

**NORTHWEST TENNESSEE  
DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**June 30, 2019**

# NORTHWEST TENNESSEE DEVELOPMENT DISTRICT

## TABLE OF CONTENTS

### Introductory Section

Board Officers .....	1
----------------------	---

### Financial Section

Independent Auditor’s Report .....	2
Management’s Discussion and Analysis .....	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	11
Statement of Activities .....	12
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet .....	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	14
Statement of Revenues, Expenditures and Changes in Fund Balance.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....	16
Proprietary Fund Financial Statements	
Statement of Net Position .....	17
Statement of Revenues, Expenses and Changes in Net Position .....	18
Statement of Cash Flows.....	19
Notes to Basic Financial Statements.....	20

### Supplementary Information Section

Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund .....	28
Aging .....	29
Guardianship .....	30
Administration .....	31
Combining and Individual Nonmajor Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds .....	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds .....	33
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
EDA.....	34
Solid Waste .....	35
Care Transitions .....	36
Medicaid Waiver.....	37
Home and Community Based Services .....	38
TDOT .....	39
Local Planning.....	40
Historic Preservation .....	41
Schedule of Local Contributions .....	42
Schedule of Debt Service Requirements by Individual Issue – All Funds.....	43
Schedule of Expenditures of Federal Awards .....	44
Schedule of State Financial Assistance .....	46

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
TABLE OF CONTENTS**

**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 <i>Government Auditing Standards</i> .....	47
Independent Auditor’s Reports on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance .....	49
Schedule of Findings and Questioned Costs .....	51
Schedule of Prior Findings and Questioned Costs .....	53

## **INTRODUCTORY SECTION**

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
BOARD OFFICERS**

June 30, 2019

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, 2019, 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, 2019, 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 6, 2019, 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 6, 2019

## 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, 2019.

### FINANCIAL HIGHLIGHTS

- The assets of the Northwest Tennessee Development District exceeded its liabilities at the close of the most recent fiscal year by \$269 thousand (net position).
- Total net position decreased by \$36 thousand during the year ended June 30, 2019, with governmental activities reporting a decrease of \$48 thousand and business-type activities reporting an increase of \$12 thousand.
- As of the close of the current fiscal year, the Northwest Tennessee Development District's general fund reported an ending fund balance of \$335 thousand, a decrease of \$26 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.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

### 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.

### 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 \$269,417 at the close of the most recent fiscal year. Of this amount, \$310,436 represents unrestricted net position, while the District’s investment in capital assets, net of related debt, is (\$41,019). 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 7,343,119	\$ 5,337,484	\$ 762,700	\$ 807,703	\$ 8,105,819	\$ 6,145,187
Capital assets	<u>911,125</u>	<u>950,729</u>	<u>0</u>	<u>0</u>	<u>911,125</u>	<u>950,729</u>
Total assets	8,254,244	6,288,213	762,700	807,703	9,016,944	7,095,916
Current liabilities	7,007,645	4,976,485	0	0	7,007,645	4,976,485
Long-term liabilities	<u>1,079,140</u>	<u>1,096,739</u>	<u>660,742</u>	<u>717,445</u>	<u>1,739,882</u>	<u>1,814,184</u>
Total liabilities	8,086,785	6,073,224	660,742	717,445	8,747,527	6,790,669
Net position						
Net investment in capital assets	(41,019)	(21,606)	0	0	(41,019)	(21,606)
Unrestricted	<u>208,478</u>	<u>236,595</u>	<u>101,958</u>	<u>90,258</u>	<u>310,436</u>	<u>326,853</u>
Total net position	<u>\$ 167,459</u>	<u>\$ 214,989</u>	<u>\$ 101,958</u>	<u>\$ 90,258</u>	<u>\$ 269,417</u>	<u>\$ 305,247</u>

Net position decreased by \$36 thousand from the prior year as a result of current year operations. Guardianship restricted assets increased by \$2 million. However, the trustee’s liability offset the increase in the Guardianship assets.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

**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 \$26 thousand decrease in fund balance at the fund level, there is a \$48 thousand decrease in net position attributable to governmental activities in the statement of activities. This difference is due mainly to the activity related to the District’s capital assets. There was \$40 thousand in depreciation expense at the government-wide level. Payments against long-term debt increased net position by \$20 thousand. Netted costs relative to compensated absences accounted for the remaining \$2 thousand in additional expenses reported at the government-wide level. Business-type activities increased net position by \$12 thousand.

### Condensed Statement of Activities

	Government Activities		Bus-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>						
Program Revenues						
Charges for services	\$ 1,760,868	\$ 1,756,356	\$ 18,785	\$ 6,909	\$ 1,779,653	\$ 1,763,265
Operating grants/contributions	4,061,208	3,572,939			4,061,208	3,572,939
Capital grants/contributions	0	0	0	0	0	0
General revenues						
Interest	3,657	3,831	0	0	3,657	3,831
Total revenues	5,825,733	5,333,126	18,785	6,909	5,844,518	5,340,035
<b>Expenses</b>						
General Fund	915,083	869,951			915,083	869,951
Aging	3,261,639	2,835,486			3,261,639	2,835,486
Guardianship	152,752	130,662			152,752	130,662
EDA	71,496	124,557			71,496	124,557
Solid Waste	58,336	52,997			58,336	52,997
Local Planning	86,331	79,651			86,331	79,651
Care Transitions	7,634	6,191			7,634	6,191
Administration	631,132	569,201			631,132	569,201
Medicaid Waiver	257,069	281,052			257,069	281,052
Home & Comm Based Serv	277,984	218,340			277,984	218,340
Historic Preservation	66,317	70,756			66,317	70,756
TDOT	87,490	72,521			87,490	72,521
Comm Dev Corp Loan Prog	0	0	7,085	7,823	7,085	7,823
Total expenses	5,873,263	5,311,365	7,085	7,823	5,880,348	5,319,188
Change in net position	(47,530)	21,761	11,700	(914)	(35,830)	20,847
Net position - beginning	214,989	193,228	90,258	97,091	305,247	290,319
Prior period adjustment	0	0	-	(5,919)	-	(5,919)
Net position - ending	\$ 167,459	\$ 214,989	\$101,958	\$ 90,258	\$ 269,417	\$ 305,247

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental activities** – Governmental activities decreased the District's net position by \$48 thousand during the current year. Expenses increased \$562 thousand during 2019, while revenues increased by \$493 thousand. The program with the largest increase was Aging. This increase was due to new aging programs having a full year of activity over last year.

