

**NORTHWEST TENNESSEE
DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2020

NORTHWEST TENNESSEE DEVELOPMENT DISTRICT

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INTRODUCTORY SECTION

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
BOARD OFFICERS**

June 30, 2020

Tom Witherspoon, Chairman
Denny Johnson, Vice-chairman
Jake Bynum, Secretary/Treasurer

FINANCIAL SECTION



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, 2020, 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, 2020, 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 December 8, 2020, 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Union City, Tennessee
December 8, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- The assets of the Northwest Tennessee Development District exceeded its liabilities at the close of the most recent fiscal year by \$306 thousand (net position).
- Total net position increased by \$36 thousand during the year ended June 30, 2020, with governmental activities reporting an increase of \$33 thousand and business-type activities reporting an increase of \$3 thousand.
- As of the close of the current fiscal year, the Northwest Tennessee Development District's general fund reported an ending fund balance of \$394 thousand, an increase of \$58 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 \$305,633 at the close of the most recent fiscal year. Of this amount, \$365,220 represents unrestricted net position, while the District’s investment in capital assets, net of related debt, is (\$59,587). This negative balance is due to the fact that the debt outstanding exceeds the net book value of the capital assets. This is caused by depreciation expense exceeding debt repayments. The 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6,839,987	\$ 7,343,119	\$ 708,827	\$ 762,700	\$ 7,548,814	\$ 8,105,819
Capital assets	871,521	911,125	0	0	871,521	911,125
Total assets	7,711,508	8,254,244	708,827	762,700	8,420,335	9,016,944
Current liabilities	6,446,475	7,007,645	0	0	6,446,475	7,007,645
Long-term liabilities	1,064,624	1,079,140	603,603	660,742	1,668,227	1,739,882
Total liabilities	7,511,099	8,086,785	603,603	660,742	8,114,702	8,747,527
Net position						
Net investment in capital assets	(59,587)	(41,019)	0	0	(59,587)	(41,019)
Unrestricted	259,996	208,478	105,224	101,958	365,220	310,436
Total net position	\$ 200,409	\$ 167,459	\$ 105,224	\$ 101,958	\$ 305,633	\$ 269,417

Net position increased by \$36 thousand from the prior year. The decrease in current assets was offset by the decrease in current liabilities. The decrease in capital assets was depreciation expense on existing capital assets and the decrease in long-term liabilities was the result of current year debt payments.

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 \$58 thousand increase in fund balance at the

MANAGEMENT’S DISCUSSION AND ANALYSIS

fund level, there is a \$33 thousand increase 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 \$21 thousand. Netted costs relative to compensated absences accounted for the remaining \$6 thousand in additional expenses reported at the government-wide level. Business-type activities increased net position by \$3 thousand.

Condensed Statement of Activities

	Government Activities		Bus-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program Revenues						
Charges for services	\$ 1,692,711	\$ 1,760,868	\$ 9,828	\$ 18,785	\$ 1,702,539	\$ 1,779,653
Operating grants/contributions	4,287,203	4,061,208			4,287,203	4,061,208
Capital grants/contributions	0	0	0	0	0	0
General revenues						
Interest	3,145	3,657	0	0	3,145	3,657
Total revenues	5,983,059	5,825,733	9,828	18,785	5,992,887	5,844,518
Expenses						
General Fund	853,975	915,083			853,975	915,083
Aging	3,445,076	3,261,639			3,445,076	3,261,639
Guardianship	196,723	152,752			196,723	152,752
EDA	110,618	71,496			110,618	71,496
Solid Waste	89,053	58,336			89,053	58,336
Local Planning	95,245	86,331			95,245	86,331
Care Transitions	-	7,634			-	7,634
Administration	487,703	631,132			487,703	631,132
Medicaid Waiver	267,837	257,069			267,837	257,069
Home & Comm Based Serv	258,098	277,984			258,098	277,984
Historic Preservation	58,144	66,317			58,144	66,317
TDOT	87,637	87,490			87,637	87,490
Comm Dev Corp Loan Prog	0	0	6,562	7,085	7,085	7,085
Total expenses	5,950,109	5,873,263	6,562	7,085	5,956,671	5,880,348
Change in net position	32,950	(47,530)	3,266	11,700	36,216	(35,830)
Net position - beginning	167,459	214,989	101,958	90,258	269,417	305,247
Net position - ending	\$ 200,409	\$ 167,459	\$105,224	\$101,958	\$ 305,633	\$ 269,417

Governmental activities – Governmental activities increased the District’s net position by \$33 thousand during the current year. Expenses increased \$77 thousand during 2020, while revenues increased by \$157 thousand. The program with the largest increase was Aging, which received \$233 thousand in funding for meals for the elderly of Tennessee during the COVID-19 pandemic. The largest decrease was in the Administration Fund, which had a \$220 decrease in revenue due to less funding of CDBG projects from the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities – Interest income in the Community Development Corporation Loan Program was \$9,828, while operating expenses were \$6,562, resulting in a \$3,266 increase in net position. One of the notes receivable was paid in full during the current year.

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, 2020, the General Fund had unassigned fund balance of \$394 thousand.

Revenues in the Aging Fund, which make up 57% of total governmental revenues, were \$179 thousand more than the prior year. An additional \$233 thousand was received in Nutrition Services – Title IIC funding due to COVID-19. Revenues in the General Fund remained steady. Revenues in Guardianship increased by \$41 thousand, while the Administration Fund had a decrease in revenue of \$147 thousand due to Guardianship receiving more local revenue from client accountings and Administration having less CDBG projects funded over last year.

