

**NORTHWEST TENNESSEE  
DEVELOPMENT DISTRICT**

**ANNUAL REPORT**

**June 30, 2023**

# NORTHWEST TENNESSEE DEVELOPMENT DISTRICT

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## **INTRODUCTORY SECTION**

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
BOARD OFFICERS**

For the Year Ended June 30, 2023

Jake Bynum, Chairman

John Penn Ridgeway, Vice-chairman

Joseph Butler, Secretary/Treasurer

## **FINANCIAL SECTION**



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## Independent Auditor's Report

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

### Report on the Financial Statements

#### *Opinions*

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Tennessee Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management 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.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

### **Supplementary 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 accompanying 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, schedule of changes in long-term debt by individual issue, and schedule of state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, schedule of changes in long-term debt by individual issue, and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the schedule of Board Officers but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, 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.

*ATA, PLLC*

Union City, Tennessee  
January 19, 2024

## 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, 2023.

### FINANCIAL HIGHLIGHTS

- The assets of the Northwest Tennessee Development District exceeded its liabilities at the close of the most recent fiscal year by \$94 thousand (net position).
- Total net position decreased by \$211 thousand during the year ended June 30, 2023, with governmental activities reporting a decrease of \$214 thousand and business-type activities reporting an increase of \$3 thousand.
- As of the close of the current fiscal year, the Northwest Tennessee Development District's general fund reported an ending fund balance of \$215 thousand, a decrease of \$184 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 ten governmental funds and one proprietary fund.

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

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

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

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

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

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

## MANAGEMENT’S DISCUSSION AND ANALYSIS

### Supplementary Information

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position** – As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Northwest Tennessee Development District, assets exceed liabilities by \$93,674 at the close of the most recent fiscal year. Of this amount, \$204,030 represents unrestricted net position, while the District’s investment in capital assets, net of related debt, is (\$110,356). 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 4,054,918	\$ 4,289,273	\$ 540,354	\$ 596,127	\$ 4,595,272	\$ 4,885,400
Capital assets	753,973	792,313	0	0	753,973	792,313
Total assets	4,808,891	5,081,586	540,354	596,127	5,349,245	5,677,713
Current liabilities	3,840,422	3,890,432	0	0	3,840,422	3,890,432
Long-term liabilities	985,886	994,649	429,263	487,832	1,415,149	1,482,481
Total liabilities	4,826,308	4,885,081	429,263	487,832	5,255,571	5,372,913
Net position						
Net investment in capital assets	(110,356)	(92,798)	0	0	(110,356)	(92,798)
Unrestricted	92,939	289,303	111,091	108,295	204,030	397,598
Total net position	\$ (17,417)	\$ 196,505	\$ 111,091	\$ 108,295	\$ 93,674	\$ 304,800

Net position decreased by \$211 thousand from the prior year. The main decreases were in cash and accounts payable. Cash in the General Fund decreased due to a delay in reimbursing indirect costs. The decrease in capital assets was depreciation expense on existing capital assets and the decrease in long-term liabilities was the result of current year debt payments.

**Statement of Activities** – As noted earlier, the statement of activities is designed to provide readers with a broad overview of the District’s finances in a manner similar to a private-sector business. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless

## MANAGEMENT’S DISCUSSION AND ANALYSIS

of the timing of related cash flows. As such, instead of the \$184 thousand decrease in fund balance at the fund level, there is a \$214 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 \$38 thousand in depreciation expense at the government-wide level, and the \$12 thousand increase in the liability for compensated absences also decreased net position. Payments against long-term debt increased net position by \$21 thousand. Business-type activities increased net position by \$3 thousand due to interest revenue exceeding interest expense on loans.

### Condensed Statement of Activities

	Government Activities		Bus-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenue</b>						
Program Revenues						
Charges for services	\$ 1,612,137	\$ 1,869,506	\$ 7,953	\$ 9,916	\$ 1,620,090	\$ 1,879,422
Operating grants/contributions	6,754,253	5,185,243			6,754,253	5,185,243
Capital grants/contributions	0	0	0	0	0	0
General revenues						
Interest	2,782	3,384	0	0	2,782	3,384
Total revenues	8,369,172	7,058,133	7,953	9,916	8,377,125	7,068,049
<b>Expenses</b>						
General Fund	1,177,669	964,044			1,177,669	964,044
Aging	5,855,753	4,145,648			5,855,753	4,145,648
Guardianship	224,258	210,576			224,258	210,576
Solid Waste	55,162	-			55,162	-
EDA	221,055	59,985			221,055	59,985
Local Planning	105,401	390,522			105,401	390,522
Administration	329,142	646,267			329,142	646,267
Medicaid Waiver	265,822	262,245			265,822	262,245
Home & Comm Based Serv	212,699	249,124			212,699	249,124
Historic Preservation	66,198	55,220			66,198	55,220
TDOT	69,935	92,908			69,935	92,908
Comm Dev Corp Loan Prog	0	0	5,157	5,737	5,157	5,737
Total expenses	8,583,094	7,076,539	5,157	5,737	8,588,251	7,082,276
Change in net position	(213,922)	(18,406)	2,796	4,179	(211,126)	(14,227)
Net position - beginning	196,505	214,911	108,295	104,116	304,800	319,027
Net position - ending	\$ (17,417)	\$ 196,505	\$111,091	\$108,295	\$ 93,674	\$ 304,800

**Governmental activities** – Governmental activities decreased the District’s net position by \$214 thousand during the current year. Expenses increased \$1.5 million during 2023, while revenues increased by \$1.3 million. The program with the largest increase was Aging, due to purchasing additional supplies. The largest percentage increase was in EDA due to the addition of the EDA Disaster Recovery program and subsequent funding. Solid Waste program was reinstated during the current year. The largest decreases were in Local Planning and Administration due to less funding of CDBG projects.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Business-type activities** – Interest income in the Community Development Corporation Loan Program was \$7,953, while operating expenses were \$5,157, resulting in a \$2,796 increase in net position.

### FUND FINANCIAL STATEMENTS ANALYSIS

**Governmental funds** – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2023, the General Fund had unassigned fund balance of \$215 thousand.

Revenues in the Aging Fund, which made up 70% of total governmental revenues, were \$1.7 million more than the prior year due to an increase in programs and additional funding. Revenues in the Administration Fund decreased by \$313 thousand due to less grants and administration fees. Revenues in the General Fund and Guardianship were comparable to 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** – Expenditures in the General Fund were \$205 thousand more than budgeted, mainly in matching funds due to programs needing additional funding to cover expenses. Actual revenues for the Aging Fund were \$3.1 million more than budgeted revenues, mainly in pass-through revenue. Actual expenditures in the Aging Fund exceeded the budget mainly in pass-through expenditures by \$1.5 million. Unbudgeted expenditures for federal and state ARRA expenses totaling \$830 thousand plus Options 2.0 expenses of \$447 thousand also added to the over-budget total. In the Home and Community Based Services Fund, revenues were under budget by \$826 thousand, mainly in pass through funds from Aging due to funding increases in other programs.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets** – As of June 30, 2023, the District had capital assets, net of depreciation, of \$754 thousand. No new capital assets were purchased during the current year. Depreciation on capital assets for the year was \$38,340. 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 \$864,329 as of June 30, 2023, in governmental activities against a construction loan. A liability of \$121,557 has been recorded for accrued annual leave in governmental activities. The business-type activities had long-term

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

debt of \$429,263 at June 30, 2023, through its Community Development Corporation Loan Program. Loans receivable at June 30, 2023, were \$171,410 due to no new loans being extended and payments on existing loans of \$28,674. 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. Unemployment and worker shortage is starting to improve. Next year's budget will look similar to this year. We are always hiring more staff and adding programs when available. We look forward to growth in Northwest Tennessee this year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Katelyn Edwards at the Northwest Tennessee Development District, P.O. Box 963, 124 Weldon Drive, Martin, TN 38237.

