

SOUTH CENTRAL TENNESSEE  
DEVELOPMENT DISTRICT

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
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JUNE 30, 2022

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## **INTRODUCTORY SECTION**

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
PUBLIC OFFICIALS  
JUNE 30, 2022

Bill Newman, SCTDD Chairman  
Jim Margubat, SCTDD Vice-Chairman

Jonah Keltner, SCTDD Secretary/Treasurer

SCTDD BOARD OF DIRECTORS

**Bedford County:**

\*Chad Graham, County Mayor  
Ronnie Lokey, Mayor of Bell Buckle  
Charles B. Whitaker, Mayor of Normandy  
\*Wallace Cartwright, Mayor of Shelbyville  
Cindy Drake, Mayor of Wartrace

**Coffee County:**

\*Gary Cordell, County Mayor  
Marilyn Howard, Mayor of Manchester  
Ray Knowis, Mayor of Tullahoma

**Franklin County:**

\*David Alexander, County Mayor  
Mark Ledbetter, Mayor of Cowan  
Michael Gillespie, Mayor of Decherd  
David Kelley, Mayor of Estill Springs  
Dolton Steele, Mayor of Huntland  
Terry Harrell, Mayor of Winchester

**Giles County:**

\*Melissa Greene, County Executive  
Mike Magnusson, Mayor of Ardmore  
Jimmy Dean Caldwell, Mayor of Elkton  
Robert White Mayor of Lynnville  
Tracy Wilburn, Mayor of Minor Hill  
\*Pat Ford, Mayor of Pulaski

**Hickman County:**

\*Mark A. Bentley, County Mayor  
Gary Jacobs, Mayor of Centerville

**Lawrence County:**

\*T.R. Williams, County Executive  
Mark Brewer, Mayor of Ethridge  
\*Blake Lay, Mayor of Lawrenceburg  
Jesse Turner, Mayor of Loretto  
Bubba Carter, Mayor of St. Joseph

**Lewis County:**

\*Jonah Keltner, County Mayor  
\*Danny W. McKnight, Mayor of Hohenwald

**Lincoln County:**

\*Bill Newman, County Mayor  
Michael T. Whisenant, Mayor of Fayetteville  
David Thompson, Mayor of Petersburg

**Marshall County:**

\*Mike Keny, County Mayor  
Mike Faulkenberry, Mayor of Chapel Hill  
John Luna, Mayor of Cornersville  
Jim Bingham, Mayor of Lewisburg

**Maury County:**

\*Andy Ogles, County Mayor  
\*Chaz Molder, Mayor of Columbia  
Bill White, Mayor of Mt. Pleasant  
Jim Hagaman, Mayor of Spring Hill

**Moore County:**

\*Bonnie Lewis, Metropolitan Executive

**Perry County:**

\*John H. Carroll, County Mayor  
Wess Ward, Mayor of Linden  
Robby Moore, Mayor of Lobelville

**Wayne County:**

\*Jim Mangubat, County Executive  
Chris Bevis, Mayor of Waynesboro  
Randy Burns, Mayor of Clifton  
Glenn Brown, Mayor of Collinwood

**Minority Representatives:**

\*Anthony Taylor, Lincoln County  
\*Randy Massey, Giles County  
\*R.L. Williams, Lewisburg

**State Representative:**

\*Pat Marsh

**State Senator:**

\*Joey Hensley

\*Denotes members of the SCTDD Executive Committee

## **FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
South Central Tennessee Development District

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Tennessee Development District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the South Central Tennessee Development 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, each major fund, and the aggregate remaining fund information of the South Central Tennessee Development District, as of June 30, 2022, and the respective changes in financial position, 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 the South Central 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.

***Change in Accounting Principle***

As described in Note A to the financial statements, in 2022, the South Central Tennessee Development District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Central 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 opinions. 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 South Central Tennessee Development 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 South Central Tennessee Development 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, the schedule of changes in net pension liability (asset) and related ratios, the schedule of contributions – pension, and the schedule of changes in total OPEB liability and related ratios on pages five (5) through fourteen (14), and forty-seven (47) through forty-nine (49), respectively, 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 South Central Tennessee Development District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the schedule of performance-based assistance and loan activity, the schedule of changes in long-term debt by individual issue, the schedule of debt service requirements, the schedule of changes in lease obligations, and the 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*, 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 combining and individual nonmajor fund financial statements, the schedule of performance-based assistance and loan activity, the schedule of changes in long-term debt by individual issue, the schedule of debt service requirements, the schedule of loans administered under the Revolving Loan Program, and the schedule of expenditures of federal awards 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 introductory section and schedule of public officials and bonds but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 March 31, 2023, on our consideration of the South Central 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 South Central Tennessee Development 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 South Central Tennessee Development District's internal control over financial reporting and compliance.



Tullahoma, Tennessee  
March 31, 2023

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

As management of the South Central Tennessee Development District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the South Central Tennessee Development district exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$21,297,561. Of this amount, \$19,168,114 is unrestricted and may be used to meet the District's ongoing obligations to creditors, \$963,529 is invested in capital assets, and \$1,165,918 is restricted for debt services and other purposes.
- The District's total net position increased by \$159,227 during the year.
- As of June 30, 2022, the District's governmental funds reported combined fund balance of \$16,023,897 an increase of \$358,268 in comparison with the prior year.
- At the end of the year, the total fund balance for the general fund was \$4,326,137.
- The South Central Tennessee Development District's total debt decreased by \$618,729 (47.45 percent) during the year ended June 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The South Central Tennessee Development District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the District's finances, in a manner similar to a private-sector business. These statements present *governmental activities* and *business-type activities* separately. Governmental activities are principally supported by intergovernmental revenues and include administrative and general activities, activities related to the Aging Services, the Coordinated Public Transportation programs, the EDA Revolving Loan Fund, Coordinated Public Transportation (CPT) S.C.A.T.S fund, and the Workforce Innovation and Opportunity Act (WIOA) fund and other governmental activities. The South Central Tennessee Development District does not have any *business-type* activities. The government-wide financial statements can be found on pages 15-16 of this report.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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 South Central Tennessee Development District is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused annual leave).

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

Fund Financial Statements

A fund is established to account for a specific activity or purpose. Law mandates the creation of some funds, and others are established by management to demonstrate financial compliance with budget or legal requirements. All of the funds of the South Central Tennessee Development District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds*

*Governmental funds* are used to account for most of the District's basic services. The governmental fund statements provide a detailed short-term view of the District's general government operations by using a modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. Governmental fund information is useful in determining whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect of the government's near term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The South Central Tennessee Development District maintains thirty-eight (38) individual governmental funds. Information is presented separately in the governmental fund statements for the General fund, Aging Services fund, the 5311 Rural Public Transportation fund, the Coordinated Public Transportation fund, the Revolving Loan fund, the Coordinated Public Transportation (CPT) S.C.A.T.S fund and the Workforce Innovation and Opportunity Act (WIOA) fund, which are considered to be major funds. Data from the other thirty (31) governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in combining statements in the supplemental section of this report.

The basic governmental fund financial statements can be found on pages 17-23 of this report.

*Fiduciary Funds*

*Fiduciary funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's one fiduciary fund accounts for funds held in trust and managed by the District under the public guardianship program in accordance with court orders and trust agreements for elderly persons 60 years and older who are unable to manage their own medical and financial affairs and have no one to act in their behalf. The fiduciary fund statements can be found on pages 24-25 of this report.

Notes to the Financial Statements

The notes provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-46 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information as identified in the table of contents. The combining statements referred to earlier in connection with the non-major governmental funds are presented. Combining statements and individual fund schedules can be found on pages 53-63 of this report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District is providing condensed financial information for fiscal year 2022 and 2021 for comparative analysis. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. 4.52% of the District’s net position reflects its investment in capital assets (land, building, furniture, office equipment, radios, and vans) less any related debt used to acquire those assets that are still outstanding. The District uses these assets to provide services to citizens; consequently, these assets are not available for future spending. The table below focuses on the net position of the District’s governmental activities at June 30:

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT’S NET POSITION**

	Governmental Activities	
	2022	2021
Current and other assets	\$ 23,693,351	\$ 23,474,471
Capital assets	2,073,442	2,868,989
Total assets	25,766,793	26,343,460
Deferred outflows of resources	1,511,826	848,602
Current and other liabilities	3,466,443	5,454,149
Long-term liabilities outstanding	1,245,386	449,026
Total liabilities	4,711,829	5,903,175
Deferred inflows of resources	1,269,229	150,553
Net position:		
Net investment in capital assets	963,529	1,759,076
Restricted	1,165,918	408,835
Unrestricted	19,168,114	18,970,423
Total net position	\$ 21,297,561	\$ 21,138,334

There is \$1,165,918 or 5.47% of the District’s net position that is subject to restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District’s ongoing obligations to other agencies and creditors.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

Governmental Activities

Governmental activities increased the District's net position by \$159,227 or 0.75% for the fiscal year ended June 30, 2022. Key elements of this increase are as follows during the fiscal year ended June 30:

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT'S CHANGE IN NET POSITION**

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 9,538,910	\$ 8,352,220
Operating grants & contributions	16,590,062	19,383,569
Capital grants & contributions	-	50,050
General Revenues:		
Interest income	47,176	59,296
Performance-based income	473,719	443,062
Other revenues	4,517	393,736
Gain (loss) on disposal of assets	(9,395)	(20,060)
Total revenues	<u>26,644,989</u>	<u>28,661,873</u>
Expenses:		
General Fund	851,223	1,100,961
Aging Services*	2,857,850	-
5311 Rural Public Transportation	6,904,144	6,323,671
Coordinated Public Transportation	827,327	525,880
Revolving Loan Fund	18,893	39,409
CPT S.C.A.T.S.	7,208,812	6,653,130
WIOA	3,060,343	5,028,509
Other governmental activities	4,757,170	7,156,217
Total expenses	<u>26,485,762</u>	<u>26,827,777</u>
Increase (decrease) in net position	159,227	1,834,096
Net position, beginning	21,138,334	19,304,238
Net position, ending	<u>\$ 21,297,561</u>	<u>\$ 21,138,334</u>

\*Aging Services is non-major fund in the fiscal year 2020-2021 and included in other governmental activities.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The cost of all governmental activities for the year ended June 30, 2022 was \$26,485,761. These costs were paid by those who directly benefitted from the programs, or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions. The District paid the remaining portion of governmental activities with performance-based income including grants management, business development, and housing management income, and interest income earned on cash deposit accounts. Each program's net cost is presented below for the year ended June 30:

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT'S NET PROGRAM COSTS**

	Net (Expense) Revenue	
	2022	2021
Governmental Activities:		
General Fund	\$ 204,652	\$ 99,034
Aging Services *	(105)	-
5311 Rural Public Transportation	(405,878)	269,221
Coordinated Public Transportation	762,297	872,720
Revolving Loan Fund	97,749	41,018
CPT S.C.A.T.S.	(109,364)	(661,736)
WIOA	(3,416)	30
Other governmental activities	(902,725)	337,775
Total	<u>\$ (356,790)</u>	<u>\$ 958,062</u>

\*Aging Services is non-major fund in the fiscal year 2020-2021 and included in other governmental activities.

