

**NORTHWEST TENNESSEE  
DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**June 30, 2017**

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## **INTRODUCTORY SECTION**

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
BOARD OFFICERS**  
June 30, 2017

Gary Reasons, Chairman  
Tom Witherspoon, Vice-chairman  
Barry Barnett, Secretary/Treasurer

## **FINANCIAL SECTION**



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## Independent Auditor's Report

Executive Director and Board of Directors  
Northwest Tennessee Development District  
Martin, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Northwest Tennessee Development District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northwest Tennessee Development District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, major fund schedules of revenues, expenditures and changes in fund balance, combining and individual nonmajor fund financial statements and schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of local contributions, schedule of debt service requirements by individual issue – all funds and schedule of state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major fund schedules of revenues, expenditures and changes in fund balance, combining and individual nonmajor fund financial statements and schedules, schedule of expenditures of federal awards, schedule of local contributions, schedule of debt service requirements by individual issue – all funds and schedule of state financial assistance are the responsibility of management and were derived from and relate 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 major fund schedules of revenues, expenditures and changes in fund balance, combining and individual nonmajor fund financial statements and schedules, schedule of expenditures of federal awards, schedule of local contributions, schedule of debt service requirements by individual issue – all funds and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017, on our consideration of the Northwest Tennessee Development District'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 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 District's internal control over financial reporting and compliance.

*Alexander Thompson Arnold PLLC*

Union City, Tennessee  
November 29, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Northwest Tennessee Development District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

### FINANCIAL HIGHLIGHTS

- The assets of the Northwest Tennessee Development District exceeded its liabilities at the close of the most recent fiscal year by \$290 thousand (net position).
- Total net position decreased by \$40 thousand during the year ended June 30, 2017, with governmental activities reporting a decrease of \$39 thousand and business-type activities reporting a decrease of \$1 thousand.
- As of the close of the current fiscal year, the Northwest Tennessee Development District's general fund reported an ending fund balance of \$311 thousand, a decrease of \$9 thousand in comparison with the prior year. Total fund balance was available for spending at the Northwest Tennessee Development District's discretion (unassigned fund balance).

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

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

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Northwest Tennessee Development District's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the District'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 District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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., receivables, compensated absences, etc.).

The government-wide financial statements distinguish functions of the District that are principally supported by grants and intergovernmental revenues (governmental activities) from other functions

## MANAGEMENT'S DISCUSSION AND ANALYSIS

that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general and administrative activities, in addition to the activities supported by individual grants, such as aging, Medicaid waiver, home and community based services, etc.

The business-type activities of the District include the Community Development Corporation Loan Program.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has twelve governmental funds and one proprietary fund.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances - Government Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains numerous governmental funds for its individual grant programs. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds for the General Fund, Aging Fund, Guardianship Fund, and Administration Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation for these statements and is also presented separately in a Combining Balance Sheet – Nonmajor Governmental Funds and a Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.

**Proprietary funds** – Proprietary funds are used to account for the business-type activities of the District. The measurement focus is the same as for the government-wide financial statements. The District has one proprietary fund, the Community Development Corporation Loan Program.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Supplementary Information

The District approves annual budgets for its General Fund and individual grant funds to be used as a management tool for comparing current activity against anticipated revenues and expenditures. Budget to actual statements are presented as supplementary information for all of the District's funds.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position** – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Northwest Tennessee Development District, assets exceed liabilities by \$290,319 at the close of the most recent fiscal year. Of this amount, \$290,319 represents unrestricted net position, while the District's investment in capital assets, net of related debt, is (\$555). This negative balance is due to the fact that the debt outstanding exceeds the net book value of the capital assets. The Northwest Tennessee Development District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 4,917,449	\$ 3,462,116	\$ 870,418	\$ 926,615	\$ 5,787,867	\$ 4,388,731
Capital assets	<u>990,333</u>	<u>1,029,937</u>	<u>0</u>	<u>0</u>	<u>990,333</u>	<u>1,029,937</u>
Total assets	5,907,782	4,492,053	870,418	926,615	6,778,200	5,418,668
Current liabilities	4,606,151	3,141,798	0	0	4,606,151	3,141,798
Long-term liabilities	<u>1,108,403</u>	<u>1,118,610</u>	<u>773,327</u>	<u>828,447</u>	<u>1,881,730</u>	<u>1,947,057</u>
Total liabilities	5,714,554	4,260,408	773,327	828,447	6,487,881	5,088,855
Net position						
Net investment in capital assets	(555)	18,874	0	0	(555)	18,874
Unrestricted	<u>193,783</u>	<u>212,771</u>	<u>97,091</u>	<u>98,168</u>	<u>290,874</u>	<u>310,939</u>
Total net position	<u>\$ 193,228</u>	<u>\$ 231,645</u>	<u>\$ 97,091</u>	<u>\$ 98,168</u>	<u>\$ 290,319</u>	<u>\$ 329,813</u>

Net position decreased by \$40 thousand from the prior year. Guardianship restricted assets increased \$1.4 million and the related trustee's liability increased \$1.45 million due to the court appointed conservatorship of new clients with large amounts of monetary assets.

**Statement of Activities** – As noted earlier, the statement of activities is designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As such, instead of the \$9 thousand decrease in fund balance at the

## MANAGEMENT'S DISCUSSION AND ANALYSIS

fund level, there is a \$39 thousand decrease in net position attributable to governmental activities in the statement of activities. This difference is due mainly to the activity related to the District's capital assets. There was \$40 thousand in depreciation expense at the government-wide level. Payments against long-term debt increased net position by \$20 thousand. Netted costs relative to compensated absences accounted for the remaining \$10 thousand in additional expenses reported at the government-wide level. Business-type activities decreased net position by \$1 thousand.

### Condensed Statement of Activities

	Government Activities		Bus-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenue</b>						
Program Revenues						
Charges for services	\$ 1,549,028	\$ 1,532,085	\$ 7,500	\$ 12,760	\$ 1,556,528	\$ 1,544,845
Operating grants/contributions	3,509,899	3,483,510			3,509,899	3,483,510
Capital grants/contributions	0	0	0	0	0	0
General revenues						
Interest	<u>3,787</u>	<u>4,309</u>	<u>0</u>	<u>0</u>	<u>3,787</u>	<u>4,309</u>
Total revenues	5,062,714	5,019,904	7,500	12,760	5,070,214	5,032,664
<b>Expenses</b>						
General Fund	940,870	926,454			940,870	926,454
Aging	2,799,556	2,784,170			2,799,556	2,784,170
Guardianship	136,543	131,412			136,543	131,412
EDA	96,901	88,002			96,901	88,002
Solid Waste	52,308	52,315			52,308	52,315
Local Planning	77,455	83,669			77,455	83,669
Care Transitions	6,407	7,556			6,407	7,556
Administration	427,643	307,270			427,643	307,270
Medicaid Waiver	232,395	232,736			232,395	232,736
Home & Comm Based Serv	212,253	213,345			212,253	213,345
Historic Preservation	70,789	50,980			70,789	50,980
TDOT	48,011	81,273			48,011	81,273
Comm Dev Corp Loan Prog	<u>0</u>	<u>0</u>	<u>8,577</u>	<u>8,625</u>	<u>8,577</u>	<u>8,625</u>
Total expenses	<u>5,101,131</u>	<u>4,959,182</u>	<u>8,577</u>	<u>8,625</u>	<u>5,109,708</u>	<u>4,967,807</u>
Change in net position	(38,417)	60,722	(1,077)	4,135	(39,494)	64,857
Net position - beginning	<u>231,645</u>	<u>170,923</u>	<u>98,168</u>	<u>94,033</u>	<u>329,813</u>	<u>264,956</u>
Net position - ending	<u>\$ 193,228</u>	<u>\$ 231,645</u>	<u>\$ 97,091</u>	<u>\$ 98,168</u>	<u>\$ 290,319</u>	<u>\$ 329,813</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental activities** – Governmental activities decreased the District's net position by \$39 thousand during the current year. Expenses increased \$43 thousand during 2017, while revenues increased by \$37 thousand. The majority of the increase was in the Administration Planning department and was the result of hiring and funding of a Historic Planner to fill a vacant position, thus reducing the cost of personnel in the Planning Department, and revenues increased due to the funding of more CDBG and State projects.