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

June 30, 2023

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash	\$ 829,571	\$ 368,944	\$ 1,198,515
Restricted cash	82,132	-	82,132
Other restricted assets	1,190,194	-	1,190,194
Accounts receivable	921,127	-	921,127
Due from Human Resource Agency	51,021	-	51,021
Due from grantor - Federal	614,975	-	614,975
Due from grantor - State	365,898	-	365,898
Noncurrent assets:			
Loans receivable	-	171,410	171,410
Capital assets (net of accumulated depreciation)	<u>753,973</u>	<u>-</u>	<u>753,973</u>
<b>Total assets</b>	<b><u>4,808,891</u></b>	<b><u>540,354</u></b>	<b><u>5,349,245</u></b>
<b>LIABILITIES</b>			
Accounts payable	503,634	-	503,634
Payroll liabilities	4,756	-	4,756
Trustee's liability	1,268,973	-	1,268,973
Unearned revenue - Federal	107,731	-	107,731
Unearned revenue - Local	1,955,328	-	1,955,328
Non-current liabilities:			
Accrued annual leave	121,557	-	121,557
Debt due within one year	22,349	59,384	81,733
Debt due in more than one year	<u>841,980</u>	<u>369,879</u>	<u>1,211,859</u>
<b>Total liabilities</b>	<b><u>4,826,308</u></b>	<b><u>429,263</u></b>	<b><u>5,255,571</u></b>
<b>Net position</b>			
Net investment in capital assets	(110,356)	-	(110,356)
Unrestricted	<u>92,939</u>	<u>111,091</u>	<u>204,030</u>
<b>Total net position</b>	<b><u>\$ (17,417)</u></b>	<b><u>\$ 111,091</u></b>	<b><u>\$ 93,674</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, 2023

<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	\$ 1,177,669	\$ 740,846	\$ 230,000	\$ -	\$ (206,823)	\$ -	\$ (206,823)
Aging	5,855,753	-	5,853,087	-	(2,666)	-	(2,666)
Guardianship	224,258	32,290	191,622	-	(346)	-	(346)
EDA	221,055	76,146	144,679	-	(230)	-	(230)
Solid Waste	55,162	-	55,162	-	-	-	-
Local Planning	105,401	104,561	840	-	-	-	-
Administration	329,142	322,560	-	-	(6,582)	-	(6,582)
Medicaid Waiver	265,822	265,799	-	-	(23)	-	(23)
Home & Community Based Services	212,699	-	212,665	-	(34)	-	(34)
TDOT	69,935	69,935	-	-	-	-	-
Historic Preservation	66,198	-	66,198	-	-	-	-
Total governmental activities	8,583,094	1,612,137	6,754,253	-	(216,704)	-	(216,704)
Business-type activities:							
Community Development Corporation Loan Program	5,157	7,953	-	-	-	2,796	2,796
Total	\$ 8,588,251	\$ 1,620,090	\$ 6,754,253	\$ -	(216,704)	2,796	(213,908)
General revenues:							
Interest					2,782	-	2,782
<b>Change in net position</b>					<b>(213,922)</b>	<b>2,796</b>	<b>(211,126)</b>
Net position - beginning					196,505	108,295	304,800
Net position - ending					\$ (17,417)	\$ 111,091	\$ 93,674

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2023

	<u>General Fund</u>	<u>Aging</u>	<u>Guardianship</u>	<u>Administration</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 287,297	\$ 25,018	\$ -	\$ 517,256	\$ -	\$ 829,571
Restricted cash	-	3,353	78,779	-	-	82,132
Other restricted assets	-	-	1,190,194	-	-	1,190,194
Accounts receivable	34,797	689,883	24,496	10,200	161,751	921,127
Due from Human Resource Agency	51,021	-	-	-	-	51,021
Due from General Fund	-	52,141	68,799	966,833	286,417	1,374,190
Due from other funds	1,217,497	-	-	-	140,359	1,357,856
Due from grantor - Federal	-	588,614	-	-	26,361	614,975
Due from grantor - State	-	341,686	-	8,086	16,126	365,898
<b>Total assets</b>	<b><u>\$ 1,590,612</u></b>	<b><u>\$ 1,700,695</u></b>	<b><u>\$ 1,362,268</u></b>	<b><u>\$ 1,502,375</u></b>	<b><u>\$ 631,014</u></b>	<b><u>\$ 6,786,964</u></b>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities						
Accounts payable	\$ 903	\$ 502,731	\$ -	\$ -	\$ -	\$ 503,634
Payroll liabilities	1,023	(889)	(236)	4,042	816	4,756
Due to General Fund	-	1,038,009	-	2,916	176,572	1,217,497
Due to other funds	1,374,190	-	-	140,359	-	1,514,549
Trustee's liability	-	-	1,268,973	-	-	1,268,973
Unearned revenue - Federal	-	94,916	-	-	12,815	107,731
Unearned revenue - Local	-	65,928	93,531	1,355,058	440,811	1,955,328
Total liabilities	1,376,116	1,700,695	1,362,268	1,502,375	631,014	6,572,468
Fund balance						
Unassigned	214,496	-	-	-	-	214,496
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,590,612</u></b>	<b><u>\$ 1,700,695</u></b>	<b><u>\$ 1,362,268</u></b>	<b><u>\$ 1,502,375</u></b>	<b><u>\$ 631,014</u></b>	<b><u>\$ 6,786,964</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, 2023

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

Total fund balance of governmental funds	\$ 214,496
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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>(487,673)</u>	
Net capital assets		753,973

Noncurrent liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(985,886)</u>
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Net position of governmental activities	<u>\$ (17,417)</u>
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*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, 2023