For the fiscal year ending June 30, 2022, governmental net position at the beginning of the year of \$21,138,334 was increased by \$159,227 after payment of governmental activities of \$26,485,762 and with program revenues of \$26,158,972 and general revenues of \$516,017. Governmental net position at June 30, 2022 is \$21,297,561. The following is a percentage breakdown of program revenues by source and program expenses:

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT'S REVENUES BY SOURCE**

	Program Revenues			
	2022	%	2021	%
Governmental activities:				
Charges for services	\$ 9,538,910	36.51%	\$ 8,352,220	30.06%
Operating grants and contributions	16,590,062	63.49%	19,383,569	69.76%
Capital grants and contributions	-	0.00%	50,050	0.18%
Total	<u>\$ 26,128,972</u>	<u>100.00%</u>	<u>\$ 27,785,839</u>	<u>100.00%</u>

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT'S PROGRAM EXPENSES**

	Total Expenses			
	2022	%	2021	%
Governmental activities:				
General Fund	\$ 851,223	3.21%	\$ 1,100,961	4.10%
Aging Services *	2,857,850	10.79%	-	0.00%
5311 Rural Public Transportation	6,904,144	26.07%	6,323,671	23.57%
Coordinated Public Transportation	827,327	3.12%	525,880	1.96%
Revolving Loan Fund	18,893	0.07%	39,409	0.15%
CPT S.C.A.T.S.	7,208,812	27.22%	6,653,130	24.80%
WIOA	3,060,343	11.55%	5,028,509	18.74%
Other governmental activities	4,757,170	17.96%	7,156,217	26.67%
Total	<u>\$ 26,485,762</u>	<u>100.00%</u>	<u>\$ 26,827,777</u>	<u>100.00%</u>

\*Aging Services is non-major fund in the fiscal year 2020-2021 and included in other governmental activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As of June 30, 2022, the South Central Tennessee Development District's governmental funds reported combined ending fund balances of \$16,023,897, an increase of \$358,268 in comparison with the prior year. The General Fund is the primary operating fund of the South Central Tennessee Development District. At June 30, 2022, the fund balance is \$4,326,137, an increase of \$110,190. The district had a net transfer of \$474,349 from its unrestricted funds to assist other governmental funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The South Central Tennessee Development District's investment in capital assets for its governmental activities as of June 30, 2022 equals \$2,073,442 (net of accumulated depreciation). This investment in capital assets includes land, building, furniture and fixtures, office equipment, radio equipment and vehicles (vans). The total decrease in the South Central Tennessee Development District's investment in capital assets for governmental activities for the current fiscal year is 27.73%.

Capital assets used in funds other than the general fund were included in the District's financial statements for the first time in fiscal year 2003. Prior to July 1, 2002, the assets were recorded as expenditures in the related fund. In 2003, pursuant to GASB Statement No. 34, the District retroactively reported all assets acquired before July 1, 2002, used in funds other than the general fund.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

The following is a summary of capital assets:

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT’S CAPITAL ASSETS  
NET OF DEPRECIATION AND RELATED DEBT**

	Governmental Activities	
	June 30, 2022	June 30, 2021
Land, not being depreciated	\$ 75,000	\$ 75,000
Building	1,782,648	1,782,648
Furniture, office equipment and radios	2,789,654	3,352,805
Vehicles	8,384,827	8,539,847
Accumulated depreciation	(10,958,687)	(10,881,311)
Total	\$ 2,073,442	\$ 2,868,989

Additional information on the South Central Tennessee Development District’s capital assets can be found in Note F on page 34 of this report.

As of July 1, 2008, Maury County Government donated 5.05 acres of land to the District with an appraised value of \$75,000. If at any time the District sells the property or it ceases to be used for public use, Maury County shall be paid \$5,000 per acre. Additional information of the liability can be found in Note O on page 46 of this report.

Long-term Debt

Total long term liabilities of the South Central Tennessee Development District for governmental activities decreased by \$618,729 during the year ended June 30, 2022.

The District has \$225,213 of its governmental long-term debt in Rural Development Intermediary Relending Programs (IRP). The District borrows from the United States Department of Agriculture’s Rural Development Program at 1%, and subsequently loans the proceeds to businesses to stimulate economic development in the District’s region. In the current year, \$22,178 was repaid to the Rural Development IRPII Fund.

The District has \$175,148 of its governmental long-term debt in the Small & Minority-Owned Business Loan Program. The District loans the proceeds to qualifying businesses at below market rates and in return may retain the interest rate earnings as sole compensation for the services rendered. The repayment of loan principal by the District may be deferred until the end of the loan term, October 31, 2022.

The Revolving Loan Fund balance of unearned revenue, accounted for as a long-term liability, in the amount of \$468,967, represents the balance of grant support advanced to the District through this loan program that the District administers through the Economic Development Administration.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The following is a summary of long-term debt outstanding as of June 30:

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT’S LONG-TERM DEBT OUTSTANDING**

	Governmental Activities	
	2022	2021
Rural Development IRP II	\$ 225,213	\$ 247,391
Small & Minority-Owned Business Loan	175,148	201,635
Leases payable	200,701	-
Net pension liability (asset)	(1,029,049)	(168,301)
Total OPEB liability	66,587	78,163
Accrued annual leave	577,737	476,178
Revolving Loan Fund - Unearned revenue	468,967	468,967
Total	\$ 685,304	\$ 1,304,033

Additional information on the South Central Tennessee Development District’s long-term debt activity can be found in Note G on pages 35-37 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The South Central Tennessee Development District (SCTDD) is an association of 35 municipal and 13 county governments in Southern Middle Tennessee organized to advocate and promote economic and community development within the region. SCTDD was founded in 1972 to assist its members, local governments, by providing technical assistance, planning, and general staff support and to help local governments and other groups develop projects and activities to benefit the communities and citizens of the region. The professional staff employed by SCTDD provide planning, coordination, and technical services for economic and community development, human resources, research, and information. SCTDD is governed by a 53-member Board of Directors, which delegates authority and policy-making on a day-to-day basis to a twenty-four-member Executive Committee. The Executive Committee comprises thirteen county mayors, six municipal mayors, one state senator, one state representative, and three minority representatives.

The primary goals of the District are: to assist local governments in researching, obtaining, and administering federal and private funding; to promote and enhance the quality of life in South Central Tennessee; to develop jobs, upgrade the labor force and help raise the per capita income of the region’s citizens; to help promote a regional environment conducive to attracting and retaining industry and furthering economic growth; to assist in the formation of public policy for better transportation systems and infrastructure; to serve as a clearinghouse for member governments with information concerning federal, state, and local services available to assist in the solution of common problems; to identify needs and advocate services for the elderly population of the region; and, to foster inter-governmental relations between all branches of government.

South Central Tennessee Development District’s region has a workforce shortage. SCTDD also has “Distressed” and “At-Risk” counties in the region that would benefit from additional employment opportunities. With this broad area of coverage and mixed economic status, the region strives toward the common goal of delivering education and training to create a marketable workforce. With WIOA, the region can support job seekers with access to employment through education and training programs aligning with the District’s mission to create jobs and business growth in SCTDD’s region. The mission of WIOA aligns with the SCTDD’s mission. SCTDD acquired the program in 2017 during the state reorganization of the WIOA Program and since the transition, SCTDD has increased the Minimum Participant Cost Rate (MPCR) from 12% to 56% meaning that 56% of all funds are expended on participants which exceeds the state goal of 40%. The South Central Tennessee Development District has committed to further develop and strengthen the Southern Middle Local Workforce Development Board in

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

coordination with partners, resources, and activities. SCTDD has proven its ability to blend a comprehensive array of services to reach the most significant number of participants.

SCTDD's Community Development staff are involved in such diverse activities as keeping the downtown areas of our communities thriving, working to preserve our historic buildings, securing grants for much needed infrastructure improvements, and assisting to improve our public facilities. SCTDD is administering eleven Tennessee Fastrack Infrastructure Development Program (FIDP). This grant program helps with public infrastructure improvements that assists companies committed to creating new jobs. This program covers infrastructure such as rail, public roadway, port, airport, site, water, sewer, gas, and telecommunication improvements. Community Development staff assists in identifying community needs, developing realistic solutions, securing funding, and administering projects. Community Development efforts result in improved infrastructure, fire-fighting capabilities, housing, downtown revitalization, tourism, etc.

One of the most significant contributions to infrastructure improvement is the administration of two Rural Planning Organizations (RPOs) that serve the Eastern (Bedford, Coffee, Franklin, Giles, Lincoln, Marshall, Moore) and Western (Hickman, Lawrence, Lewis, Perry, and Wayne) parts of the district. These RPOs enhance the professional and organizational development of rural transportation planners and others by providing information, peer networking, and research initiatives. Regular meetings are held to discuss matters related to rural transportation planning and development.

The Tennessee General Assembly charged the Commission in 1996 with developing and maintaining an inventory of public infrastructure needs "in order for the state, municipal and county governments of Tennessee to develop goals, strategies, and programs which would; improve the quality of life of its citizens; support livable communities, and enhance and encourage the overall economic development of the state. Through a grant with the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) SCTDD serves as a forum for the discussion and resolution of intergovernmental problems to provide high-quality research support to state and local government officials.

At the request of local governments and economic development professionals, the SCTDD Economic Development Loan Officer met with numerous entrepreneurs and business owners to review business plans and discuss possible sources of financing assistance to be able to expand or to maintain an existing employment base. Some meetings resulted in applications and others were referred to other organizations.

Applicants were a diverse group including a car wash, manufacturers, hotels, self-storage facilities, retail businesses, and other commercial enterprises. Nine applications were submitted and approved by SCTBDC during FYE 2022. Loans totaling \$6,941,500 were approved during FYE 2022 that are expected to leverage \$12,570,485 in private investments from owner equity or other financial institutions. These funds were expected to create or help save 126 jobs and support several other economic and community development objectives from encouraging or enabling rural development to empowerment of minorities and female applicants. Funding for these projects was provided by the USDA Loan Fund Programs, EDA Loan Fund Programs, SCTBDC Loan Fund, and the SBA 504 Program.