**Business-type activities** – Interest income in the Community Development Corporation Loan Program was \$7,500, while operating expenses were \$8,577, resulting in a \$1,077 decrease in net position.

### FUND FINANCIAL STATEMENTS ANALYSIS

**Governmental funds** – The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spending resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2017, the General Fund had unassigned fund balance of \$311 thousand.

Revenues in the Aging Fund, which make up 55% of total governmental revenues, were \$15 thousand more than the prior year, or an increase of less than 1%. Revenues in the General Fund decreased by \$84 thousand, with both local revenues and indirect revenues decreasing by 11%. Building rent income also decreased by 9%. These decreases were due to the reduction of operating costs over the prior year thus resulting in less indirect revenues.

Revenues in the Administration Fund increased by \$128 thousand, or 42% due to the result of more grants being written and funded and an increase in disaster money and other increases in state funded programs.

Revenues in nonmajor funds decreased by \$21 thousand, or 3%, with the majority in TDOT and Local Planning.

Due to the nature of the District's funds, expenditures followed the same patterns as the revenues described above. Only the General Fund accumulates fund balance.

**Proprietary fund** – The Northwest Tennessee Development District has one proprietary fund, the Community Development Corporation Loan Fund. Information pertaining to this fund is included in the previous remarks on the business-type activities of the District.

**Budgetary highlights** – Actual revenues for the Aging Fund were \$1.1 million more than budgeted revenues, mainly in Federal and State pass-through revenue. Similarly, actual expenditures in the Aging Fund were \$967 thousand more than budgeted in pass-through expenditures. In the General Fund, revenues were slightly less than budgeted, and expenditures were more than budgeted by less than 1%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Administration program had \$241 thousand in emergency home repair program expenditures that were not budgeted. However, revenues were \$143 thousand more than budgeted.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** – As of June 30, 2017, the District had capital assets of \$990 thousand. No new capital assets were purchased during the current year. Depreciation on capital assets for the year was \$39,604. Additional details on the District's capital assets can be found in the Notes to Financial Statements of this report.

**Long-term debt** – The Northwest Tennessee Development District had long-term debt of \$990,888 as of June 30, 2017, against a construction loan. A liability of \$117,516 has been recorded for accrued annual leave in governmental activities. The business-type activities had long-term debt of \$773,327 at June 30, 2017, through its Community Development Corporation Loan Program. Loans receivable at June 30, 2017, were \$110,684. Additional details about the District's debt can be found in the Notes to Financial Statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economic outlook in Northwest Tennessee has continued to improve over the previous years. Business expansions have contributed to most of the job creation; and most recently, there have also been some new industries locating in the district. Of course, both are positive factors for retail development.

Tennessee's IMPROVE Act is allowing the state and local governments to begin needed repair on roads and bridges. This has both a short term job creation and a long term infrastructure improvement benefit.

2018 is a major election year in Tennessee. All County Mayors, the Governor, and one United State Senator will all be on the ballot. It is unrealistic to think the elections won't create change going forward.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF NET POSITION**

June 30, 2017

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash	\$ 1,017,618	\$ 759,734	\$ 1,777,352
Restricted cash	136,908	-	136,908
Other restricted assets	2,660,151	-	2,660,151
Accounts receivable	468,317	-	468,317
Due from Human Resource Agency	49,335	-	49,335
Due from grantor - Federal	355,049	-	355,049
Due from grantor - State	230,071	-	230,071
Noncurrent assets:			
Loans receivable	-	110,684	110,684
Capital assets (net of accumulated depreciation)	<u>990,333</u>	<u>-</u>	<u>990,333</u>
<b>Total assets</b>	<b><u>5,907,782</u></b>	<b><u>870,418</u></b>	<b><u>6,778,200</u></b>
<b>LIABILITIES</b>			
Accounts payable	254,731	-	254,731
Payroll liabilities	(737)	-	(737)
Due to grantor - State	11,889	-	11,889
Trustee's liability	2,790,403	-	2,790,403
Unearned revenue - Federal	163,975	-	163,975
Unearned revenue - State	171,499	-	171,499
Unearned revenue - Local	1,214,391	-	1,214,391
Non-current liabilities:			
Accrued annual leave	117,515	-	117,515
Debt due within one year	19,073	55,943	75,016
Debt due in more than one year	<u>971,815</u>	<u>717,384</u>	<u>1,689,199</u>
<b>Total liabilities</b>	<b><u>5,714,554</u></b>	<b><u>773,327</u></b>	<b><u>6,487,881</u></b>
<b>Net position</b>			
Net investment in capital assets	(555)	-	(555)
Unrestricted	<u>193,783</u>	<u>97,091</u>	<u>290,874</u>
<b>Total net position</b>	<b><u>\$ 193,228</u></b>	<b><u>\$ 97,091</u></b>	<b><u>\$ 290,319</u></b>

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



**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities:							
General Fund	\$ 940,870	\$ 677,809	\$ 230,000	\$ -	\$ (33,061)	\$ -	\$ (33,061)
Aging	2,799,556	-	2,795,795	-	(3,761)	-	(3,761)
Guardianship	136,543	27,619	105,907	-	(3,017)	-	(3,017)
EDA	96,901	25,107	64,500	-	(7,294)	-	(7,294)
Solid Waste	52,308	-	52,043	-	(265)	-	(265)
Local Planning	77,455	77,455	-	-	-	-	-
Care Transitions	6,407	-	6,407	-	-	-	-
Administration	427,643	433,982	-	-	6,339	-	6,339
Medicaid Waiver	232,395	232,395	-	-	-	-	-
Home & Community Based Services	212,253	-	211,108	-	(1,145)	-	(1,145)
TDOT	70,789	70,789	-	-	-	-	-
Historic Preservation	48,011	3,872	44,139	-	-	-	-
Total governmental activities	5,101,131	1,549,028	3,509,899	-	(42,204)	-	(42,204)
Business-type activities:							
Community Development Corporation Loan Program	8,577	7,500	-	-	-	(1,077)	(1,077)
Total	<u>\$ 5,109,708</u>	<u>\$ 1,556,528</u>	<u>\$ 3,509,899</u>	<u>\$ -</u>	(42,204)	(1,077)	(43,281)
General revenues:							
Interest					3,787	-	3,787
<b>Change in net position</b>					<b>(38,417)</b>	<b>(1,077)</b>	<b>(39,494)</b>
Net position - beginning					231,645	98,168	329,813
Net position - ending					<u>\$ 193,228</u>	<u>\$ 97,091</u>	<u>\$ 290,319</u>

