>		
Beginning of year	509,271	559,112
End of year	\$ 290,318	\$ 509,271

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

**Knoxville - Knox County Metropolitan Planning Commission
Balance Sheets - General Fund
As of June 30, 2009 and June 30, 2008**

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	\$ 117,561	\$ 171,563
Restricted Cash - TTCDA	—	6,935
Accounts Receivable:		
Grants Receivable (net of doubtful accts)	895,069	708,556
Other	72,777	57,653
Prepaid Items	59,327	9,832
Total Assets	\$ 1,144,734	\$ 954,539
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable	\$ 597,442	\$ 104,312
Retainage Payable	—	51,645
Accrued Payroll	63,838	64,581
Compensated Absences Payable - current year	167,673	150,595
Deferred Revenue	27,761	86,093
Due to Others	250	6,935
Total Liabilities	856,964	464,161
Fund Balances:		
Reserved	92,236	222,946
Undesignated, Unreserved	195,534	267,432
Total Fund Balances	287,770	490,378
Total Liabilities and Fund Balances	\$ 1,144,734	\$ 954,539

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

Knoxville - Knox County Metropolitan Planning Commission
Reconciliation of the Balance Sheets - General Fund to the Statements of Net Assets
As of June 30, 2009 and June 30, 2008

	2009	2008
Amounts reported for governmental activities in the statement of net assets are different because:		
Ending Fund Balance - General Fund	\$ 287,770	\$ 490,378
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	61,460	83,433
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(58,912)	(64,540)
Net Assets of Governmental Activities	\$ 290,318	\$ 509,271

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

Knoxville - Knox County Metropolitan Planning Commission
Statements of Revenues/Expenditures and Changes in Fund Balance - General Fund
For the Fiscal Years Ended June 30, 2009 and 2008

	2009	2008
<u>Revenues:</u>		
Fees and Charges	\$ 483,815	\$ 771,316
Federal Government Grants	1,729,926	1,169,296
State of Tennessee Grants	276,855	127,425
Local Grant Match	29,521	24,068
City of Knoxville	763,430	713,430
Knox County	894,000	724,738
In-Kind Contributions	119,164	119,164
	4,296,711	3,649,437
<u>Expenditures:</u>		
Salaries and Employee Benefits	2,826,680	2,732,984
Contracted Services	1,443,710	757,875
Supplies and Materials	63,653	94,641
Other Charges	165,276	138,952
Capital Outlay	—	16,053
	4,499,319	3,740,505
Revenues over (under) expenditures	(202,608)	(91,068)
Fund Balance, July 1	490,378	581,446
Fund Balance, June 30	\$ 287,770	\$ 490,378

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

**Knoxville - Knox County Metropolitan Planning Commission
Reconciliation of the Statements of Revenues / Expenditures and
Changes in Fund Balance - General Fund to the Statements of Activities
For the Fiscal Years Ended June 30, 2009 and 2008**

	2009	2008
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - General Fund	\$ (202,608)	\$ (91,068)
Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense amounted to \$21,973 and \$22,065 in 2009 and 2008, respectively. Capital outlay amounted to \$0 in 2009 and \$16,053 in 2008.	(21,973)	(6,013)
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.	5,628	47,240
Change in net assets per statement of activities	\$ (218,953)	\$ (49,841)

