



# Geographic Information Systems

## ANNUAL FINANCIAL STATEMENTS

For the Fiscal Years Ended  
JUNE 30, 2023 and 2022



Prepared By:  
Knox County Department of Finance

**KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS  
KNOXVILLE, TENNESSEE**

**ANNUAL FINANCIAL STATEMENTS**

**For the Fiscal Years Ended  
June 30, 2023 and 2022**

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS  
Knoxville, Tennessee

ANNUAL FINANCIAL STATEMENTS  
For the Fiscal Years Ended  
June 30, 2023 and 2022

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS  
Knoxville, Tennessee

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**INTRODUCTORY  
SECTION**

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

POLICY BOARD

June 30, 2023

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Indya Kincannon, Mayor of the City of Knoxville

Gabe Bolas, President and CEO -  
Knoxville Utilities Board

Glenn Jacobs, Knox County Mayor

## **FINANCIAL SECTION**



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INDEPENDENT AUDITOR'S REPORT

Policy Board of the  
 Knoxville, Knox County, and Knoxville Utilities Board  
 Geographic Information Systems  
 Knoxville, Tennessee

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Knoxville, Knox County, and Knoxville Utilities Board (KUB) Geographic Information Systems (the "System"), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the System'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 financial position of the System, as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, 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 opinion.

**Responsibilities of Management for the Financial Statements**

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

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



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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 audit.
- 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 audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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 4 through 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplemental information section as listed in the table of contents is presented for purposes of additional analysis and is 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 other supplemental 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 and other information as listed in the table of contents. Our opinion on the basic financial statements does 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 18, 2023, on our consideration of the System’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System’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 System’s internal control over financial reporting and compliance.

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
December 18, 2023

# Knoxville ♦ Knox County ♦ Knoxville Utilities Board Geographic Information System

Keith G. Stump  
Director

## Management's Discussion and Analysis

As the management of the Knoxville, Knox County, Knoxville Utilities Board (K.U.B.) Geographic Information Systems (the System), we offer the readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal years ended June 30, 2023, 2022 and 2021. 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 System's financial activities and condition.

### Financial Highlights for Fiscal Year 2023

- The assets of the System exceeded its liabilities at the close of the most recent fiscal year by \$1,500,121 (*net position*). Of this amount, \$1,213,805 is unrestricted. The unrestricted net position amount is a total of three amounts: \$530,124 may be used to meet the System's ongoing obligations to citizens and creditors, \$3,666 is designated for the aerial reserve, and \$680,015 is designated for the equipment reserve.
- The System's total net position decreased by \$34,521. The decrease is primarily due to a decrease in operating revenues.
- The System's total liabilities decreased by \$369,944. This decrease is primarily due to a \$248,264 decrease in accounts payable.
- The System's cash and cash equivalents decreased by \$234,320.
- The System's total operating revenues decreased by \$260,413. This decrease is primarily due to a decrease of \$251,776 in user service fee revenues.
- The System's operating expenses increased by \$279,883. The expense increase is primarily due to an increase in personnel services, contracted services, and depreciation and amortization.

### POLICY BOARD

Indya Kincannon, Mayor, City of Knoxville; Gabriel Bolas, President, KUB; Glenn Jacobs, County Mayor, Knox County

## **Financial Highlights for Fiscal Year 2022**

- The assets of the System exceeded its liabilities at the close of the most recent fiscal year by \$1,534,642 (*net position*). Of this amount, \$1,220,166 is unrestricted. The unrestricted net position amount is a total of three amounts: \$417,883 may be used to meet the System's ongoing obligations to citizens and creditors, \$257,336 is designated for the aerial reserve, and \$544,947 is designated for the equipment reserve.
- The System's total net position increased by \$443,939. The increase is primarily due to a \$479,837 increase in operating revenues.
- The System's total liabilities increased by \$923,071. This increase is primarily due to a \$212,941 increase in accounts payable.
- The System's cash and cash equivalents increased by \$450,538.
- The System's total operating revenues increased by \$479,837. This increase is primarily due to an increase of \$487,092 in user service fee revenues.
- The System's operating expenses increased by \$120,398. The expense increase is primarily due to an increase in personnel services, contracted services, and depreciation and amortization.

## **Financial Highlights for Fiscal Year 2021**

- The assets of the System exceeded its liabilities at the close of the most recent fiscal year by \$1,090,703 (*net position*). Of this amount, \$996,462 is unrestricted. The unrestricted net position amount is a total of three amounts: \$418,933 may be used to meet the System's ongoing obligations to citizens and creditors, \$157 is designated for the aerial reserve, and \$577,372 is designated for the equipment reserve.
- The System's total net position increased by \$81,312. The increase is primarily due to a \$57,223 decrease in operating expenses.
- The System's total liabilities increased by \$202,655. This increase is primarily due to a \$63,151 increase in accounts payable and a \$66,690 increase in lease liabilities.
- The System's cash and cash equivalents increased by \$138,136.
- The System's total operating revenues decreased by \$50,320. This decrease is primarily due to a decrease of \$51,705 in user service fee revenues.
- The System's operating expenses decreased by \$57,223. The expense decrease is primarily due to a decrease in contracted services.

## Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. The System's basic financial statements consist of two components: 1) financial statements comprised of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows, and 2) Notes to the Financial Statements.

This report also contains other and supplementary information in addition to the basic financial statements themselves.

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

The Statements of Revenues, Expenses and Changes in Net Position present information showing how the System'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 user service fees, and earned but unused vacation leave).

The Statements of Cash Flows present information on the actual cash inflows and outflows resulting from the various operating, financing, capital, and investing activities of the System for the last two fiscal years.

The financial statements can be found on pages 11-14 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 15-23 of this report.

**Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the System's budgetary compliance and variances from the original budget and final amended budget. This supplementary information can be found on pages 24-26 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information concerning the System's dedicated assets. This other information can be found on page 27 of this report.

## Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the System's financial position. As of June 30, 2023, the System's assets exceeded its liabilities by \$1,500,121 (*net position*). At June 30, 2022, the System's assets exceeded its liabilities by \$1,534,642. At June 30, 2021, the System's assets exceeded its liabilities by \$1,090,703. At June 30, 2023, the current assets (less current liabilities) amounted to 55 percent of total net position. At June 30, 2022, 53 percent of the System's net position reflected its net current assets. At June 30, 2021, 86 percent of the System's net position reflected its net current assets. At June 30, 2023, 19 percent of the System's net position are invested in capital assets, which compares to 20 percent for the prior year.

As the following table shows, the System reported a decrease in net position of \$34,521 as of the fiscal year ended June 30, 2023. The decrease was primarily the result of decreased operating revenues. The depreciation and amortization expense charged during the fiscal year was \$628,086.

During the fiscal year ended June 30, 2022, the System reported an increase in net position of \$443,939. The increase was primarily the result of higher operating revenues. The depreciation and amortization expense charged during fiscal year ended June 30, 2022, was \$471,716.

During the fiscal year ended June 30, 2021, the System reported an increase in net position of \$81,312. The increase was primarily the result of higher interest income. The depreciation and amortization expense charged during fiscal year ended June 30, 2021 was \$119,694.

### Knoxville, Knox County, K.U.B. Geographic Information Systems Statements of Net Position

	FYE June 30, 2023	As Restated FYE June 30, 2022	FYE* June 30, 2021
<b>Assets:</b>			
Current assets	\$ 1,360,951	\$ 1,600,994	\$ 1,146,576
Capital assets, net	979,505	1,143,927	231,335
Total assets	2,340,456	2,744,921	1,377,911
<b>Liabilities:</b>			
Current liabilities	542,897	790,608	208,192
Long-term liabilities outstanding	297,438	419,671	79,016
Total liabilities	840,335	1,210,279	287,208
<b>Net position:</b>			
Net investment in capital assets	286,316	314,476	94,241
Unrestricted	1,213,805	1,220,166	996,462
Total net position	\$ 1,500,121	\$ 1,534,642	\$ 1,090,703

\*Not practical to restate for GASB 96

The next table shows the key elements from ongoing activities that contributed to the decrease in net position of \$34,521 during the current fiscal year. Operating revenues, comprised mainly of user service fees and operating reimbursements, decreased by \$260,413 in fiscal year 2023, while in fiscal year 2022 they increased by \$479,837 and in fiscal year 2021 they decreased by \$50,320. User service fees decreased by \$251,776 in fiscal year 2023, while in fiscal year 2022 they increased by \$487,092 and in fiscal year 2021 they increased by \$51,705. The increases and decreases are due to the revenues received from Knoxville, Knox County, and K.U.B. (Knoxville Utilities Board) which is based on the projects for the fiscal year.

Aerial map sales which are comprised of viewer licenses, sale of maps, and sale of IDS cd's decreased by \$8,637 in fiscal year 2023 compared to a decrease in fiscal year 2022 of \$7,255 and compared to an increase in fiscal year 2021 of \$1,385. Additionally, interest earnings in fiscal year 2023 were \$66,985 compared to fiscal year 2022 of \$3,569.

Expenses for fiscal year 2023 increased by \$279,883 over the prior year primarily due to an increase in personnel services, contracted services, and depreciation and amortization. During fiscal year 2022, expenses increased by \$120,398 primarily due to an increase in personnel services, contracted services, and depreciation and amortization and during fiscal year 2021, expenses decreased by \$57,223 primarily due to a decrease in contracted services.

**Knoxville, Knox County, K.U.B.**  
**Geographic Information Systems**  
**Statements of Revenues, Expenses, and Changes in Net Position**