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2017

	<u>General Fund</u>	<u>Aging</u>	<u>Guardianship</u>	<u>Administration</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$ 529,524	\$ 259,293	\$ -	\$ 228,801	\$ -	\$ 1,017,618
Restricted cash	-	6,656	130,252	-	-	136,908
Other restricted assets	-	-	2,660,151	-	-	2,660,151
Accounts receivable	82,206	290,052	9,176	17,889	68,994	468,317
Due from Human Resource Agency	49,335	-	-	-	-	49,335
Due from General Fund	-	117,171	15,491	549,940	309,825	992,427
Due from other funds	691,020	-	-	-	1,370	692,390
Due from grantor - Federal	-	317,167	-	-	37,882	355,049
Due from grantor - State	-	209,546	-	7,800	12,725	230,071
<b>Total assets</b>	<b><u>\$ 1,352,085</u></b>	<b><u>\$ 1,199,885</u></b>	<b><u>\$ 2,815,070</u></b>	<b><u>\$ 804,430</u></b>	<b><u>\$ 430,796</u></b>	<b><u>\$ 6,602,266</u></b>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities						
Accounts payable	\$ 19,597	\$ 235,134	\$ -	\$ -	\$ -	\$ 254,731
Payroll liabilities	384	(1,432)	(698)	745	264	(737)
Due to General Fund	-	583,993	23,829	3,554	79,644	691,020
Due to other funds	992,427	-	-	1,370	-	993,797
Due to grantor - State	-	-	-	-	11,889	11,889
Trustee's liability	-	-	2,790,403	-	-	2,790,403
Unearned revenue - Federal	-	163,975	-	-	-	163,975
Unearned revenue - State	-	171,499	-	-	-	171,499
Unearned revenue - Local	28,379	46,716	1,536	798,761	338,999	1,214,391
Total liabilities	1,040,787	1,199,885	2,815,070	804,430	430,796	6,290,968
Fund balance						
Restricted	-	-	-	-	-	-
Unassigned	311,298	-	-	-	-	311,298
Total fund balance	311,298	-	-	-	-	311,298
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,352,085</u></b>	<b><u>\$ 1,199,885</u></b>	<b><u>\$ 2,815,070</u></b>	<b><u>\$ 804,430</u></b>	<b><u>\$ 430,796</u></b>	<b><u>\$ 6,602,266</u></b>

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

June 30, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance of governmental funds	\$ 311,298
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	1,241,646
Accumulated depreciation	<u>(251,313)</u>
Net capital assets	990,333
Noncurrent liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
	<u>(1,108,403)</u>
Net position of governmental activities	<u>\$ 193,228</u>

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Aging</u>	<u>Guardianship</u>	<u>Administration</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Federal	\$ -	\$ 440,995	\$ -	\$ 25,780	\$ 145,926	\$ 612,701
State	230,000	152,221	-	360,882	262,661	1,005,764
Local	80,168	78,604	27,619	47,320	146,833	380,544
Pass-through - federal and state	-	2,123,975	-	-	-	2,123,975
Pass through from Aging	-	-	105,907	-	232,395	338,302
Indirect	512,247	-	-	-	-	512,247
Building rent	85,394	-	-	-	-	85,394
Interest	2,348	1,439	-	-	-	3,787
<b>Total revenues</b>	<b>910,157</b>	<b>2,797,234</b>	<b>133,526</b>	<b>433,982</b>	<b>787,815</b>	<b>5,062,714</b>
<b>Expenditures</b>						
Salaries	373,214	312,107	60,278	108,799	430,436	1,284,834
Fringe benefits	110,206	121,844	15,166	35,919	179,616	462,751
Travel	24,000	27,601	14,030	7,697	40,692	114,020
Utilities and communications	40,760	26,905	6,538	4,782	26,721	105,706
Supplies	45,203	37,113	1,955	1	8,176	92,448
Postage	-	4,515	386	-	144	5,045
Copying and printing	-	705	5	63	1,468	2,241
Indirect costs	-	32,576	5,799	11,488	45,108	94,971
Computer expense	-	37,401	4,146	-	5,609	47,156
Rent, repair and insurance	25,549	33,038	8,113	7,731	34,529	108,960
Audit	1,212	19,400	-	3,638	-	24,250
Pass through	-	2,015,368	-	11,517	-	2,026,885
Annual meetings and dues	28,090	8,270	1,540	392	6,180	44,472
Training	-	-	70	50	415	535
Emergency home repair program	-	-	-	240,535	-	240,535
Matching funds	196,539	-	-	1,370	-	197,909
Miscellaneous	-	3,804	-	-	1,125	4,929
Senior games	-	7,980	-	-	195	8,175
Public Partnerships expense	-	-	-	-	-	-
Respite	-	108,607	-	-	-	108,607
Legal	643	-	15,500	-	-	16,143
White Street renovation	2,391	-	-	-	-	2,391
Principal payments on note	20,175	-	-	-	-	20,175
Interest payments on note	51,195	-	-	-	-	51,195
<b>Total expenditures</b>	<b>919,177</b>	<b>2,797,234</b>	<b>133,526</b>	<b>433,982</b>	<b>780,414</b>	<b>5,064,333</b>
<b>Net change in fund balance</b>	<b>(9,020)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,401</b>	<b>(1,619)</b>
Fund balance - July 1, 2016	320,318	-	-	-	-	320,318
Fund balance - June 30, 2017	\$ 311,298	\$ -	\$ -	\$ -	\$ 7,401	\$ 318,699

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances of governmental funds \$ (1,619)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	-	
Depreciation	<u>(39,604)</u>	
Net effect		(39,604)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments	20,175
--------------------	--------

Expenses related to compensated absences are reported in the statement of activities but do not require the use of current financial resources. Therefore, they are not reported as expenditures in the governmental funds.

(9,968)

Change in net position of governmental activities \$ (31,016)

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**COMMUNITY DEVELOPMENT CORPORATION LOAN PROGRAM**  
June 30, 2017

**ASSETS**

Current assets

Cash		\$ 699,608
Reserved cash		<u>60,126</u>
Total cash		759,734

Noncurrent assets

Loans receivable	110,684	
Allowance for loan loss	<u>-</u>	
Net loans receivable	110,684	
Total noncurrent assets		<u>110,684</u>

**Total assets** **870,418**

**LIABILITIES**

Debt due within one year	55,943	
Debt due in more than one year	<u>717,384</u>	
Total liabilities		<u>773,327</u>

**UNRESTRICTED NET POSITION** **\$ 97,091**

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
COMMUNITY DEVELOPMENT CORPORATION LOAN PROGRAM  
For the Year Ended June 30, 2017**

Operating revenue		\$ 7,500
Interest		
Operating expenses		
Interest expense	<u>8,577</u>	
Total operating expenses		<u>8,577</u>
<b>Change in net position</b>		<b>(1,077)</b>
Net position - July 1, 2016		<u>98,168</u>
Net position - June 30, 2017		<u>\$ 97,091</u>

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF CASH FLOWS  
COMMUNITY DEVELOPMENT CORPORATION LOAN PROGRAM  
For the Year Ended June 30, 2017**

**Cash flows from operating activities**

Collection of interest on loans	\$ 7,500
Collection of principal on loans	52,167
Cash payments for interest	<u>(8,577)</u>
Net cash provided by operating activities	51,090

**Cash flows from capital and related financing activities**

Principal paid on long-term debt	<u>(55,120)</u>
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**Net decrease in cash (4,030)**

Cash - July 1, 2016	<u>763,764</u>
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Cash - June 30, 2017	<u>\$ 759,734</u>
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**Reconciliation of change in net position to net cash provided by operating activities**

Operating income	\$ (1,077)
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in notes receivable	<u>52,167</u>
Net cash provided by operating activities	<u>\$ 51,090</u>

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



# NORTHWEST TENNESSEE DEVELOPMENT DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Northwest Tennessee Development District is a multi-funded, quasi-governmental District created in accordance with Chapter 241 of the Public Acts of 1965, known as the “Development District Act” (currently TCA Title 13, Chapter 14). It is governed by a board of directors composed of county mayors, municipal mayors, members of the state legislature and other representatives from the District’s nine-county region. The primary function of the Development District (DD or District) is to assist the local governmental agencies in their economic development. These programs are funded for the most part through federal grants, with matching assistance from the local and state levels.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

### **A. Reporting Entity**

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District has no component units based on the criteria above.

### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2017

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In general, federal and state grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Aging Fund* accounts for transactions of the District's supportive services to assist older Americans in leading independent, meaningful, and dignified lives in their own homes and communities. The major sources of funding are federal and state grants.

The *Guardianship Fund* accounts for transactions of the District's Guardianship program. The major sources of funding are federal and state pass-through grants from the Aging program.

The *Administration Fund* handles grants for economic development and grant writing activities. The majority of its funding comes from federal grants.

The District reports the following major proprietary fund:

The *Community Development Corporation Loan Program* administers the Intermediary Relending Program and Rural Development Loan Fund to promote industrial growth for creating jobs in West Tennessee.