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

Knoxville - Knox County Metropolitan Planning Commission
Schedule of Revenues/Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2009
(With Comparative Amounts for the Fiscal Year Ended June 30, 2008)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2009 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2008 Actual</u>
Revenues:					
Fees and Charges	\$ 491,000	\$ 401,000	\$ 392,708	\$ (8,292)	\$ 489,180
Federal Government Grants	1,994,000	2,297,000	1,729,926	(567,074)	1,169,296
State of Tennessee Grants	188,000	376,000	276,855	(99,145)	127,425
Local Grant Match - (other than MPC)	82,630	71,970	29,521	(42,449)	24,068
City of Knoxville - contracts	—	50,000	50,000	—	138,374
City of Knoxville	825,000	763,430	763,430	—	713,430
Knox County	894,000	894,000	894,000	—	724,738
Knox County - contracts	6,000	35,587	41,107	5,520	143,762
In-Kind Contributions	145,000	120,000	119,164	(836)	119,164
Total revenues	4,625,630	5,008,987	4,296,711	(712,276)	3,649,437
Expenditures:					
Salaries and Employee Benefits	2,916,200	2,887,964	2,826,680	61,284	2,732,984
Contracted Services	1,528,042	1,951,800	1,443,710	508,090	757,875
Supplies and Materials	108,000	102,474	63,653	38,821	94,641
Other Charges	168,000	171,236	165,276	5,960	138,952
Capital Outlay	7,000	13,000	—	13,000	16,053
Total expenditures	4,727,242	5,126,474	4,499,319	627,155	3,740,505
Revenues over (under) expenditures	(101,612)	(117,487)	(202,608)	(85,121)	(91,068)
Fund Balance, July 1	490,378	490,378	490,378	—	581,446
Fund Balance, June 30	\$ 388,766	\$ 372,891	\$ 287,770	\$ (85,121)	\$ 490,378

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

Knoxville - Knox County Metropolitan Planning Commission

Notes to Financial Statements

June 30, 2009 and 2008

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Knoxville - Knox County Metropolitan Planning Commission (the Commission), was formed in 1956. The Commission, which is funded as a joint venture between the City of Knoxville and Knox County, 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 Planning Division 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 joint venture.

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

B. Basis of Accounting and Presentation

1. Basis of Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement 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 (i.e., the balance sheet and statement of revenues, expenditures and changes in fund balance for the General Fund) employ the modified accrual basis of accounting. The revenues and related assets are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for compensated absences which are recognized to the extent they have matured.

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 are said to 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.

Knoxville - Knox County Metropolitan Planning Commission

Notes to Financial Statements

June 30, 2009 and 2008

2. 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 and 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.

3. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

4. 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.

C. Budgets and Budgetary Accounting

The Commission's annual budget is prepared using the modified accrual basis of accounting for the fiscal year ending June 30. 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 Commission followed this formal budget adoption process to approve: the original budget on April 10, 2008; the first amended budget on August 14, 2008; and the final amended budget on May 14, 2009.

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. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

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.

Knoxville - Knox County Metropolitan Planning Commission

Notes to Financial Statements

June 30, 2009 and 2008

The full Commission formally approves the annual budget 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.

D. Cash and Cash Equivalents

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.

E. Deposits and Investments

The Commission considers all highly liquid cash and investments with a maturity of three months or less from the date of acquisition to be cash or cash equivalents. The Commission's cash and cash equivalents 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 stated at cost or amortized cost.

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 pledged securities must equal at least 105 percent of the average daily balance of deposits.

F. Compensated Absences

Commission employees are granted vacation and sick leave based on years of service. In the event of termination, an employee is paid only for accumulated vacation leave.

G. Comparative Data

Summaries of comparative data for the prior year have been presented in selected sections of the accompanying supplementary information to provide an understanding of changes in the Commission's financial position and operations.

H. Capital Assets

Capital assets, which include property and equipment, are reported in the Statements of Net Assets. The Commission defines capital assets as assets with an initial, individual cost of more than \$5,000. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The depreciable lives of all capital assets are estimated to be five years except for the high volume copier which is estimated to have a ten year life.

Knoxville - Knox County Metropolitan Planning Commission

Notes to Financial Statements

June 30, 2009 and 2008

I. Fund Balance

In the fund financial statements (General Fund), reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change and are available for appropriation at the discretion of management.

J. Use of Estimates

The preparation of financial statements in conformity 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 could differ from those estimates.

Note 2: Cash and Restricted Cash

The bank collateral pool administered by the Treasurer of the State of Tennessee covered the Commission's cash and cash equivalents, pooled and managed by the Trustee of Knox County, at June 30, 2009. Banks participating in the collateral pool determine the aggregate balance of their public fund accounts for the Commission. The amount of collateral required to secure these deposits must equal at least 105 percent of the average daily balance of public deposits held. 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.