	As Restated		
	FYE	FYE	FYE*
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenues:			
Operating revenues:			
User service fees	\$ 1,693,054	\$ 1,944,830	\$ 1,457,738
Aerial map sales	148,438	157,075	164,330
Total operating revenues	<u>1,841,492</u>	<u>2,101,905</u>	<u>1,622,068</u>
Nonoperating revenues and (expenses):			
Interest income	66,985	3,569	628
Interest expense	(2,128)	(548)	(795)
Total nonoperating revenues and (expenses)	<u>64,857</u>	<u>3,021</u>	<u>(167)</u>
Total revenues	<u>1,906,349</u>	<u>2,104,926</u>	<u>1,621,901</u>
Expenses:			
Operating expenses:			
Personnel services	665,619	645,083	590,434
Employee benefits	216,551	211,675	200,270
Contracted services	399,934	319,360	558,570
Supplies and materials	27,375	11,814	69,350
Other operating expenses	3,305	1,339	2,271
Depreciation and amortization	628,086	471,716	119,694
Total operating expenses	<u>1,940,870</u>	<u>1,660,987</u>	<u>1,540,589</u>
Change in net position	(34,521)	443,939	81,312
Net Position, Beginning of Year	<u>1,534,642</u>	<u>1,090,703</u>	<u>1,009,391</u>
Net Position, End of Year	<u>\$ 1,500,121</u>	<u>\$ 1,534,642</u>	<u>\$ 1,090,703</u>

\*Not practical to restate for GASB 96

### **Budgetary Information**

Revenues exceeded budgeted amounts by \$34,799 during fiscal year 2023. Expenses of \$1,942,998 were \$49,130 more than budget of \$1,893,868. The current year expenses include \$628,086 in depreciation and amortization that is not budgeted. The Schedules of Revenues and Expenses and Changes in Net Position – Budget to Actual, which is found in the supplementary information section of this report on page 24, details the original budget, budget amendments, final budget, and actual revenues and expenses, as well as the variances from the final budget.



**Capital Assets.** The System's investment in capital assets as of June 30, 2023, amounts to \$286,316 (net of accumulated depreciation and amortization). Depreciation and amortization expense was \$628,086 for 2023. As of June 30, 2022, and 2021 the System's investment in capital assets amounted to \$314,476 and \$92,241, respectively (net of accumulated depreciation). Depreciation and amortization expense was \$471,716 for 2022 and \$119,694 for 2021. Additional information regarding the System's capital assets can be found in Note 4 to the financial statements.

**Compensated Absences.** At the end of the current fiscal year, the System's noncurrent liabilities consisted of compensated absences payable of \$25,298 compared to \$23,748 at the end of fiscal year 2022. Additional information regarding the System's compensated absences liabilities can be found in Note 5 to the financial statements.

### **Requests for Information**

This financial report is designed to provide a general overview of the Knoxville, Knox County, K.U.B. Geographic Information System's finances for all of those with an interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Knoxville, Knox County, K.U.B. Geographic Information Systems, 606 Main Street, Suite 150 Main Place, Knoxville, TN 37902.

**KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS**

**STATEMENTS OF NET POSITION  
June 30, 2023 and 2022**

	<u>2023</u>	<u>As Restated 2022</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,355,406	\$ 1,589,726
Accounts receivable	250	1,816
Due from Knox County	-	3,569
Prepaid items	5,295	5,883
Total current assets	<u>1,360,951</u>	<u>1,600,994</u>
<b>Noncurrent assets:</b>		
Capital assets (net of accumulated depreciation and amortization)	979,505	1,143,927
Total assets	<u>2,340,456</u>	<u>2,744,921</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	27,928	276,192
Accrued liabilities	94	208
Accrued payroll payable	35,094	28,074
Compensated absences payable	58,732	52,606
Lease liabilities	56,779	70,404
Subscription liabilities	364,270	363,124
Total current liabilities	<u>542,897</u>	<u>790,608</u>
<b>Noncurrent liabilities:</b>		
Compensated absences payable	25,298	23,748
Lease liabilities	240,487	-
Subscription liabilities	31,653	395,923
Total noncurrent liabilities	<u>297,438</u>	<u>419,671</u>
Total liabilities	<u>840,335</u>	<u>1,210,279</u>
<b>NET POSITION</b>		
Net investment in capital assets	286,316	314,476
Unrestricted	1,213,805	1,220,166
Total net position	<u>\$ 1,500,121</u>	<u>\$ 1,534,642</u>

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

**KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS**

**STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
For the Fiscal Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>As Restated 2022</b>
<b>Operating revenues:</b>		
User service fees	\$ 1,693,054	\$ 1,944,830
Aerial map sales	148,438	157,075
Total operating revenues	<u>1,841,492</u>	<u>2,101,905</u>
<b>Operating expenses:</b>		
Personnel services	665,619	645,083
Employee benefits	216,551	211,675
Contracted services	399,934	319,360
Supplies and materials	27,375	11,814
Other operating expenses	3,305	1,339
Depreciation and amortization	628,086	471,716
Total operating expenses	<u>1,940,870</u>	<u>1,660,987</u>
Operating income (loss)	<u>(99,378)</u>	<u>440,918</u>
<b>Nonoperating revenues and (expenses):</b>		
Interest income	66,985	3,569
Interest expense	(2,128)	(548)
Total nonoperating revenues and (expenses)	<u>64,857</u>	<u>3,021</u>
Change in net position	(34,521)	443,939
Total net position - beginning of year	<u>1,534,642</u>	<u>1,090,703</u>
Total net position - end of year	<u>\$ 1,500,121</u>	<u>\$ 1,534,642</u>