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 District's enterprise fund are charges to customers for interest and loan fees. Operating expenses for the enterprise fund include loan fees, administrative expenses and interest. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2017

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

**D. Assets and Liabilities**

**Deposits and Investments**

The District's cash and cash equivalents are considered to be only unrestricted demand deposit accounts, working funds and highly liquid investments with an original maturity of three months or less. State statutes authorize the District to invest in interest-bearing accounts.

**Receivables and Payables**

On October 12, 1989, the Tennessee Commission on Aging, the District's cognizant agency, approved the cost allocation plan for administration costs incurred by the District. This plan allocated administrative costs on the basis of three cost pools - executive, accounting, and building.

Allocation of Executive Pool - The costs associated with the executive staff are the salary and fringe benefits, travel, telephone costs, office supplies, space costs and meeting costs of the executive director and receptionist. The share of executive costs to each agency is allocated among the District's programs based on direct program salaries to total direct District salaries:

$$\frac{\text{Direct Program Salaries}}{\text{Total Direct District Salaries}} = \frac{\text{Program \% of District}}{\text{Executive Pool Costs}}$$

Allocation of Accounting Support Pool - Accounting support costs include the salaries and fringe benefits of the financial officer and the assistant office manager. The space costs, telephone, office supplies and any other costs associated with the accounting support staff are also included.

The accounting support pool will be allocated to the Development District and the Human Resource Agency programs based on each program's direct salaries to total Development District plus Human Resource Agency direct salaries.

Allocation of Building Costs - Building costs are allocated to each program according to the square footage of office space used by each program and the administrative pools above. The basis for allocation is total square feet in Development District and Human Resource Agency less any common space such as restrooms, hallways, conference rooms, and break rooms. Building costs include: a) salaries and fringes for the maintenance man, b) utility bills, c) maintenance supplies, d) travel for maintenance man, and e) miscellaneous building costs.

**Capital Assets**

Capital assets, including property, vehicles, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for groups of similar items, and \$10,000 for land improvements and buildings. 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.

The cost of normal maintenance and repairs that do not add to the value or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2017

Capital assets of the District are depreciated using the straight line method over the assets' useful lives. As of June 30, 2017, capital assets consisted of furniture and equipment, which are being depreciated over 5 to 20 years, and a building being depreciated over 40 years.

**Compensated Absences**

Sick leave earned can only be applied when an employee is ill; there is no cash payment for unused, accrued sick leave credits upon termination of employment. Employees earn one day per month of annual leave for up to five years of employment; one and one-half days per month for five to ten years of service; one and three-fourths days per month for ten to twenty years of service; and two days per month for over twenty years of service. Annual leave can be carried forward indefinitely and unused balances will be paid to employees upon termination. The maximum number of days that can be accrued is forty-two. The liability for accrued annual leave is recorded as a long-term liability. Accrued annual leave is charged to the program that pays the employee's regular salary.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

**Fund Balance**

In the governmental fund financial statements, fund balances are classified as follows:

- Restricted – amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- Unassigned – all amounts in the general fund not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

**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 – BUDGETARY INFORMATION**

The District's special revenue fund budgets are prepared on the basis where current available funds must be sufficient to meet current expenditures. Management may make revisions within categories of expenditures. The District's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP).

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2017

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Invested Funds**

Custodial Credit Risk – The District’s policies limit deposits and investments to those instruments allowed by applicable state laws as described. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the District’s agent in the District’s name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the District to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2017, all bank deposits were fully collateralized or insured.

**B. Capital Assets**

The District’s capital assets as of June 30, 2017, are summarized as follows:

	Balance <u>7/1/16</u>	Additions	Disposals	Balance <u>6/30/17</u>
Governmental Activities				
Capital assets being depreciated				
Building	\$ 1,155,353	\$ -	\$ -	\$ 1,155,353
Furniture and equipment	<u>86,293</u>	<u>-</u>	<u>-</u>	<u>86,293</u>
	<u>1,241,646</u>	<u>-</u>	<u>-</u>	<u>1,241,646</u>
Less accumulated depreciation				
Building	141,839	37,077	-	178,916
Furniture and equipment	<u>69,870</u>	<u>2,527</u>	<u>-</u>	<u>72,397</u>
	<u>211,709</u>	<u>39,604</u>	<u>-</u>	<u>251,313</u>
Net capital assets being depreciated	<u>1,029,937</u>	<u>(39,604)</u>	<u>-</u>	<u>990,333</u>
Total capital assets, net	<u>\$ 1,029,937</u>	<u>\$ (39,604)</u>	<u>\$ -</u>	<u>\$ 990,333</u>

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2017

**C. Interfund Receivables and Payables**

At June 30, 2017, the District's interfund balances consisted of the following:

<b>Due To</b>	<b>Due From</b>												<b>Totals</b>
	General Fund	Aging	Guardianship	EDA	Solid Waste	Local Planning	Care Transitions	Administration	Medicaid Waiver	Home & Community Based Services	TDOT	Historic Preservation	
General Fund	\$ -	\$ 583,993	\$ 23,829	\$ 1,834	\$ 6,528	\$ 1,431	\$ 81	\$ 3,554	\$ 3,806	\$ 24,987	\$ 34,075	\$ 6,902	\$ <b>691,020</b>
Aging	117,171	-	-	-	-	-	-	-	-	-	-	-	<b>117,171</b>
Guardianship	15,491	-	-	-	-	-	-	-	-	-	-	-	<b>15,491</b>
EDA	5,562	-	-	-	-	-	-	-	-	-	-	-	<b>5,562</b>
TDOT	-	-	-	-	-	-	-	1,370	-	-	-	-	<b>1,370</b>
Care Transitions	1,165	-	-	-	-	-	-	-	-	-	-	-	<b>1,165</b>
Administration	549,940	-	-	-	-	-	-	-	-	-	-	-	<b>549,940</b>
Medicaid Waiver	144,849	-	-	-	-	-	-	-	-	-	-	-	<b>144,849</b>
Home & Community Based Services	7,109	-	-	-	-	-	-	-	-	-	-	-	<b>7,109</b>
Local Planning	151,140	-	-	-	-	-	-	-	-	-	-	-	<b>151,140</b>
<b>Totals</b>	<b>\$ 992,427</b>	<b>\$ 583,993</b>	<b>\$ 23,829</b>	<b>\$ 1,834</b>	<b>\$ 6,528</b>	<b>\$ 1,431</b>	<b>\$ 81</b>	<b>\$ 4,924</b>	<b>\$ 3,806</b>	<b>\$ 24,987</b>	<b>\$ 34,075</b>	<b>\$ 6,902</b>	<b>\$ 1,684,817</b>

Balances represent indirect costs, rent and cash balances accounted for in the general fund bank account. All balances are expected to be paid in the next fiscal year.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2017

**D. Long-Term Debt**

The Community Development Corporation Loan Program has two notes payable to Rural Development. The first note was approved September 19, 1997, for 30 years at a 1% interest rate. It is payable in annual installments of principal and interest and had a balance of \$329,047 as of June 30, 2017. The second note was approved December 3, 2002, for 30 years at a 1% interest rate. It is also payable in annual installments of principal and interest. This note had a balance of \$444,280 at June 30, 2017.

During a prior year, the District borrowed against a construction note to build a facility. The note was renewed twice, then converted to an installment note on November 20, 2012, in the amount of \$1,068,000 with monthly payments of \$5,947 and a maturity date of November 15, 2042. The note has a variable interest rate with a minimum of 5.25% per annum and a maximum of 11.25%. The initial rate was 5.25% and the rate change will not occur more often than each five years. The outstanding balance at June 30, 2017, was \$990,888. The note is secured by a deed of trust and a USDA guaranty.