On August 21, 2020, EDA obligated funds for a special CARES Act Revolving Loan Fund Grant. The capitalization provided \$1,510,000 in funding for small businesses. All program funds have been loaned from the new RLF, and revolving funds have also been used to finance a project during FYE 2022.

The oldest RLF managed by SCTDD staff was defederalized in 2022. A condition of the release of federal interest was that we continue to use the funds in the same manner, as a revolving loan fund. The defederalization does, however, provide additional leverage to match additional grant funds for the capitalization of a new RLF in the future as opportunities become available. Currently, funding is being targeted to coal reliant initiatives and pandemic related efforts. As we move out of these targeted initiatives, more opportunities are expected for other projects, like a new RLF capitalization.

The Housing Department assists local governments and local planning commissions in identifying and monitoring areas of declining housing stock that will potentially become areas of concern in the future. Homes in the SCTDD

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022

region suffer from roof failure, window drafts, foundation issues, deteriorating siding/trim, electrical issues and HVAC failures. It is the mission of the SCTDD Housing department to bring the quality of life up to safer and sanitary standards for the low income and disadvantaged. The Housing Department administers grant funds that are awarded from Tennessee Housing Development Agency (THDA) and the U.S. Department of Housing and Urban Development (HUD) to make homes safer in our area. We utilize the Emergency Repair Assistance Program and HOME grant funds to accomplish our goals. These programs are vital to our communities. The Housing Department serves 13 counties and 35 cities within, Bedford, Coffee, Franklin, Giles, Hickman, Lawrence, Lewis, Lincoln, Marshall, Maury, Moore, Perry and Wayne. The grant assistance is available to all jurisdictions within our service area.

SCTDD/SCATS Transportation Program benefits all aspects of the community in relation to individuals, families, businesses, industries, and communities. SCTDD transit services are provided to the general public within each of the 13 counties as well as intercity service connections from each county to urbanized areas. The mission of SCTDD transit is to continually increase ridership, provide safe and efficient transportation, provide new services in unserved areas, and improve transit services with prioritization to elderly, disadvantaged, low-income, and disabled persons. SCTDD provides the regional network of transit services with state and federal funding contracted through the Tennessee Department of Transportation, Division of Multi-Modal Transportation Resources.

TDOT Revenue 2021-2022: SCTDD was awarded \$2,878,562 in federal funds and \$1,436,781 in state funds for a total grant of \$4,315,343. In addition, the funds from the prior fiscal year were allocated for use through December 31, 2021. Funds are used for administration, operations, and regional capital improvements to continue providing a regional rural public transportation system for our thirteen counties. The CARES bill passed by Congress provided \$25 billion in relief for public transit agencies across the United States. CARES Act funding is provided by the Federal Transit Administration (FTA) at 100% federal funds and does not require a state or local match. SCTDD was awarded federal funding of \$4,915,536 in early 2020 to maintain the essential services in the communities we serve. In 2021, SCTDD was awarded additional federal funding under the CARES Act in the amount of \$3,475,027 making the total allocation \$8,390,563. These funds were allocated for use through June 30, 2022.

One priority in the District's mission is to improve and enhance the elderly and disabled's quality of life. The Aging and Disability programs offer services to ensure that older adults age 60 and over, and adults age 18 and over with a physical disability, in this 13-county district, have the opportunity to realize their full potential and to participate completely in community life, work opportunities, and to receive appropriate support services, as needed, to maintain their independence for as long as possible. Since 1973, South Central Tennessee Development District has been designated by the Tennessee Commission on Aging & Disability as the Area Agency on Aging & Disability to provide programs and services to older adults and adults with physical disabilities in our 13-county district. In fiscal year 2021-2022, AAAD contracted with 27 service providers, maintained a budget of over \$5.1 million, and was staffed with 25 full-time and 5 part-time staff members. Funding for AAAD programs and services is provided by the U.S. DHHS-Administration for Community Living, Tennessee Commission on Aging & Disability, State of Tennessee, Bureau of TennCare, and Centers for Medicare and Medicaid Services.

#### REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the South Central Tennessee Development District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, South Central Tennessee Development District, 101 Sam Watkins Blvd., Mt. Pleasant, TN 38474.

## **BASIC FINANCIAL SECTION**

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities
<b>Assets:</b>	
Cash:	
Cash in bank - checking	\$ 11,664,499
Certificates of deposit	380,952
Accounts Receivable:	
Due from grantors	4,068,116
Due from delegates	128,405
Due from performance-based contracts	2,200,430
Notes receivable, net of allowance for uncollectibles	4,020,849
Prepaid expenditures	350
Right-of-use assets	200,701
Capital assets:	
Not being depreciated	75,000
Being depreciated, net	1,998,442
Net pension asset	1,029,049
Total assets	25,766,793
<b>Deferred outflows of resources</b>	1,511,826
<b>Liabilities:</b>	
Accounts payable	467,181
Other accrued liabilities	82,378
Unapplied match and program revenues	295,072
Due to subcontractors	2,127,650
Due to grantors	25,195
Unearned revenue	468,967
Noncurrent liabilities:	
Due within one year	91,883
Due in more than one year	1,153,503
Total liabilities	4,711,829
<b>Deferred inflows of resources</b>	1,269,229
<b>Net Position:</b>	
Net investment in capital assets	963,529
Restricted:	
Restricted for net pension assets	1,029,049
Restricted for debt service	136,519
Restricted - other	350
Unrestricted	19,168,114
Total net position	\$ 21,297,561

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Program Activities	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total
Governmental Activities:					
General Fund	\$ 851,223	\$ 733,421	\$ 322,454	\$ -	\$ 204,652
Aging Services	2,857,850	-	2,857,745	-	(105)
5311 Rural Public Transportation	6,904,144	-	6,498,266	-	(405,878)
Coordinated Public Transportation	827,327	1,589,399	225	-	762,297
Revolving Loan Fund	18,893	116,642	-	-	97,749
CPT S.C.A.T.S.	7,208,812	7,099,448	-	-	(109,364)
WIOA	3,060,343	-	3,056,927	-	(3,416)
Other Governmental activities	4,757,170	-	3,854,445	-	(902,725)
Total governmental activities	<u>\$ 26,485,762</u>	<u>\$ 9,538,910</u>	<u>\$ 16,590,062</u>	<u>\$ -</u>	<u>(356,790)</u>
General revenues:					
Interest income					47,176
Performance-based income					473,719
Other revenue					4,517
Gain (loss) on disposal of assets					(9,395)
Total general revenues					<u>516,017</u>
Change in net position					159,227
Net position, July 1, 2021					<u>21,138,334</u>
Net position, June 30, 2022					<u>\$ 21,297,561</u>

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

<b>Assets:</b>	General Fund	Aging Services	5311 Rural Public Transportation	Coordinated Public Transportation	Revolving Loan Fund
<b>Cash:</b>					
Cash in bank - checking	\$ 1,771,549	\$ 270	\$ 6,906	\$ 5,588,637	\$ 164,100
Certificates of deposit	261,540	-	-	-	-
Total cash	<u>2,033,089</u>	<u>270</u>	<u>6,906</u>	<u>5,588,637</u>	<u>164,100</u>
<b>Accounts Receivable:</b>					
Due from grantors	-	586,238	2,374,780	-	-
Due from performance-based contracts	128,405	-	-	-	-
Due from delegates	-	-	10,726	-	-
Due from other funds	2,061,684	-	-	-	-
Total accounts receivable	<u>2,190,089</u>	<u>586,238</u>	<u>2,385,506</u>	<u>-</u>	<u>-</u>
Note receivable, net of allowance for uncollectible	137,301	-	-	-	3,041,867
Prepaid expenditures	350	-	-	-	-
Total assets	<u>\$ 4,360,829</u>	<u>\$ 586,508</u>	<u>\$ 2,392,412</u>	<u>\$ 5,588,637</u>	<u>\$ 3,205,967</u>
<b>Liabilities:</b>					
Accounts payable	\$ 27,815	\$ 270	\$ 6,906	\$ -	\$ 27,581
Other accrued liabilities	6,877	-	-	-	-
Unapplied match and program revenues	-	-	-	-	-
Due to subcontractors	-	212,607	1,854,822	60,221	-
Unapplied grant funds	-	-	-	-	-
Due to other funds	-	373,631	530,684	-	-
Unearned revenue	-	-	-	-	3,041,867
Notes payable - long term	-	-	-	-	-
Total liabilities	<u>34,692</u>	<u>586,508</u>	<u>2,392,412</u>	<u>60,221</u>	<u>3,069,448</u>
<b>Fund balances:</b>					
Nonspendable	350	-	-	-	-
Restricted	-	-	-	-	136,519
Committed	139,965	-	-	-	-
Assigned	-	-	-	5,528,416	-
Unassigned	4,185,822	-	-	-	-
Total fund balances	<u>4,326,137</u>	<u>-</u>	<u>-</u>	<u>5,528,416</u>	<u>136,519</u>
Total liabilities and fund balances	<u>\$ 4,360,829</u>	<u>\$ 586,508</u>	<u>\$ 2,392,412</u>	<u>\$ 5,588,637</u>	<u>\$ 3,205,967</u>

(Continued)

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

<b>Assets:</b>	CPT S.C.A.T.S.	WIOA	Other Governmental Funds	Total Governmental Funds
Cash:				
Cash in bank - checking	\$ 2,648,404	\$ 270,129	\$ 1,214,504	\$ 11,664,499
Certificates of deposit	-	-	119,412	380,952
Total cash	<u>2,648,404</u>	<u>270,129</u>	<u>1,333,916</u>	<u>12,045,451</u>
Accounts Receivable:				
Due from grantors	-	461,202	645,896	4,068,116
Due from performance-based contracts	-	-	-	128,405
Due from delegates	2,112,599	36,011	41,094	2,200,430
Due from other funds	-	-	-	2,061,684
Total accounts receivable	<u>2,112,599</u>	<u>497,213</u>	<u>686,990</u>	<u>8,458,635</u>
Note receivable, net of allowance for uncollectible	-	-	841,681	4,020,849
Prepaid expenditures	-	-	-	350
Total assets	<u>\$ 4,761,003</u>	<u>\$ 767,342</u>	<u>\$ 2,862,587</u>	<u>\$ 24,525,285</u>
<b>Liabilities:</b>				
Accounts payable	\$ 38,741	\$ 270,130	\$ 95,737	\$ 467,180
Other accrued liabilities	74,375	-	1,126	82,378
Unapplied match and program revenues	-	-	295,072	295,072
Due to subcontractors	-	-	-	2,127,650
Unapplied grant funds	-	-	25,195	25,195
Due to other funds	-	497,212	660,157	2,061,684
Unearned revenue	-	-	-	3,041,867
Notes payable - long term	-	-	400,362	400,362
Total liabilities	<u>113,116</u>	<u>767,342</u>	<u>1,477,649</u>	<u>8,501,388</u>
<b>Fund balances:</b>				
Nonspendable	-	-	-	350
Restricted	-	-	-	136,519
Committed	-	-	-	139,965
Assigned	4,647,887	-	1,384,938	11,561,241
Unassigned	-	-	-	4,185,822
Total fund balances	<u>4,647,887</u>	<u>-</u>	<u>1,384,938</u>	<u>16,023,897</u>
Total liabilities and fund balances	<u>\$ 4,761,003</u>	<u>\$ 767,342</u>	<u>\$ 2,862,587</u>	<u>\$ 24,525,285</u>