**Business-type activities** – Interest income in the Community Development Corporation Loan Program was \$12,785, while operating expenses were \$7,085, resulting in a \$5,700 increase in net position. There was also \$6,000 collected on a bad debt written off in a prior 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, 2019, the General Fund had unassigned fund balance of \$335 thousand.

Revenues in the Aging Fund, which make up 56% of total governmental revenues, were \$427 thousand more than the prior year, or an increase of 15.09%, due to new programs. Revenues in the General Fund decreased by \$27 thousand due to the Tennessee General Assembly decreasing the allocation of state match money. Revenues in Guardianship and Administration increased by \$22 thousand and \$63 thousand respectively due to fee for service activity increasing from the prior 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 \$624 thousand more than budgeted in pass-through expenditures and \$171 thousand in unbudgeted Respite expenditures. In the General Fund, revenues were \$40 thousand less than budgeted, and expenditures were under budget by \$15 thousand. The Administration program had \$373 thousand in emergency home repair program expenditures that were not budgeted. However, revenues were \$419 thousand more than budgeted in State revenues.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** – As of June 30, 2019, the District had capital assets of \$911 thousand. No new capital assets were purchased during the current year. Depreciation on capital assets for the year was \$39,604. Additional details on the District's capital assets can be found in the Notes to Financial Statements of this report.

**Long-term debt** – The Northwest Tennessee Development District had long-term debt of \$952,144 as of June 30, 2019, against a construction loan. A liability of \$126,996 has been recorded for accrued annual leave in governmental activities. The business-type activities had long-term debt of \$660,742 at June 30, 2019, through its Community Development Corporation Loan Program. Loans receivable at June 30, 2019, were \$311,350. Additional details about the District's debt can be found in the Notes to Financial Statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economic outlook in Northwest Tennessee continues to improve marginally. Unemployment is low, contributing to what has become, in a few cases, a worker shortage. As in the past, we also continue to battle drugs, work ethics, and low educational attainment levels in the region.

Next year's budget is shaping up to look very similar to the current year. Overall, the economy of Tennessee is good. Revenues for the State continue to exceed expected levels. 2020 is an election year for the State and nation. Budget fluctuations could occur as a result, but are not expected to have a big impact.

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

June 30, 2019

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash	\$ 970,194	\$ 451,350	\$ 1,421,544
Restricted cash	186,181	-	186,181
Other restricted assets	4,853,765	-	4,853,765
Accounts receivable	575,143	-	575,143
Due from Human Resource Agency	47,851	-	47,851
Due from grantor - Federal	474,798	-	474,798
Due from grantor - State	235,187	-	235,187
Noncurrent assets:			
Loans receivable	-	311,350	311,350
Capital assets (net of accumulated depreciation)	<u>911,125</u>	<u>-</u>	<u>911,125</u>
<b>Total assets</b>	<b><u>8,254,244</u></b>	<b><u>762,700</u></b>	<b><u>9,016,944</u></b>
<b>LIABILITIES</b>			
Accounts payable	340,901	-	340,901
Payroll liabilities	(733)	-	(733)
Due to grantor - State	3,262	-	3,262
Trustee's liability	5,033,056	-	5,033,056
Unearned revenue - Federal	149,165	-	149,165
Unearned revenue - State	158,527	-	158,527
Unearned revenue - Local	1,323,467	-	1,323,467
Non-current liabilities:			
Accrued annual leave	126,996	-	126,996
Debt due within one year	21,072	57,068	78,140
Debt due in more than one year	<u>931,072</u>	<u>603,674</u>	<u>1,534,746</u>
<b>Total liabilities</b>	<b><u>8,086,785</u></b>	<b><u>660,742</u></b>	<b><u>8,747,527</u></b>
<b>Net position</b>			
Net investment in capital assets	(41,019)	-	(41,019)
Unrestricted	<u>208,478</u>	<u>101,958</u>	<u>310,436</u>
<b>Total net position</b>	<b><u>\$ 167,459</u></b>	<b><u>\$ 101,958</u></b>	<b><u>\$ 269,417</u></b>

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



**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities:							
General Fund	\$ 915,083	\$ 637,367	\$ 230,000	\$ -	\$ (47,716)	\$ -	\$ (47,716)
Aging	3,261,639	-	3,259,580	-	(2,059)	-	(2,059)
Guardianship	152,752	49,060	103,200	-	(492)	-	(492)
EDA	71,496	5,100	65,863	-	(533)	-	(533)
Solid Waste	58,336	-	58,178	-	(158)	-	(158)
Local Planning	86,331	86,331	-	-	-	-	-
Care Transitions	7,634	-	7,634	-	-	-	-
Administration	631,132	631,087	-	-	(45)	-	(45)
Medicaid Waiver	257,069	258,856	-	-	1,787	-	1,787
Home & Community Based Services	277,984	-	276,013	-	(1,971)	-	(1,971)
TDOT	87,490	87,490	-	-	-	-	-
Historic Preservation	66,317	5,577	60,740	-	-	-	-
Total governmental activities	5,873,263	1,760,868	4,061,208	-	(51,187)	-	(51,187)
Business-type activities:							
Community Development Corporation							
Loan Program	7,085	18,785	-	-	-	11,700	11,700
Total	<u>\$ 5,880,348</u>	<u>\$ 1,779,653</u>	<u>\$ 4,061,208</u>	<u>\$ -</u>	(51,187)	11,700	(39,487)
General revenues:							
Interest					3,657	-	3,657
<b>Change in net position</b>					<b>(47,530)</b>	<b>11,700</b>	<b>(35,830)</b>
Net position - beginning					214,989	90,258	305,247
Net position - ending					<u>\$ 167,459</u>	<u>\$ 101,958</u>	<u>\$ 269,417</u>