The following is a summary of total future debt service requirements:

Year ending June 30	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2018	\$ 19,073	\$ 52,291	\$ 55,943	\$ 7,732	\$ 135,039
2019	20,114	51,250	56,503	7,173	135,040
2020	21,072	50,293	57,068	6,608	135,041
2021	22,360	49,004	57,638	6,038	135,040
2022	23,580	47,784	58,214	5,461	135,039
2023-2027	138,508	218,313	300,218	18,455	675,494
2028-2032	180,564	176,257	187,743	5,128	549,692
2033-2037	235,641	121,180	-	-	356,821
2038-2042	307,345	49,476	-	-	356,821
2043	22,631	245	-	-	22,876
	<u>\$ 990,888</u>	<u>\$ 816,093</u>	<u>\$ 773,327</u>	<u>\$ 56,595</u>	<u>\$ 2,636,903</u>

Long-term debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Construction loan	\$ 1,011,063	\$ -	\$ 20,175	\$ 990,888	\$ 19,073
Accrued annual leave	107,547	9,968	-	117,515	n/a
Total	<u>\$ 1,118,610</u>	<u>\$ 9,968</u>	<u>20,175</u>	<u>\$ 1,108,403</u>	<u>\$ 19,073</u>
<u>Business-type activities:</u>					
2002 Rural Development	\$ 471,290	\$ -	\$ 27,010	\$ 444,280	\$ 27,395
1998 Rural Development	357,157	-	28,110	329,047	28,548
Total	<u>\$ 828,447</u>	<u>\$ -</u>	<u>\$ 55,120</u>	<u>\$ 773,327</u>	<u>\$ 55,943</u>

The liability for accrued annual leave in governmental activities is primarily liquidated by the Operating Fund.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 4 – OTHER INFORMATION**

**A. Risk Management**

The Development District is exposed to various risks related to general liability and property and casualty losses. The District joined The Tennessee Municipal League Risk Management Pool, which is a public entity risk pool. The District pays an annual premium to the TML Pool for its general and personal liability, property, casualty, and errors and omissions insurance coverage. The creation of the TML Pool provides that it shall be financed from the contributions, premiums, or assessments paid by the political subdivisions participating herein to the TML Pool. The TML Pool may participate in the Local Government Reinsurance Fund of Tennessee and in NLC Mutual Insurance Company, as the Board of Directors may elect.

The District continues to carry commercial insurance for all other risks of loss, including workers compensation, employee health, and accident coverage. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Retirement Plans**

The District has a money purchase retirement plan entitled Northwest Tennessee Development District Employee Pension Plan administered by The Principal Group. It is a defined contribution retirement plan which provides retirement benefits for all full-time permanent employees. Forfeitures shall be determined at least once each plan year and are allocated to active participants as of the last day of the plan year in which such forfeitures are determined. The Board of Directors has the authority to make any changes to the rate of contribution. The District contributed \$119,593 for the fiscal year ended June 30, 2017, equal to ten percent (10%) of the permanent full-time employees' gross salaries of \$1,195,931. No employee contributions were made. There were no forfeitures during the year ended June 30, 2017. Employees become twenty percent (20%) vested after two full years of employment. An additional twenty percent (20%) is vested for each additional full year of employment. An employee becomes fully vested after six years of employment. It is estimated that the District's contribution to the retirement plan will be \$123,181 for the fiscal year ending June 30, 2018. The plan also provides life insurance coverage at \$75,000 per employee.



## **OTHER SUPPLEMENTARY INFORMATION SECTION**

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
State	\$ 230,000	\$ 230,000	\$ 230,000	\$ -
Local	53,467	53,467	80,168	26,701
Indirect	538,475	538,475	512,247	(26,228)
Building rent	89,960	89,960	85,394	(4,566)
Interest	-	-	2,348	2,348
<b>Total revenues</b>	<u>911,902</u>	<u>911,902</u>	<u>910,157</u>	<u>(1,745)</u>
<b>Expenditures</b>				
Salaries	368,690	368,690	373,214	4,524
Fringe benefits	123,083	123,083	110,206	(12,877)
Travel	33,278	33,278	24,000	(9,278)
Utilities and communications	39,673	39,673	40,760	1,087
Supplies	27,883	27,883	45,203	17,320
Rent, repair and insurance	116,715	116,715	25,549	(91,166)
Audit	1,175	1,175	1,212	37
Legal fees	-	-	643	643
Annual meeting and dues	32,095	32,095	28,090	(4,005)
Matching funds	163,919	163,919	196,539	32,620
Miscellaneous	5,391	5,391	-	(5,391)
White Street renovation	-	-	2,391	2,391
Principal payments on note	-	-	20,175	20,175
Interest payments on note	-	-	51,195	51,195
<b>Total expenditures</b>	<u>911,902</u>	<u>911,902</u>	<u>919,177</u>	<u>7,275</u>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(9,020)</b>	<b>(9,020)</b>
Fund balance - July 1, 2016	<u>320,318</u>	<u>320,318</u>	<u>320,318</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ 320,318</u>	<u>\$ 320,318</u>	<u>\$ 311,298</u>	<u>\$ (9,020)</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**AGING**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2017

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
Federal	\$ 442,455	\$ 442,455	\$ 440,995	\$ (1,460)
State	147,350	147,350	152,221	4,871
Local	64,492	64,492	78,604	14,112
Pass through - Federal and State	1,033,050	1,033,050	2,123,975	1,090,925
Interest income	-	-	1,439	1,439
Total revenues	<u>1,687,347</u>	<u>1,687,347</u>	<u>2,797,234</u>	<u>1,109,887</u>
<b>Expenditures</b>				
Salaries	313,797	313,797	312,107	(1,690)
Fringe benefits	141,652	141,652	121,844	(19,808)
Travel	15,700	15,700	27,601	11,901
Utilities and communications	18,770	18,770	26,905	8,135
Supplies	17,709	17,709	37,113	19,404
Postage	4,000	4,000	4,515	515
Copying and printing	2,100	2,100	705	(1,395)
Indirect costs	37,652	37,652	32,576	(5,076)
Computer expense	18,200	18,200	37,401	19,201
Rent, repair and insurance	29,600	29,600	33,038	3,438
Audit	20,000	20,000	19,400	(600)
Pass through	1,048,050	1,048,050	2,015,368	967,318
Annual meetings and dues	3,261	3,261	8,270	5,009
Miscellaneous	5,000	5,000	3,804	(1,196)
Senior games	11,856	11,856	7,980	(3,876)
Respite	-	-	108,607	108,607
Total expenditures	<u>1,687,347</u>	<u>1,687,347</u>	<u>2,797,234</u>	<u>1,109,887</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	-	-	-	-
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
GUARDIANSHIP  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
Pass through from Aging - Federal	\$ 5,500	\$ 5,500	\$ 7,907	\$ 2,407
Pass through from Aging - State	103,200	103,200	98,000	(5,200)
Local	<u>32,915</u>	<u>32,915</u>	<u>27,619</u>	<u>(5,296)</u>
Total revenues	<u>141,615</u>	<u>141,615</u>	<u>133,526</u>	<u>(8,089)</u>
<b>Expenditures</b>				
Salaries	63,968	63,968	60,278	(3,690)
Fringe benefits	26,547	26,547	15,166	(11,381)
Travel	9,200	9,200	14,030	4,830
Utilities and communications	6,500	6,500	6,538	38
Supplies	1,900	1,900	1,955	55
Postage	-	-	386	386
Copying and printing	200	200	5	(195)
Indirect costs	6,600	6,600	5,799	(801)
Computer expense	-	-	4,146	4,146
Equipment	1,700	1,700	-	(1,700)
Rent, repair and insurance	8,100	8,100	8,113	13
Annual meeting and dues	1,400	1,400	1,540	140
Training	-	-	70	70
Legal	<u>15,500</u>	<u>15,500</u>	<u>15,500</u>	<u>-</u>
Total expenditures	<u>141,615</u>	<u>141,615</u>	<u>133,526</u>	<u>(8,089)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
ADMINISTRATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
Federal	\$ 125,550	\$ 125,550	\$ 25,780	\$ (99,770)
State	165,326	165,326	360,882	195,556
Local	-	-	47,320	47,320
Total revenues	<u>290,876</u>	<u>290,876</u>	<u>433,982</u>	<u>143,106</u>
<b>Expenditures</b>				
Salaries	121,189	121,189	108,799	(12,390)
Fringe benefits	37,271	37,271	35,919	(1,352)
Travel	3,932	3,932	7,697	3,765
Utilities and communications	3,768	3,768	4,782	1,014
Supplies	400	400	1	(399)
Postage	400	400	-	(400)
Copying and printing	-	-	63	63
Indirect costs	9,732	9,732	11,488	1,756
Rent, repair and insurance	4,987	4,987	7,731	2,744
Audit	4,700	4,700	3,638	(1,062)
Pass through - Arts Funding	-	-	11,517	11,517
Annual meetings and dues	1,000	1,000	392	(608)
Training	-	-	50	50
Emergency home repair program	-	-	240,535	240,535
Matching funds	-	-	1,370	1,370
Total expenditures	<u>187,379</u>	<u>187,379</u>	<u>433,982</u>	<u>246,603</u>
<b>Net change in fund balance</b>	<b>103,497</b>	<b>103,497</b>	<b>-</b>	<b>(103,497)</b>
Fund balance - July 1, 2016	-	-	-	-
Fund balance - June 30, 2017	<u>\$ 103,497</u>	<u>\$ 103,497</u>	<u>\$ -</u>	<u>\$ (103,497)</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2017