	<u>General Fund</u>	<u>Aging</u>	<u>Guardian.</u>	<u>Admin.</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Revenues</b>						
Federal	\$ -	\$ 723,974	\$ -	\$ 72,868	\$ 235,632	\$ 1,032,474
State	230,000	129,368	-	190,190	274,355	823,913
Local	80,308	267,617	32,290	48,038	220,199	648,452
Pass-through - federal and state	-	4,732,128	-	-	-	4,732,128
Pass through from Aging	-	-	191,622	11,464	265,799	468,885
Indirect	559,117	-	-	-	-	559,117
Building rent	101,421	-	-	-	-	101,421
Interest	2,009	773	-	-	-	2,782
<b>Total revenues</b>	<b><u>972,855</u></b>	<b><u>5,853,860</u></b>	<b><u>223,912</u></b>	<b><u>322,560</u></b>	<b><u>995,985</u></b>	<b><u>8,369,172</u></b>
<b>Expenditures</b>						
Salaries	409,236	568,992	114,791	129,945	580,575	1,803,539
Fringe benefits	147,324	208,743	26,156	43,966	212,236	638,425
Travel	20,879	64,154	29,242	5,609	38,694	158,578
Utilities and communications	32,561	20,549	3,559	1,467	16,114	74,250
Supplies	36,082	172,118	2,822	(3)	9,158	220,177
Postage	-	5,835	1,230	-	1,258	8,323
Copying and printing	-	6,445	7	53	5,396	11,901
Indirect costs	-	72,105	14,585	16,647	73,710	177,047
Computer expense	-	13,827	1,179	397	1,269	16,672
Subcontracts	-	33,400	-	-	-	33,400
Rent, repair and insurance	30,030	97,875	10,870	9,304	39,420	187,499
Audit	4,794	12,991	1,091	995	8,378	28,249
Pass through	-	3,056,148	-	15,270	-	3,071,418
Annual meetings and dues	25,738	9,210	1,875	950	6,103	43,876
Emergency home repair program	-	-	-	69,820	-	69,820
Matching funds	366,156	-	-	22,665	-	388,821
Miscellaneous	4,121	11,952	505	5,475	3,674	25,727
Senior games	-	7,992	-	-	-	7,992
Pandemic expenses	-	18,764	-	-	-	18,764
Federal and state ARRA expenses	-	829,943	-	-	-	829,943
Options 2.0 expenses	-	447,227	-	-	-	447,227
Respite	-	193,201	-	-	-	193,201
Legal	3,522	2,389	16,000	-	-	21,911
Principal payments on note	20,782	-	-	-	-	20,782
Interest payments on note	55,975	-	-	-	-	55,975
<b>Total expenditures</b>	<b><u>1,157,200</u></b>	<b><u>5,853,860</u></b>	<b><u>223,912</u></b>	<b><u>322,560</u></b>	<b><u>995,985</u></b>	<b><u>8,553,517</u></b>
<b>Net change in fund balance</b>	<b>(184,345)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(184,345)</b>
Fund balance - July 1, 2022	<u>398,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398,841</u>
Fund balance - June 30, 2023	<u>\$ 214,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,496</u>

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

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

For the Year Ended June 30, 2023

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

Net change in fund balances of governmental funds \$ (184,345)

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>(38,340)</u>	
Net effect		(38,340)

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	20,782
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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.

(12,019)

Change in net position of governmental activities \$ (213,922)

*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, 2023

**ASSETS**

Current assets

Cash		\$ 308,203
Reserved cash		<u>60,741</u>
Total cash		368,944

Noncurrent assets

Loans receivable	171,410	
Allowance for loan loss		<u>-</u>
Net loans receivable	171,410	
Total noncurrent assets		<u>171,410</u>

**Total assets** **540,354**

**LIABILITIES**

Debt due within one year	59,384	
Debt due in more than one year		<u>369,879</u>
Total liabilities		<u>429,263</u>

**UNRESTRICTED NET POSITION** **\$ 111,091**

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
COMMUNITY DEVELOPMENT CORPORATION LOAN PROGRAM  
For the Year Ended June 30, 2023**

Operating revenue		\$ 7,953
Interest		
Operating expenses		
Administrative costs	\$ 50	
Interest expense	<u>5,107</u>	
Total operating expenses		<u>5,157</u>
<b>Change in net position</b>		<b>2,796</b>
Net position - July 1, 2022		<u>108,295</u>
Net position - June 30, 2023		<u>\$ 111,091</u>

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

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**COMMUNITY DEVELOPMENT CORPORATION LOAN PROGRAM**  
For the Year Ended June 30, 2023

**Cash flows from operating activities**

Collection of interest on loans	\$ 7,953
Collection of principal on loans	28,674
Cash payments for interest	(5,107)
Cash payments for goods and services	<u>(50)</u>
Net cash provided by operating activities	31,470

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

Principal paid on long-term debt	<u>(58,569)</u>
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**Net decrease in cash (27,099)**

Cash - July 1, 2022	<u>396,043</u>
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Cash - June 30, 2023	<u>\$ 368,944</u>
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**Reconciliation of change in net position to net cash provided by operating activities**

Operating income	\$ 2,796
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in loans receivable	<u>28,674</u>
Net cash provided by operating activities	<u>\$ 31,470</u>

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

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

June 30, 2023

**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, 2023

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

The government-wide and proprietary fund 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, 2023

**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**

In governmental funds, federal, state, and local agency entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Program funds authorized from such agencies primarily for reimbursement of allowable costs incurred up to amounts contracted for under each grant are accounted for at the time such costs are incurred. Since the accounting cycles for the individual grants do not necessarily coincide with the District's fiscal year, assets and liabilities may exist at the District's balance sheet date relative to grant funds receivable or received in advance. Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned grant revenue is reported in the accompanying financial statements.

Loans receivable in the Community Development Corporation Loan Program fund are stated at net realizable value. Losses have historically been insignificant; therefore, no allowance for loan loss is reported.

Activity between funds that are representative of lending/borrowing arrangements outstanding or amounts related to allocated expenditures at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

**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.

Capital assets of the District are depreciated using the straight-line method over the assets' useful lives. As of June 30, 2023, 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.

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

June 30, 2023

**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.

**Cost Allocation**

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.

**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.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**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).

**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. 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. As of June 30, 2023, all bank deposits were fully collateralized or insured.

**B. Capital Assets**

The District’s capital assets as of June 30, 2023, are summarized as follows:

	Balance <u>7/1/2022</u>	Additions	Disposals	Balance <u>6/30/2023</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	364,301	37,077	-	401,378
Furniture and equipment	<u>85,032</u>	<u>1,263</u>	<u>-</u>	<u>86,295</u>
	<u>449,333</u>	<u>38,340</u>	<u>-</u>	<u>487,673</u>
Net capital assets being depreciated	<u>792,313</u>	<u>(38,340)</u>	<u>-</u>	<u>753,973</u>
Total capital assets, net	<u>\$ 792,313</u>	<u>\$ (38,340)</u>	<u>\$ -</u>	<u>\$ 753,973</u>

Depreciation for governmental activities was charged to the Aging Fund.