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

	<u>General Fund</u>	<u>Aging</u>	<u>Guardianship</u>	<u>Administration</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$ 471,131	\$ 198,357	\$ -	\$ 300,706	\$ -	\$ 970,194
Restricted cash	-	6,889	179,292	-	-	186,181
Other restricted assets	-	-	4,853,765	-	-	4,853,765
Accounts receivable	26,831	405,133	25,377	14,500	103,302	575,143
Due from Human Resource Agency	47,851	-	-	-	-	47,851
Due from General Fund	-	149,996	6,045	585,804	279,266	1,021,111
Due from other funds	867,028	569	-	-	21,733	889,330
Due from grantor - Federal	-	417,203	-	7,000	50,595	474,798
Due from grantor - State	-	205,930	-	16,012	13,245	235,187
<b>Total assets</b>	<b><u>\$ 1,412,841</u></b>	<b><u>\$ 1,384,077</u></b>	<b><u>\$ 5,064,479</u></b>	<b><u>\$ 924,022</u></b>	<b><u>\$ 468,141</u></b>	<b><u>\$ 9,253,560</u></b>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities						
Accounts payable	\$ 26,783	\$ 314,118	\$ -	\$ -	\$ -	\$ 340,901
Payroll liabilities	1,094	(1,954)	(713)	1,129	(289)	(733)
Due to General Fund	-	739,840	-	5,856	121,332	867,028
Due to other funds	1,021,111	-	-	21,733	569	1,043,413
Due to grantor - State	-	-	-	-	3,262	3,262
Trustee's liability	-	-	5,033,056	-	-	5,033,056
Unearned revenue - Federal	-	145,028	-	-	4,137	149,165
Unearned revenue - State	-	151,969	-	6,558	-	158,527
Unearned revenue - Local	28,379	35,076	32,136	888,746	339,130	1,323,467
Total liabilities	1,077,367	1,384,077	5,064,479	924,022	468,141	8,918,086
Fund balance						
Restricted	-	-	-	-	-	-
Unassigned	335,474	-	-	-	-	335,474
Total fund balance	335,474	-	-	-	-	335,474
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,412,841</u></b>	<b><u>\$ 1,384,077</u></b>	<b><u>\$ 5,064,479</u></b>	<b><u>\$ 924,022</u></b>	<b><u>\$ 468,141</u></b>	<b><u>\$ 9,253,560</u></b>

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

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

June 30, 2019

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

Total fund balance of governmental funds		\$ 335,474
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>(330,521)</u>
Net capital assets		911,125
Noncurrent liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
		<u>(1,079,140)</u>
Net position of governmental activities		<u>\$ 167,459</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, 2019

	<u>General Fund</u>	<u>Aging</u>	<u>Guardianship</u>	<u>Administration</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Federal	\$ -	\$ 535,273	\$ -	\$ 113,134	\$ 161,033	\$ 809,440
State	230,000	123,103	-	444,204	333,448	1,130,755
Local	52,978	187,127	49,060	73,749	158,445	521,359
Pass-through - federal and state	-	2,414,077	-	-	-	2,414,077
Pass through from Aging	-	-	103,200	-	258,856	362,056
Indirect	496,809	-	-	-	-	496,809
Building rent	87,580	-	-	-	-	87,580
Interest	2,207	1,450	-	-	-	3,657
<b>Total revenues</b>	<b>869,574</b>	<b>3,261,030</b>	<b>152,260</b>	<b>631,087</b>	<b>911,782</b>	<b>5,825,733</b>
<b>Expenditures</b>						
Salaries	390,221	431,016	79,775	134,899	510,054	1,545,965
Fringe benefits	114,729	132,706	12,025	47,522	218,642	525,624
Travel	18,127	39,860	15,254	8,690	40,926	122,857
Utilities and communications	34,863	28,668	5,142	4,928	28,880	102,481
Supplies	29,580	40,454	2,273	52	6,523	78,882
Postage	-	7,406	609	261	1,633	9,909
Copying and printing	24	3,716	23	166	2,949	6,878
Indirect costs	-	44,985	8,357	14,143	53,693	121,178
Computer expense	-	25,993	1,513	-	1,651	29,157
Rent, repair and insurance	28,230	35,939	9,874	9,817	38,301	122,161
Audit	1,288	20,600	-	3,863	-	25,751
Pass through	-	2,243,263	-	10,750	-	2,254,013
Annual meetings and dues	27,573	6,811	1,915	1,237	5,743	43,279
Emergency home repair program	-	-	-	373,026	-	373,026
Matching funds	175,258	-	-	21,733	-	196,991
Miscellaneous	1	20,635	-	-	127	20,763
Senior games	-	8,164	-	-	-	8,164
Public Partnerships expense	-	-	-	-	2,660	2,660
Respite	-	170,814	-	-	-	170,814
Legal	3,545	-	15,500	-	-	19,045
White Street renovation	340	-	-	-	-	340
Principal payments on note	20,191	-	-	-	-	20,191
Interest payments on note	51,129	-	-	-	-	51,129
<b>Total expenditures</b>	<b>895,099</b>	<b>3,261,030</b>	<b>152,260</b>	<b>631,087</b>	<b>911,782</b>	<b>5,851,258</b>
<b>Net change in fund balance</b>	<b>(25,525)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,525)</b>
Fund balance - July 1, 2018	360,999	-	-	-	-	360,999
Fund balance - June 30, 2019	\$ 335,474	\$ -	\$ -	\$ -	\$ -	\$ 335,474

*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, 2019

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

Net change in fund balances of governmental funds \$ (25,525)

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

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

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

Principal payments	20,191
--------------------	--------

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.

(2,592)

Change in net position of governmental activities \$ (47,530)

*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, 2019

**ASSETS**

Current assets

Cash		\$ 390,923
Reserved cash		<u>60,427</u>
Total cash		451,350

Noncurrent assets

Loans receivable	311,350	
Allowance for loan loss	<u>-</u>	
Net loans receivable	311,350	
Total noncurrent assets		<u>311,350</u>

**Total assets** **762,700**

**LIABILITIES**

Debt due within one year	57,068	
Debt due in more than one year	<u>603,674</u>	
Total liabilities		<u>660,742</u>

**UNRESTRICTED NET POSITION** **\$ 101,958**

*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, 2019**

Operating revenue		
Bad debt recovery		\$ 6,000
Interest		<u>12,785</u>
Total operating revenues		18,785
Operating expenses		
Administrative costs	\$ 113	
Interest expense	<u>6,972</u>	
Total operating expenses		<u>7,085</u>
Operating income		11,700
Non-operating income		<u>-</u>
<b>Change in net position</b>		<b>11,700</b>
Net position - July 1, 2018		<u>90,258</u>
Net position - June 30, 2019		<u><u>\$ 101,958</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, 2019