<b>ASSETS</b>	<u>EDA</u>	<u>Solid Waste</u>	<u>Local Planning</u>	<u>Care Transitions</u>	<u>Medicaid Waiver</u>	<u>Home and Community Based Svcs</u>	<u>TDOT</u>	<u>Historic Preservation</u>	<u>Totals</u>
<b>Current assets</b>									
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ 32,901	\$ 36,093	\$ -	\$ -	\$ 68,994
Due from General Fund	5,562	-	151,140	1,165	144,849	7,109	-	-	309,825
Due from other funds	-	-	-	-	-	-	1,370	-	1,370
Due from grantor - Federal	-	-	-	-	-	-	28,784	9,098	37,882
Due from grantor - State	-	9,127	-	-	-	-	3,598	-	12,725
<b>Total assets</b>	<b><u>\$ 5,562</u></b>	<b><u>\$ 9,127</u></b>	<b><u>\$ 151,140</u></b>	<b><u>\$ 1,165</u></b>	<b><u>\$ 177,750</u></b>	<b><u>\$ 43,202</u></b>	<b><u>\$ 33,752</u></b>	<b><u>\$ 9,098</u></b>	<b><u>\$ 430,796</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>									
<b>Current liabilities</b>									
Payroll liabilities	\$ (21)	\$ 225	\$ (370)	\$ 21	\$ (136)	\$ 845	\$ (323)	\$ 23	\$ 264
Due to General Fund	1,834	6,528	1,431	81	3,806	24,987	34,075	6,902	79,644
Due to grantor - State	-	2,374	-	-	-	9,515	-	-	11,889
Unearned revenue - Local	<u>3,749</u>	<u>-</u>	<u>150,079</u>	<u>1,063</u>	<u>174,080</u>	<u>7,855</u>	<u>-</u>	<u>2,173</u>	<u>338,999</u>
Total current liabilities	5,562	9,127	151,140	1,165	177,750	43,202	33,752	9,098	430,796
 <b>Fund balance</b>									
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<b><u>\$ 5,562</u></b>	<b><u>\$ 9,127</u></b>	<b><u>\$ 151,140</u></b>	<b><u>\$ 1,165</u></b>	<b><u>\$ 177,750</u></b>	<b><u>\$ 43,202</u></b>	<b><u>\$ 33,752</u></b>	<b><u>\$ 9,098</u></b>	<b><u>\$ 430,796</u></b>

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2017

	<u>EDA</u>	<u>Solid Waste</u>	<u>Local Planning</u>	<u>Care Transitions</u>	<u>Medicaid Waiver</u>	<u>Home and Community Based Svcs</u>	<u>TDOT</u>	<u>Historic Preservation</u>	<u>Totals</u>
Revenues									
Federal	\$ 64,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,287	\$ 26,139	\$ 145,926
State	-	52,043	-	-	-	203,707	6,911	-	262,661
Local	25,107	-	77,455	6,407	-	7,401	8,591	21,872	146,833
Pass through from Aging	-	-	-	-	232,395	-	-	-	232,395
Total revenues	<u>89,607</u>	<u>52,043</u>	<u>77,455</u>	<u>6,407</u>	<u>232,395</u>	<u>211,108</u>	<u>70,789</u>	<u>48,011</u>	<u>787,815</u>
Expenditures									
Salaries	53,249	25,296	46,044	3,503	125,787	108,757	40,104	27,696	430,436
Fringe benefits	19,730	16,313	18,216	1,877	57,039	42,846	15,429	8,166	179,616
Travel	1,564	2,176	3,398	386	14,413	10,810	5,046	2,899	40,692
Utilities and communications	2,242	1,140	1,283	-	8,553	10,768	1,761	974	26,721
Supplies	-	916	2	252	1,261	4,457	123	1,165	8,176
Postage	-	-	-	-	29	-	92	23	144
Copying and printing	44	-	140	-	701	228	355	-	1,468
Indirect costs	5,588	2,477	4,852	369	13,370	11,473	3,993	2,986	45,108
Computer expense	-	382	10	-	3,437	1,780	-	-	5,609
Rent, repair and insurance	5,334	1,747	3,135	-	7,447	11,733	2,407	2,726	34,529
Annual meetings and dues	1,516	1,596	375	20	300	544	1,136	693	6,180
Training	340	-	-	-	-	-	25	50	415
Miscellaneous	-	-	-	-	58	116	318	633	1,125
Senior games	-	-	-	-	-	195	-	-	195
Public Partnerships expense	-	-	-	-	-	7,401	-	-	7,401
Total expenditures	<u>89,607</u>	<u>52,043</u>	<u>77,455</u>	<u>6,407</u>	<u>232,395</u>	<u>211,108</u>	<u>70,789</u>	<u>48,011</u>	<u>787,815</u>
<b>Net change in fund balance</b>	-	-	-	-	-	-	-	-	-
Fund balance - July 1, 2016	-	-	-	-	-	-	-	-	-
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**EDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 63,000	\$ 63,000	\$ 64,500	\$ 1,500
Local	<u>27,000</u>	<u>27,000</u>	<u>25,107</u>	<u>(1,893)</u>
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>89,607</u>	<u>(393)</u>
Expenditures				
Salaries	50,004	50,004	53,249	3,245
Fringe benefits	24,823	24,823	19,730	(5,093)
Travel	3,500	3,500	1,564	(1,936)
Utilities and communications	2,383	2,383	2,242	(141)
Supplies	500	500	-	(500)
Copying and printing	-	-	44	44
Indirect costs	4,890	4,890	5,588	698
Rent, repair and insurance	3,900	3,900	5,334	1,434
Annual meetings and dues	-	-	1,516	1,516
Training	<u>-</u>	<u>-</u>	<u>340</u>	<u>340</u>
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>89,607</u>	<u>(393)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*