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2023

**C. Interfund Receivables and Payables**

At June 30, 2023, the District's interfund balances consisted of the following:

<b>Due To</b>	<b>Due From</b>										<b>Totals</b>
	General Fund	Aging	EDA	Solid Waste	Local Planning	Administration	Medicaid Waiver	Home & Community Based Services	TDOT	Historic Preservation	
General Fund	\$ -	\$1,038,009	\$ 3,894	\$ 14,819	\$ 90,453	\$ 2,916	\$ 3,220	\$ 21,945	\$ 24,520	\$ 17,721	<b>\$ 1,217,497</b>
Aging	52,141	-	-	-	-	-	-	-	-	-	<b>52,141</b>
Guardianship	68,799	-	-	-	-	-	-	-	-	-	<b>68,799</b>
EDA	17,711	-	-	-	-	37,022	-	-	-	-	<b>54,733</b>
Solid Waste	-	-	-	-	-	909	-	-	-	-	<b>909</b>
TDOT	-	-	-	-	-	6,054	-	-	-	-	<b>6,054</b>
Administration	966,833	-	-	-	-	-	-	-	-	-	<b>966,833</b>
Medicaid Waiver	130,697	-	-	-	-	-	-	-	-	-	<b>130,697</b>
Home & Community Based Services	2,602	-	-	-	-	-	-	-	-	-	<b>2,602</b>
Local Planning	135,407	-	-	-	-	89,053	-	-	-	-	<b>224,460</b>
Historic Preservation	-	-	-	-	-	7,321	-	-	-	-	<b>7,321</b>
<b>Totals</b>	<b>\$1,374,190</b>	<b>\$1,038,009</b>	<b>\$ 3,894</b>	<b>\$ 14,819</b>	<b>\$ 90,453</b>	<b>\$ 143,275</b>	<b>\$ 3,220</b>	<b>\$ 21,945</b>	<b>\$ 24,520</b>	<b>\$ 17,721</b>	<b>\$ 2,732,046</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, 2023

**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 \$153,611 as of June 30, 2023. 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 \$275,652 at June 30, 2023.

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, 2023, was \$864,329 and the interest rate was adjusted to 7% in November 2022. 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	
2024	\$ 22,349	\$ 59,795	\$ 59,384	\$ 4,291	\$ 145,819
2025	23,965	58,179	59,978	3,697	145,819
2026	25,697	56,447	60,579	3,097	145,820
2027	27,555	54,590	61,481	2,491	146,117
2028	29,547	52,597	60,528	1,877	144,549
2029-2033	183,032	227,688	127,313	3,251	541,284
2034-2038	259,472	151,248	-	-	410,720
2039-2043	292,712	44,973	-	-	337,685
	<u>\$ 864,329</u>	<u>\$ 705,517</u>	<u>\$ 429,263</u>	<u>\$ 18,704</u>	<u>\$ 2,017,813</u>

Long-term debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Note payable - construction	\$ 885,111	\$ -	\$ 20,782	\$ 864,329	\$ 22,349
Accrued annual leave	109,538	12,019	-	121,557	n/a
Total	<u>\$ 994,649</u>	<u>\$ 12,019</u>	<u>20,782</u>	<u>\$ 985,886</u>	<u>\$ 22,349</u>
<u>Business-type activities:</u>					
2002 Note payable	\$ 304,553	\$ -	\$ 28,901	\$ 275,652	\$ 29,080
1998 Note payable	183,279	-	29,668	153,611	30,304
Total	<u>\$ 487,832</u>	<u>\$ -</u>	<u>\$ 58,569</u>	<u>\$ 429,263</u>	<u>\$ 59,384</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, 2023

**NOTE 4 – OTHER INFORMATION**

**A. Risk Management**

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

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

**B. Retirement Plans**

In January 2019, the District began participating in the State's 401k plan administered by Empower Retirement. The District contributes 10% of all permanent full-time employees' gross salaries to the plan. The Board of Directors had the authority to make any changes to the rate of contribution. Employees may elect to defer a percentage of their salary into the plan. Employees immediately vest in employee contributions to the plan. For employer contributions, employees become twenty percent (20%) vested after two full years of employment. An additional twenty percent (20%) is vested for each additional full year of employment. An employee becomes fully vested after six years of employment. For the year ended June 30, 2023, the District contributed \$162,974 to this plan. There were no forfeitures during the year ended June 30, 2023. It is estimated that the District's contributions to the retirement plan will be \$163,383 for the fiscal year ending June 30, 2024.

**C. Effect of New Accounting Standards**

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, or SBITAs, effective for years beginning after December 15, 2021. The objective of this statement is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Statement No. 96 will enhance the relevance and reliability of governments' financial statements by requiring a government to report a subscription asset and liability for a SBITA and to disclose essential information about the arrangement. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 for leases, as amended. Management has determined that the District currently has no arrangements meeting the definition of a SBITA; therefore, the new standard did not affect the District's financial statements.