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

**KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS**

**STATEMENTS OF CASH FLOWS  
For the Fiscal Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>As Restated 2022</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,846,627	\$ 2,098,305
Payments to vendors	(381,138)	639,403
Payments to employees	(867,474)	(839,193)
Net cash provided by operating activities	<u>598,015</u>	<u>1,898,515</u>
<b>Cash Flows used in Capital Financing Activities</b>		
Purchase of capital assets	(463,664)	(1,384,308)
Principal paid on lease and subscription liability	(433,528)	(66,690)
Interest paid on lease and subscription liability	(2,128)	(548)
Net cash used by capital financing activities	<u>(899,320)</u>	<u>(1,451,546)</u>
<b>Cash Flows from Investing Activities</b>		
Interest received	<u>66,985</u>	<u>3,569</u>
Net change in cash and cash equivalents	(234,320)	450,538
Cash and cash equivalents - beginning of year	<u>1,589,726</u>	<u>1,139,188</u>
Cash and cash equivalents - end of year	<u>\$ 1,355,406</u>	<u>\$ 1,589,726</u>

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

**KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS**

**STATEMENTS OF CASH FLOWS (Continued)  
For the Fiscal Years Ended June 30, 2023 and 2022**

**Reconciliation of Operating Income (Loss) to  
Net Cash Provided by Operating Activities**

	<u>2023</u>	<u>As Restated 2022</u>
Operating income (loss)	\$ (99,378)	\$ 440,918
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and Amortization	628,086	471,716
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	1,566	(31)
(Increase) decrease in due from Knox County	3,569	(3,569)
(Increase) decrease in prepaid items	588	(280)
Increase (decrease) in accounts payable	(248,264)	212,941
Increase (decrease) in accrued payroll payable	7,020	3,118
Increase (decrease) in other liabilities	297,152	759,255
Increase (decrease) in compensated absences payable	7,676	14,447
Net cash provided by operating activities	<u>\$ 598,015</u>	<u>\$ 1,898,515</u>

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

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023 and 2022

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

**A. Reporting Entity**

The Knoxville, Knox County, Knoxville Utilities Board (K.U.B.) Geographic Information Systems (the “System”) is a joint venture that provides automated mapping and geographic information. The system was created by a tri-party agreement between the City of Knoxville (City), Knox County (County), and the Knoxville Utilities Board (K.U.B.) originally dated August 9, 1985 and most recently amended January 25, 2016. The System maintains digital geographic data for all of Knox County, Tennessee. The System is responsible for maintaining the centralized KGIS servers, databases, and network that are shared by the various departments and users. Some of the core mapping information, including topography and aerial photography, are managed by the System.

A summary of significant accounting policies of the System is presented as follows:

**B. Basis of Accounting**

The financial statements of the System are accounted for as a proprietary type fund – enterprise fund under the flow of economic resources measurement focus, or the full-accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The System follows the full accrual basis of accounting in accordance with generally accepted accounting principles (GAAP), which is promulgated by the Governmental Accounting Standards Board (GASB).

Additionally, proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the System are user service fees (operating reimbursements) from Knoxville, Knox County, and K.U.B. Operating expenses for proprietary funds include the cost of sales and services such as personal services, employee benefits, contracted services, supplies and materials, rental, insurance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022

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

**C. Deposits and Investments**

The System's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The System's cash and cash equivalents are pooled and managed by the Trustee of Knox County.

**D. Receivables and Revenue Recognition**

All trade and subsidy receivables and revenues are recognized by the System in the period in which services are rendered. 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.

**E. 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.

**F. Capital Assets**

Capital assets, which include computer software and communication and office 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 fair market value at the date of donation. These capital assets are depreciated using the straight-line method over the following estimated useful lives of the assets.

<u>Assets</u>	<u>Years</u>
Communications and Office Equipment	5-10
Computer Software	5

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

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022

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

**G. Compensated Absences**

It is the System's policy to permit employees to accumulate earned but unused annual leave and sick pay benefits. There is no current liability for unpaid accumulated sick leave. Upon retirement, employees receive a sick leave payout based on the requirements in Knox County's sick leave policy. Annual leave pay is accrued when earned by System employees.

Employees may accumulate annual leave according to the following schedule:

<u>Years of Service</u>	<u>Maximum Accrual</u>
0-8	36 days
9-20	39 days
21 and greater	42 days

**H. 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.

**I. Net Position**

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets includes all capital assets, net of accumulated depreciation and related liabilities.

The restricted net position category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations or that expire by the passage of time. The System has no restricted net position as of June 30, 2023, and 2022. The unrestricted net position category includes all other assets that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the System's policy to use restricted resources first, then unrestricted resources as they are needed.



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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022

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**NOTE 2: BUDGETARY INFORMATION**

Annually, the System's Policy Board adopts a budget prepared on the modified accrual basis of accounting. The legal level of control, that is the level at which management cannot overspend funds without a budget amendment by the Policy Board, is at the major category level. All annual appropriations lapse at fiscal year-end.

The budget adopted by the Policy Board includes non-operating subsidies and miscellaneous operating revenues which are dedicated to be expended only for specific purposes. One fee is expended for costs associated with the maintenance and update of aerial photography maps and the second fee is dedicated to the purchase of software and/or hardware for the System. The fees are collected from the County, the City and KUB.