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 \$781 thousand more than budgeted revenues, mainly in Federal and State pass-through revenue. Actual expenditures in the Aging Fund were \$981 thousand more than budgeted, with pass-through expenditures exceeding budgeted amounts by \$463 thousand. Unbudgeted expenditures for pandemic expenses of \$250 thousand and Respite expenditures of \$157 thousand also added to the over-budget total. In the General Fund, a \$20 thousand deficit was budgeted, but due to expenditures being under budget by \$80 thousand, the General Fund showed a \$58 thousand increase in fund balance for the year. The Administration program had \$258 thousand in emergency home repair program expenditures that were not budgeted. However, revenues were \$345 thousand more than budgeted in State revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – As of June 30, 2020, the District had capital assets of \$872 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term debt – The Northwest Tennessee Development District had long-term debt of \$931,108 as of June 30, 2020, against a construction loan. A liability of \$133,516 has been recorded for accrued annual leave in governmental activities. The business-type activities had long-term debt of \$603,603 at June 30, 2020, through its Community Development Corporation Loan Program. Loans receivable at June 30, 2020, were \$134,491. 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 factors for Northwest Tennessee remained steady throughout this year. However, the pandemic created unforeseen effects on unemployment, State of Emergency regulations, employee furloughs and layoffs, and Personal Protective Equipment cost. Our agency has been able to maintain a steady working environment throughout this time.

Next year's budget will look different from the current year's. CARES Act money has increased our budgets and staff to accommodate disaster relief and pandemic cost. As 2021 brings about a new President and Administration, we could see changes at both the federal and state levels. We could see fluctuation in the economy and stock market but hopefully will not have a substantial impact on Northwest Tennessee.

NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

ASSETS	Governmental Activities	Business-type Activities	Total
Cash	\$ 828,331	\$ 574,336	\$ 1,402,667
Restricted cash	165,978	-	165,978
Other restricted assets	4,425,352	-	4,425,352
Accounts receivable	649,028	-	649,028
Due from Human Resource Agency	47,122	-	47,122
Due from grantor - Federal	405,138	-	405,138
Due from grantor - State	319,038	-	319,038
Noncurrent assets:			
Loans receivable	-	134,491	134,491
Capital assets (net of accumulated depreciation)	871,521	-	871,521
Total assets	7,711,508	708,827	8,420,335
LIABILITIES			
Accounts payable	228,648	-	228,648
Payroll liabilities	(1,607)	-	(1,607)
Due to grantor - State	3,262	-	3,262
Trustee's liability	4,586,246	-	4,586,246
Unearned revenue - Federal	91,404	-	91,404
Unearned revenue - State	118,151	-	118,151
Unearned revenue - Local	1,420,371	-	1,420,371
Non-current liabilities:			
Accrued annual leave	133,516	-	133,516
Debt due within one year	22,360	57,638	79,998
Debt due in more than one year	908,748	545,965	1,454,713
Total liabilities	7,511,099	603,603	8,114,702
Net position			
Net investment in capital assets	(59,587)	-	(59,587)
Unrestricted	259,996	105,224	365,220
Total net position	\$ 200,409	\$ 105,224	\$ 305,633

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

NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General Fund	\$ 853,975	\$ 674,946	\$ 210,667	\$ -	\$ 31,638	\$ -	\$ 31,638
Aging	3,445,076	-	3,438,882	-	(6,194)	-	(6,194)
Guardianship	196,723	60,030	133,714	-	(2,979)	-	(2,979)
EDA	110,618	23,582	94,329	-	7,293	-	7,293
Solid Waste	89,053	-	89,036	-	(17)	-	(17)
Local Planning	95,245	95,245	-	-	-	-	-
Administration	487,703	483,840	-	-	(3,863)	-	(3,863)
Medicaid Waiver	267,837	267,431	-	-	(406)	-	(406)
Home & Community Based Services	258,098	-	262,431	-	4,333	-	4,333
TDOT	87,637	87,637	-	-	-	-	-
Historic Preservation	58,144	-	58,144	-	-	-	-
Total governmental activities	5,950,109	1,692,711	4,287,203	-	29,805	-	29,805
Business-type activities:							
Community Development Corporation		9,828	-	-	-	3,266	3,266
Loan Program	6,562						
Total	<u>\$ 5,956,671</u>	<u>\$ 1,702,539</u>	<u>\$ 4,287,203</u>	<u>\$ -</u>	29,805	3,266	33,071
General revenues:							
Interest					3,145	-	3,145
Change in net position					32,950	3,266	36,216
Net position - beginning					167,459	101,958	269,417
Net position - ending					<u>\$ 200,409</u>	<u>\$ 105,224</u>	<u>\$ 305,633</u>

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

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

June 30, 2020

	General Fund	Aging	Guardianship	Administration	Nonmajor Funds	Total
ASSETS						
Cash	\$ 441,878	\$ 54,844	-	\$ 331,609	-	\$ 828,331
Restricted cash	-	5,084	160,894	-	-	165,978
Other restricted assets	-	-	4,425,352	-	-	4,425,352
Accounts receivable	29,073	525,944	24,533	-	69,478	649,028
Due from Human Resource Agency	47,122	-	-	-	-	47,122
Due from General Fund	-	298,915	62,370	658,274	292,799	1,312,358
Due from other funds	1,224,572	2,383	-	-	18,423	1,245,378
Due from grantor - Federal	-	337,827	-	-	67,311	405,138
Due from grantor - State	-	252,705	-	6,103	60,230	319,038
Total assets	<u>\$ 1,742,645</u>	<u>\$ 1,477,702</u>	<u>\$ 4,673,149</u>	<u>\$ 995,986</u>	<u>\$ 508,241</u>	<u>\$ 9,397,723</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 7,222	\$ 221,426	-	-	-	\$ 228,648
Payroll liabilities	1,174	(1,591)	(650)	438	(978)	(1,607)
Due to General Fund	-	1,040,250	3,188	1,800	179,334	1,224,572
Due to other funds	1,312,358	-	-	20,806	-	1,333,164
Due to grantor - State	-	-	-	-	3,262	3,262
Trustee's liability	-	-	4,586,246	-	-	4,586,246
Unearned revenue - Federal	-	91,404	-	-	-	91,404
Unearned revenue - State	-	118,151	-	-	-	118,151
Unearned revenue - Local	28,379	8,062	84,365	972,942	326,623	1,420,371
Total liabilities	1,349,133	1,477,702	4,673,149	995,986	508,241	9,004,211
Fund balance						
Unassigned	393,512	-	-	-	-	393,512
Total liabilities and fund balance	<u>\$ 1,742,645</u>	<u>\$ 1,477,702</u>	<u>\$ 4,673,149</u>	<u>\$ 995,986</u>	<u>\$ 508,241</u>	<u>\$ 9,397,723</u>