On February 18, 1999, the Commission entered into a contract with the Tennessee Technology Corridor Development Authority (TTCDA) whereby the Commission agreed to provide Executive Director services, office space, and clerical support to TTCDA. In return, the Commission receives TTCDA fees and requests an additional allocation of \$6,000 from Knox County. TTCDA transferred \$8,606 to the Commission to be used for specific purposes (such as equipment purchases) as approved by the TTCDA board. As of June 30, 2009, there is no amount in Restricted Cash and Due to Others because the \$6,935 balance at June 30, 2008 was used during the year.

Note 3: Retirement Plans – 401(a) and Voluntary 457

Employees of the Commission are allowed to individually participate in the Knox County defined contribution plan, ("asset accumulation" plan). The plan covers substantially all full-time employees under the age of 65. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. Commission employees are eligible to participate from their initial employment date. All employees who work at least 18 hours a week are required to contribute a minimum of 6 percent of pre-tax contributions (of gross wages) into the mandatory 401(a) plan which is equally matched by the employer.

Knoxville - Knox County Metropolitan Planning Commission

Notes to Financial Statements

June 30, 2009 and 2008

An enhancement to the asset accumulation plan is the Knox County Voluntary 457 plan added effective July 1, 2007 which allows pre-tax contributions and employer match over and above the mandatory 6 percent based on years of county service and up to a dollar limit set by the Internal Revenue Service. Employees choosing to participate with over 5 years of service receive an equal employer match starting at 2 percent and staggered up to a maximum additional 6 percent for those with 15 years or more service.

The Commission's contributions on behalf of employees vest at twenty percent per year and are fully vested after five years. Employee and employer contributions were \$189,153 and \$179,358, respectively, for the year ended June 30, 2009. Employee and employer contributions were \$176,525 and \$170,022, respectively, for the year ended June 30, 2008. A description of the significant accounting policies used in the plan is described in the *Knox County Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2009.

Note 4: Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Furniture and fixtures	\$ 32,500	\$ —	\$ —	\$ 32,500
Computers and equipment	150,398	—	(10,124)	140,274
Vehicles	49,923	—	—	49,923
Total capital assets, at cost	<u>232,821</u>	<u>—</u>	<u>(10,124)</u>	<u>222,697</u>
Less accumulated depreciation				
Furniture and fixtures	(32,500)	—	—	(32,500)
Computers and equipment	(80,610)	(18,762)	10,124	(89,248)
Vehicles	(36,278)	(3,211)	—	(39,489)
Total	<u>(149,388)</u>	<u>(21,973)</u>	<u>10,124</u>	<u>(161,237)</u>
Total capital assets being depreciated, net	\$ <u>83,433</u>	\$ <u>(21,973)</u>	\$ <u>—</u>	\$ <u>61,460</u>

Knoxville - Knox County Metropolitan Planning Commission

Notes to Financial Statements

June 30, 2009 and 2008

The following is a summary of changes in capital assets for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Furniture and fixtures	\$ 32,500	\$ —	\$ —	\$ 32,500
Computers and equipment	182,334	—	(31,936)	150,398
Vehicles	33,871	16,052	—	49,923
Total capital assets, at cost	<u>248,705</u>	<u>16,052</u>	<u>(31,936)</u>	<u>232,821</u>
Less accumulated depreciation				
Furniture and fixtures	(32,500)	—	—	(32,500)
Computers and equipment	(92,889)	(19,657)	31,936	(80,610)
Vehicles	(33,870)	(2,408)	—	(36,278)
Total	<u>(159,259)</u>	<u>(22,065)</u>	<u>31,936</u>	<u>(149,388)</u>
Total capital assets being depreciated, net	<u>\$ 89,446</u>	<u>\$ (6,013)</u>	<u>\$ —</u>	<u>\$ 83,433</u>

Note 5: In-Kind and Contributed Service

The City of Knoxville and Knox County provide office space within the City/County Building to the Commission at no cost to the Commission. The value of space provided during the year ended June 30, 2009, was estimated to be \$120,000, based on the 2008 actual cost of \$119,164 calculated at the rate of \$9.85 per square foot. The actual cost for the year ending June 30, 2009 was \$119,164, the same as last year, for the total 12,098 square footage provided. Knox County provides various administrative and internal service functions to the Commission at no cost to the Commission. Since the value of such services has not been determined, no income or related expenses have been included in these financial statements.