Accounting principles used in developing data on a budgetary basis differ from those used in reporting financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The System reports a total increase or decrease in net position which enables the Board to determine the funds available for appropriation. The System is a proprietary type fund – enterprise fund. The annual operating budget is not legally binding but is a projection.

**NOTE 3: DEPOSITS**

The System's cash and cash equivalents, are pooled and managed by the Trustee of Knox County. As of June 30, 2023, and June 30, 2022, all of the bank accounts were covered by the bank collateral pool administered by the Treasurer of the State of Tennessee. Banks participating in the collateral pool determine the aggregate balance of their public fund accounts for the System. Tennessee Code Annotated (TCA) Section 5-8-201 requires that the amount of collateral required to secure these deposits must equal 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.

KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the fiscal years ended June 30, 2023 and 2022, was as follows:

<b><u>2023</u></b>	As Restated Beginning Balance	Increases	Decreases & Reclassification	Ending Balance
Communications and Office Equipment	\$ 71,135	\$ -	\$ -	\$ 71,135
Computer Software	4,979,341	383,025	-	5,362,366
Work in Progress	216,626	-	(216,626)	-
Leases - Buildings	200,335	297,265	-	497,600
Subscriptions - Software	1,091,194	-	-	1,091,194
Total Capital Assets	<u>6,558,631</u>	<u>680,290</u>	<u>(216,626)</u>	<u>7,022,295</u>
Less Accumulated Depreciation and Amortization for:				
Communications and Office Equipment	(52,509)	(8,418)	-	(60,927)
Computer Software	(4,897,599)	(189,592)	-	(5,087,191)
Leases - Buildings	(133,556)	(66,758)	-	(200,314)
Subscriptions - Software	(331,040)	(363,318)	-	(694,358)
Total Accumulated Depreciation and Amortization	<u>(5,414,704)</u>	<u>(628,086)</u>	<u>-</u>	<u>(6,042,790)</u>
Total Capital Assets, Net	<u>\$ 1,143,927</u>	<u>\$ 52,204</u>	<u>\$ (216,626)</u>	<u>\$ 979,505</u>
<b><u>2022</u></b>				
Communications and Office Equipment	\$ 1,045,964	\$ 17,014	\$ (991,843)	\$ 71,135
Computer Software	4,919,867	59,474	-	4,979,341
Work in Progress	-	216,626	-	216,626
Leases - Buildings	200,335	-	-	200,335
Subscriptions - Software	-	1,091,194	-	1,091,194
Total Capital Assets	<u>6,166,166</u>	<u>1,384,308</u>	<u>(991,843)</u>	<u>6,558,631</u>
Less Accumulated Depreciation and Amortization for:				
Communications and Office Equipment	(1,032,370)	(11,982)	991,843	(52,509)
Computer Software	(4,835,683)	(61,916)	-	(4,897,599)
Leases - Buildings	(66,778)	(66,778)	-	(133,556)
Subscriptions - Software	-	(331,040)	-	(331,040)
Total Accumulated Depreciation and Amortization	<u>(5,934,831)</u>	<u>(471,716)</u>	<u>991,843</u>	<u>(5,414,704)</u>
Total Capital Assets, Net	<u>\$ 231,335</u>	<u>\$ 912,592</u>	<u>\$ -</u>	<u>\$ 1,143,927</u>

KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022

**NOTE 5: COMPENSATED ABSENCES**

Compensated absences for the fiscal years ended June 30, 2023 and 2022, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2023	\$ 76,354	\$ 136,067	\$ (128,391)	\$ 84,030	\$ 58,732
2022	\$ 61,907	\$ 63,155	\$ (48,708)	\$ 76,354	\$ 52,606

**NOTE 6: NET POSITION- UNRESTRICTED**

Unrestricted net position for the fiscal years ended June 30, reported on the Statements of Net Position is comprised of the following amounts:

	2023	As Restated 2022
Designated for equipment reserve	\$ 680,015	\$ 544,947
Designated for aerial reserve	3,666	257,336
Undesignated	530,124	417,883
Total	\$ 1,213,805	\$ 1,220,166

**NOTE 7: RELATED PARTY TRANSACTIONS**

During the 2023 and 2022 fiscal years, the County provided various administrative functions to the System at direct cost. The System paid the County \$20,324 and \$19,766 for various administrative services for the 2023 and 2022 years, respectively.

Revenues received from the County, City, and KUB during the year ending June 30, 2023, were \$490,872, \$470,753, and \$713,220, respectively, representing approximately 91 percent of total operating revenues for 2023. Revenues received from the County, City, and KUB during the year ending June 30, 2022, were \$448,590, \$435,464, and \$1,042,567, respectively, representing approximately 92 percent of total operating revenues for 2022.

There were no amounts due to the System from the City, and KUB at June 30, 2023 and June 30, 2022.