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, 2020

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

Total fund balance of governmental funds		\$ 393,512
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>(370,125)</u>
Net capital assets		871,521
Noncurrent liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
		<u>(1,064,624)</u>
Net position of governmental activities		<u>\$ 200,409</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, 2020

	General Fund	Aging	Guardian.	Admin.	Nonmajor Funds	Total
Revenues						
Federal	\$ -	\$ 847,472	\$ -	\$ 23,400	\$ 196,518	\$ 1,067,390
State	210,667	166,359	-	439,024	346,388	1,162,438
Local	53,403	183,387	60,030	21,416	167,498	485,734
Pass-through - federal and state	-	2,241,664	-	-	-	2,241,664
Pass through from Aging	-	-	133,714	-	267,431	401,145
Indirect	528,707	-	-	-	-	528,707
Building rent	92,836	-	-	-	-	92,836
Interest	1,873	1,272	-	-	-	3,145
Total revenues	887,486	3,440,154	193,744	483,840	977,835	5,983,059
Expenditures						
Salaries	403,779	514,391	97,305	68,985	550,507	1,634,967
Fringe benefits	117,264	131,688	17,398	31,665	224,965	522,980
Travel	20,602	39,288	16,444	4,829	28,637	109,800
Utilities and communications	30,298	31,617	5,474	2,902	27,824	98,115
Supplies	42,045	30,050	3,320	271	8,947	84,633
Postage	-	6,007	670	84	450	7,211
Copying and printing	-	9,175	142	50	2,834	12,201
Indirect costs	-	57,068	10,760	7,666	61,186	136,680
Computer expense	-	31,806	9,268	-	14,888	55,962
Subcontracts	-	2,250	-	63,998	-	66,248
Rent, repair and insurance	33,956	55,284	13,093	8,057	38,415	148,805
Audit	2,500	10,616	1,737	2,624	13,394	30,871
Pass through	-	2,084,189	-	11,853	-	2,096,042
Annual meetings and dues	23,196	3,154	1,135	1,054	2,980	31,519
Emergency home repair program	-	-	-	258,484	-	258,484
Matching funds	84,337	-	-	18,422	-	102,759
Miscellaneous	-	19,322	1,498	1,600	314	22,734
Senior games	-	7,057	-	-	-	7,057
Public Partnerships expense	-	-	-	-	2,494	2,494
Pandemic expenses	-	249,717	-	-	-	249,717
Respite	-	157,475	-	-	-	157,475
Legal	102	-	15,500	1,296	-	16,898
Principal payments on note	21,036	-	-	-	-	21,036
Interest payments on note	50,333	-	-	-	-	50,333
Total expenditures	829,448	3,440,154	193,744	483,840	977,835	5,925,021
Net change in fund balance	58,038	-	-	-	-	58,038
Fund balance - July 1, 2019	335,474	-	-	-	-	335,474
Fund balance - June 30, 2020	<u>\$ 393,512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393,512</u>

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, 2020

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

Net change in fund balances of governmental funds \$ 58,038

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	21,036
--------------------	--------

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.

	<u>(6,520)</u>
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Change in net position of governmental activities \$ 32,950

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, 2020

ASSETS

Current assets

Cash		\$ 513,731
Reserved cash		<u>60,605</u>
Total cash		574,336

Noncurrent assets

Loans receivable	134,491	
Allowance for loan loss		<u>-</u>
Net loans receivable	134,491	
Total noncurrent assets		<u>134,491</u>

Total assets **708,827**

LIABILITIES

Debt due within one year	57,638	
Debt due in more than one year		<u>545,965</u>
Total liabilities		<u>603,603</u>

UNRESTRICTED NET POSITION **\$ 105,224**

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, 2020

Operating revenue		\$ 9,828
Interest		
Operating expenses		
Administrative costs	\$ 26	
Interest expense	<u>6,536</u>	
Total operating expenses		<u>6,562</u>
Operating income		3,266
Non-operating income		<u>-</u>
Change in net position		3,266
Net position - July 1, 2019		<u>101,958</u>
Net position - June 30, 2020		<u><u>\$ 105,224</u></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, 2020

Cash flows from operating activities	
Collection of interest on loans	\$ 9,828
Collection of principal on loans	176,859
Cash payments for interest	(6,536)
Cash payments for goods and services	<u>(26)</u>
Net cash provided by operating activities	180,125
Cash flows from capital and related financing activities	
Principal paid on long-term debt	<u>(57,139)</u>
Net increase in cash	122,986
Cash - July 1, 2019	<u>451,350</u>
Cash - June 30, 2020	<u><u>\$ 574,336</u></u>
Reconciliation of change in net position to net cash provided by operating activities	
Operating income	\$ 3,266
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in loans receivable	<u>176,859</u>
Net cash provided by operating activities	<u><u>\$ 180,125</u></u>

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

NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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, 2020

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, 2020

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, 2020

Capital assets of the District are depreciated using the straight line method over the assets' useful lives. As of June 30, 2020, 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, 2020

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, 2020, all bank deposits were fully collateralized or insured.