**Cash flows from operating activities**

Collection of interest on loans	\$ 12,785
Collection of principal on loans	40,477
Collection of bad debt	6,000
New loans disbursed	(160,000)
Cash payments for interest	(6,972)
Cash payments for goods and services	<u>(113)</u>
Net cash used by operating activities	(107,823)

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

Principal paid on long-term debt	<u>(56,703)</u>
----------------------------------	-----------------

**Net decrease in cash** **(164,526)**

Cash - July 1, 2018 615,876

Cash - June 30, 2019 \$ 451,350

**Reconciliation of change in net position to net cash provided by operating activities**

Operating income	\$ 11,700
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in loans receivable	<u>(119,523)</u>
Net cash used by operating activities	<u><u>\$ (107,823)</u></u>

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



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

June 30, 2019

**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, 2019

**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, 2019

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, 2019

Capital assets of the District are depreciated using the straight line method over the assets' useful lives. As of June 30, 2019, 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, 2019

**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, 2019, all bank deposits were fully collateralized or insured.

**B. Capital Assets**

The District’s capital assets as of June 30, 2019, are summarized as follows:

	Balance <u>7/1/2018</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2019</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	215,993	37,077	-	253,070
Furniture and equipment	<u>74,924</u>	<u>2,527</u>	<u>-</u>	<u>77,451</u>
	<u>290,917</u>	<u>39,604</u>	<u>-</u>	<u>330,521</u>
Net capital assets being depreciated	<u>950,729</u>	<u>(39,604)</u>	<u>-</u>	<u>911,125</u>
Total capital assets, net	<u>\$ 950,729</u>	<u>\$ (39,604)</u>	<u>\$ -</u>	<u>\$ 911,125</u>

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

June 30, 2019

**C. Interfund Receivables and Payables**

At June 30, 2019, the District's interfund balances consisted of the following:

<u>Due To</u>	<u>Due From</u>											<u>Totals</u>
	General Fund	Aging	EDA	Solid Waste	Local Planning	Care Transitions	Administration	Medicaid Waiver	Home & Community Based Services	TDOT	Historic Preservation	
General Fund	\$ -	\$ 739,840	\$ 1,431	\$ 12,762	\$ 1,799	\$ 435	\$ 5,856	\$ 4,241	\$ 44,705	\$ 37,478	\$ 18,481	<b>\$ 867,028</b>
Aging	149,996	-	-	-	-	-	-	-	569	-	-	<b>150,565</b>
Guardianship	6,045	-	-	-	-	-	-	-	-	-	-	<b>6,045</b>
Solid Waste	-	-	-	-	-	-	5,280	-	-	-	-	<b>5,280</b>
TDOT	-	-	-	-	-	-	10,876	-	-	-	-	<b>10,876</b>
Administration	585,804	-	-	-	-	-	-	-	-	-	-	<b>585,804</b>
Medicaid Waiver	123,996	-	-	-	-	-	-	-	-	-	-	<b>123,996</b>
Home & Community Based Services	2,704	-	-	-	-	-	-	-	-	-	-	<b>2,704</b>
Local Planning	149,316	-	-	-	-	-	-	-	-	-	-	<b>149,316</b>
Historic Preservation	3,250	-	-	-	-	-	5,577	-	-	-	-	<b>8,827</b>
<b>Totals</b>	<b><u>\$1,021,111</u></b>	<b><u>\$ 739,840</u></b>	<b><u>\$ 1,431</u></b>	<b><u>\$ 12,762</u></b>	<b><u>\$ 1,799</u></b>	<b><u>\$ 435</u></b>	<b><u>\$ 27,589</u></b>	<b><u>\$ 4,241</u></b>	<b><u>\$ 45,274</u></b>	<b><u>\$ 37,478</u></b>	<b><u>\$ 18,481</u></b>	<b><u>\$ 1,910,441</u></b>

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2019

**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 \$271,523 as of June 30, 2019. 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 \$389,219 at June 30, 2019.

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, 2019, was \$952,144. 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	
2020	\$ 21,072	\$ 50,293	\$ 57,068	\$ 6,608	\$ 135,041
2021	22,360	49,004	57,638	6,038	135,040
2022	23,580	47,784	58,214	5,461	135,039
2023	24,866	46,498	58,796	4,879	135,039
2024	26,097	45,267	59,384	4,291	135,039
2025-2029	154,043	202,779	272,796	12,436	642,054
2030-2034	200,914	155,907	96,846	1,977	455,644
2035-2039	262,048	94,772	-	-	356,820
2040-2043	217,164	20,248	-	-	237,412
	<u>\$ 952,144</u>	<u>\$ 712,552</u>	<u>\$ 660,742</u>	<u>\$ 41,690</u>	<u>\$ 2,367,128</u>

Long-term debt activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Note payable - construction	\$ 972,335	\$ -	\$ 20,191	\$ 952,144	\$ 21,072
Accrued annual leave	124,404	2,592	-	126,996	n/a
Total	<u>\$ 1,096,739</u>	<u>\$ 2,592</u>	<u>20,191</u>	<u>\$ 1,079,140</u>	<u>\$ 21,072</u>
<u>Business-type activities:</u>					
2002 Note payable	\$ 417,080	\$ -	\$ 27,861	\$ 389,219	\$ 27,946
1998 Note payable	300,365	-	28,842	271,523	29,122
Total	<u>\$ 717,445</u>	<u>\$ -</u>	<u>\$ 56,703</u>	<u>\$ 660,742</u>	<u>\$ 57,068</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, 2019

**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 prior years, the District participated in a money purchase retirement plan entitled Northwest Tennessee Development District Employee Pension Plan administered by The Principal Group. It is a defined contribution retirement plan which provides retirement benefits for all full-time permanent employees. Forfeitures were determined at least once each plan year and were allocated to active participants as of the last day of the plan year in which such forfeitures were determined. The Board of Directors had the authority to make any changes to the rate of contribution. The District contributed \$78,860 to this plan for the period from July 1, 2018, through January 2019, equal to ten percent (10%) of the permanent full-time employees' gross salaries. There were no forfeitures during the current period. This plan continues to provide life insurance coverage at \$75,000 per employee.

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 period from January 2019 through June 30, 2019, the District contributed \$56,944 to this plan. There were no forfeitures during the year ended June 30, 2019. It is estimated that the District's contributions to the retirement plan will be \$139,878 for the fiscal year ending June 30, 2020.