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

Fund Balance - total governmental funds \$ 16,023,897

Amounts reported for governmental activities in the Statement of Net Position are different because:

Right-of-use assets used in governmental activities are not financial resources; therefore, they are not reported in the governmental funds 200,701

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the governmental funds

Governmental capital assets, not being depreciated	75,000	
Governmental capital assets, being depreciated	12,957,129	
Less accumulated depreciation	<u>(10,958,687)</u>	2,073,442

Deferred revenue from revolving loan fund advances and repayments are recognized as revenue and expenditures in the governmental funds

Cumulative Revolving Loan Fund repayments of principal	(4,077,082)	
Cumulative Revolving Loan Fund loan advances to borrowers	<u>6,649,982</u>	2,572,900

Long-term liabilities are not due and payable in the current year; therefore, they are not reported in the governmental funds

Lease payable	(200,701)	
Net pension liability	1,029,049	
Total OPEB liability	(66,587)	
Accrued leave	<u>(577,737)</u>	184,024

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expenses in future years

Deferred outflows of resources related to pension and OPEB	1,511,826	
Deferred inflows of resources related to pension and OPEB	<u>(1,269,229)</u>	<u>242,597</u>

Net Position of Governmental Activities \$ 21,297,561

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Aging Services	5311 Rural Public Transportation	Coordinated Public Transportation
<b>Revenues:</b>				
Federal & state financial assistance	\$ 230,000	\$ 2,855,209	\$ 6,498,266	\$ -
State & local contributions	92,454	2,536	-	225
Charge for services	733,421	-	-	1,589,399
Principal-revolving loan fund	-	-	-	-
Interest and financing income adjustments	9,920	-	-	-
Performance based income	473,719	-	-	-
Other revenue	527	-	-	-
Total revenues	<u>1,540,041</u>	<u>2,857,745</u>	<u>6,498,266</u>	<u>1,589,624</u>
<b>Expenditures:</b>				
Salaries	93,099	-	491,023	-
Employee benefits	168,792	-	196,307	-
Travel and automobile	25,095	-	7,082	-
Capital expenditures	7,206	-	21,106	-
Occupancy costs	7,922	-	32,020	-
Communications	3,657	-	59,870	-
Subscriptions and memberships	7,060	-	3,000	-
Meetings and conferences	24,585	-	670	-
Printing	-	-	-	-
Postage	52	-	-	-
Consumable supplies	52,149	-	13,111	-
Advertising expense	341	408	1,106	-
Maintenance and repairs	1,397	-	51,178	-
Insurance and license expense	11,102	-	50	-
Consultants and contract services	688,457	-	1,206	-
Payments to subcontractors	5,372	2,857,442	5,842,700	827,327
Program expenses	-	-	-	-
Other expenditures	638	-	9,808	-
Principal payment	-	-	-	-
Bad debts expense	-	-	-	-
Interest expense	-	-	-	-
Indirect costs	28,497	-	143,600	-
Total expenditures	<u>1,125,421</u>	<u>2,857,850</u>	<u>6,873,837</u>	<u>827,327</u>
Excess of revenues over (under) expenditures	414,620	(105)	(375,571)	762,297
<b>Other financing sources (uses):</b>				
Transfers in from other funds	-	105	44,497	46,272
Transfers out to other funds	<u>(304,430)</u>	<u>-</u>	<u>(46,272)</u>	<u>(44,497)</u>
Net increase (decrease) in fund balance	110,190	-	(377,346)	764,072
<b>Fund balances, July 1, 2021</b>	<u>4,215,947</u>	<u>-</u>	<u>377,346</u>	<u>4,764,344</u>
<b>Fund balances, June 30, 2022</b>	<u>\$ 4,326,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,528,416</u>

(Continued)

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Revolving Loan Fund	CPT S.C.A.T.S.	WIOA
<b>Revenues:</b>			
Federal & state financial assistance	\$ -	\$ -	\$ 2,621,069
State & local contributions	-	-	435,858
Charge for services	-	7,099,448	-
Principal-revolving loan fund	173,586	-	-
Interest and financing income adjustments	116,642	-	-
Performance based income	-	-	-
Other revenue	-	2,214	-
Total revenues	<u>290,228</u>	<u>7,101,662</u>	<u>3,056,927</u>
<b>Expenditures:</b>			
Salaries	-	-	270,360
Employee benefits	-	-	108,817
Travel and automobile	-	-	43,020
Capital expenditures	-	-	2,529
Occupancy costs	-	-	300,062
Communications	-	-	55,002
Subscriptions and memberships	-	-	1,345
Meetings and conferences	-	-	28,357
Postage	-	-	-
Consumable supplies	-	-	36,163
Advertising expense	-	-	2,171
Maintenance and repairs	-	-	1,627
Insurance and license expense	-	-	-
Consultants and contract services	-	-	692,198
Payments to subcontractors	-	-	-
Program expenses	18,893	7,208,812	1,436,866
Other expenditures	-	-	88
Principal advancements RLF	454,150	-	-
Bad debts expense	-	-	-
Interest expense	-	-	-
Indirect costs	-	-	80,194
Total expenditures	<u>473,043</u>	<u>7,208,812</u>	<u>3,058,799</u>
Excess of revenues over (under) expenditures	(182,815)	(107,150)	(1,872)
<b>Other financing sources (uses):</b>			
Transfers in from other funds	79,150	-	1,872
Transfers out to other funds	-	-	-
Net increase (decrease) in fund balance	(103,665)	(107,150)	-
<b>Fund balances, July 1, 2021</b>	<u>240,184</u>	<u>4,755,037</u>	<u>-</u>
<b>Fund balances, June 30, 2022</b>	<u>\$ 136,519</u>	<u>\$ 4,647,887</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>		
Federal & state financial assistance	\$ 3,722,961	\$ 15,927,505
State & local contributions	131,484	662,557
Charge for services	-	9,422,268
Principal-revolving loan fund	-	173,586
Interest and financing income adjustments	37,256	163,818
Performance based income	-	473,719
Other revenue	1,776	4,517
Total revenues	3,893,477	26,827,970
<b>Expenditures:</b>		
Salaries	1,688,647	2,543,129
Employee benefits	661,327	1,135,243
Travel and automobile	78,044	153,241
Capital expenditures	12,858	43,699
Occupancy costs	73,027	413,031
Communications	54,559	173,088
Subscriptions and memberships	7,164	18,569
Meetings and conferences	11,853	65,465
Postage	2,167	2,219
Consumable supplies	28,109	129,532
Advertising expense	5,512	9,538
Maintenance and repairs	1,627	55,829
Insurance and license expense	1,495	12,647
Consultants and contract services	119,569	1,501,430
Payments to subcontractors	682,269	10,215,110
Program expenses	118,304	8,782,875
Other expenditures	6,336	16,870
Principal payment	-	454,150
Bad debts expense	343	343
Interest expense	2,393	2,393
Indirect costs	489,010	741,301
Total expenditures	4,044,613	26,469,702
Excess of revenues over (under) expenditures	(151,136)	358,268
<b>Other financing sources (uses):</b>		
Transfers in from other funds	302,453	474,349
Transfers out to other funds	(79,150)	(474,349)
Net increase (decrease) in fund balance	72,167	358,268
<b>Fund balances, July 1, 2021</b>	1,312,771	15,665,629
<b>Fund balances, June 30, 2022</b>	\$ 1,384,938	\$ 16,023,897

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Net Changes in Fund Balances - total governmental funds		\$ 358,268
Amounts reported for governmental activities in the Statement of Activities are different because:		
Advances and repayments are recognized as revenue and expenditures in the governmental funds:		
Revolving Loan Fund repayments of principal reported as revenue		(173,586)
Revolving Loan Fund advances of principal reported as expenses		454,150
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets, being depreciated	48,636	
Less current depreciation	(834,788)	(786,152)
When recognizing the disposal of capital assets, the governmental funds report the total proceeds of the transaction. Only gain or loss on the disposal is reported on the Statement of Activities.		
		(9,395)
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	(101,559)	
Change in net pension asset	860,748	
Change in total OPEB liability	11,576	
Change in deferred outflows of resources related to pensions and OPEB	663,853	
Change in deferred inflows of resources related to pensions and OPEB	(1,118,676)	315,942
Change in Net Position of Governmental Activities		\$ 159,227

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022

	Public Guardianship Program
<b>Assets:</b>	
Cash:	
Cash in bank - checking & savings	\$ 421,240
Other assets:	
Prepaid burial expenses	66,300
Total assets	\$ 487,540
 <b>Liabilities:</b>	
Accounts payable	\$ -
 <b>Net Position:</b>	
Held in trust for guardian beneficiaries	\$ 487,540

The accompanying notes are an integral part of this financial statement.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	Public Guardianship Program
<b>Additions:</b>	
Contributions for beneficiaries	\$ 286,231
Investment income	62
Sale of residence	101,512
Retirement income	539,735
Other revenue	123,248
Total additions	1,050,788
 <b>Deductions:</b>	
Distributions to beneficiaries	511,840
Personal expenses	828,697
Other expenses	71,339
Total deductions	1,411,876
 Change in net position	(361,088)
 Net position, July 1, 2021	848,628
 Net position, June 30, 2022	\$ 487,540

The accompanying notes are an integral part of this financial statement.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The South Central Tennessee Development District (the District) was established in 1972 in accordance with Title 13, Chapter 14, as amended, of the Tennessee Code Annotated. This legislation provides the states, counties and cities an effective “means of organizing themselves on a regional basis for the purpose of carrying on general and comprehensive planning and development activities.” The District encompasses the thirteen county area of South Central Tennessee. The counties included are Bedford, Coffee, Franklin, Giles, Hickman, Lawrence, Lewis, Lincoln, Marshall, Maury, Moore, Perry, and Wayne.