B. Capital Assets

The District’s capital assets as of June 30, 2020, are summarized as follows:

	Balance <u>7/1/2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2020</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	253,070	37,077	-	290,147
Furniture and equipment	<u>77,451</u>	<u>2,527</u>	<u>-</u>	<u>79,978</u>
	<u>330,521</u>	<u>39,604</u>	<u>-</u>	<u>370,125</u>
Net capital assets being depreciated	<u>911,125</u>	<u>(39,604)</u>	<u>-</u>	<u>871,521</u>
Total capital assets, net	<u>\$ 911,125</u>	<u>\$ (39,604)</u>	<u>\$ -</u>	<u>\$ 871,521</u>

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

June 30, 2020

C. Interfund Receivables and Payables

At June 30, 2020, the District's interfund balances consisted of the following:

Due To	General Fund	Aging	Guardianship	EDA	Solid Waste	Local Planning	Administration	Medicaid Waiver	Due From				Totals
									Home & Community Based Services	TDOT	Historic Preservation	Totals	
General Fund	\$ -	\$ 1,040,250	\$ 3,188	\$ 18,898	\$ 67,504	\$ 1,428	\$ 1,800	\$ 4,591	\$ 32,265	\$ 42,145	\$ 12,503	\$ 1,224,572	
Aging	298,915	-	-	-	-	-	2,383	-	-	-	-	301,298	
Guardianship	62,370	-	-	-	-	-	-	-	-	-	-	62,370	
Solid Waste	-	-	-	-	-	-	13,713	-	-	-	-	13,713	
TDOT	-	-	-	-	-	-	935	-	-	-	-	935	
Administration	658,274	-	-	-	-	-	-	-	-	-	-	658,274	
Medicaid Waiver	138,991	-	-	-	-	-	-	-	-	-	-	138,991	
Home & Community Based Services	5,574	-	-	-	-	-	-	-	-	-	-	5,574	
Local Planning	148,234	-	-	-	-	-	-	-	-	-	-	148,234	
Historic Preservation	-	-	-	-	-	-	3,774	-	-	-	-	3,774	
Totals	\$ 1,312,358	\$ 1,040,250	\$ 3,188	\$ 18,898	\$ 67,504	\$ 1,428	\$ 22,605	\$ 4,591	\$ 32,265	\$ 42,145	\$ 12,503	\$ 2,557,735	

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, 2020

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 \$242,393 as of June 30, 2020. 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 \$361,210 at June 30, 2020.

The District executed a note payable dated November 20, 2012, in the amount of \$1,068,000 with First Citizens National Bank to build a facility. The note has 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, 2020, was \$931,108. 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	
2021	\$ 22,360	\$ 49,004	\$ 57,638	\$ 6,038	\$ 135,040
2022	23,580	47,784	58,214	5,461	135,039
2023	24,866	46,498	58,796	4,879	135,039
2024	26,097	45,267	59,384	4,291	135,039
2025	27,646	43,718	59,978	3,697	135,039
2026-2030	162,446	194,376	243,679	9,708	610,209
2031-2035	211,873	144,948	65,914	1,008	423,743
2036-2040	276,315	80,505	-	-	356,820
2041-2043	155,925	10,159	-	-	166,084
	<u>\$ 931,108</u>	<u>\$ 662,259</u>	<u>\$ 603,603</u>	<u>\$ 35,082</u>	<u>\$ 2,232,052</u>

Long-term debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Note payable - construction	\$ 952,144	\$ -	\$ 21,036	\$ 931,108	\$ 22,360
Accrued annual leave	126,996	6,520	-	133,516	n/a
Total	<u>\$ 1,079,140</u>	<u>\$ 6,520</u>	<u>21,036</u>	<u>\$ 1,064,624</u>	<u>\$ 22,360</u>
<u>Business-type activities:</u>					
2002 Note payable	\$ 389,219	\$ -	\$ 28,009	\$ 361,210	\$ 28,225
1998 Note payable	271,523	-	29,130	242,393	29,413
Total	<u>\$ 660,742</u>	<u>\$ -</u>	<u>\$ 57,139</u>	<u>\$ 603,603</u>	<u>\$ 57,638</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, 2020

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

In January 2019, the District began participating in the State's 401k plan administered by Empower Retirement. The District contributes 10% of all permanent full-time employees' gross salaries to the plan. The Board of Directors had the authority to make any changes to the rate of contribution. Employees may elect to defer a percentage of their salary into the plan. Employees immediately vest in employee contributions to the plan. For employer contributions, 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. For the year ended June 30, 2020, the District contributed \$142,386 to this plan. There were no forfeitures during the year ended June 30, 2020. It is estimated that the District's contributions to the retirement plan will be \$146,657 for the fiscal year ending June 30, 2021.

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, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
State	\$ 210,667	\$ 210,667	\$ 210,667	\$ -
Local	53,467	53,467	53,403	(64)
Indirect	537,657	537,657	528,707	(8,950)
Building rent	87,553	87,553	92,836	5,283
Interest	-	-	1,873	1,873
Total revenues	<u>889,344</u>	<u>889,344</u>	<u>887,486</u>	<u>(1,858)</u>
Expenditures				
Salaries	395,912	395,912	403,779	7,867
Fringe benefits	106,225	106,225	117,264	11,039
Travel	31,299	31,299	20,602	(10,697)
Utilities and communications	37,452	37,452	30,298	(7,154)
Supplies	43,062	43,062	42,045	(1,017)
Rent, repair and insurance	100,749	100,749	33,956	(66,793)
Audit	1,300	1,300	2,500	1,200
Legal fees	-	-	102	102
Annual meeting and dues	32,561	32,561	23,196	(9,365)
Matching funds	159,437	159,437	84,337	(75,100)
Miscellaneous	1,700	1,700	-	(1,700)
Principal payments on note	-	-	21,036	21,036
Interest payments on note	-	-	50,333	50,333
Total expenditures	<u>909,697</u>	<u>909,697</u>	<u>829,448</u>	<u>(80,249)</u>
Net change in fund balance	(20,353)	(20,353)	58,038	78,391
Fund balance - July 1, 2019	<u>335,474</u>	<u>335,474</u>	<u>335,474</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ 315,121</u>	<u>\$ 315,121</u>	<u>\$ 393,512</u>	<u>\$ 78,391</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, 2020**