## **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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
State	\$ 230,000	\$ 230,000	\$ 230,000	\$ -
Local	53,467	53,467	52,978	(489)
Indirect	538,533	538,533	496,809	(41,724)
Building rent	87,696	87,696	87,580	(116)
Interest	-	-	2,207	2,207
<b>Total revenues</b>	<u>909,696</u>	<u>909,696</u>	<u>869,574</u>	<u>(40,122)</u>
<b>Expenditures</b>				
Salaries	395,911	395,911	390,221	(5,690)
Fringe benefits	106,225	106,225	114,729	8,504
Travel	31,299	31,299	18,127	(13,172)
Utilities and communications	37,452	37,452	34,863	(2,589)
Supplies	43,062	43,062	29,580	(13,482)
Copying and printing	-	-	24	24
Rent, repair and insurance	100,749	100,749	28,230	(72,519)
Audit	1,300	1,300	1,288	(12)
Legal fees	-	-	3,545	3,545
Annual meeting and dues	32,561	32,561	27,573	(4,988)
Matching funds	159,437	159,437	175,258	15,821
Miscellaneous	1,700	1,700	1	(1,699)
White Street renovation	-	-	340	340
Principal payments on note	-	-	20,191	20,191
Interest payments on note	-	-	51,129	51,129
<b>Total expenditures</b>	<u>909,696</u>	<u>909,696</u>	<u>895,099</u>	<u>(14,597)</u>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(25,525)</b>	<b>(25,525)</b>
Fund balance - July 1, 2018	<u>360,999</u>	<u>360,999</u>	<u>360,999</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ 360,999</u>	<u>\$ 360,999</u>	<u>\$ 335,474</u>	<u>\$ (25,525)</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, 2019

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
Federal	\$ 702,635	\$ 702,635	\$ 535,273	\$ (167,362)
State	138,990	138,990	123,103	(15,887)
Local	140,584	140,584	187,127	46,543
Pass through - Federal and State	1,497,500	1,497,500	2,414,077	916,577
Interest income	-	-	1,450	1,450
Total revenues	<u>2,479,709</u>	<u>2,479,709</u>	<u>3,261,030</u>	<u>781,321</u>
<b>Expenditures</b>				
Salaries	465,908	465,908	431,016	(34,892)
Fringe benefits	162,178	162,178	132,706	(29,472)
Travel	28,899	28,899	39,860	10,961
Utilities and communications	17,808	17,808	28,668	10,860
Supplies	29,330	29,330	40,454	11,124
Postage	4,250	4,250	7,406	3,156
Copying and printing	1,500	1,500	3,716	2,216
Indirect costs	40,866	40,866	44,985	4,119
Computer expense	7,800	7,800	25,993	18,193
Rent, repair and insurance	53,541	53,541	35,939	(17,602)
Audit	19,600	19,600	20,600	1,000
Pass through	1,619,579	1,619,579	2,243,263	623,684
Annual meetings and dues	12,700	12,700	6,811	(5,889)
Miscellaneous	11,700	11,700	20,635	8,935
Senior games	4,050	4,050	8,164	4,114
Respite	-	-	170,814	170,814
Total expenditures	<u>2,479,709</u>	<u>2,479,709</u>	<u>3,261,030</u>	<u>781,321</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2018	-	-	-	-
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
GUARDIANSHIP  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Pass through from Aging - State	\$ 112,600	\$ 112,600	\$ 103,200	\$ (9,400)
Local	<u>27,300</u>	<u>27,300</u>	<u>49,060</u>	<u>21,760</u>
Total revenues	<u>139,900</u>	<u>139,900</u>	<u>152,260</u>	<u>12,360</u>
 Expenditures				
Salaries	69,100	69,100	79,775	10,675
Fringe benefits	10,500	10,500	12,025	1,525
Travel	8,463	8,463	15,254	6,791
Utilities and communications	6,500	6,500	5,142	(1,358)
Supplies	2,300	2,300	2,273	(27)
Postage	500	500	609	109
Copying and printing	200	200	23	(177)
Indirect costs	6,359	6,359	8,357	1,998
Computer expense	3,800	3,800	1,513	(2,287)
Rent, repair and insurance	15,278	15,278	9,874	(5,404)
Annual meeting and dues	1,400	1,400	1,915	515
Legal	<u>15,500</u>	<u>15,500</u>	<u>15,500</u>	<u>-</u>
Total expenditures	<u>139,900</u>	<u>139,900</u>	<u>152,260</u>	<u>12,360</u>
 <b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 Fund balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
ADMINISTRATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
Federal	\$ 122,400	\$ 122,400	\$ 113,134	\$ (9,266)
State	61,629	61,629	444,204	382,575
Local	28,510	28,510	73,749	45,239
Total revenues	<u>212,539</u>	<u>212,539</u>	<u>631,087</u>	<u>418,548</u>
<b>Expenditures</b>				
Salaries	129,870	129,870	134,899	5,029
Fringe benefits	37,293	37,293	47,522	10,229
Travel	4,000	4,000	8,690	4,690
Utilities and communications	3,800	3,800	4,928	1,128
Supplies	1,500	1,500	52	(1,448)
Postage	500	500	261	(239)
Copying and printing	400	400	166	(234)
Indirect costs	11,952	11,952	14,143	2,191
Rent, repair and insurance	15,224	15,224	9,817	(5,407)
Audit	3,000	3,000	3,863	863
Pass through - Arts Funding	-	-	10,750	10,750
Annual meetings and dues	5,000	5,000	1,237	(3,763)
Emergency home repair program	-	-	373,026	373,026
Matching funds	-	-	21,733	21,733
Total expenditures	<u>212,539</u>	<u>212,539</u>	<u>631,087</u>	<u>418,548</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2019**