The accounting and reporting policies of the District relating to the funds included in the accompanying combined financial statements conform to generally accepted accounting principles (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The GASB periodically updates its codification of the existing Governmental Accounting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the District are described below.

Reporting Entity

The District, for financial purposes, includes all the funds relevant to the operations of the South Central Tennessee Development District (the primary government). The District is also required to include in its financial statements those separately administered organizations (component units) with which the District has significant operational or financial relationships. The criteria for including organizations as component units within the District’s reporting entity include whether the organization is legally separate and whether the District holds the corporate powers, whether the District appoints a majority of the organization’s board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the District. Based on the foregoing criteria, the South Central Tennessee Development District has no separate component units, but does have one blended unit, South Central Area Transit Service (SCATS).

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The South Central Tennessee Development District has no *business-type activities* and *proprietary funds*.

The Statement of Net Position presents the District’s non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. The outstanding debt is offset by any unspent proceeds for such debt.

*Restricted net position* result from restriction placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of all other net position which does not meet the definition of the two preceding categories.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-wide and Fund Financial Statements – Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or of an identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the 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. Taxes, investment income, and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their assignments of restricted, committed, assigned, or unassigned.

The District reports the following classifications:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Directors of the District. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. The District would commit, modify or rescind those funds by a vote of the Executive Committee.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Finance Manager or (b) an appointed body (e.g., a budget or finance committee) or official to which the Board of Directors has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the General fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-wide and Fund Financial Statements – Continued

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances available, the District considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Directors or the finance committee has provided otherwise in its commitment or assignment of actions.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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 are recorded only when payment is due.

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. Accounts receivable are reduced by an allowance for uncollectible accounts.

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

The new model as defined in GASB Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The District reports the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Aging Services – The aging services fund is a special revenue fund used to account for the proceeds of specific revenue sources that are registered to expenditures for services for the elderly and disabled in the District's region.

5311 Rural Public Transportation – The 5311 rural public transportation fund is a special revenue fund used to account for the proceeds of specific revenue sources that are restricted to expenditures for the operation of a rural public transit service in each of the thirteen counties.

Coordinated Public Transportation Fund – The coordinated public transportation fund is contract revenue and expenditures related to public transportation programs providing access for needy individuals.

Revolving Loan Fund – The revolving loan fund is a special revenue fund used to account for loan advances and repayments administered by the District in conjunction with the Economic Development Administration.

Coordinated Public Transportation (CPT) S.C.A.T.S. accounts for revenues and expenditures related to support services for a blended component unit with the transportation program.

Workforce Innovation and Opportunity Act (WIOA) accounts for revenues and expenditures related the WIOA programs. WIOA is legislation brought into law July 22, 2014 and is designed to strengthen and improve our nation's public workforce system and help get Americans, including adult, dislocated workers, youth and those with significant barriers to employment, into high-quality jobs and careers and help employers hire and retain skilled workers.

The District reports the following fiduciary fund (Not included in government-wide statements):

Public Guardianship Program – This private-purpose trust fund accounts for funds held in trust and managed by the District in accordance with court orders and trust agreements for elderly persons 60 years and older who are unable to manage their own medical and financial affairs and have no one to act in their behalf.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* includes: 1) charges to customers or applicants for services or privileges, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*.

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

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Assets, Liabilities, and Net Position or Equity

*Leases* - The District determines if an arrangement is or contains a lease at inception. The District has several leases under which it is obligated as a lessee. Leases in which the District is a lessee are included in right-of-use assets and lease liabilities on the consolidated statements of financial position. These assets and liabilities are initially recognized based on the present value of the future minimum lease payments over the lease term at commencement date discounted using an appropriate incremental borrowing rate. Options to extend or terminate a lease are included in the amount recognized to the extent that the District is reasonably certain to exercise those options. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The District has elected the short-term lease exception under ASU 2016-02, Leases (ASC Topic 842) for all leases, and therefore, leases with an initial term of 12 months or less are not included on the consolidated statements of financial position.

*Capital Assets and Depreciation* – Capital assets, which include furniture, office equipment, radio equipment, and vehicles, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District defines capital assets as all computers and printers, and other items with an individual cost of more than \$5,000.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Building	39 years
Furniture and office equipment	5 -10 years
Radio equipment	5 years
Vehicles	5 years

Total depreciation expense for governmental activities amounted to \$834,788 for the year ended June 30, 2022.

*Long-term Debt* – The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and accrued compensated absences.

*Compensated Absences* – It is the entity’s policy to permit employees to accumulate earned but unused annual leave benefits. The value of accumulated benefits earned by employees, which may be used in subsequent years or paid upon termination or retirement, is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Pensions* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of South Central Tennessee Development District’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from South Central Tennessee Development District’s fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

*OPEB* - Postemployment healthcare benefits other than pension benefits are accounted for under GASB statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition, and display of postemployment healthcare benefits expense and related liabilities, assets, note disclosures, and, if applicable, required supplementary information.

*Deferred Outflows of Resources* – In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category: deferred outflows of resources relating to pensions and other postretirement benefits may result from differences between expected and actual actuarial experience, differences between expected and actual investment earnings of the pension plan, certain changes in actuarial assumptions, and amounts of employer contributions to the plans made subsequent to the measurement date. No deferred outflows of resources affect the governmental funds financial statements in the current year.

*Deferred Inflows of Resources* – In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following types of deferred inflows of resources: pension and other postretirement benefit related deferred inflows of resources may result from actuarial gains related to the difference between expected and actual experience for the plan’s adopted economic and demographic assumptions and differences between expected and actual earnings on plan investments. No deferred inflows of resources affect the governmental funds financial statements in the current year.

*Estimates* – Management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

*Fund Equity* – In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*Adoption of New Accounting Standard* – Effective July 1, 2021, the District implemented accounting and financial reporting requirements of GASB 87. This statement establishes a single model for lease accounting based on the principle that a lease is a financing of the right to use the underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. At July 1, 2021, the District recognized a right-of-use asset of \$88,325 and lease liability of \$88,325. There was no effect to net position as a result of the adoption of this statement.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budgets and Budgetary Accounting

The District’s Board of Directors annually adopts budgets for the General Fund and the Special Revenue Funds, but it is not considered an annual appropriated legal budget. The District’s type of organization and budget does not meet the definition of a “legally adopted budget.” It is a management tool that assists in analyzing financial activity for its fiscal year ending June 30, but greater emphasis is placed on complying with grant budgets, terms and conditions on a grant-by-grant basis. These terms and conditions normally specify the period during which costs may be incurred and outline budget restrictions or allowances. In light of the District’s dependency on federal, state, and local budgetary decisions, the revenue estimates are based upon the best available information as to potential sources of funding. In addition, grants are often budgeted on “grant years” rather than on the District’s fiscal year, and thus the cost allocation plan may overlap amongst various fiscal years of the District.

**NOTE B – DEPOSITS**

Cash deposits consist of various demand deposit checking accounts and certificates of deposit. At June 30, 2022, the carrying amount of the District’s deposits, including certificates of deposit, for all governmental funds and account groups was \$12,045,451. These bank balances as well as the District’s public guardianship program accounts were entirely insured by the Tennessee Bank Collateral Pool. Guardianship accounts in the name of the individual covered by the public guardianship program are covered by the FDIC. These balances fluctuate during the year and can exceed the \$250,000 limit. The District monitors regularly the financial condition of the banking institution, along with their balances and tries to keep this potential risk at a minimum. At June 30, 2022, there were no deposits that exceeded federally insured limits.

**NOTE C – FEDERAL AND STATE ADMINISTERED GRANT RECEIVABLES**

Federal and state administered grant receivables consist of receivables for reimbursement of expenditures under various programs and grants. All amounts are expected to be collected within the next year.

**NOTE D – INTERFUND TRANSACTIONS**

During the course of normal operations, the District has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental fund financial statements generally reflect such transactions as transfers.

The following is a summary of interfund receivables and payables at June 30, 2022:

	Receivable Fund	Payable Fund
<b>Fund:</b>		
General Fund	\$ 2,061,684	\$ -
Aging Services	-	373,631
Coordinated Public Transportation	-	530,684
WIOA	-	497,212
Other governmental activities	-	660,157
Total	\$ 2,061,684	\$ 2,061,684

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE D – INTERFUND TRANSACTIONS (Continued)**

Interfund transfers during the year ended June 30, 2022, were as follows:

Transfers Out	Transfers In						Total
	Aging Services Fund	Revolving Loan Fund	5311 RPT	CPT	WIOA	Non-Major Governmental Funds	
General	\$ 105	\$ -	\$ -	\$ -	\$ 1,872	\$ 302,453	\$ 304,430
5311 Rural Transp.	-	-	-	46,272	-	-	46,272
CPT	-	-	44,497	-	-	-	44,497
Non-major Governmental Funds	-	79,150	-	-	-	-	79,150
	<u>\$ 105</u>	<u>\$ 79,150</u>	<u>\$ 44,497</u>	<u>\$ 46,272</u>	<u>\$ 1,872</u>	<u>\$ 302,453</u>	<u>\$ 474,349</u>

Transfers are used to move funds from the collecting fund to the fund authorized to expend them.