Note 6: Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission is an entity of Knox County Government which has elected to be self-insured for general liability coverage and is subject to the limits of the Tennessee Government Tort Liability Act 29-20-101 ct seg. The Commission maintains 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. The Commission's premium expenditures for fiscal year ended June 30, 2009 amounted to \$13,077 as compared to \$14,718 for 2008. Because the TML pool has excess aggregate and individual claim loss insurance coverage, management considers any related risk to be insignificant. There were no settlements in excess of insurance coverage in the past three fiscal years. There were no significant reductions in coverage.

Knoxville - Knox County Metropolitan Planning Commission

Notes to Financial Statements

June 30, 2009 and 2008

Note 7: Economic Concentration

The City of Knoxville and Knox County, Tennessee provided funding of \$1,657,430, or 39 percent of the Commission's revenues and in-kind contributions for the fiscal year ended June 30, 2009 as compared to \$1,438,168 which was likewise 39 percent for 2008.

Note 8: Fund Balance

The amount that is reported on the balance sheets – general fund as reserved fund balance at June 30, 2009 and 2008 is comprised of the following:

	<u>2009</u>	<u>2008</u>
Prepaid Items	\$ 59,327	9,832
Encumbrances	32,909	213,114
Total	<u>\$ 92,236</u>	<u>222,946</u>

SUPPLEMENTARY
SECTION

Knoxville - Knox County Metropolitan Planning Commission
Schedule of General Fund Expenditures (Unaudited)
For the Fiscal Year Ended June 30, 2009
(With Comparative Amounts for the Fiscal Year Ended June 30, 2008)

<u>Expenditure Type</u>	<u>2009 Final Budget</u>	<u>2009 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2008 Actual</u>
Salaries and Employee Benefits	\$ 2,887,964	\$ 2,826,680	\$ 61,284	\$ 2,732,984
Legal Services & Legal Notices	83,400	80,237	3,163	80,667
Other Professional Services (Advertising & Auditing)	87,800	55,214	32,586	55,482
Rent, Repair, & Maintenance	51,000	45,804	5,196	40,631
Communications	27,000	28,868	(1,868)	26,830
Other Services (Consultant, Freight, Postage, & Printing)	1,641,250	1,175,495	465,755	467,455
Contracts with other Agencies	12,000	33,157	(21,157)	60,340
Travel, Tuition, Dues and Memberships	49,350	24,934	24,416	26,470
Food	21,500	11,673	9,827	13,419
Utilities & Fuel	4,000	3,677	323	4,610
Office Supplies & Minor Equipment	66,974	41,532	25,442	68,660
Vehicle/Equip - Repair, Maintenance supplies	1,000	254	746	615
Educational materials	5,500	4,652	848	6,008
Other materials (signs)	3,500	1,865	1,635	1,329
Capital outlay	13,000	—	13,000	16,053
Insurance Related expenses	1,200	1,255	(55)	1,540
Workers' Compensation Insurance	15,400	11,822	3,578	13,179
Other Charges	28,236	28,236	—	—
Commission Trustee Fees	6,100	3,991	2,109	5,069
Space Cost	120,000	119,164	836	119,164
Other insurance	300	809	(509)	—
Total Expenditures	<u>\$ 5,126,474</u>	<u>\$ 4,499,319</u>	<u>\$ 627,155</u>	<u>\$ 3,740,505</u>

See accompanying independent auditors' report.

INTERNAL CONTROL
AND
COMPLIANCE SECTION



KPMG LLP
401 Commerce Street, Suite 1000
Nashville, TN 37219-2422

**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***

The Board of Directors
Knoxville – Knox County Metropolitan Planning Commission:

We have audited the financial statements of the governmental activities and the major governmental fund of the Knoxville – Knox County Metropolitan Planning Commission (MPC), as of and for the year ended June 30, 2009, which collectively comprise MPC's basic financial statements and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of MPC's financial statements will not be prevented, or detected and corrected, on a timely basis.