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022

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**NOTE 8: DEFERRED COMPENSATION PLAN and DEFINED CONTRIBUTION PLAN**

A. Deferred Compensation Plan (457 Plan)

The System provides the opportunity for each of its employees to participate in the Knox County deferred compensation 457 plan, a single employer plan of Knox County, Tennessee. Under this plan, employees may elect to reduce their salary by at least \$20 per month, in tax-deferred savings to supplement retirement income. The deferred compensation is generally not available to employees until termination, retirement, death or unforeseeable emergency. The 457 plan allows pre-tax contributions and employer matching contributions over and above the mandatory 6% of the defined contribution plan based on years of service and up to a dollar limit set by the Internal Revenue Service. Employees choosing to participate with over five years of service receive an equal employer matching contribution starting at 2% and staggered up to a maximum additional 6% for those with 15 years or more of service. As of June 30, 2023, and 2022, there were 7 active plan members.

B. Defined Contribution Plan

Certain employees of the System are required to participate in the Knox County defined contribution plan (asset accumulation plan), a single employer plan of Knox County, Tennessee. The plan covers full-time System employees. Plan benefits depend solely on amounts contributed to the plan plus investment earnings. System employees are eligible to participate on the first day of employment and vest in employer contributions at 20% per year after one year of service and are 100% vested after five years. The plan requires all participants to contribute a minimum of 6% of compensation. Employees may contribute up to 15% of compensation and the System will match these contributions up to 6% of compensation. Forfeitures were used to assist in funding the Knox County Employee Disability Plan, a single employer Other Post Employment Benefit (OPEB) defined benefit plan of Knox County, Tennessee. As of June 30, 2023, and 2022, there were 7 active plan members.

C. Contributions

During the 2023 fiscal year, the employer and member contributions for the defined contribution and 457 plans amounted to a total of \$75,141 and \$76,476, respectively. During the 2022 fiscal year, the employer and member contributions for the defined contribution and 457 plans amounted to a total of \$73,159 and \$74,699, respectively.

D. Administration

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 Pension and Retirement Board. A description of the plans, financial statements and notes are presented in the *Knox County Annual Comprehensive Financial Report (ACFR)* for the fiscal year ended June 30, 2023.

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022

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**NOTE 9: RISK MANAGEMENT**

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The System purchased commercial General Liability, Workers Compensation, and Property and Casualty Insurance. The System has had no significant reductions in insurance coverage over the last three years. There have been no settlements in excess of insurance coverage over the last three years.

**NOTE 10: LEASE LIABILITIES**

On July 1, 2021, the System implemented GASB 87 Leases. The System leases office space from the Ritchie Partnership with 36-months left at implementation date. An initial lease liability was recorded in the amount of \$200,335. The lease was renewed for another five years during the current year. As of June 30, 2023, the lease liability is \$297,266. The System is required to make monthly fixed payments of \$5,295 with annual adjustments per the Consumer Price Index. The lease has an interest rate of 2.7360%. The right to use asset as of June 30, 2023, is \$497,600 with accumulated amortization of \$200,314. See Note 4.

The minimum future lease payments as of June 30, 2023, are as follows:

Year Ending June 30,	Leases		
	Principal	Interest	Total
2024	\$ 56,779	\$ 6,761	\$ 63,540
2025	57,680	5,860	63,540
2026	59,278	4,262	63,540
2027	60,921	2,620	63,541
2028	62,608	932	63,540
Total	<u>\$ 297,266</u>	<u>\$ 20,435</u>	<u>\$ 317,701</u>

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KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
June 30, 2023 and 2022

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**NOTE 11: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY  
ARRANGEMENT LIABILITIES**

On July 1, 2022, the System implemented GASB 96, Subscription-Based Information Technology Arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology software. The standard requires adjusting the financial statements back to the earliest period presented. The System has two SBITAs with 36 to 41 months remaining from the implementation date. An initial SBITA liability was recorded in the amount of \$1,091,194. As of June 30, 2023, the SBITA liability is \$395,923. The System is required to make annual payments as described below. The SBITAs have an interest rate of 0.315%. The right to use asset as of June 30, 2023 of \$1,091,194 with accumulated amortization of \$694,358 is included with Subscriptions – Software in footnote 4. The FY 2022 financial statements have been restated to reflect these adjustments. Future maturities are below:

Year Ending June 30,	<u>Subscriptions</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 364,270	\$ 722	\$ 364,992
2025	<u>31,653</u>	<u>9</u>	<u>31,662</u>
Total	<u>\$ 395,923</u>	<u>\$ 731</u>	<u>\$ 396,654</u>

**SUPPLEMENTARY  
INFORMATION**

**KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS**

**SCHEDULES OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL  
For the Fiscal Years Ended June 30, 2023 and 2022**