**NOTE E – NOTES RECEIVABLE**

Notes receivable consist of amounts due from participants in the District’s SCTBDC Loan program, EDA Revolving Loan Fund program, the Rural Development Intermediary Relending Programs I and II, and the District’s Small & Minority-Owned Business Loan Program. The following is a summary of notes receivable at June 30, 2022:

SCTBDC - General	\$ 137,301
Revolving Loan Fund	3,041,867
Rural Development IRP I	419,239
Rural Development IRP II	339,691
Small & Minority-Owned Business Loan Program	166,536
	<u>4,104,634</u>
Less allowance for uncollectible accounts	(83,785)
	<u>\$ 4,020,849</u>
Amounts due within one year	\$ 303,838
Amounts due in more than one year	3,717,011
	<u>\$ 4,020,849</u>

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE F – CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 75,000	\$ -	\$ -	\$ 75,000
Total capital assets not being depreciated	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Capital assets, being depreciated:				
Building	1,782,648	-	-	1,782,648
Furniture, office equipment and radios	3,352,805	48,636	(611,787)	2,789,654
Vehicles	8,539,847	-	(155,020)	8,384,827
Total capital assets being depreciated	<u>13,675,300</u>	<u>48,636</u>	<u>(766,807)</u>	<u>12,957,129</u>
Less accumulated depreciation for:				
Building	(443,758)	(45,709)	-	(489,467)
Furniture, office equipment and radios	(3,203,813)	(52,190)	610,659	(2,645,344)
Vehicles	(7,233,740)	(736,889)	146,753	(7,823,876)
Total accumulated depreciation	<u>(10,881,311)</u>	<u>(834,788)</u>	<u>757,412</u>	<u>(10,958,687)</u>
Total capital assets, being depreciated, net	<u>2,793,989</u>	<u>(786,152)</u>	<u>(9,395)</u>	<u>1,998,442</u>
Total capital assets, net	<u>\$ 2,868,989</u>	<u>\$ (786,152)</u>	<u>\$ (9,395)</u>	<u>\$ 2,073,442</u>

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE F – CAPITAL ASSETS (Continued)**

Depreciation was charged to governmental functions as follows:

EDA Reg. Assistance	711
EDA CARES	12,284
Infrastructure	461
Emergency Housing Repair	179
THDA	308
Aging Administration	1,477
Aging CARES	313
Aging Service Coordination	1,048
Aging Guardianship	1,468
Aging Ombudsman	255
Aging Quality Assurance	198
Aging Choices TennCare	3,059
Aging MIPPA/PPACA	808
Aging SHIP/SMP	872
Aging CREEVA	189
Aging Elder Abuse	156
Aging My Ride	300
Historical Preservation	623
Rural Trans. Plan Org.	246
WIOA	3,734
5311 Rural Public Transportation	51,413
Coordinated Public Transportation Capital Expenditures	701,088
	\$ 834,788

**NOTE G – LONG-TERM OBLIGATIONS**

Notes Payable – Special Revenue Funds

The Rural Development II notes consist of debt obligations in which the District borrows funds for relending to qualifying businesses. All notes are secured by the related receivables from the participating businesses. As of June 30, 2022, Rural Development has advanced the District \$225,213 payable over 30 years, with interest accruing at 1%. The first three years were interest only.

The Small & Minority-Owned Business Loan Program consists of advances from the Treasury Department of the State of Tennessee. The State shall loan program funds at no cost to the District. The District shall then be responsible for re-lending the funds by originating and servicing loans at below market rates to qualifying businesses. The District will repay to the State of Tennessee the principal of all advances received and repayment may be deferred until the end of the loan term, October 31, 2022. In the event of a default by a qualifying business, the District may be released from repayment of that portion upon presentation of proof by the District. As of June 30, 2022, the State of Tennessee had advanced the District \$175,148.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE G – LONG-TERM OBLIGATIONS (Continued)**

Annual debt service requirements to maturity for the Rural Development Intermediary Relending Program loans are as follows:

Years Ending June 30th	Rural Development IRP II	
	Principal	Interest
2023	\$ 22,400	\$ 2,252
2024	22,624	2,028
2025	22,850	1,802
2026	23,079	1,573
2027	23,309	1,343
2028-2032	110,951	3,170
Total	<u>\$ 225,213</u>	<u>\$ 12,168</u>

Interest charged to expense in the statement of activities in the current year amounted to \$2,474.

Unearned revenue under the government-wide financial statements represents the balance of grant support advanced to the District by the Economic Development Administration for the Revolving Loan Fund. Under the governmental fund financial statements this balance represents the portion of the support advances that has not been repaid by the borrowers.

Leases

The District has recognized operating right-of-use assets (ROU) and lease liabilities for leases on its government-wide statement of net position. The District is obligated under numerous operating leases to pay base rent through the respective lease expiration dates. Leases primarily consist of real property for administrative use. The District has elected the short-term lease exception under Topic 842 for all leases and, as such, leases with an initial term of 12 months or less are not recorded on the government-wide statement of net position. The District recognizes lease expense for short-term leases on a straight-line basis over the lease term. The lease liability is measured using a discount rate of 3.5%.

The following table presents maturities of lease liabilities:

Fiscal year:	Operating leases
2023	\$ 75,600
2024	54,000
2025	52,400
2026	30,000
2027	1,000
Over 5 years	-
Total lease payments	<u>213,000</u>
Less Imputed interest	<u>(12,299)</u>
Present value of lease liabilities	<u>\$ 200,701</u>

For a summary of lease activity during the year ended June 30, 2022, see the schedule of changes in lease obligation.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE G – LONG-TERM OBLIGATIONS (Continued)**

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
<b>Governmental Activities:</b>					
Rural Development IRP II	\$ 247,391	\$ -	\$ (22,178)	\$ 225,213	\$ 22,400
Small & Minority-Owned Bus.	201,635	-	(26,487)	175,148	-
Total Notes Payable	449,026	-	(48,665)	400,361	22,400
Accrued annual leave	476,178	101,559	-	577,737	-
Leases payable	88,325	167,724	(55,348)	200,701	69,483
Net pension liability (asset)	(168,301)	273,741	(1,134,489)	(1,029,049)	-
Total OPEB liability	78,163	11,687	(23,263)	66,587	-
RLF - unearned revenue	468,967	-	-	468,967	-
Long-term Liabilities	<u>\$ 1,392,358</u>	<u>\$ 554,711</u>	<u>\$ (1,261,765)</u>	<u>\$ 685,304</u>	<u>\$ 91,883</u>

**NOTE H – RESTRICTED FUND BALANCE**

The restricted fund balance at June 30, 2022, in the governmental funds balance sheet is primarily for debt service of the revolving loan funds.

**NOTE I – COMMITTED FUND BALANCE**

The District elected to withdraw from the Tennessee Consolidated Retirement System as of June 30, 1981, and received a refund of \$9,549. Future actuarial reviews may result in payments to the District, or in a partial return of this refund to the Tennessee Consolidated Retirement System. A designation of fund equity has been made in the amount of the refund, pending determination of any future payable or receivable, which may result from the actuarial reviews. Disposition of these funds will be made at the direction of the executive committee of the board of directors. In October 2003, the District's board of directors elected to reestablish its participation in the Tennessee Consolidated Retirement System (see Note J).

Amounts available to be used for the payment of accrued annual leave in the amount of \$130,416 have also been committed in the general fund balance.

**NOTE J – EMPLOYEE RETIREMENT PROGRAM**

Plan description

Employees of South Central Tennessee Development District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE J – EMPLOYEE RETIREMENT PROGRAM (Continued)**

Benefits provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	24
Active employees	50
	93
	93

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. South Central Tennessee Development District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, the employer contributions for South Central Tennessee Development District were \$570,225 based on a rate of 20.00 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept South Central Tennessee Development District’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Pension liabilities (assets)

South Central Tennessee Development District’s net pension liability (asset) was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE J – EMPLOYEE RETIREMENT PROGRAM (Continued)**

Actuarial assumptions

The total pension liability as of June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE J – EMPLOYEE RETIREMENT PROGRAM (Continued)**

Discount rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from South Central Tennessee Development District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
<b>Balance at June 30, 2020</b>	\$ 7,519,050	\$ 7,687,351	\$ (168,301)
<b>Changes for the year:</b>			
Service cost	190,231	-	190,231
Interest	549,341	-	549,341
Differences between expected and actual experience	(85,321)	-	(85,321)
Changes in assumptions	913,991	-	913,991
Contributions-employer	-	429,722	(429,722)
Contributions-employees	-	-	-
Net investment income	-	2,003,842	(2,003,842)
Benefit payments, including refunds of employee contributions	(264,320)	(264,320)	-
Administrative expense	-	(4,574)	4,574
Other changes	-	-	-
<b>Net changes</b>	<u>1,303,922</u>	<u>2,164,670</u>	<u>(860,748)</u>
<b>Balance at June 30, 2021</b>	<u>\$ 8,822,972</u>	<u>\$ 9,852,021</u>	<u>\$ (1,029,049)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of South Central Tennessee Development District calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
South Central Tennessee Development District's net pension liability (asset)	\$ 173,156	\$ (1,029,049)	\$ (2,028,763)

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE J – EMPLOYEE RETIREMENT PROGRAM (Continued)**

**Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Pension expense (negative pension expense)

For the year ended June 30, 2022, South Central Tennessee Development District recognized pension expense (negative pension expense) of \$150,964.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2022, South Central Tennessee Development District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,689	\$ 149,392
Net difference between projected and actual earnings on pension plan investments	-	1,070,615
Changes in assumptions	789,741	-
Contributions subsequent to the measurement date of June 30, 2021	570,225	-
Total	\$ 1,499,655	\$ 1,220,007

The amount shown above for “Contributions subsequent to the measurement date as of June 30, 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2023	\$ (57,677)
2024	(93,967)
2025	(134,938)
2026	(142,109)
2027	138,114
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2022, South Central Tennessee Development District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE K - OTHER POSTEMPLOYMENT BENEFITS PLAN**

**Local Government OPEB Plan**

*General information about the OPEB plan*

Plan description

Employees of the District are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits provided

The District offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The District does not directly subsidize premium rates for pre-65 retirees. Affected retirees are only afforded the implicit subsidy. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At July 1, 2021, the following employees of the District was covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	48
	48
	48

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2022, the District paid \$523 to the LGOP for OPEB benefits as they came due.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE K - OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

**Total OPEB Liability**

Actuarial assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	7.36% for pre-65 in 2021, decreasing annually over a 7 year period to an ultimate rate of 4.50%. 7.32% for post-65 in 2021, decreasing annually over an 8 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2021, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010 . Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount rate

The discount rate used to measure the total OPEB liability was 2.16 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE K - OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability (a)</b>
Total OPEB liability - beginning balance	\$ 78,163
Changes for the year:	
Service cost	9,751
Interest	1,936
Changes of benefit terms	-
Differences between expected and actual experience	(7,316)
Changes in assumptions	(15,344)
Benefit payments	(603)
Net changes	(11,576)
Total OPEB liability - ending balance	\$ 66,587

Changes in assumptions

The discount rate was changed from 2.21% as of the beginning of the measurement period to 2.16% as of June 30, 2021. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	<b>1% Decrease (1.16%)</b>	<b>Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB liability	\$ 70,777	\$ 66,587	\$ 62,500

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	<b>1% Decrease (6.36%/6.32% decreasing to 3.50%)</b>	<b>Trend Rates (7.36%/7.32% decreasing to 4.50%)</b>	<b>1% Increase (8.36%/8.32% decreasing to 5.50%)</b>
Total OPEB liability	\$ 59,582	\$ 66,587	\$ 74,637

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE K - OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

OPEB expense

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$2,912.