## **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, 2023

	<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	52,151	52,151	80,308	28,157
Indirect	501,550	501,550	559,117	57,567
Building rent	168,354	168,354	101,421	(66,933)
Interest	-	-	2,009	2,009
<b>Total revenues</b>	<u>952,055</u>	<u>952,055</u>	<u>972,855</u>	<u>20,800</u>
<b>Expenditures</b>				
Salaries	385,697	385,697	409,236	23,539
Fringe benefits	154,083	154,083	147,324	(6,759)
Travel	25,500	25,500	20,879	(4,621)
Utilities and communications	29,200	29,200	32,561	3,361
Supplies	45,286	45,286	36,082	(9,204)
Rent, repair and insurance	98,100	98,100	30,030	(68,070)
Audit	4,900	4,900	4,794	(106)
Legal fees	5,600	5,600	3,522	(2,078)
Annual meeting and dues	28,189	28,189	25,738	(2,451)
Matching funds	160,000	160,000	366,156	206,156
Miscellaneous	2,500	2,500	4,121	1,621
Building improvements	13,000	13,000	-	(13,000)
Principal payments on note	-	-	20,782	20,782
Interest payments on note	-	-	55,975	55,975
<b>Total expenditures</b>	<u>952,055</u>	<u>952,055</u>	<u>1,157,200</u>	<u>205,145</u>
<b>Net change in fund balance</b>	-	-	<b>(184,345)</b>	<b>(184,345)</b>
Fund balance - July 1, 2022	<u>398,841</u>	<u>398,841</u>	<u>398,841</u>	<u>-</u>
Fund balance - June 30, 2023	<u>\$ 398,841</u>	<u>\$ 398,841</u>	<u>\$ 214,496</u>	<u>\$ (184,345)</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 835,878	\$ 835,878	\$ 723,974	\$ (111,904)
State	274,895	274,895	129,368	(145,527)
Local	79,348	79,348	267,617	188,269
Pass through - Federal and State	1,562,686	1,562,686	4,732,128	3,169,442
Interest income	-	-	773	773
Total revenues	<u>2,752,807</u>	<u>2,752,807</u>	<u>5,853,860</u>	<u>3,101,053</u>
Expenditures				
Salaries	578,554	578,554	568,992	(9,562)
Fringe benefits	170,894	170,894	208,743	37,849
Travel	38,227	38,227	64,154	25,927
Utilities and communications	31,379	31,379	20,549	(10,830)
Supplies	41,521	41,521	172,118	130,597
Postage	7,124	7,124	5,835	(1,289)
Copying and printing	5,611	5,611	6,445	834
Equipment	55,529	55,529	-	(55,529)
Contract services	63,952	63,952	33,400	(30,552)
Indirect costs	51,664	51,664	72,105	20,441
Computer expense	19,000	19,000	13,827	(5,173)
Rent, repair and insurance	57,044	57,044	97,875	40,831
Audit	-	-	12,991	12,991
Legal	-	-	2,389	2,389
Pass through	1,570,087	1,570,087	3,056,148	1,486,061
Annual meetings and dues	6,943	6,943	9,210	2,267
Miscellaneous	55,278	55,278	11,952	(43,326)
Senior games	-	-	7,992	7,992
Pandemic expenses	-	-	18,764	18,764
Federal and state ARRA expenses	-	-	829,943	829,943
Options 2.0 expenses	-	-	447,227	447,227
Respite	-	-	193,201	193,201
Total expenditures	<u>2,752,807</u>	<u>2,752,807</u>	<u>5,853,860</u>	<u>3,101,053</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2022	-	-	-	-
Fund balance - June 30, 2023	<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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Pass through from Aging - State	\$ 168,800	\$ 168,800	\$ 191,622	\$ 22,822
Local	<u>47,840</u>	<u>47,840</u>	<u>32,290</u>	<u>(15,550)</u>
Total revenues	<u>216,640</u>	<u>216,640</u>	<u>223,912</u>	<u>7,272</u>
 Expenditures				
Salaries	116,883	116,883	114,791	(2,092)
Fringe benefits	28,857	28,857	26,156	(2,701)
Travel	16,000	16,000	29,242	13,242
Utilities and communications	5,200	5,200	3,559	(1,641)
Supplies	3,500	3,500	2,822	(678)
Postage	500	500	1,230	730
Copying and printing	-	-	7	7
Indirect costs	11,000	11,000	14,585	3,585
Computer expense	-	-	1,179	1,179
Equipment	5,500	5,500	-	(5,500)
Rent, repair and insurance	9,700	9,700	10,870	1,170
Audit	-	-	1,091	1,091
Annual meeting and dues	1,500	1,500	1,875	375
Miscellaneous	18,000	18,000	505	(17,495)
Legal	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
Total expenditures	<u>216,640</u>	<u>216,640</u>	<u>223,912</u>	<u>7,272</u>
 <b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance - June 30, 2023	<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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 100,000	\$ 100,000	\$ 72,868	\$ (27,132)
State	97,629	97,629	190,190	92,561
Pass through from Aging	-	-	11,464	11,464
Local	-	-	48,038	48,038
Total revenues	<u>197,629</u>	<u>197,629</u>	<u>322,560</u>	<u>124,931</u>
Expenditures				
Salaries	78,070	78,070	129,945	51,875
Fringe benefits	17,014	17,014	43,966	26,952
Travel	20,600	20,600	5,609	(14,991)
Utilities and communications	6,400	6,400	1,467	(4,933)
Supplies	8,100	8,100	(3)	(8,103)
Postage	2,600	2,600	-	(2,600)
Copying and printing	300	300	53	(247)
Indirect costs	18,332	18,332	16,647	(1,685)
Equipment	4,568	4,568	-	(4,568)
Computer expense	-	-	397	397
Rent, repair and insurance	18,000	18,000	9,304	(8,696)
Audit	5,100	5,100	995	(4,105)
Pass through - Arts Funding	-	-	15,270	15,270
Annual meetings and dues	1,500	1,500	950	(550)
Emergency home repair program	-	-	69,820	69,820
Matching funds	-	-	22,665	22,665
Miscellaneous	-	-	5,475	5,475
Total expenditures	<u>180,584</u>	<u>180,584</u>	<u>322,560</u>	<u>141,976</u>
<b>Net change in fund balance</b>	<b>17,045</b>	<b>17,045</b>	<b>-</b>	<b>(17,045)</b>
Fund balance - July 1, 2022	-	-	-	-
Fund balance - June 30, 2023	<u>\$ 17,045</u>	<u>\$ 17,045</u>	<u>\$ -</u>	<u>\$ (17,045)</u>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2023**

<b>ASSETS</b>	<b>EDA</b>	<b>Solid Waste</b>	<b>Local Planning</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	\$ 88,662	\$ -	\$ 1,604	\$ 35,467	\$ 36,018	\$ -	\$ -	\$ 161,751
Due from General Fund	17,711	-	135,407	130,697	2,602	-	-	286,417
Due from other funds	37,022	909	89,053	-	-	6,054	7,321	140,359
Due from grantor - Federal	-	-	-	-	-	15,903	10,458	26,361
Due from grantor - State	-	14,139	-	-	-	1,987	-	16,126
<b>Total assets</b>	<b><u>\$143,395</u></b>	<b><u>\$15,048</u></b>	<b><u>\$ 226,064</u></b>	<b><u>\$ 166,164</u></b>	<b><u>\$ 38,620</u></b>	<b><u>\$ 23,944</u></b>	<b><u>\$ 17,779</u></b>	<b><u>\$ 631,014</u></b>
<b>LIABILITIES AND FUND BALANCE</b>								
Current liabilities								
Payroll liabilities	\$ (1,069)	\$ 229	\$ 482	\$ 159	\$ 1,533	\$ (576)	\$ 58	\$ 816
Due to General Fund	3,894	14,819	90,453	3,220	21,945	24,520	17,721	176,572
Unearned revenue - Federal	12,815	-	-	-	-	-	-	12,815
Unearned revenue - Local	127,755	-	135,129	162,785	15,142	-	-	440,811
Total current liabilities	143,395	15,048	226,064	166,164	38,620	23,944	17,779	631,014
Fund balance								
Restricted	-	-	-	-	-	-	-	-
<b>Total liabilities and fund balance</b>	<b><u>\$143,395</u></b>	<b><u>\$15,048</u></b>	<b><u>\$ 226,064</u></b>	<b><u>\$ 166,164</u></b>	<b><u>\$ 38,620</u></b>	<b><u>\$ 23,944</u></b>	<b><u>\$ 17,779</u></b>	<b><u>\$ 631,014</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, 2023