	2023					2022				
	Original Budget	Budget Revisions	Final Budget	Actual	Variance With Final Budget	Original Budget	Budget Revisions	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>										
Operating:										
User Service Fees	\$ 1,693,078	\$ -	\$ 1,693,078	\$ 1,693,054	\$ (24)	\$ 1,822,370	\$ -	\$ 1,822,370	\$ 1,944,830	\$ 122,460
Aerial Map Sales	180,600	-	180,600	148,438	(32,162)	151,735	-	151,735	157,075	5,340
Interest Income	-	-	-	66,985	66,985	-	-	-	3,569	3,569
<b>Total Revenues</b>	<b>1,873,678</b>	<b>-</b>	<b>1,873,678</b>	<b>1,908,477</b>	<b>34,799</b>	<b>1,974,105</b>	<b>-</b>	<b>1,974,105</b>	<b>2,105,474</b>	<b>131,369</b>
<b>Expenses</b>										
Operating:										
Personnel Services	665,715	-	665,715	665,619	96	606,939	-	606,939	645,083	(38,144)
Employee Benefits	224,170	-	224,170	216,551	7,619	209,881	-	209,881	211,675	(1,794)
Contracted Services	787,263	16,828	804,091	399,934	404,157	1,123,193	23,185	1,146,378	319,360	827,018
Supplies and Materials	17,060	-	17,060	18,564	(1,504)	11,860	-	11,860	3,003	8,857
Office Rent	70,600	3,362	73,962	-	73,962	64,997	-	64,997	-	64,997
Depreciation and Amortization	-	-	-	628,086	(628,086)	-	-	-	471,716	(471,716)
Insurance and Other	5,570	-	5,570	5,433	137	5,500	-	5,500	1,887	3,613
Equipment Reserve:										
Supplies and Materials	29,100	-	29,100	8,811	20,289	21,600	-	21,600	8,811	12,789
Capital Outlay	74,200	-	74,200	-	74,200	59,200	-	59,200	-	59,200
Aerial Reserve:										
Contracted Services	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>1,873,678</b>	<b>20,190</b>	<b>1,893,868</b>	<b>1,942,998</b>	<b>(49,130)</b>	<b>2,103,170</b>	<b>23,185</b>	<b>2,126,355</b>	<b>1,661,535</b>	<b>464,820</b>
<b>(Decrease) Increase in Net Position</b>	<b>\$ -</b>	<b>\$ (20,190)</b>	<b>\$ (20,190)</b>	<b>\$ (34,521)</b>	<b>\$ (14,331)</b>	<b>\$ (129,065)</b>	<b>\$ (23,185)</b>	<b>\$ (152,250)</b>	<b>\$ 443,939</b>	<b>\$ 596,189</b>



**KNOXVILLE - KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS  
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS  
June 30, 2023**

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid and/or Matured During Period	Outstanding June 30, 2023
<b>Leases Payable</b>								
Ritchie Partnership - Office Space	\$ 200,335	2.736 %	7/1/2003	6/30/2028	\$ 70,404	\$ 297,266	\$ 70,404	\$ 297,266

**SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTERST REQUIREMENT BY FISCAL YEAR  
June 30, 2023**

Year Ending June 30,	Leases		
	Principal	Interest	Total
2024	\$ 56,779	\$ 6,761	\$ 63,540
2025	57,680	5,860	63,540
2026	59,278	4,262	63,540
2027	60,921	2,620	63,541
2028	62,608	932	63,540
Total	\$ 297,266	\$ 20,435	\$ 317,701

**KNOXVILLE - KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS  
SCHEDULE OF CHANGES IN SUBSCRIPTION-BASED INFORMATION  
TECHNOLOGY ARRANGEMENT OBLIGATIONS**

**June 30, 2023**

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2022	Issued During Period	Paid and/or Matured During Period	Outstanding June 30, 2023
<b>Subscriptions Payable</b>								
CrowdStrike - Falcon	\$ 10,166	0.315 %	8/1/2021	12/31/2024	\$ 7,447	\$ -	\$ 2,972	\$ 4,475
GIS Software	1,081,027	0.315	8/3/2021	8/2/2024	751,600	-	360,152	391,448
					<u>\$ 759,047</u>	<u>\$ -</u>	<u>\$ 363,124</u>	<u>\$ 395,923</u>

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

**June 30, 2023**

Year Ending June 30,	Subscriptions		
	Principal	Interest	Total
2024	\$ 364,270	\$ 722	\$ 364,992
2025	31,653	9	31,662
Total	<u>\$ 395,923</u>	<u>\$ 731</u>	<u>\$ 396,654</u>

## **OTHER INFORMATION**

**KNOXVILLE, KNOX COUNTY, K.U.B.  
GEOGRAPHIC INFORMATION SYSTEMS**

**SCHEDULES OF DEDICATED ASSETS (Unaudited)  
For the Fiscal Years Ended June 30, 2023 and 2022**

2023

Equipment

	Aerial Photography	General Equipment	Total
Dedicated Assets - July 1	\$ 257,336	\$ 544,947	\$ 802,283
Dedicated Contributions	-	148,438	148,438
Dedicated Expenses	(253,670)	(13,370)	(267,040)
Dedicated Assets - June 30	<u>\$ 3,666</u>	<u>\$ 680,015</u>	<u>\$ 683,681</u>

2022

Equipment

	Aerial Photography	General Equipment	Total
Dedicated Assets - July 1	\$ 157	\$ 577,372	\$ 577,529
Dedicated Contributions	533,435	157,075	690,510
Dedicated Expenses	(276,256)	(189,500)	(465,756)
Dedicated Assets - June 30	<u>\$ 257,336</u>	<u>\$ 544,947</u>	<u>\$ 802,283</u>

**INTERNAL CONTROL  
AND COMPLIANCE SECTION**



**PUGH & COMPANY, P.C.**  
 315 NORTH CEDAR BLUFF ROAD, SUITE 200  
 KNOXVILLE, TENNESSEE 37923  
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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**

Policy Board of the  
 Knoxville, Knox County, and Knoxville Utilities Board  
 Geographic Information Systems  
 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 Knoxville, Knox County, and Knoxville Utilities Board (KUB) Geographic Information Systems (the "System"), which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 18, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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.