Deferred outflows of resources and deferred inflows of resources

For the fiscal year ended June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 1,658	\$ 34,296
Changes in assumptions	9,990	14,926
Employer payments subsequent to the measurement date	523	-
Total	\$ 12,171	\$ 49,222

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year the year ended June 30:

2023		\$ (8,775)
2024		(8,775)
2025		(8,775)
2026		(5,800)
2027		(3,357)
Thereafter		(2,092)

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

**NOTE L – TAX-EXEMPT STATUS**

South Central Tennessee Development District is a tax-exempt organization under Section 115 of the Internal Revenue Code, and accordingly, no provision for federal income taxes has been made.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE M – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Tennessee Municipal League Risk Management Pool (TML Pool) which is a non-profit, risk sharing pool of Tennessee municipalities and local public agencies established by the Tennessee Municipal League, an association of cities and towns in Tennessee. Participating members contribute premiums to the TML Pool based on that member's exposure and underwriting standards. For the three fiscal years ended June 30, 2022, 2021, and 2020 there have been no settlements in excess of coverage.

The TML Pool purchases excess loss coverage (reinsurance) to cover excess losses. The District contributes an annual premium to the TML Pool for liability coverage. Other risks of loss are covered by commercial insurance.

**NOTE N – SUBSEQUENT EVENTS**

The District considered events and transactions that occur after the statement of net position, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on March 31, 2023, and subsequent events have been evaluated through that date.

**NOTE O – CONTINGENT LIABILITY**

**A. Other Commitments**

As of July 1, 2008, Maury County Government donated 5.05 acres of land to the District with an appraised value of \$75,000. If at any time the District sells the property or it ceases to be used for public use, the District will be obligated to pay Maury County \$5,000 per acre for a total of \$25,000. At such time the liability will be recognized and recorded in the financial statements.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS  
LAST FISCAL YEAR ENDING JUNE 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Total pension liability</b>								
Service cost	\$ 132,119	\$ 142,911	\$ 136,841	\$ 148,481	\$ 162,793	\$ 178,474	\$ 167,695	\$ 190,231
Interest	309,066	332,823	353,496	412,248	446,820	494,326	513,377	549,341
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(21,617)	(56,454)	452,630	125,264	261,459	(156,585)	47,489	(85,321)
Change of assumptions	-	-	-	168,492	-	-	-	913,991
Benefit payments, including refunds of employee contributions	(113,192)	(114,009)	(161,130)	(181,358)	(223,433)	(239,580)	(245,747)	(264,320)
<b>Net change in total pension liability</b>	<u>306,376</u>	<u>305,271</u>	<u>781,837</u>	<u>673,127</u>	<u>647,639</u>	<u>276,635</u>	<u>482,814</u>	<u>1,303,922</u>
<b>Total pension liability - beginning</b>	<u>4,045,351</u>	<u>4,351,727</u>	<u>4,656,998</u>	<u>5,438,835</u>	<u>6,111,962</u>	<u>6,759,601</u>	<u>7,036,236</u>	<u>7,519,050</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 4,351,727</u>	<u>\$ 4,656,998</u>	<u>\$ 5,438,835</u>	<u>\$ 6,111,962</u>	<u>\$ 6,759,601</u>	<u>\$ 7,036,236</u>	<u>\$ 7,519,050</u>	<u>\$ 8,822,972</u>
<b>Plan fiduciary net position</b>								
Contributions-employer	\$ 215,894	\$ 231,561	\$ 233,814	\$ 637,515	\$ 355,498	\$ 356,456	\$ 375,228	\$ 429,722
Contributions-employee	-	33	720	-	-	-	-	-
Net investment income	628,453	139,916	126,927	585,166	500,474	495,160	360,317	2,003,842
Benefit payments, including refunds of employee contributions	(113,192)	(114,009)	(161,130)	(181,358)	(223,433)	(239,580)	(245,747)	(264,320)
Administrative expense	(1,634)	(2,132)	(3,208)	(3,762)	(4,581)	(4,020)	(4,078)	(4,574)
Other	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>729,521</u>	<u>255,369</u>	<u>197,123</u>	<u>1,037,561</u>	<u>627,958</u>	<u>608,016</u>	<u>485,720</u>	<u>2,164,670</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,746,083</u>	<u>4,475,604</u>	<u>4,730,973</u>	<u>4,928,096</u>	<u>5,965,657</u>	<u>6,593,615</u>	<u>7,201,631</u>	<u>7,687,351</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 4,475,604</u>	<u>\$ 4,730,973</u>	<u>\$ 4,928,096</u>	<u>\$ 5,965,657</u>	<u>\$ 6,593,615</u>	<u>\$ 7,201,631</u>	<u>\$ 7,687,351</u>	<u>\$ 9,852,021</u>
<b>Net Pension Liability (asset) - ending (a) – (b)</b>	<u>\$ (123,877)</u>	<u>\$ (73,975)</u>	<u>\$ 510,739</u>	<u>\$ 146,305</u>	<u>\$ 165,986</u>	<u>\$ (165,395)</u>	<u>\$ (168,301)</u>	<u>\$ (1,029,049)</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	102.85%	101.59%	90.61%	97.61%	97.54%	102.35%	102.24%	111.66%
<b>Covered payroll</b>	\$ 1,828,064	\$ 1,943,878	\$ 1,969,215	\$ 2,133,235	\$ 2,369,985	\$ 2,376,376	\$ 2,501,516	\$ 2,864,810
<b>Net pension liability (asset) as a percentage of covered payroll</b>	(6.78%)	(3.81%)	25.94%	6.86%	7.00%	(6.96%)	(6.73%)	(35.92%)

*Changes of assumptions.* In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS  
LAST FISCAL YEAR ENDED JUNE 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 215,894	\$ 231,593	\$ 233,814	\$ 254,068	\$ 190,310	\$ 222,429	\$ 241,146	\$ 429,722	\$ 427,673
Contribution in relation to the actuarially determined contribution	215,894	231,593	233,814	637,515	355,498	356,456	375,228	429,722	570,225
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (383,447)</u>	<u>\$ (165,188)</u>	<u>\$ (134,027)</u>	<u>\$ (134,082)</u>	<u>\$ -</u>	<u>\$ (142,552)</u>
Covered payroll	\$ 1,828,064	\$ 1,944,528	\$ 1,969,215	\$2,133,235	\$ 2,369,985	\$ 2,376,376	\$ 2,501,516	\$ 2,864,811	\$ 2,851,156
Contributions as a percentage covered payroll	11.81%	11.91%	11.87%	29.88%	15.00%	15.00%	15.00%	15.00%	20.00%

GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date.

**NOTES TO SCHEDULE**

Valuation date: Actuarially determined contribution rates for 2022 were calculated based on the June 30, 2020 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

*Changes of assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST FISCAL YEAR ENDING JUNE 30,

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Total OPEB liability</b>					
Service cost	\$ 5,926	\$ 5,718	\$ 6,913	\$ 6,753	\$ 9,751
Interest	2,454	3,129	3,807	2,823	1,936
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	-	3,102	(39,032)	(10,481)	(7,316)
Change of assumptions	(4,063)	5,895	5,460	5,658	(15,344)
Benefit payments	-	(558)	(2,961)	(510)	(603)
<b>Net change in total OPEB liability</b>	<u>4,317</u>	<u>17,286</u>	<u>(25,813)</u>	<u>4,243</u>	<u>(11,576)</u>
<b>Total OPEB liability - beginning</b>	<u>78,130</u>	<u>82,447</u>	<u>99,733</u>	<u>73,920</u>	<u>78,163</u>
<b>Total OPEB liability - ending</b>	<u>\$ 82,447</u>	<u>\$ 99,733</u>	<u>\$ 73,920</u>	<u>\$ 78,163</u>	<u>\$ 66,587</u>
<b>Covered-employee payroll</b>	\$ 1,493,476	\$ 2,183,930	\$ 2,182,667	\$ 2,332,578	\$ 2,490,226
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	5.52%	4.57%	3.39%	3.35%	2.67%

**Notes to Schedule**

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

**SUPPLEMENTARY INFORMATION**

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
COMBINING FINANCIAL STATEMENTS  
NON-MAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds**

EDA Planning Assistance accounts for revenues and expenditures the District administers through the United States Economic Development Administration in assisting member governments and related public agencies in obtaining funding and technical assistance.

EDA Regional Assistance accounts for revenues and expenditures for expansion of economic development outreach strategies that will be flexible enough to address the individual needs of each community, including (1) inventorying the skills available in each community, (2) match existing skills to employment opportunities, (3) develop outreach strategies to industries/businesses that need the identified skills, and (4) foster grassroots businesses that will utilize existing skills sets.

EDA RLF CARES accounts for revenues and expenditures related to CARES Act Supplemental EDA Planning Grant funds to acquire appropriate technology and staff support to implement COVID-19 pandemic-response activities.

EDA CARES accounts for revenues and expenditures relating to administering a special CARES Act Revolving Loan Fund Grant for small businesses.

Infrastructure accounts for revenues and expenditures in assisting member governments study current infrastructure needs.

Rural Transportation Planning Organization Fund accounts for revenues and expenditures to ensure quality and progress in transportation planning issues.

THDA accounts for revenues and expenditures incurred in administering housing programs through the Tennessee Housing Development Administration.

Aging Administration accounts for revenues and expenditures related to administration of programs for the elderly and disabled.

Aging Information, Referral, and Assistance accounts for revenues and expenditures related to the collection of information and assistance for participants about available services for the elderly and disabled.

Aging Service Coordination accounts for revenues and expenditures related to the training and technical assistance for service providers of aging programs.

Aging Guardianship accounts for revenues and expenditures relating to administering the public guardianship program.

Aging Ombudsman accounts for revenues and expenditures to provide information and resolving complaints or problems of older persons living in, or seeking access to, a long-term care facility.

Aging Quality Assurance accounts for revenues and expenditures relating to systematic monitoring and evaluation of the various aspects of programs, services, and/or facilities to ensure that standards of quality are being met for the elderly and disabled.

Aging Choices TennCare accounts for revenues and expenditures relating to the function of managing the point of entry for Home and Community Based Services for the Waiver Program by providing outreach and education, information and referral, screening and assessment, facilitated enrollment, and management for the elderly and disabled.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
COMBINING FINANCIAL STATEMENTS  
NON-MAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds (Continued)**

Aging CARES accounts for revenues and expenditures related to providing supplemental funding for programs authorized by the Older Americans Act of 1965. Services include Home and Community Based Services (HCBS) which will help older adults shelter in place to minimize their exposure to COVID-19.

Aging Guardianship Emergency accounts for revenues and expenditures related to unexpected and urgent costs for individuals in the public guardianship program.