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



Compliance and Other Matters

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

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

KPMG LLP

December 7, 2009

SINGLE AUDIT

SECTION



KPMG LLP
401 Commerce Street, Suite 1000
Nashville, TN 37219-2422

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Directors
Knoxville/Knox County Metropolitan Planning Commission
Knoxville, TN

Compliance

We have audited the compliance of the Knoxville/Knox County Metropolitan Planning Commission (MPC) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. MPC's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of MPC's management. Our responsibility is to express an opinion on MPC's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MPC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MPC's compliance with those requirements.

In our opinion, MPC complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of MPC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered MPC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MPC's internal control over compliance.



A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and other legislative or regulatory bodies governing the federal funds received by MPC and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 7, 2009

Knoxville - Knox County Metropolitan Planning Commission
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

<u>Program Name</u>	<u>CFDA #</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
Major Program:			
<i>U.S. Department of Transportation - CFDA 20.205</i>			
Passed Through Tennessee Transportation: Highway Planning and Construction	20.205	F&A Contract No. Z-07-036297-00 Amendment # 1 FHWA Project No. SPR-PL-1(210) BPD Project No. 47954-1002-54	\$ 141,580
Highway Planning and Construction	20.205	F&A Contract No. Z-07-036297-00 Amendment # 2 FHWA Project No. SPR-PL-1(210) BPD Project No. 47954-1002-54	588,344
Regional Transportation and Air Quality	20.205	SPR 1101; Contract No. GG-05-11547-00	108,685
Knoxville Smart Trips Program	20.205	Contract No. 060150 Amendment # 1 PIN No. 106869	56,146
TPO Bike Enhancement Program	20.205	PIN No. 106877.00 CM-STP-9109(108)	2,989
Complete Streets	20.205	Contract No. GG-08-22796-00	59,806
Urban Land Allocation Model	20.205	Contract No. GG-08-22810-00	<u>11,197</u>
Total - U.S. Department of Transportation CFDA 20.205			\$ <u>968,747</u>
Major Program:			
<i>U.S. Department of Transportation - Transit Services Program Cluster</i>			
Direct Program:			
Federal Transit - Job Access Reverse Commute	20.516	Federal Project ID # TN-37-X074	\$ 254,060
Federal Transit - New Freedom	20.521	Federal Project ID # TN-57-X006	151,545
Total - U.S. Department of Transportation - Transit Services Program Cluster			\$ <u>405,605</u>
Non-major Programs:			
<i>U.S. Department of Transportation</i>			
Passed Through Tennessee Transportation: Federal Transit Technical Studies Grant	20.505	F&A Contract No. GG-07-20628-00 TDOT Project No. 47-5303-F007 FTA Grant No. TN-80-0001-01	\$ 30,211
Federal Transit Technical Studies Grant	20.505	F&A Contract No. GG-08-25961-00 TDOT Project No. 47-5303-S3-010 FTA Grant No. TN-80-0002-00	54,585
Federal Transit Section 5303 - KAT Development Plan	20.505	TDOT Project No. 47-5303-S3-004 F&A Contract No. GG-06-12346-00 Amendment 1 FTA Grant No. TN-80-X012	37,825
Federal Transit Section 5303 - KAT Development Plan	20.505	TDOT Project No. 47-5303-S3-008 F&A Contract No. GG-08-24181-00 FTA Grant No. TN-80-X014-02	44,208
Total - U.S. Department of Transportation CFDA 20.505			<u>166,829</u>
Passed Through City of Knoxville: Federal Transit Section 5307 Formula - KAT Development Plan	20.507	FTA Grant No. TN-90-X265	80,000
Total - U.S. Department of Transportation (Non-major)			<u>246,829</u>
<i>U.S. Department of Interior</i>			
Direct Program:			
Regional Transportation Alternatives Study	15.904	NPS Cooperative Agreement No. 1443-CA-5460-AO-012	28,773
<i>U.S. Department of Housing and Urban Development</i>			
Passed Through City of Knoxville: Empowerment Zone	14.244	Doc. No. C-09-0040	79,972
Total Non-major Programs			<u>355,574</u>
Total Expenditures of Federal Awards			\$ <u>1,729,926</u>

The accompanying notes are an integral part of the schedule.