	<u>EDA</u>	<u>Solid Waste</u>	<u>Local Planning</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	\$144,679	\$ -	\$ -	\$ -	\$ -	\$ 51,840	\$ 39,113	\$ 235,632
State	-	54,253	840	-	212,665	6,597	-	274,355
Local	76,146	909	104,561	-	-	11,498	27,085	220,199
Pass through from Aging	-	-	-	<u>265,799</u>	-	-	-	<u>265,799</u>
Total revenues	<u>220,825</u>	<u>55,162</u>	<u>105,401</u>	<u>265,799</u>	<u>212,665</u>	<u>69,935</u>	<u>66,198</u>	<u>995,985</u>
<b>Expenditures</b>								
Salaries	137,598	33,228	64,040	149,654	110,534	41,475	44,046	580,575
Fringe benefits	36,592	11,000	22,461	69,645	48,467	15,748	8,323	212,236
Travel	8,388	2,390	4,565	11,063	8,294	2,768	1,226	38,694
Utilities and communications	2,732	359	670	3,384	7,842	556	571	16,114
Supplies	5,467	-	67	139	898	924	1,663	9,158
Postage	200	38	-	-	-	-	1,020	1,258
Copying and printing	2,325	159	893	1,133	452	415	19	5,396
Indirect costs	17,087	4,176	8,113	19,080	14,301	5,317	5,636	73,710
Computer expense	570	-	60	299	340	-	-	1,269
Rent, repair and insurance	7,328	1,948	3,987	9,843	11,400	2,085	2,829	39,420
Audit	503	-	514	1,304	5,232	523	302	8,378
Annual meetings and dues	2,035	1,864	31	255	1,489	124	305	6,103
Miscellaneous	-	-	-	-	<u>3,416</u>	-	<u>258</u>	<u>3,674</u>
Total expenditures	<u>220,825</u>	<u>55,162</u>	<u>105,401</u>	<u>265,799</u>	<u>212,665</u>	<u>69,935</u>	<u>66,198</u>	<u>995,985</u>
<b>Net change in fund balance</b>	-	-	-	-	-	-	-	-
Fund balance - July 1, 2022	-	-	-	-	-	-	-	-
Fund balance - June 30, 2023	<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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 70,000	\$ 70,000	\$ 144,679	\$ 74,679
Local	<u>30,000</u>	<u>30,000</u>	<u>76,146</u>	<u>46,146</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>220,825</u>	<u>120,825</u>
Expenditures				
Salaries	68,667	68,667	137,598	68,931
Fringe benefits	17,733	17,733	36,592	18,859
Travel	1,300	1,300	8,388	7,088
Utilities and communications	900	900	2,732	1,832
Supplies	687	687	5,467	4,780
Postage	400	400	200	(200)
Copying and printing	300	300	2,325	2,025
Indirect costs	6,979	6,979	17,087	10,108
Computer expense	-	-	570	570
Rent, repair and insurance	2,534	2,534	7,328	4,794
Audit	-	-	503	503
Annual meetings and dues	<u>500</u>	<u>500</u>	<u>2,035</u>	<u>1,535</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>220,825</u>	<u>120,825</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
State	\$ -	\$ -	\$ 54,253	\$ 54,253
Local	-	-	909	909
Total revenues	<u>-</u>	<u>-</u>	<u>55,162</u>	<u>55,162</u>
Expenditures				
Salaries	-	-	33,228	33,228
Fringe benefits	-	-	11,000	11,000
Travel	-	-	2,390	2,390
Utilities and communications	-	-	359	359
Postage	-	-	38	38
Copying and printing	-	-	159	159
Indirect costs	-	-	4,176	4,176
Rent, repair and insurance	-	-	1,948	1,948
Annual meetings and dues	-	-	1,864	1,864
Total expenditures	<u>-</u>	<u>-</u>	<u>55,162</u>	<u>55,162</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Pass through from Aging	\$ 258,977	\$ 258,977	\$ 265,799	\$ 6,822
Expenditures				
Salaries	145,849	145,849	149,654	3,805
Fringe benefits	57,028	57,028	69,645	12,617
Travel	9,600	9,600	11,063	1,463
Utilities and communications	7,200	7,200	3,384	(3,816)
Supplies	2,500	2,500	139	(2,361)
Postage	300	300	-	(300)
Copying and printing	800	800	1,133	333
Equipment	4,500	4,500	-	(4,500)
Indirect costs	16,500	16,500	19,080	2,580
Computer expense	-	-	299	299
Rent, repair and insurance	10,800	10,800	9,843	(957)
Audit	-	-	1,304	1,304
Annual meetings and dues	400	400	255	(145)
Miscellaneous	3,500	3,500	-	(3,500)
Total expenditures	<u>258,977</u>	<u>258,977</u>	<u>265,799</u>	<u>6,822</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
State	\$ 260,598	\$ 260,598	\$ 212,665	\$ (47,933)
Local	32,884	32,884	-	(32,884)
Pass through from Aging	<u>745,522</u>	<u>745,522</u>	-	<u>(745,522)</u>
Total revenues	<u>1,039,004</u>	<u>1,039,004</u>	<u>212,665</u>	<u>(826,339)</u>
Expenditures				
Salaries	153,527	153,527	110,534	(42,993)
Fringe benefits	77,755	77,755	48,467	(29,288)
Travel	5,500	5,500	8,294	2,794
Utilities and communications	13,100	13,100	7,842	(5,258)
Supplies	6,000	6,000	898	(5,102)
Postage	300	300	-	(300)
Copying and printing	2,000	2,000	452	(1,548)
Indirect costs	11,100	11,100	14,301	3,201
Computer expense	-	-	340	340
Equipment	700	700	-	(700)
Contract services	9,000	9,000	-	(9,000)
Rent, repair and insurance	11,000	11,000	11,400	400
Audit	-	-	5,232	5,232
Pass through	745,522	745,522	-	(745,522)
Annual meetings and dues	1,300	1,300	1,489	189
Miscellaneous	<u>2,200</u>	<u>2,200</u>	<u>3,416</u>	<u>1,216</u>
Total expenditures	<u>1,039,004</u>	<u>1,039,004</u>	<u>212,665</u>	<u>(826,339)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 95,798	\$ 95,798	\$ 51,840	\$ (43,958)
State	-	-	6,597	6,597
Local	8,097	8,097	11,498	3,401
Total revenues	<u>103,895</u>	<u>103,895</u>	<u>69,935</u>	<u>(33,960)</u>
Expenditures				
Salaries	66,570	66,570	41,475	(25,095)
Fringe benefits	20,675	20,675	15,748	(4,927)
Travel	3,500	3,500	2,768	(732)
Utilities and communications	1,500	1,500	556	(944)
Supplies	3,000	3,000	924	(2,076)
Copying and printing	450	450	415	(35)
Indirect costs	5,500	5,500	5,317	(183)
Rent, repair and insurance	2,700	2,700	2,085	(615)
Audit	-	-	523	523
Annual meetings and dues	-	-	124	124
Total expenditures	<u>103,895</u>	<u>103,895</u>	<u>69,935</u>	<u>(33,960)</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
State	\$ -	\$ -	\$ 840	\$ 840
Local	<u>102,000</u>	<u>102,000</u>	<u>104,561</u>	<u>2,561</u>
Total revenues	<u>102,000</u>	<u>102,000</u>	<u>105,401</u>	<u>3,401</u>
Expenditures				
Salaries	59,480	59,480	64,040	4,560
Fringe benefits	20,856	20,856	22,461	1,605
Travel	5,000	5,000	4,565	(435)
Utilities and communications	1,200	1,200	670	(530)
Supplies	4,464	4,464	67	(4,397)
Postage	300	300	-	(300)
Copying and printing	300	300	893	593
Indirect costs	4,500	4,500	8,113	3,613
Computer expense	-	-	60	60
Rent, repair and insurance	5,400	5,400	3,987	(1,413)
Audit	-	-	514	514
Annual meetings and dues	<u>500</u>	<u>500</u>	<u>31</u>	<u>(469)</u>
Total expenditures	<u>102,000</u>	<u>102,000</u>	<u>105,401</u>	<u>3,401</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Over (Under)</b>
Revenues				
Federal	\$ 36,000	\$ 36,000	\$ 39,113	\$ 3,113
Matching fund revenue	<u>24,000</u>	<u>24,000</u>	<u>27,085</u>	<u>3,085</u>
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>66,198</u>	<u>6,198</u>
Expenditures				
Salaries	40,041	40,041	44,046	4,005
Fringe benefits	11,711	11,711	8,323	(3,388)
Travel	48	48	1,226	1,178
Utilities and communications	100	100	571	471
Supplies	-	-	1,663	1,663
Postage	50	50	1,020	970
Copying and printing	50	50	19	(31)
Indirect costs	4,500	4,500	5,636	1,136
Miscellaneous	-	-	258	258
Rent, repair and insurance	3,500	3,500	2,829	(671)
Audit	-	-	302	302
Annual meetings and dues	<u>-</u>	<u>-</u>	<u>305</u>	<u>305</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>66,198</u>	<u>6,198</u>
<b>Net change in fund balance</b>	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023