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Federal	\$ 700,425	\$ 700,425	\$ 847,472	\$ 147,047
State	138,145	138,145	166,359	28,214
Local	76,677	76,677	183,387	106,710
Pass through - Federal and State	1,543,437	1,543,437	2,241,664	698,227
Interest income	-	-	1,272	1,272
Total revenues	<u>2,458,684</u>	<u>2,458,684</u>	<u>3,440,154</u>	<u>981,470</u>
Expenditures				
Salaries	464,392	464,392	514,391	49,999
Fringe benefits	144,550	144,550	131,688	(12,862)
Travel	33,400	33,400	39,288	5,888
Utilities and communications	22,550	22,550	31,617	9,067
Supplies	28,655	28,655	30,050	1,395
Postage	4,150	4,150	6,007	1,857
Copying and printing	1,300	1,300	9,175	7,875
Equipment	9,800	9,800	-	(9,800)
Contract services	-	-	2,250	2,250
Indirect costs	50,240	50,240	57,068	6,828
Computer expense	-	-	31,806	31,806
Rent, repair and insurance	21,100	21,100	55,284	34,184
Audit	19,600	19,600	10,616	(8,984)
Pass through	1,620,753	1,620,753	2,084,189	463,436
Annual meetings and dues	12,700	12,700	3,154	(9,546)
Miscellaneous	11,700	11,700	19,322	7,622
Senior games	13,794	13,794	7,057	(6,737)
Pandemic expenses	-	-	249,717	249,717
Respite	-	-	157,475	157,475
Total expenditures	<u>2,458,684</u>	<u>2,458,684</u>	<u>3,440,154</u>	<u>981,470</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	-	-	-	-
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
GUARDIANSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Pass through from Aging - State	\$ 108,900	\$ 108,900	\$ 133,714	\$ 24,814
Local	<u>42,429</u>	<u>42,429</u>	<u>60,030</u>	<u>17,601</u>
Total revenues	<u>151,329</u>	<u>151,329</u>	<u>193,744</u>	<u>42,415</u>
Expenditures				
Salaries	78,433	78,433	97,305	18,872
Fringe benefits	14,796	14,796	17,398	2,602
Travel	14,000	14,000	16,444	2,444
Utilities and communications	6,500	6,500	5,474	(1,026)
Supplies	2,300	2,300	3,320	1,020
Postage	500	500	670	170
Copying and printing	200	200	142	(58)
Indirect costs	5,300	5,300	10,760	5,460
Computer expense	3,800	3,800	9,268	5,468
Rent, repair and insurance	7,600	7,600	13,093	5,493
Audit	-	-	1,737	1,737
Annual meeting and dues	1,400	1,400	1,135	(265)
Miscellaneous	-	-	1,498	1,498
Legal	<u>16,500</u>	<u>16,500</u>	<u>15,500</u>	<u>(1,000)</u>
Total expenditures	<u>151,329</u>	<u>151,329</u>	<u>193,744</u>	<u>42,415</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
ADMINISTRATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Federal	\$ 110,680	\$ 110,680	\$ 23,400	\$ (87,280)
State	93,629	93,629	439,024	345,395
Local	-	-	21,416	21,416
Total revenues	<u>204,309</u>	<u>204,309</u>	<u>483,840</u>	<u>279,531</u>
Expenditures				
Salaries	118,510	118,510	68,985	(49,525)
Fringe benefits	39,002	39,002	31,665	(7,337)
Travel	8,432	8,432	4,829	(3,603)
Utilities and communications	5,268	5,268	2,902	(2,366)
Supplies	710	710	271	(439)
Postage	60	60	84	24
Copying and printing	40	40	50	10
Indirect costs	7,400	7,400	7,666	266
Subcontracts	-	-	63,998	63,998
Rent, repair and insurance	8,187	8,187	8,057	(130)
Audit	4,700	4,700	2,624	(2,076)
Pass through - Arts Funding	-	-	11,853	11,853
Annual meetings and dues	2,000	2,000	1,054	(946)
Legal	-	-	1,296	1,296
Emergency home repair program	-	-	258,484	258,484
Matching funds	-	-	18,422	18,422
Miscellaneous	-	-	1,600	1,600
Total expenditures	<u>194,309</u>	<u>194,309</u>	<u>483,840</u>	<u>289,531</u>
Net change in fund balance	10,000	10,000	-	(10,000)
Fund balance - July 1, 2019	-	-	-	-
Fund balance - June 30, 2020	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>

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NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020

ASSETS	EDA	Solid Waste	Local Planning	Medicaid Waiver	Home and Community Based Svcs	TDOT	Historic Preservation	Totals
Current assets								
Accounts receivable	\$ -	\$ -	\$ -	\$ 34,975	\$ 34,503	\$ -	\$ -	\$ 69,478
Due from General Fund	-	-	148,234	138,991	5,574	-	-	292,799
Due from other funds	-	13,713	-	-	-	936	3,774	18,423
Due from grantor - Federal	22,155	-	-	-	-	36,392	8,764	67,311
Due from grantor - State	-	55,681	-	-	-	4,549	-	60,230
Total assets	\$22,155	\$69,394	\$ 148,234	\$ 173,966	\$ 40,077	\$ 41,877	\$ 12,538	\$ 508,241