<b>ASSETS</b>	<b>EDA</b>	<b>Solid Waste</b>	<b>Local Planning</b>	<b>Care Transitions</b>	<b>Medicaid Waiver</b>	<b>Home and Community Based Svcs</b>	<b>TDOT</b>	<b>Historic Preservation</b>	<b>Totals</b>
Current assets									
Accounts receivable	\$ -	\$ -	\$ 1,438	\$ 1,404	\$ 50,104	\$ 50,356	\$ -	\$ -	\$ 103,302
Due from General Fund	-	-	149,316	-	123,996	2,704	-	3,250	279,266
Due from other funds	-	5,280	-	-	-	-	10,876	5,577	21,733
Due from grantor - Federal	17,500	-	-	-	-	-	23,443	9,652	50,595
Due from grantor - State	-	10,314	-	-	-	-	2,931	-	13,245
<b>Total assets</b>	<b><u>\$17,500</u></b>	<b><u>\$15,594</u></b>	<b><u>\$ 150,754</u></b>	<b><u>\$ 1,404</u></b>	<b><u>\$174,100</u></b>	<b><u>\$ 53,060</u></b>	<b><u>\$ 37,250</u></b>	<b><u>\$ 18,479</u></b>	<b><u>\$ 468,141</u></b>
<b>LIABILITIES AND FUND BALANCE</b>									
Current liabilities									
Payroll liabilities	\$ (468)	\$ (430)	\$ (143)	\$ 26	\$ (343)	\$ 1,299	\$ (228)	\$ (2)	\$ (289)
Due to General Fund	1,431	12,762	1,799	435	4,241	44,705	37,478	18,481	121,332
Due to other funds	-	-	-	-	-	569	-	-	569
Due to grantor - State	-	3,262	-	-	-	-	-	-	3,262
Unearned revenue - Federal	4,137	-	-	-	-	-	-	-	4,137
Unearned revenue - Local	12,400	-	149,098	943	170,202	6,487	-	-	339,130
Total current liabilities	17,500	15,594	150,754	1,404	174,100	53,060	37,250	18,479	468,141
Fund balance									
Restricted	-	-	-	-	-	-	-	-	-
<b>Total liabilities and fund balance</b>	<b><u>\$17,500</u></b>	<b><u>\$15,594</u></b>	<b><u>\$ 150,754</u></b>	<b><u>\$ 1,404</u></b>	<b><u>\$174,100</u></b>	<b><u>\$ 53,060</u></b>	<b><u>\$ 37,250</u></b>	<b><u>\$ 18,479</u></b>	<b><u>\$ 468,141</u></b>

*See independent auditor's report*

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

For the Year Ended June 30, 2019

	<u>EDA</u>	<u>Solid Waste</u>	<u>Local Planning</u>	<u>Care Transitions</u>	<u>Medicaid Waiver</u>	<u>Home and Community Based Svcs</u>	<u>TDOT</u>	<u>Historic Preservation</u>	<u>Totals</u>
<b>Revenues</b>									
Federal	\$ 65,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,680	\$ 33,490	\$ 161,033
State	-	52,898	-	-	-	272,840	7,710	-	333,448
Local	5,100	5,280	86,331	7,634	-	3,173	18,100	32,827	158,445
Pass through from Aging	-	-	-	-	258,856	-	-	-	258,856
<b>Total revenues</b>	<u>70,963</u>	<u>58,178</u>	<u>86,331</u>	<u>7,634</u>	<u>258,856</u>	<u>276,013</u>	<u>87,490</u>	<u>66,317</u>	<u>911,782</u>
<b>Expenditures</b>									
Salaries	42,277	27,007	53,394	3,942	141,460	150,962	53,867	37,145	510,054
Fringe benefits	17,376	16,638	19,414	2,135	64,353	66,207	15,026	17,493	218,642
Travel	1,020	4,627	2,523	487	13,056	12,707	4,764	1,742	40,926
Utilities and communications	1,768	1,066	1,376	387	8,362	12,945	1,603	1,373	28,880
Supplies	-	733	-	-	3,442	827	821	700	6,523
Postage	90	350	200	-	325	210	200	258	1,633
Copying and printing	87	345	151	-	739	918	642	67	2,949
Indirect costs	4,448	2,839	5,608	414	14,875	15,864	5,727	3,918	53,693
Computer expense	-	-	-	-	1,153	498	-	-	1,651
Rent, repair and insurance	3,476	2,331	3,640	269	10,756	10,793	3,880	3,156	38,301
Annual meetings and dues	421	2,242	25	-	335	1,295	960	465	5,743
Miscellaneous	-	-	-	-	-	127	-	-	127
Public Partnerships expense	-	-	-	-	-	2,660	-	-	2,660
<b>Total expenditures</b>	<u>70,963</u>	<u>58,178</u>	<u>86,331</u>	<u>7,634</u>	<u>258,856</u>	<u>276,013</u>	<u>87,490</u>	<u>66,317</u>	<u>911,782</u>
<b>Net change in fund balance</b>	-	-	-	-	-	-	-	-	-
Fund balance - July 1, 2018	-	-	-	-	-	-	-	-	-
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
EDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 70,000	\$ 70,000	\$ 65,863	\$ (4,137)
Local	<u>17,500</u>	<u>17,500</u>	<u>5,100</u>	<u>(12,400)</u>
Total revenues	<u>87,500</u>	<u>87,500</u>	<u>70,963</u>	<u>(16,537)</u>
 Expenditures				
Salaries	54,350	54,350	42,277	(12,073)
Fringe benefits	20,750	20,750	17,376	(3,374)
Travel	1,236	1,236	1,020	(216)
Utilities and communications	200	200	1,768	1,568
Supplies	800	800	-	(800)
Postage	-	-	90	90
Copying and printing	-	-	87	87
Indirect costs	5,002	5,002	4,448	(554)
Rent, repair and insurance	5,162	5,162	3,476	(1,686)
Annual meetings and dues	<u>-</u>	<u>-</u>	<u>421</u>	<u>421</u>
Total expenditures	<u>87,500</u>	<u>87,500</u>	<u>70,963</u>	<u>(16,537)</u>
 <b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 Fund balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*