<b>Benton County</b>	
County of	\$ 2,560
Camden, Town of	772
<b>Carroll County</b>	
County of	5,972
<b>Crockett County</b>	
County of	2,921
<b>Dyer County</b>	
County of	7,728
<b>Gibson County</b>	
County of	4,188
Bradford, City of	210
Dyer, City of	485
Gibson, City of	77
Humboldt, City of	1,654
Medina, Town of	1,076
Milan, City of	1,716
Rutherford, Town of	244
Trenton, City of	890
Yorkville, City of	50
<b>Henry County</b>	
County of	6,762
<b>Lake County</b>	
County of	3,116
<b>Obion County</b>	
County of	4,539
Hornbeak, City of	54
Kenton, City of	127
Obion, Town of	104
Rives, City of	26
Samburg, City of	22
South Fulton, City of	236
Troy, Town of	149
Union City, City of	1,173
Woodland Mills, City of	36
<b>Weakley County</b>	
County of	3,092
Dresden, City of	634
Gleason, City of	287
Greenfield, City of	427
Martin, City of	2,273
Sharon, City of	196
<b>Total</b>	<b><u>\$ 53,796</u></b>

*See independent auditor's report*

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

June 30, 2023

Year Ending June 30	<u>GOVERNMENTAL</u>		<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>Construction Loan</u>		<u>2002 Rural Development Loan</u>		<u>1998 Rural Development Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 22,349	\$ 59,795	\$ 29,080	\$ 2,758	\$ 30,304	\$ 1,533
2025	23,965	58,179	29,371	2,467	30,607	1,230
2026	25,697	56,447	29,665	2,173	30,914	924
2027	27,555	54,590	29,962	1,876	31,519	615
2028	29,547	52,597	30,261	1,577	30,267	300
2029	31,682	50,462	30,564	1,274	-	-
2030	33,973	48,171	30,869	969	-	-
2031	36,429	45,715	31,178	660	-	-
2032	39,062	43,082	34,702	348	-	-
2033	41,886	40,258	-	-	-	-
2034	44,914	37,230	-	-	-	-
2035	48,161	33,983	-	-	-	-
2036	51,642	30,502	-	-	-	-
2037	55,376	26,768	-	-	-	-
2038	59,379	22,765	-	-	-	-
2039	63,671	18,473	-	-	-	-
2040	68,274	13,870	-	-	-	-
2041	73,209	8,935	-	-	-	-
2042	78,502	3,642	-	-	-	-
2043	9,056	53	-	-	-	-
	<b><u>\$ 864,329</u></b>	<b><u>\$ 705,517</u></b>	<b><u>\$ 275,652</u></b>	<b><u>\$14,102</u></b>	<b><u>\$ 153,611</u></b>	<b><u>\$ 4,602</u></b>

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
For the Year Ended June 30, 2023

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Outstanding 7/1/2022</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2023</u>
<b>GOVERNMENTAL ACTIVITIES</b>									
<b>Notes Payable</b>									
<u>Payable through Operating Fund</u>									
Construction	\$ 1,068,000	Variable	11/20/2012	11/15/2042	\$ 885,111	\$ -	\$ 20,782	\$ -	\$ 864,329
<b>Total long-term debt - governmental activities</b>					<b><u>\$ 885,111</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,782</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 864,329</u></b>
<b>BUSINESS-TYPE ACTIVITIES</b>									
<b>Notes Payable</b>									
<u>Payable through Community Development Corporation Loan Program</u>									
1998 Rural Development note	\$ 750,000	1%	9/19/1997	9/19/2027	\$ 183,279	\$ -	\$ 29,668	\$ -	\$ 153,611
2002 Rural Development note	\$ 730,000	1%	12/3/2002	12/3/2032	304,553	-	28,901	-	275,652
<b>Total long-term debt - business-type activities</b>					<b><u>\$ 487,832</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 58,569</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 429,263</u></b>

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2023

Assistance Listing Number	Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Pass-through Number	Passed Through to Subrecipients	Expenditures
10.767	U.S. Department of Agriculture/ Intermediary Relending Program			\$ 487,832
10.551	Pass-through Tennessee Commission on Aging/ SNAP Cluster: Supplemental Nutrition Assistance Program Total U.S. Department of Agriculture	72613		<u>6,426</u> 494,258
11.300	U.S. Department of Commerce/ Pass-through Economic Development Administration/ Economic Development Cluster: Economic Development-Support for Planning Organizations	ED21ATL3020021		125,355
11.307	Economic Development-Support for Planning Organizations <i>Total Economic Development Cluster</i>	04-79-07831		<u>19,325</u> 144,680
15.904	Department of the Interior/ Pass Through TN Historical Commission/ Historical Preservation	71454		9,306
15.904	Historical Preservation	77737		<u>29,807</u> 39,113
16.575	U.S. Department of Justice/ Pass-through Tennessee Commission on Aging/ Crime Victim Assistance	Z23-49925		56,999
16.575	Crime Victim Assistance	47651		<u>55,537</u> 112,536
20.205	U.S. Department of Transportation, Federal Highway Administration Highway Planning and Construction Cluster: Highway Planning and Construction	61906		6,556
20.205	Highway Planning and Construction	74175		<u>45,284</u> 51,840
90.200	Delta Regional Authority/ Pass Through TN Dept of Economic and Community Development/ Delta Regional Development	n/a		18,000
93.041	U.S. Department of Health and Human Services, Administration on Aging/ Pass-through Tennessee Commission on Aging/ Special Programs for the Aging, Title VII, Chapter 3, Programs for the Prevention of Elder Abuse, Neglect and Exploitation	75302		3,600
93.042	Long-Term Care Ombudsman Services for Older Individuals - Title VII, Chapter 2	75302		21,400
93.042	ARP - Long-Term Care Ombudsman Services for Older...	75302		<u>3,600</u> 25,000
93.043	Special Programs for the Aging: Disease Prevention and Health Promotion Services - Title IIID	75302		44,565