LIABILITIES AND FUND BALANCE

Current liabilities								
Payroll liabilities	\$ 189	\$(1,372)	\$ (60)	\$ (827)	\$ 1,325	\$ (268)	\$ 35	\$ (978)
Due to General Fund	18,898	67,504	1,428	4,591	32,265	42,145	12,503	179,334
Due to grantor - State	-	3,262	-	-	-	-	-	3,262
Unearned revenue - Local	3,068	-	146,866	170,202	6,487	-	-	326,623
Total current liabilities	22,155	69,394	148,234	173,966	40,077	41,877	12,538	508,241
Fund balance								
Restricted	-	-	-	-	-	-	-	-
Total liabilities and fund balance	\$22,155	\$69,394	\$ 148,234	\$ 173,966	\$ 40,077	\$ 41,877	\$ 12,538	\$ 508,241

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

For the Year Ended June 30, 2020

	EDA	Solid Waste	Local Planning	Medicaid Waiver	Home and Community Based Svcs	TDOT	Historic Preservation	Totals
Revenues								
Federal	\$ 94,329	\$ -	\$ -	\$ -	\$ -	\$ 69,069	\$ 33,120	\$ 196,518
State	-	75,323	-	-	262,431	8,634	-	346,388
Local	23,582	13,713	95,245	-	-	9,934	25,024	167,498
Pass through from Aging	-	-	-	267,431	-	-	-	267,431
Total revenues	117,911	89,036	95,245	267,431	262,431	87,637	58,144	977,835
Expenditures								
Salaries	79,047	46,742	59,786	149,282	127,753	56,719	31,178	550,507
Fringe benefits	18,601	27,514	20,052	62,086	68,576	13,292	14,844	224,965
Travel	4,058	2,372	1,522	9,642	5,064	3,262	2,717	28,637
Utilities and communications	2,446	1,325	1,286	7,421	12,685	1,552	1,109	27,824
Supplies	-	-	-	2,394	5,312	594	647	8,947
Postage	-	-	-	275	110	26	39	450
Copying and printing	70	466	232	729	648	402	287	2,834
Indirect costs	8,803	5,186	6,628	16,486	14,168	6,299	3,616	61,186
Computer expense	-	171	-	4,515	10,202	-	-	14,888
Rent, repair and insurance	3,438	3,367	4,542	10,751	10,186	3,587	2,544	38,415
Audit	1,093	922	1,153	3,356	4,858	1,174	838	13,394
Annual meetings and dues	355	971	44	465	230	730	185	2,980
Miscellaneous	-	-	-	29	145	-	140	314
Public Partnerships expense	-	-	-	-	2,494	-	-	2,494
Total expenditures	117,911	89,036	95,245	267,431	262,431	87,637	58,144	977,835
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance - July 1, 2019	-	-	-	-	-	-	-	-
Fund balance - June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
EDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$ 70,000	\$ 70,000	\$ 94,329	\$ 24,329
Local	<u>17,500</u>	<u>17,500</u>	<u>23,582</u>	<u>6,082</u>
Total revenues	<u>87,500</u>	<u>87,500</u>	<u>117,911</u>	<u>30,411</u>
Expenditures				
Salaries	49,346	49,346	79,047	29,701
Fringe benefits	25,461	25,461	18,601	(6,860)
Travel	2,800	2,800	4,058	1,258
Utilities and communications	1,673	1,673	2,446	773
Supplies	200	200	-	(200)
Postage	10	10	-	(10)
Copying and printing	10	10	70	60
Indirect costs	4,000	4,000	8,803	4,803
Rent, repair and insurance	4,000	4,000	3,438	(562)
Audit	-	-	1,093	1,093
Annual meetings and dues	-	-	<u>355</u>	<u>355</u>
Total expenditures	<u>87,500</u>	<u>87,500</u>	<u>117,911</u>	<u>30,411</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
SOLID WASTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
State	\$ 77,180	\$ 77,180	\$ 75,323	\$ (1,857)
Local	-	-	13,713	13,713
Total revenues	<u>77,180</u>	<u>77,180</u>	<u>89,036</u>	<u>11,856</u>
Expenditures				
Salaries	41,652	41,652	46,742	5,090
Fringe benefits	17,798	17,798	27,514	9,716
Travel	5,000	5,000	2,372	(2,628)
Utilities and communications	1,300	1,300	1,325	25
Supplies	2,481	2,481	-	(2,481)
Postage	2,349	2,349	-	(2,349)
Copying and printing	100	100	466	366
Indirect costs	2,600	2,600	5,186	2,586
Computer expense	-	-	171	171
Rent, repair and insurance	3,400	3,400	3,367	(33)
Audit	-	-	922	922
Annual meetings and dues	500	500	971	471
Total expenditures	<u>77,180</u>	<u>77,180</u>	<u>89,036</u>	<u>11,856</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	-	-	-	-
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
MEDICAID WAIVER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Pass through from Aging	\$ 302,363	\$ 302,363	\$ 267,431	\$ (34,932)
Expenditures				
Salaries	151,582	151,582	149,282	(2,300)
Fringe benefits	67,231	67,231	62,086	(5,145)
Travel	11,000	11,000	9,642	(1,358)
Utilities and communications	5,000	5,000	7,421	2,421
Supplies	1,100	1,100	2,394	1,294
Postage	150	150	275	125
Copying and printing	6,000	6,000	729	(5,271)
Indirect costs	9,100	9,100	16,486	7,386
Computer expense	1,500	1,500	4,515	3,015
Rent, repair and insurance	5,500	5,500	10,751	5,251
Audit	-	-	3,356	3,356
Annual meetings and dues	1,200	1,200	465	(735)
Pass through	40,500	40,500	-	(40,500)
Miscellaneous	2,500	2,500	29	(2,471)
Total expenditures	<u>302,363</u>	<u>302,363</u>	<u>267,431</u>	<u>(34,932)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
State	\$ 265,916	\$ 265,916	\$ 262,431	\$ (3,485)
Local	29,974	29,974	-	(29,974)
Pass through from Aging	749,100	749,100	-	(749,100)
Total revenues	<u>1,044,990</u>	<u>1,044,990</u>	<u>262,431</u>	<u>(782,559)</u>
Expenditures				
Salaries	141,999	141,999	127,753	(14,246)
Fringe benefits	69,726	69,726	68,576	(1,150)
Travel	10,900	10,900	5,064	(5,836)
Utilities and communications	21,600	21,600	12,685	(8,915)
Supplies	4,900	4,900	5,312	412
Postage	50	50	110	60
Copying and printing	200	200	648	448
Indirect costs	10,400	10,400	14,168	3,768
Computer expense	16,700	16,700	10,202	(6,498)
Rent, repair and insurance	7,700	7,700	10,186	2,486
Audit	-	-	4,858	4,858
Pass through	749,100	749,100	-	(749,100)
Annual meetings and dues	600	600	230	(370)
Miscellaneous	11,115	11,115	145	(10,970)
Public Partnerships expense	-	-	2,494	2,494
Total expenditures	<u>1,044,990</u>	<u>1,044,990</u>	<u>262,431</u>	<u>(782,559)</u>
 Net change in fund balance	-	-	-	-
 Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
TDOT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$ 74,743	\$ 74,743	\$ 69,069	\$ (5,674)
State	-	-	8,634	8,634
Local	8,305	8,305	9,934	1,629
Total revenues	<u>83,048</u>	<u>83,048</u>	<u>87,637</u>	<u>4,589</u>
Expenditures				
Salaries	53,047	53,047	56,719	3,672
Fringe benefits	14,776	14,776	13,292	(1,484)
Travel	4,500	4,500	3,262	(1,238)
Utilities and communications	1,450	1,450	1,552	102
Supplies	500	500	594	94
Postage	25	25	26	1
Copying and printing	350	350	402	52
Indirect costs	4,500	4,500	6,299	1,799
Rent, repair and insurance	3,000	3,000	3,587	587
Audit	-	-	1,174	1,174
Annual meetings and dues	900	900	730	(170)
Total expenditures	<u>83,048</u>	<u>83,048</u>	<u>87,637</u>	<u>4,589</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
LOCAL PLANNING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Local	\$ 90,000	\$ 90,000	\$ 95,245	\$ 5,245
Expenditures				
Salaries	52,072	52,072	59,786	7,714
Fringe benefits	21,428	21,428	20,052	(1,376)
Travel	4,500	4,500	1,522	(2,978)
Utilities and communications	1,200	1,200	1,286	86
Supplies	1,100	1,100	-	(1,100)
Postage	200	200	-	(200)
Copying and printing	200	200	232	32
Indirect costs	5,100	5,100	6,628	1,528
Rent, repair and insurance	4,200	4,200	4,542	342
Audit	-	-	1,153	1,153
Annual meetings and dues	-	-	44	44
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>95,245</u>	<u>5,245</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
HISTORIC PRESERVATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$ 36,000	\$ 36,000	\$ 33,120	\$ (2,880)
Matching fund revenue	<u>24,000</u>	<u>24,000</u>	<u>25,024</u>	<u>1,024</u>
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>58,144</u>	<u>(1,856)</u>
 Expenditures				
Salaries	37,870	37,870	31,178	(6,692)
Fringe benefits	7,810	7,810	14,844	7,034
Travel	4,300	4,300	2,717	(1,583)
Utilities and communications	1,400	1,400	1,109	(291)
Supplies	100	100	647	547
Postage	200	200	39	(161)
Copying and printing	200	200	287	87
Indirect costs	4,420	4,420	3,616	(804)
Miscellaneous	-	-	140	140
Rent, repair and insurance	3,500	3,500	2,544	(956)
Audit	-	-	838	838
Annual meetings and dues	<u>200</u>	<u>200</u>	<u>185</u>	<u>(15)</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>58,144</u>	<u>(1,856)</u>
 Net change in fund balance	-	-	-	-
 Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
SCHEDULE OF LOCAL CONTRIBUTIONS
For the Year Ended June 30, 2020