**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SOLID WASTE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
State	\$ 52,891	\$ 52,891	\$ 52,898	\$ 7
Local	-	-	5,280	5,280
Total revenues	<u>52,891</u>	<u>52,891</u>	<u>58,178</u>	<u>5,287</u>
Expenditures				
Salaries	22,626	22,626	27,007	4,381
Fringe benefits	14,465	14,465	16,638	2,173
Travel	8,645	8,645	4,627	(4,018)
Utilities and communications	500	500	1,066	566
Supplies	400	400	733	333
Postage	400	400	350	(50)
Copying and printing	-	-	345	345
Indirect costs	2,082	2,082	2,839	757
Rent, repair and insurance	3,773	3,773	2,331	(1,442)
Annual meetings and dues	-	-	2,242	2,242
Total expenditures	<u>52,891</u>	<u>52,891</u>	<u>58,178</u>	<u>5,287</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2018	-	-	-	-
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
CARE TRANSITIONS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Local	\$ 21,600	\$ 21,600	\$ 7,634	\$ (13,966)
Expenditures				
Salaries	4,500	4,500	3,942	(558)
Fringe benefits	700	700	2,135	1,435
Travel	200	200	487	287
Utilities and communications	300	300	387	87
Indirect costs	414	414	414	-
Rent, repair and insurance	390	390	269	(121)
Miscellaneous	15,096	15,096	-	(15,096)
Total expenditures	<u>21,600</u>	<u>21,600</u>	<u>7,634</u>	<u>(13,966)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
MEDICAID WAIVER  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Pass through from Aging	\$ 294,082	\$ 294,082	\$ 258,856	\$ (35,226)
Expenditures				
Salaries	186,332	186,332	141,460	(44,872)
Fringe benefits	61,923	61,923	64,353	2,430
Travel	5,000	5,000	13,056	8,056
Utilities and communications	4,000	4,000	8,362	4,362
Supplies	1,100	1,100	3,442	2,342
Postage	150	150	325	175
Copying and printing	1,500	1,500	739	(761)
Indirect costs	17,148	17,148	14,875	(2,273)
Computer expense	1,500	1,500	1,153	(347)
Rent, repair and insurance	15,429	15,429	10,756	(4,673)
Annual meetings and dues	-	-	335	335
Total expenditures	<u>294,082</u>	<u>294,082</u>	<u>258,856</u>	<u>(35,226)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

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

For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
State	\$ 174,566	\$ 174,566	\$ 272,840	\$ 98,274
Local	32,984	32,984	3,173	(29,811)
Pass through from Aging	634,557	634,557	-	(634,557)
Total revenues	<u>842,107</u>	<u>842,107</u>	<u>276,013</u>	<u>(566,094)</u>
Expenditures				
Salaries	115,885	115,885	150,962	35,077
Fringe benefits	39,715	39,715	66,207	26,492
Travel	8,513	8,513	12,707	4,194
Utilities and communications	9,072	9,072	12,945	3,873
Supplies	3,540	3,540	827	(2,713)
Postage	50	50	210	160
Copying and printing	200	200	918	718
Indirect costs	10,665	10,665	15,864	5,199
Computer expense	1,700	1,700	498	(1,202)
Rent, repair and insurance	17,610	17,610	10,793	(6,817)
Pass through	634,557	634,557	-	(634,557)
Annual meetings and dues	600	600	1,295	695
Miscellaneous	-	-	127	127
Public Partnerships expense	-	-	2,660	2,660
Total expenditures	<u>842,107</u>	<u>842,107</u>	<u>276,013</u>	<u>(566,094)</u>
 <b>Net change in fund balance</b>	 -	 -	 -	 -
Fund balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
TDOT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 64,994	\$ 64,994	\$ 61,680	\$ (3,314)
State	-	-	7,710	7,710
Local	7,222	7,222	18,100	10,878
Total revenues	<u>72,216</u>	<u>72,216</u>	<u>87,490</u>	<u>15,274</u>
Expenditures				
Salaries	46,943	46,943	53,867	6,924
Fringe benefits	11,853	11,853	15,026	3,173
Travel	1,928	1,928	4,764	2,836
Utilities and communications	400	400	1,603	1,203
Supplies	550	550	821	271
Postage	25	25	200	175
Copying and printing	25	25	642	617
Indirect costs	4,320	4,320	5,727	1,407
Rent, repair and insurance	6,172	6,172	3,880	(2,292)
Annual meetings and dues	-	-	960	960
Total expenditures	<u>72,216</u>	<u>72,216</u>	<u>87,490</u>	<u>15,274</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
LOCAL PLANNING  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Local	\$ 82,500	\$ 82,500	\$ 86,331	\$ 3,831
Expenditures				
Salaries	48,834	48,834	53,394	4,560
Fringe benefits	18,715	18,715	19,414	699
Travel	3,511	3,511	2,523	(988)
Utilities and communications	500	500	1,376	876
Supplies	800	800	-	(800)
Postage	-	-	200	200
Copying and printing	-	-	151	151
Indirect costs	4,494	4,494	5,608	1,114
Rent, repair and insurance	5,646	5,646	3,640	(2,006)
Annual meetings and dues	-	-	25	25
Total expenditures	<u>82,500</u>	<u>82,500</u>	<u>86,331</u>	<u>3,831</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
HISTORIC PRESERVATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>Revenues</b>				
Federal	\$ 36,000	\$ 36,000	\$ 33,490	\$ (2,510)
Matching fund revenue	24,000	24,000	27,250	3,250
Local	-	-	5,577	5,577
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>66,317</u>	<u>6,317</u>
<b>Expenditures</b>				
Salaries	29,785	29,785	37,145	7,360
Fringe benefits	14,957	14,957	17,493	2,536
Travel	5,000	5,000	1,742	(3,258)
Utilities and communications	800	800	1,373	573
Supplies	1,044	1,044	700	(344)
Postage	200	200	258	58
Copying and printing	200	200	67	(133)
Indirect costs	2,741	2,741	3,918	1,177
Rent, repair and insurance	5,273	5,273	3,156	(2,117)
Annual meetings and dues	-	-	465	465
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>66,317</u>	<u>6,317</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2018	-	-	-	-
Fund balance - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF LOCAL CONTRIBUTIONS**  
For the Year Ended June 30, 2019

<b>Benton County</b>	
County of	\$ 2,710
Camden, Town of	800
<b>Carroll County</b>	
County of	5,990
<b>Crockett County</b>	
County of	3,063
<b>Dyer County</b>	
County of	8,051
<b>Gibson County</b>	
County of	4,287
Bradford, City of	220
Dyer, City of	492
Gibson, City of	-
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
<b>Henry County</b>	
County of	6,789
<b>Lake County</b>	
County of	1,645
<b>Obion County</b>	
County of	4,751
Hornbeak, City of	45
Kenton, City of	135
Obion, Town of	117
Rives, City of	34
Samburg, City of	23
South Fulton, City of	247
Troy, Town of	144
Union City, City of	1,144
Woodland Mills, City of	40
<b>Weakley County</b>	
County of	3,354
Dresden, City of	631
Gleason, City of	303
Greenfield, City of	458
Martin, City of	2,409
Sharon, City of	198
<b>Total</b>	<b><u><u>\$ 53,432</u></u></b>