An independently owned member  
**RSM US Alliance**



**TSCPA**  
 Members of the Tennessee Society  
 Of Certified Public Accountants

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 18, 2023

# Knoxville ♦ Knox County ♦ Knoxville Utilities Board Geographic Information System

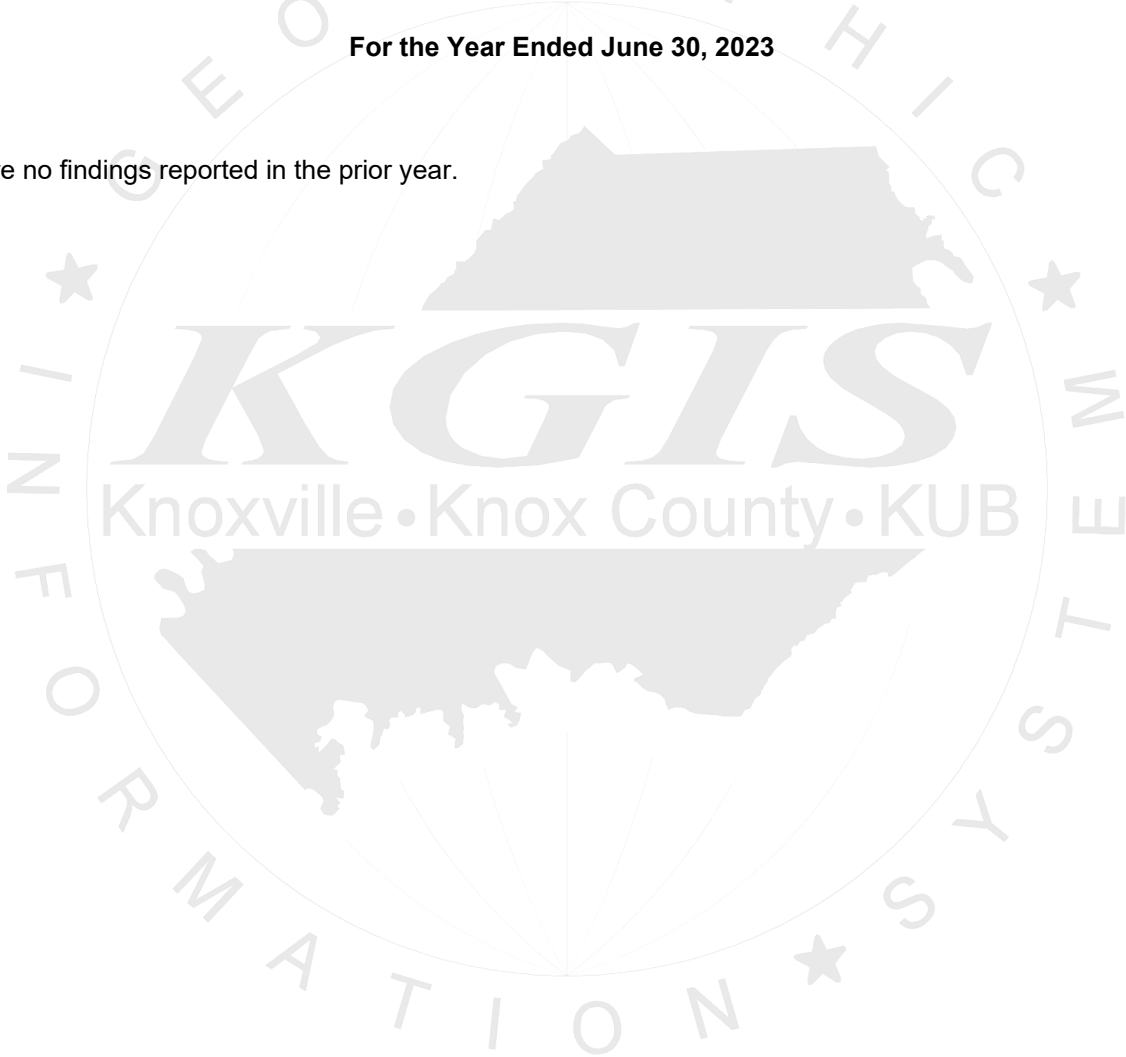
Keith G. Stump  
*Director*

## KNOXVILLE, KNOX COUNTY, AND KNOXVILLE UTILITIES BOARD GEOGRAPHIC INFORMATION SYSTEMS

### SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2023

There were no findings reported in the prior year.



#### POLICY BOARD

Indya Kincannon, Mayor, City of Knoxville; Gabriel Bolas, President, KUB; Glenn Jacobs, County Mayor, Knox County

Phone: 865/215-2641

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