Benton County	
County of	\$ 2,710
Camden, Town of	770
Carroll County	
County of	5,990
Crockett County	
County of	3,063
Dyer County	
County of	8,051
Gibson County	
County of	4,287
Bradford, City of	220
Dyer, City of	492
Gibson, City of	-
Humboldt, City of	1,775
Medina, Town of	731
Milan, City of	1,649
Rutherford, Town of	242
Trenton, City of	895
Yorkville, City of	60
Henry County	
County of	6,789
Lake County	
County of	1,645
Obion County	
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
Weakley County	
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
Total	<u>\$ 53,403</u>

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

June 30, 2020

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>
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	29,925	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	34,736	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	23,110	245	-	-	-	-
	<u>\$ 931,108</u>	<u>\$ 662,259</u>	<u>\$ 361,210</u>	<u>\$24,092</u>	<u>\$ 242,393</u>	<u>\$10,990</u>

See independent auditor's report

NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
GOVERNMENTAL ACTIVITIES									
Notes Payable									
Payable through Operating Fund									
Construction	\$ 1,068,000	Variable	11/20/2012	11/15/2042	\$ 952,144	\$ -	\$ 21,036	\$ -	\$ 931,108
Total long-term debt - governmental activities					\$ 952,144	\$ -	\$ 21,036	\$ -	\$ 931,108
BUSINESS-TYPE ACTIVITIES									
Notes Payable									
Payable through Community Development Corporation Loan Program									
1998 Rural Development note	\$ 750,000	1%	9/19/1997	9/19/2027	\$ 271,523	\$ -	\$ 29,130	\$ -	\$ 242,393
2002 Rural Development note	\$ 730,000	1%	12/3/2002	12/3/2032	389,219	-	28,009	-	361,210
Total long-term debt - business-type activities					\$ 660,742	\$ -	\$ 57,139	\$ -	\$ 603,603