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2023

Assistance Listing Number	Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Pass-through Number	Passed Through to Subrecipients	Expenditures
	Aging Cluster:			
93.044	Grants for Supportive Services and Senior Citizens-Title IIIB	75302		507,086
93.044	ARP IIIB Support	75302		451,758
93.044	COVID - Grants for Supportive Services and Sention Citizens...	73471		<u>52,589</u>
	<i>Total 93.044</i>		\$ 67,878	<u>1,011,433</u>
93.045	Nutrition Services-Title IIIC	75302		629,028
93.045	Nutrition Services-Title IIIC - ARP	75302		156,807
93.045	Nutrition Services-Title IIIC - Area Planning - ARP	75302		64,500
93.045	Nutrition Services-Title IIIC - Area Planning	75302		195,200
93.045	COVID - Nutrition Services-Title IIIC	67464		<u>28,279</u>
	<i>Total 93.045</i>		982,447	<u>1,073,814</u>
93.053	Nutrition Services Incentive Program	71154	64,800	<u>64,800</u>
	Total aging cluster		1,115,125	<u>2,150,047</u>
93.048	Discretionary Projects Medicaid Patrol	n/a		3,032
93.048	ADPI	72219		1,124
93.048	Discretionary Projects Veterans	VA2017-04		<u>5,288</u>
				9,444
93.052	National Family Caregiver Support - Title IIIE	75302		294,504
93.052	National Family Caregiver Support - Title IIIE - ARP	75302		45,587
93.052	National Family Caregiver Support - Title IIIE - Area Planning	75302		<u>18,200</u>
			26,141	<u>358,291</u>
	Administration for Children and Families/			
93.071	MIPPA	72459		4,481
93.071	MIPPA	76605		<u>57,042</u>
	<i>Total 93.071</i>			61,523
93.324	SHIP	78984		22,743
93.324	SHIP	75129		<u>54,474</u>
	<i>Total 93.324</i>			<u>77,217</u>
	Total Administration for Children and Families			138,740
93.747	Ombudsmen Services in Residential Care Communities	73471		16,714
93.747	Ombudsmen Services in Residential Care Communities	76693		<u>21,925</u>
				38,639
	Centers for Medicare and Medicaid Services/ Bureau of TennCare Department of F & A/ Medicaid Cluster:			
93.778	Home and Community Based Services (HCBS)	75303		<u>234,113</u>
	Total Department of Health and Human Services			<u>3,002,439</u>
	<b>Total Federal Awards</b>		<b>\$ 1,141,266</b>	<b>\$ 3,862,866</b>

See independent auditor's report

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2023**

<b>Assistance Listing 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>
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**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, 2023. The information in this schedule is presented in accordance with the requirements of U.S. Code of Federal Regulations, Title 2, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in financial position, or cash flows of Northwest Tennessee Development District.

Note 2 – Summary of Significant Accounting Policies

Expenditures in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

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

Note 4 – The USDA Intermediary Relending Program is administered by the Northwest Tennessee Development District, and balances and transactions relating to these programs are included in the District's basic financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the schedule above. The balance of the loans outstanding at June 30, 2023, consists of:

Loan #61-02	\$	153,611
Loan #61-03		275,652

*See independent auditor's report*

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2023**

<u>State Grant Number</u>	<u>Grantor Agency/Program Name</u>	<u>Expenditures</u>
	Tennessee Housing Development Agency	
TA-22-003	Housing Tech Assistance	\$ 20,000
TRLP 22500865	TN Renovation Loan	14,214
ERP-21-05	Housing Emergency Repair	<u>63,204</u>
		<u>97,418</u>
	Tennessee Department of Environment and Conservation	
75958	Solid Waste	54,253
	Department of Economic and Community Development	
71557	Local Planning	230,000
	Tennessee Commission on Aging	
75302	Aging - Guardianship & Options	1,155,646
71154	Options - CREVVA	22,858
71154	Options - ARDC	57
75302	Aging - ARP	33,128
75302	Aging	<u>123,900</u>
		<u>1,335,589</u>
	Bureau of TennCare Department of F & A	
75303	Home and Community Based Services (HCBS)	234,112
	Tennessee Arts Commission	
69541	Development District	9,027
73779	Development District	<u>17,970</u>
		<u>26,997</u>
	Tennessee Department of Transportation	
74175	Rural Planning Organization Program	5,660
61906	Rural Planning Organization Program	<u>937</u>
		<u>6,597</u>
70963	Tennessee Advisory Commission on Intergovernmental Relations	<u>59,629</u>
	<b>Total State Assistance</b>	<b><u>\$ 2,044,595</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**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Northwest Tennessee Development District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

## **Northwest Tennessee Development District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Northwest Tennessee Development District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

*ATA, PLLC*

Union City, Tennessee  
January 19, 2024



## **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**

#### ***Opinion on 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, 2023. 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.

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, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northwest Tennessee Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northwest Tennessee Development District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the terms and conditions of its federal awards applicable to Northwest Tennessee Development District's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northwest Tennessee Development District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northwest Tennessee Development District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northwest Tennessee Development District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northwest Tennessee Development District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*ATA, PLLC*

Union City, Tennessee  
January 19, 2024

**NORTHWEST TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**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>Assistance Listing 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

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, 2023

**Section II – Financial Statement Findings**

**2023-001 Grant Reimbursement Not Requested**

Condition: The Aging Fund omitted indirect costs when requesting grant reimbursement. The grant funds received were used for other direct grant costs. As a result, the General Fund (Operating Fund) had a deficit for the year ended June 30, 2023, due to the unrequested indirect costs. A portion of the indirect costs have been subsequently requested by the District.

Cause: The District does not have procedures in place to ensure that indirect costs eligible for grant reimbursement are submitted to the grantor in a timely manner.

Criteria: The District's internal control procedures state that programs will be billed for indirect costs and that Aging Fund will reimburse the Operating Fund for the indirect costs.

Effect: The District's resources were depleted unnecessarily. The error was discovered during the annual financial statement audit because the District's normal policies and procedures did not identify that the eligible costs were not filed with the grantor for reimbursement.

Recommendation: The Board should put controls and monitoring procedures in place to ensure that all eligible grant expenditures are submitted for reimbursement in a timely manner and reimbursed to the Operating Fund.

Management's Response: *We agree with the recommendation and have implemented a corrective action immediately upon discovery to insure this does not happen again. All funds were able to be recovered and fiscal year 2024 will not show the same deficiency.*

**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, 2023

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.

## MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2023

Northwest Tennessee Development District respectfully submits the following corrective action plan. The finding reported by our auditors in their audit report dated January 19, 2024, for the year ended June 30, 2023, is discussed below.

### FINDINGS - FINANCIAL STATEMENT AUDIT

#### 2023-001 Grant Reimbursement Not Requested

Recommendation: The Board should put controls and monitoring procedures in place to ensure that all eligible grant expenditures are submitted for reimbursement in a timely manner and reimbursed to the Operating Fund.

Action taken: The Finance Director will work up reimbursement requests. The Aging Budget Analyst will check all calculations for accuracy and check for omission of any programs before sending to the Assistant Financial Office for processing.

Name of contact person responsible for corrective action: Katelyn Edwards

Anticipated completion date for the corrective action: This corrective action plan was implemented immediately upon discovery. Fiscal year 2024 will not show the same mistake. All funds have been requested. The Development District is waiting on reimbursement from the State estimated around February 2024.

Respectfully submitted,