**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SOLID WASTE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
State	\$ 54,609	\$ 54,609	\$ 52,043	\$ (2,566)
Expenditures				
Salaries	24,505	24,505	25,296	791
Fringe benefits	18,599	18,599	16,313	(2,286)
Travel	4,500	4,500	2,176	(2,324)
Utilities and communications	800	800	1,140	340
Supplies	200	200	916	716
Postage	800	800	-	(800)
Copying and printing	200	200	-	(200)
Indirect costs	3,005	3,005	2,477	(528)
Computer expense	-	-	382	382
Rent, repair and insurance	2,000	2,000	1,747	(253)
Annual meetings and dues	-	-	1,596	1,596
Total expenditures	<u>54,609</u>	<u>54,609</u>	<u>52,043</u>	<u>(2,566)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
CARE TRANSITIONS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Local	\$ 28,453	\$ 28,453	\$ 6,407	\$ (22,046)
Expenditures				
Salaries	4,099	4,099	3,503	(596)
Fringe benefits	1,898	1,898	1,877	(21)
Travel	203	203	386	183
Utilities and communications	100	100	-	(100)
Supplies	-	-	252	252
Postage	5,953	5,953	-	(5,953)
Indirect costs	-	-	369	369
Annual meetings and dues	-	-	20	20
Miscellaneous	<u>16,200</u>	<u>16,200</u>	<u>-</u>	<u>(16,200)</u>
Total expenditures	<u>28,453</u>	<u>28,453</u>	<u>6,407</u>	<u>(22,046)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
 MEDICAID WAIVER  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Pass through from Aging	\$ 226,907	\$ 226,907	\$ 232,395	\$ 5,488
Expenditures				
Salaries	116,253	116,253	125,787	9,534
Fringe benefits	59,504	59,504	57,039	(2,465)
Travel	11,000	11,000	14,413	3,413
Utilities and communications	8,100	8,100	8,553	453
Supplies	2,100	2,100	1,261	(839)
Postage	150	150	29	(121)
Copying and printing	6,000	6,000	701	(5,299)
Indirect costs	12,600	12,600	13,370	770
Computer expense	1,500	1,500	3,437	1,937
Rent, repair and insurance	6,000	6,000	7,447	1,447
Annual meetings and dues	1,200	1,200	300	(900)
Miscellaneous	2,500	2,500	58	(2,442)
Total expenditures	<u>226,907</u>	<u>226,907</u>	<u>232,395</u>	<u>5,488</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
HOME AND COMMUNITY BASED SERVICES  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
State	\$ 173,556	\$ 173,556	\$ 203,707	\$ 30,151
Local	13,290	13,290	7,401	(5,889)
Pass through from Aging	585,172	585,172	-	(585,172)
Total revenues	<u>772,018</u>	<u>772,018</u>	<u>211,108</u>	<u>(560,910)</u>
Expenditures				
Salaries	106,048	106,048	108,757	2,709
Fringe benefits	27,598	27,598	42,846	15,248
Travel	11,400	11,400	10,810	(590)
Utilities and communications	17,800	17,800	10,768	(7,032)
Supplies	1,700	1,700	4,457	2,757
Postage	200	200	-	(200)
Copying and printing	200	200	228	28
Indirect costs	11,600	11,600	11,473	(127)
Computer expense	-	-	1,780	1,780
Equipment	2,000	2,000	-	(2,000)
Rent, repair and insurance	5,800	5,800	11,733	5,933
Pass through	585,172	585,172	-	(585,172)
Annual meetings and dues	1,400	1,400	544	(856)
Miscellaneous	1,100	1,100	116	(984)
Senior Aides contributions	-	-	195	195
Public Partnerships expense	-	-	7,401	7,401
Total expenditures	<u>772,018</u>	<u>772,018</u>	<u>211,108</u>	<u>(560,910)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
TDOT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 64,994	\$ 64,994	\$ 55,287	\$ (9,707)
State	-	-	6,911	6,911
Local	7,222	7,222	8,591	1,369
Total revenues	<u>72,216</u>	<u>72,216</u>	<u>70,789</u>	<u>(1,427)</u>
Expenditures				
Salaries	36,898	36,898	40,104	3,206
Fringe benefits	20,018	20,018	15,429	(4,589)
Travel	5,600	5,600	5,046	(554)
Training	-	-	25	25
Utilities and communications	1,250	1,250	1,761	511
Supplies	725	725	123	(602)
Postage	100	100	92	(8)
Copying and printing	250	250	355	105
Indirect costs	5,000	5,000	3,993	(1,007)
Rent, repair and insurance	2,375	2,375	2,407	32
Annual meetings and dues	-	-	1,136	1,136
Miscellaneous	-	-	318	318
Total expenditures	<u>72,216</u>	<u>72,216</u>	<u>70,789</u>	<u>(1,427)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
LOCAL PLANNING  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Local	\$ 87,750	\$ 87,750	\$ 77,455	\$ (10,295)
Expenditures				
Salaries	52,175	52,175	46,044	(6,131)
Fringe benefits	22,772	22,772	18,216	(4,556)
Travel	1,560	1,560	3,398	1,838
Utilities and communications	850	850	1,283	433
Supplies	1,853	1,853	2	(1,851)
Copying and printing	-	-	140	140
Indirect costs	6,040	6,040	4,852	(1,188)
Computer expense	-	-	10	10
Rent, repair and insurance	2,500	2,500	3,135	635
Annual meetings and dues	-	-	375	375
Total expenditures	<u>87,750</u>	<u>87,750</u>	<u>77,455</u>	<u>(10,295)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
HISTORIC PRESERVATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 36,000	\$ 36,000	\$ 26,139	\$ (9,861)
Matching fund revenue	-	-	18,000	18,000
Local	<u>24,000</u>	<u>24,000</u>	<u>3,872</u>	<u>(20,128)</u>
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>48,011</u>	<u>(11,989)</u>
Expenditures				
Salaries	37,443	37,443	27,696	(9,747)
Fringe benefits	8,207	8,207	8,166	(41)
Travel	3,633	3,633	2,899	(734)
Utilities and communications	-	-	974	974
Supplies	-	-	1,165	1,165
Postage	-	-	23	23
Indirect costs	5,000	5,000	2,986	(2,014)
Training	-	-	50	50
Miscellaneous	5,717	5,717	633	(5,084)
Rent, repair and insurance	-	-	2,726	2,726
Annual meetings and dues	<u>-</u>	<u>-</u>	<u>693</u>	<u>693</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>48,011</u>	<u>(11,989)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF LOCAL CONTRIBUTIONS**  
For the Year Ended June 30, 2017

<b>Benton County</b>	
County of	\$ 2,711
Camden, Town of	752
<b>Carroll County</b>	
County of	5,990
<b>Crockett County</b>	
County of	3,063
<b>Dyer County</b>	
County of	8,051
<b>Gibson County</b>	
County of	4,287
Bradford, City of	220
Dyer, City of	492
Gibson, City of	83
Humboldt, City of	1,775
Medina, Town of	731
Milan, City of	1,648
Rutherford, Town of	242
Trenton, City of	895
Yorkville, City of	60
<b>Henry County</b>	
County of	6,789
<b>Lake County</b>	
County of	1,645
<b>Obion County</b>	
County of	4,751
Hornbeak, City of	45
Kenton, City of	135
Obion, Town of	118
Rives, City of	34
Samburg, City of	23
South Fulton, City of	247
Troy, Town of	144
Union City, City of	1,144
Woodland Mills, City of	40
<b>Weakley County</b>	
County of	3,354
Dresden, City of	631
Gleason, City of	303
Greenfield, City of	458
Martin, City of	2,409
Sharon, City of	198
<b>Total</b>	<b><u>\$ 53,468</u></b>