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
For the Year Ended June 30, 2020

<u>CFDA Number</u>	<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Pass-through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
10.767	U.S. Department of Agriculture/ Intermediary Relending Program			\$ 660,742
10.551	Pass-through Tennessee Commission on Aging/ Supplemental Nutrition Assistance Program			25,554
10.551	Supplemental Nutrition Assistance Program			<u>15,093</u>
				<u>40,647</u>
	<i>Total U.S. Department of Agriculture</i>			701,389
11.302	U.S. Department of Commerce/ Pass-through Economic Development Administration/ Economic Development-Support for Planning Organizations			94,329
15.904	Department of the Interior/ Pass Through TN Historical Commission/ Historical Preservation			6,416
15.904	Historical Preservation			<u>26,704</u>
				33,120
16.575	U.S. Department of Justice/ Pass-through Tennessee Commission on Aging/ Crime Victim Assistance			128,104
20.205	U.S. Department of Transportation, Federal Highway Administration Highway Planning and Construction			69,069
90.200	Delta Regional Authority/ Pass Through TN Dept of Economic and Community Development/ Delta Regional Development			5,400
93.041	U.S. Department of Health and Human Services, Administration on Aging/ Pass-through Tennessee Commission on Aging/ Special Programs for the Aging, Title VII, Chapter 3, Programs for the			411
93.041	Prevention of Elder Abuse, Neglect and Exploitation			3,151
93.041	same as above			617
93.041	same as above			<u>502</u>
				4,681
93.043	Special Programs for the Aging: Disease Prevention and Health Promotion Services - Title IIID			7,718
93.043	Disease Prevention and Health Promotion Services - Title IIID			<u>20,891</u>
				28,609
93.044	Aging Cluster: Grants for Supportive Services and Senior Citizens-Title IIIB			472,834
93.044	Grants for Supportive Services and Senior Citizens-Title IIIB			<u>283</u>
	<i>Total 93.044</i>	62488	42,102	473,117
93.045	Nutrition Services-Title IIIC			155,255
93.045	Nutrition Services-Title IIIC			335,210
93.045	COVID-19 - Nutrition Services-Title IIIC			232,907
93.045	Nutrition Services-Title IIIC - Area Planning			<u>129,453</u>
	<i>Total 93.045</i>	62488	563,967	852,825
93.053	Nutrition Services Incentive Program	62488	<u>75,400</u>	75,400
	Total aging cluster		681,469 *	1,401,342

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
For the Year Ended June 30, 2020

CFDA Number	Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Pass-through Number	Passed Through to Subrecipients	Expenditures
93.048	Special Programs for the Aging, Title IV and Title II, Discretionary Projects			17,000
93.048	Special Programs for the Aging, Title IV and Title II, Discretionary Projects			<u>15,395</u>
				32,395
93.052	National Family Caregiver Support - Title III E			176,419
93.052	National Family Caregiver Support - Title III E			5,030
93.052	National Family Caregiver Support - Title III E - Area Planning			<u>18,800</u>
		62488	<u>\$ 26,254</u>	200,249
	Administration for Children and Families/			
93.071	MIPPA			17,475
93.071	MIPPA			15,397
93.324	SHIP			42,001
93.324	SHIP			<u>55,020</u>
				<u>129,893</u>
	<i>Total Department of Health and Human Services</i>			1,797,169
	Centers for Medicare and Medicaid Services/ Bureau of TennCare Department of F & A/			
93.778	Home and Community Based Services (HCBS)		*	<u>283,444</u>
	Total Federal Awards			<u>\$707,723</u> <u>\$ 3,112,024</u>

* 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, 2020. 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 District, 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.

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, 2020. The balance of the loans outstanding at June 30, 2020,

Loan #61-02 \$242,393
Loan #61-03 \$361,210

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2020**

<u>State Grant Number</u>	<u>Grantor Agency/Program Name</u>	<u>Expenditures</u>
	Tennessee Housing Development Agency	
31620-00486	Housing Tech Assistance	\$ 6,558
31031	Housing Tech Assistance	5,210
	Housing Emergency Repair	75,044
ERP-17-05	Housing Emergency Repair	<u>246,715</u>
		333,527
	Tennessee Department of Environment and Conservation	
62437	Solid Waste	75,323
	Tennessee Department of Economic and Community Development	
63797	Local Planning	210,667
	Tennessee Commission on Aging	
	Aging - Guardianship & Options	52,660
	Aging - Guardianship & Options	640,543
58497	Aging	30,534
62488	Aging	<u>132,663</u>
		856,400
	Bureau of TennCare Department of F & A	
59145	Home and Community Based Services (HCBS)	283,444
	Tennessee Arts Commission	
61599	Development District	13,825
	Tennessee Department of Transportation	
61906	Rural Planning Organization Program	8,634
62661	Tennessee Advisory Commission on Intergovernmental Relations	<u>59,629</u>
	Total State Assistance	<u>\$ 1,841,449</u>

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

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION



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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Union City, Tennessee
December 8, 2020



**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, 2020. 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, 2020.

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
December 8, 2020

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

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

Federal Awards

Internal control over major federal programs:

- material weakness(es) identified? yes X no
- significant deficiency(ies) identified? yes X 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 X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Aging Cluster:
93.044	Aging–Supportive Services–Title III, Part B
93.045	Aging–Nutrition Services–Title III, Part C
93.053	NSIP Nutrition
93.778	Home and Community Based Services

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

Auditee qualified as low-risk auditee? X yes no

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
For the Year Ended June 30, 2020

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, 2020

Disposition of Prior Year Findings

There were no financial statement findings reported in the prior year.

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