**Knoxville - Knox County Metropolitan Planning Commission
Schedule of Expenditures of State Awards
For the Fiscal Year Ended June 30, 2009**

<u>Program Name</u>	<u>State Contract Number</u>	<u>State Expenditures</u>
Major Program:		
<i>U.S. Department of Transportation - CFDA 20.205</i>		
Regional Transportation and Air Quality (local match)	SPR 1101; Contract No. GG-05-11547-00	27,171
Complete Streets (local match)	Contract No. GG-08-22796-00	14,952
Urban Land Allocation Model (local match)	Contract No. GG-08-22810-00	<u>2,799</u>
Total - U.S. Department of Transportation CFDA 20.205		<u>44,922</u>
Major Program:		
<i>U.S. Department of Transportation - CFDA cluster 20.516 & 20.521</i>		
Federal Transit - Job Access Reverse Commute	Federal Project ID # TN-37-X074 State Contract No. 47-5316-S3-006	97,172
Federal Transit - New Freedom	Federal Project ID # TN-57-X006 State Contract No. 47-5317-S3-002	30,018
Total - U.S. Department of Transportation -CFDA cluster 20.516 & 20.521		<u>127,190</u>
Non-major Programs:		
<i>U.S. Department of Transportation</i>		
Federal Transit Technical Studies Grant (local match)	F&A Contract No. GG-07-20628-00 TDOT Project No. 47-5303-F007 FTA Grant No. TN-80-0001-01	3,776
Federal Transit Technical Studies Grant (local match)	F&A Contract No. GG-08-25961-00 TDOT Project No. 47-5303-S3-010 FTA Grant No. TN-80-0002-00	6,824
Knoxville Smart Trips Program	Contract No. GG-08-22011-00 PIN No. 106867	73,889
Federal Transit Section 5303 - KAT Development Plan (local match)	TDOT Project No. 47-5303-S3-004 F&A Contract No. GG-06-12346-00 Amendment 1 FTA Grant No. TN-80-X012	4,728
Federal Transit Section 5303 - KAT Development Plan (local match)	TDOT Project No. 47-5303-S3-008 F&A Contract No. GG-08-24181-00 FTA Grant No. TN-80-X014-02	5,526
Federal Transit Section 5307 Formula - KAT Development Plan (pass through City of Knoxville - local match)	FTA Grant No. TN-90-X265	10,000
Total - U.S. Department of Transportation		<u>104,743</u>
Total Expenditures of State Awards		\$ <u><u>276,855</u></u>

The accompanying notes are an integral part of the schedule.

KNOXVILLE / KNOX COUNTY METROPOLITAN PLANNING COMMISSION

Notes to Schedules of Expenditures of Federal and State Awards

Year ended June 30, 2009

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards summarizes the expenditures of the Knoxville / Knox County Metropolitan Planning Commission (MPC) under federal programs for the year ended June 30, 2009. Because the schedule presents only a selected portion of the operations of MPC, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the MPC.

For purposes of the Schedule of Expenditures of Federal Awards, federal awards include all grants, contracts, and similar agreements entered into directly between MPC and agencies and departments of the federal government and all subawards to MPC by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

For purposes of the Schedule of Expenditures of Federal Awards, expenditures for federal programs are recognized on the accrual basis of accounting.

(2) Indirect Costs

Many of MPC'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.

(3) Schedule of Expenditures of State Awards

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

KNOXVILLE / KNOX COUNTY METROPOLITAN PLANNING COMMISSION

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **Unqualified opinion**
- (b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None reported**

Material weaknesses: **None**

- (c) Noncompliance which is material to the financial statements: **None**
- (d) Significant deficiencies in internal control over major programs: **None reported**

Material weaknesses: **None**

- (e) The type of report issued on compliance for major programs: **Unqualified opinion**
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **None**

- (g) Major programs:

CFDA#	Grantor	Program
20.205	U.S. Department of Transportation	Highway Planning and Construction
20.516 20.521	U.S. Department of Transportation	Transit Services Program Cluster

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- (i) Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

(3) Findings and Questioned Costs Relating to Federal Awards

None.