*See independent auditor's report*



**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
BY INDIVIDUAL ISSUE - ALL FUNDS**

June 30, 2017

Year Ending June 30	<u>GOVERNMENTAL</u>		<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>Construction Loan</u>		<u>2002 Rural Development Loan</u>		<u>1998 Rural Development Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 19,073	\$ 52,291	\$ 27,395	\$ 4,443	\$ 28,548	\$ 3,289
2019	20,114	51,250	27,669	4,169	28,834	3,004
2020	21,072	50,293	27,946	3,892	29,122	2,716
2021	22,360	49,004	28,225	3,613	29,413	2,425
2022	23,580	47,784	28,507	3,331	29,707	2,130
2023	24,866	46,498	28,792	3,046	30,004	1,833
2024	26,097	45,267	29,080	2,758	30,304	1,533
2025	27,646	43,718	29,371	2,467	30,607	1,230
2026	29,154	42,210	29,665	2,173	30,914	924
2027	30,745	40,620	29,962	1,876	31,519	615
2028	32,314	39,051	30,261	1,577	30,075	300
2029	34,184	37,180	30,564	1,274	-	-
2030	36,049	35,315	30,869	969	-	-
2031	38,015	33,349	31,178	660	-	-
2032	40,002	31,362	34,796	348	-	-
2033	42,271	29,093	-	-	-	-
2034	44,577	26,788	-	-	-	-
2035	47,008	24,356	-	-	-	-
2036	49,512	21,852	-	-	-	-
2037	52,273	19,091	-	-	-	-
2038	55,124	16,240	-	-	-	-
2039	58,131	13,233	-	-	-	-
2040	61,275	10,089	-	-	-	-
2041	64,644	6,720	-	-	-	-
2042	68,171	3,194	-	-	-	-
2043	22,631	245	-	-	-	-
	<b><u>\$ 990,888</u></b>	<b><u>\$ 816,093</u></b>	<b><u>\$ 444,280</u></b>	<b><u>\$36,596</u></b>	<b><u>\$ 329,047</u></b>	<b><u>\$19,999</u></b>

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2017**

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Grantor Agency/Program Name</u>	<u>Expenditures</u>
10.767	N/A	U.S. Department of Agriculture/ Intermediary Relending Program	* \$ 828,447
11.302	04-83-07008	U.S. Department of Commerce/ Pass-through Economic Development Administration/ Economic Development-Support for Planning Organizations	63,000
11.302	04-83-070081	Economic Development-Support for Planning Organizations	<u>1,500</u>
			<u>64,500</u>
20.205	50679	U.S. Department of Transportation, Federal Highway Administration Highway Planning and Construction	55,287
15.904	51302	Department of the Interior Pass Through TN Historical Comission Historical Preservation	26,139
93.048	unknown	U.S. Department of Health and Human Services, Administration on Aging/ Pass-through Tennessee Commission on Aging/ Special Programs for the Aging, Title IV and Title II, Discretionary Project:	14,668
93.041	46108	Programs for the Prevention of Elder Abuse, Neglect and Exploitation - Title VII, Chapter 3	1,200
93.041	50225	Title VII, Chapter 3	<u>9,986</u>
			11,186
93.042	46108	Long-Term Care Ombudsman Services for Older Invididuals -	200
93.042	50225	Title VII, Chapter 2	<u>17,600</u>
			17,800
93.052	46108	National Family Caregiver Support - Title III E	20,050
93.052	50225	National Family Caregiver Support - Title III E	139,377
93.052	50225	National Family Caregiver Support - Title III E - Area Planning	<u>18,800</u>
			178,227
93.043	42197	Special Programs for the Aging: Disease Prevention and Health Promotion Services - Title III D	2,193
93.043	46108	Disease Prevention and Health Promotion Services - Title III D	<u>15,381</u>
			17,574
93.044	46108	Aging Cluster: Grants for Supportive Services and Senior Citizens-Title III B	285
93.044	50225	Grants for Supportive Services and Senior Citizens-Title III B	456,005
93.045	50225	Nutrition Services-Title III C	140,000
93.045	46108	Nutrition Services-Title III C	2,876
93.045	50225	Nutrition Services-Title III C	303,768
93.045	46108	Nutrition Services-Title III C - Area Planning	13,566
93.045	50225	Nutrition Services-Title III C - Area Planning	113,381
93.053	50225	Nutrition Services Incentive Program	<u>87,500</u>
		<i>Total aging cluster</i>	* 1,117,381

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2017

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Grantor Agency/Program Name</u>	<u>Expenditures</u>
		Administration for Children and Families/ Demonstrations and Evaluations - SHIP	
93.071	48128	MIPPA	48,436
93.324	45141	SHIP	41,001
93.324	49025	SHIP	<u>20,645</u>
			<u>110,082</u>
		<i>Total Tennessee Commission on Aging</i>	1,466,918
		Centers for Medicare and Medicaid Services/ Bureau of TennCare Department of F & A/ HCBS	
93.778	36656		<u>260,289</u>
		<b>Total Federal Awards</b>	<b><u>\$ 2,701,580</u></b>

\* a major program

**Notes to Schedule of Expenditures of Federal Awards**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Northwest Tennessee Development District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of U.S. Code of Federal Regulations, Title 2, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Airport, it is not intended to, and does not, present the financial position, changes in financial position, or cash flows of Northwest Tennessee Development District.

Note 2 – Summary of Significant Accounting Policies

Expenditures in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

Northwest Tennessee Development District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – The USDA Intermediary Relending Program is administered by the Northwest Tennessee Development District, and balances and transactions relating to these programs are included in the District's basic financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the schedule above. There were no new loans made during the year ended June 30, 2017. The balance of the loans outstanding at June 30, 2017, consists of:

Loan # 61-02	\$329,047
Loan # 61-03	\$444,280

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2017**

<u>State Grant Number</u>	<u>Grantor Agency/Program Name</u>	<u>Expenditures</u>
31620-00408 ERP-17-05	Tennessee Housing Development Agency	
	Housing	\$ 15,747
	Housing Emergency Repair	253,990
		<u>269,737</u>
32701-02468	Tennessee Department of Environment and Conservation	
	Solid Waste	52,043
50507	Tennessee Department of Economic and Community Development Development District	230,000
50227	Tennessee Commission on Aging Aging - Guardianship & Options	555,769
46110	Aging - Guardianship & Options	5,826
50227	Aging	137,565
46108	Aging	30,535
		<u>729,695</u>
36656	Bureau of TennCare Department of F & A HCBS	260,289
44941	Tennessee Arts Commission Development District	13,627
50679	Tennessee Department of Transportation Rural Planning Organization Program	6,911
51636	Intergovernmental Relations	<u>59,629</u>
	<b>Total State Assistance</b>	<b><u>1,621,931</u></b>

NOTE: The above schedule is prepared on the modified accrual basis of accounting.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Executive Director and Board of Directors  
Northwest Tennessee Development District  
Martin, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Northwest Tennessee Development District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northwest Tennessee Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Northwest Tennessee Development District'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*.

## **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.

*Alexander Thompson Arnold PLLC*

Union City, Tennessee  
November 29, 2017



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**Independent Auditor's Reports on Compliance for Each Major Federal Program  
and on Internal Control over Compliance Required by the Uniform Guidance**

Executive Director and Board of Directors  
Northwest Tennessee Development District  
Martin, Tennessee

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

We have audited Northwest Tennessee Development District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Tennessee Development District's major federal programs for the year ended June 30, 2017. Northwest Tennessee Development District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Northwest Tennessee Development District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Northwest Tennessee Development District'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Northwest Tennessee Development District's compliance.

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

In our opinion, Northwest Tennessee Development District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.



## Report on Internal Control Over Compliance

Management of Northwest Tennessee Development District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northwest Tennessee Development District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Tennessee Development District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Alexander Thompson Arnold PLLC*

Union City, Tennessee  
November 29, 2017

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017**

**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

- material weakness(es) identified?  yes  no
- significant deficiency(ies) identified?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major federal programs:

- material weakness(es) identified?  yes  no
- significant deficiency(ies) identified?  yes  none reported

Type of auditor’s report issued on compliance for major federal programs: unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.767	Intermediary Relending Program
93.044	Aging–Supportive Services–Title III, Part B
93.045	Aging–Nutrition Services–Title III, Part C
93.053	NSIP Nutrition

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2017**

**Section II – Financial Statement Findings**

There were no financial statement findings reported.

**Section III – Federal Award Findings and Questioned Costs**

There were no findings or questioned costs required by 2 CFR Section 200.516(a) reported.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2017

Disposition of Prior Year Findings

<b>Finding No.</b>	<b>Description</b>	<b>Status</b>
2016-001	Segregation of Duties (original #1998-001)	corrected

There were no findings or questioned costs required by 2 CFR Section 200.516(a) reported in the prior year.