*See independent auditor's report*



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

June 30, 2019

<u>Year Ending</u> <u>June 30</u>	<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>
2020	\$ 21,072	\$ 50,293	\$ 27,946	\$ 3,892	\$ 29,122	\$ 2,716
2021	22,360	49,004	28,225	3,613	29,413	2,425
2022	23,580	47,784	28,507	3,331	29,707	2,130
2023	24,866	46,498	28,792	3,046	30,004	1,833
2024	26,097	45,267	29,080	2,758	30,304	1,533
2025	27,646	43,718	29,371	2,467	30,607	1,230
2026	29,154	42,210	29,665	2,173	30,914	924
2027	30,745	40,620	29,962	1,876	31,519	615
2028	32,314	39,051	30,261	1,577	29,933	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	34,799	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	23,074	245	-	-	-	-
	<b><u>\$ 952,144</u></b>	<b><u>\$ 712,552</u></b>	<b><u>\$ 389,219</u></b>	<b><u>\$27,984</u></b>	<b><u>\$ 271,523</u></b>	<b><u>\$13,706</u></b>

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2019**

<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			\$ 717,446
10.551	Pass-through Tennessee Commission on Aging/ Supplemental Nutrition Assistance Program			1,621
10.551	Supplemental Nutrition Assistance Program			<u>16,638</u>
				<u>18,259</u>
	<i>Total U.S. Department of Agriculture</i>			735,705
11.302	U.S. Department of Commerce/ Pass-through Economic Development Administration/ Economic Development-Support for Planning Organizations			65,863
16.575	U.S. Department of Justice Pass-through Tennessee Commission on Aging/ Crime Victim Assistance			71,422
20.205	U.S. Department of Transportation, Federal Highway Administration Highway Planning and Construction			61,680
90.200	Delta Regional Authority/ Pass Through TN Dept of Economic and Community Development Delta Regional Development			40,909
15.904	Department of the Interior Pass Through TN Historical Commission Historical Preservation			29,333
15.904	Historical Preservation			<u>4,156</u>
				33,489
93.048	U.S. Department of Health and Human Services, Administration on Aging/ Pass-through Tennessee Commission on Aging/ Special Programs for the Aging, Title IV and Title II, Discretionary Projects			17,000
93.048	Special Programs for the Aging, Title IV and Title II, Discretionary Projects			<u>9,724</u>
				26,724
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for the Prevention of Elder Abuse, Neglect and Exploitation			3,151
93.052	National Family Caregiver Support - Title III E			5,026
93.052	National Family Caregiver Support - Title III E			238,004
93.052	National Family Caregiver Support - Title III E - Area Planning			<u>18,800</u>
				261,830
	Special Programs for the Aging:			
93.043	Disease Prevention and Health Promotion Services - Title III D	58497	\$ 26,106 *	20,891
93.043	Disease Prevention and Health Promotion Services - Title III D			<u>10,455</u>
				31,346
	Aging Cluster:			
93.044	Grants for Supportive Services and Senior Citizens-Title III B			485,260
93.044	Grants for Supportive Services and Senior Citizens-Title III B			<u>285</u>
	<i>Total 93.044</i>	58497	56,809	485,545

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2019

<b>CFDA Number</b>	<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Pass-through Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
93.045	Nutrition Services-Title IIIC			215,119
93.045	Nutrition Services-Title IIIC			329,489
93.045	Nutrition Services-Title IIIC - Area Planning			<u>155,028</u>
	<i>Total 93.045</i>	58497	582,586	699,636
93.053	Nutrition Services Incentive Program	58497	<u>54,069</u>	<u>76,203</u>
	Total aging cluster		<u>693,464</u> *	1,261,384
 Administration for Children and Families/				
93.071	MIPPA			8,429
93.071	MIPPA			19,166
93.324	SHIP			<u>79,459</u>
	<i>Total Department of Health and Human Services</i>			<u>107,054</u>
				1,691,489
 Centers for Medicare and Medicaid Services/ Bureau of TennCare Department of F & A/				
93.778	Home and Community Based Services (HCBS)			68,774
93.778	Home and Community Based Services (HCBS)			<u>178,268</u>
				<u>247,042</u>
 <b>Total Federal Awards</b>			<b><u>\$719,570</u></b>	<b><u>\$ 2,947,599</u></b>

\* a major program

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

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Northwest Tennessee Development District under programs of the federal government for the year ended June 30, 2019. 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

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

Note 4 – The USDA Intermediary Relending Program is administered by the Northwest Tennessee Development District, and balances and transactions relating to these programs are included in the District's basic financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the schedule above. There were no new loans made during the year ended June 30, 2019. The balance of the loans outstanding at June 30, 2019, consists of:

Loan #61-02 \$271,523  
Loan #61-03 \$389,219

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2018**

<u>State Grant Number</u>	<u>Grantor Agency/Program Name</u>	<u>Expenditures</u>
31620-00486 63000	Tennessee Housing Development Agency	
	Housing Tech Assistance	\$ 18,538
	Housing Emergency Repair	328,115
		<u>346,653</u>
58399	Tennessee Department of Environment and Conservation Solid Waste	52,898
59332	Tennessee Department of Economic and Community Development Local Planning	230,000
54510	Tennessee Commission on Aging Aging - Guardianship & Options	55,319
54510	Aging - Guardianship & Options	553,680
54509	Aging	30,535
58497	Aging	157,665
		<u>797,199</u>
36656	Bureau of TennCare Department of F & A Home and Community Based Services (HCBS)	68,774
36656	Home and Community Based Services (HCBS)	178,268
		<u>247,042</u>
57479	Tennessee Arts Commission Development District	12,556
50679	Tennessee Department of Transportation Rural Planning Organization Program	7,710
58270	Tennessee Advisory Commission on Intergovernmental Relations	59,629
	<b>Total State Assistance</b>	<b><u>\$ 1,753,687</u></b>

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, 2019, 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 6, 2019.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Alexander Thompson Arnold PLLC*

Union City, Tennessee  
December 6, 2019



---

**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, 2019. 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, 2019.



## 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 6, 2019

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

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

***Financial Statements***

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

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major federal programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Aging Cluster:
93.044	Aging–Supportive Services–Title III, Part B
93.045	Aging–Nutrition Services–Title III, Part C
93.053	NSIP Nutrition
93.052	National Family Caregiver Support – Title III E

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

Auditee qualified as low-risk auditee?  yes  no

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2019

**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, 2019

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.