Aging MIPPA/PPACA accounts for revenues and expenditures to extend the reach in locating, counseling and helping enroll eligible individuals into Low Income Subsidy and Medicare Part D Programs.

Aging SNAP accounts for revenues and expenditures related to providing information regarding eligibility and assistance with application procedures through Supplemental Nutrition Assistance Program (SNAP).

Aging SHIP/SMP accounts for revenues and expenditures related to operating a region-wide State Health Insurance Program (SHIP) to private Medicare/Medicaid health information and counseling and Senior Medicare Patrol Project (SMP) to identify potential Medicare/Medicaid fraud, waste and abuse, and recruit and train a pool of volunteers.

Aging CREVAA accounts for revenues and expenditures related to providing emergency victim centered services and resources as specified through Collaborative Response to Elder and Vulnerable Adult Abuse (CREVAA).

Aging Elder Abuse accounts for revenues and expenditures related to providing elder abuse prevention training and education to professionals and the public.

Aging My Ride accounts for revenues and expenditures related to Senior Volunteer Transportation Program for persons age 60 and older who need assisted transportation, and rides are provided by volunteer drivers with their own vehicle. Currently operating in Lawrence County, with Bedford and Maury to follow in the coming months. funding for this project is provided by the Davidson County Chancery Court, Part III, from the SeniorTrust/Elder Trust Settlement (Case No. 11-1548-III) and through contract administered by the Tennessee Commission on Aging & Disability.

Aging COVID-19 accounts for revenues and expenditures related to supporting nutrition and essential products for older adults and the disabled during the pandemic. The coronavirus known as Covid-19 and its high risk for older adults has increased the need for food resources and access to food resources statewide. Balanced nutrition and hydration are always important, but during this time it is even more important that older adults have access to healthy foods.

Appalachian Regional Commission (ARC) accounts for revenues and expenditures related to the administration of planning and development activities in the Appalachian Region.

Solid Waste accounts for revenues and expenditures related to the assistance and planning for member governments on solid waste issues.

Emergency Housing Repair accounts for revenues and expenditures to provide grants to low-income elderly homeowners residing in counties serviced by the Development District to make emergency repairs to correct repair or replace essential systems and/or critical structural problems.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
COMBINING FINANCIAL STATEMENTS  
NON-MAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds (Continued)**

Coordinated Public Transportation (CPT) Capital Expenditures accounts for the proceeds of specific revenue sources that are restricted to capital expenditures of the coordinated public transportation program.

Historical Preservation accounts for revenues and expenditures to provide professional services and assistance in matters relating to the preservation of historic properties to individuals and local governments within the District's service area.

Small and Minority-Owned Business Loan Program (SMOB) accounts for revenues and expenditures to provide third party loan origination and loan servicing for the State's Small and Minority-Owned Business Assistance Program. Supports outreach to new, expanding and existing business in Tennessee that do not have reasonable access to capital markets.

Rural Development Intermediary Relending Program I – The rural development intermediary relending program I (IRP I) is a special revenue fund used to account for loan advances and repayments administered by the District in conjunction with Rural Development of the United States Department of Agriculture.

Rural Development Intermediary Relending Program II – The rural development intermediary relending program II (IRP II) is a special revenue fund used to account for loan advances and repayments in a second program administered by the District in conjunction with Rural Development of the United States Department of Agriculture.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	EDA	EDA Reg. Assist.	EDA RLF CARES	EDA CARES	Infrastructure	Rural Trans. Plan. Org.	THDA
<b>Assets:</b>							
Cash	\$ 1,325	\$ 172,200	\$ -	\$ 42,261	\$ 150,266	\$ 457	\$ 1,112
Certificate of deposits	-	-	-	-	-	-	-
Due from grantors	-	-	18,053	94,841	26,833	92,148	-
Due from performance-based contracts	-	-	-	-	-	-	-
Due from delegates	-	-	-	-	-	-	13,827
Notes receivable, net of allowances for uncollectible	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 1,325</u>	<u>\$ 172,200</u>	<u>\$ 18,053</u>	<u>\$ 137,102</u>	<u>\$ 177,099</u>	<u>\$ 92,605</u>	<u>\$ 14,939</u>
<b>Liabilities:</b>							
Accounts payable	\$ 1,325	\$ -	\$ -	\$ 42,261	\$ -	\$ 457	\$ 1,112
Other accrued liabilities	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Unapplied match and program revenues	-	2,750	-	-	-	-	-
Due to subcontractors	-	-	-	-	-	-	-
Unapplied grant funds	-	-	-	-	-	-	-
Due to general fund	-	-	18,053	94,841	-	92,148	13,827
Total liabilities	<u>1,325</u>	<u>2,750</u>	<u>18,053</u>	<u>137,102</u>	<u>-</u>	<u>92,605</u>	<u>14,939</u>
<b>Fund balances:</b>							
Assigned	<u>-</u>	<u>169,450</u>	<u>-</u>	<u>-</u>	<u>177,099</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,325</u>	<u>\$ 172,200</u>	<u>\$ 18,053</u>	<u>\$ 137,102</u>	<u>\$ 177,099</u>	<u>\$ 92,605</u>	<u>\$ 14,939</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	Aging Admin.	Aging Info. Ref. Assist.	Aging Service Coordination	Aging Guardianship	Aging Ombudsman	Aging Quality Assurance
<b>Assets:</b>						
Cash	\$ -	\$ 44	\$ 1,663	\$ 232,718	\$ 966	\$ 1,287
Certificate of deposits	-	-	-	-	-	-
Due from grantors	-	5,289	71,547	42,009	17,894	10,839
Due from performance-based contracts	-	-	-	-	-	-
Due from delegates	-	-	2,548	-	-	-
Notes receivable, net of allowances for uncollectible	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 5,333</u>	<u>\$ 75,758</u>	<u>\$ 274,727</u>	<u>\$ 18,860</u>	<u>\$ 12,126</u>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 44	\$ 1,663	\$ 1,322	\$ 966	\$ 1,287
Other accrued liabilities	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Unapplied match and program revenues	-	-	-	231,396	-	-
Due to subcontractors	-	-	-	-	-	-
Unapplied grant funds	-	-	-	-	-	-
Due to general fund	-	5,289	74,095	42,009	17,894	10,839
Total liabilities	<u>-</u>	<u>5,333</u>	<u>75,758</u>	<u>274,727</u>	<u>18,860</u>	<u>12,126</u>
<b>Fund balances:</b>						
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 5,333</u>	<u>\$ 75,758</u>	<u>\$ 274,727</u>	<u>\$ 18,860</u>	<u>\$ 12,126</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	Aging Choices TennCare	Aging CARES	Aging Guardianship Emergency	Aging MIPPA PPACA	Aging SNAP	Aging SHIP/SMP	Aging CREVAA
<b>Assets:</b>							
Cash	\$ 4,024	\$ 6,121	\$ 639	\$ 20,146	\$ 648	\$ 6,255	\$ 141
Certificate of deposits	-	-	2,500	-	-	-	-
Due from grantors	97,068	26,279	-	17,357	22,660	17,152	14,728
Due from performance-based contracts	-	-	-	-	-	-	-
Due from delegates	-	-	-	-	-	6,094	-
Notes receivable, net of allowances for uncollectible	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 101,092</u>	<u>\$ 32,400</u>	<u>\$ 3,139</u>	<u>\$ 37,503</u>	<u>\$ 23,308</u>	<u>\$ 29,501</u>	<u>\$ 14,869</u>
<b>Liabilities:</b>							
Accounts payable	\$ 4,024	\$ 6,121	\$ -	\$ 636	\$ 535	\$ 683	\$ 141
Other accrued liabilities	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Unapplied match and program revenues	-	-	-	-	-	-	-
Due to subcontractors	-	-	-	-	-	-	-
Unapplied grant funds	-	-	-	19,510	113	5,572	-
Due to general fund	97,068	26,279	-	17,357	22,660	23,246	14,728
Total liabilities	<u>101,092</u>	<u>32,400</u>	<u>-</u>	<u>37,503</u>	<u>23,308</u>	<u>29,501</u>	<u>14,869</u>
<b>Fund balances:</b>							
Assigned	<u>-</u>	<u>-</u>	<u>3,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 101,092</u>	<u>\$ 32,400</u>	<u>\$ 3,139</u>	<u>\$ 37,503</u>	<u>\$ 23,308</u>	<u>\$ 29,501</u>	<u>\$ 14,869</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	Aging Elder Abuse	Aging My Ride	Aging COVID-19	ARC	Solid Waste	Emergency Housing Repair
<b>Assets:</b>						
Cash	\$ 13,214	\$ 53,479	\$ -	\$ 29	\$ 1,807	\$ 16,315
Certificate of deposits	-	-	-	-	-	-
Due from grantors	813	-	-	-	-	29,909
Due from performance-based contracts	-	-	-	-	-	-
Due from delegates	-	18,625	-	-	-	-
Notes receivable, net of allowances for uncollectible	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 14,027</u>	<u>\$ 72,104</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 1,807</u>	<u>\$ 46,224</u>
<b>Liabilities:</b>						
Accounts payable	\$ 62	\$ 5,705	\$ -	\$ 29	\$ 1,807	\$ 16,315
Other accrued liabilities	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Unapplied match and program revenues	13,152	47,774	-	-	-	-
Due to subcontractors	-	-	-	-	-	-
Unapplied grant funds	-	-	-	-	-	-
Due to general fund	813	18,625	-	-	-	29,909
Total liabilities	<u>14,027</u>	<u>72,104</u>	<u>-</u>	<u>29</u>	<u>1,807</u>	<u>46,224</u>
<b>Fund balances:</b>						
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 14,027</u>	<u>\$ 72,104</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 1,807</u>	<u>\$ 46,224</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	CPT Capital Expenditures	Historical Preservation	S.M.O.B. Loan Program	Rural Development Intermediary I	Rural Development Intermediary II	Totals
<b>Assets:</b>						
Cash	\$ 374,781	\$ 139	\$ 35,401	\$ 22,375	\$ 54,691	\$ 1,214,504
Certificate of deposits	-	-	-	116,912	-	119,412
Due from grantors	-	40,477	-	-	-	645,896
Due from performance-based contracts	-	-	-	-	-	-
Due from delegates	-	-	-	-	-	41,094
Notes receivable, net of allowances for uncollectible	-	-	166,536	364,393	310,752	841,681
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 374,781</u>	<u>\$ 40,616</u>	<u>\$ 201,937</u>	<u>\$ 503,680</u>	<u>\$ 365,443</u>	<u>\$ 2,862,587</u>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 139	\$ 9,103	\$ -	\$ -	\$ 95,737
Other accrued liabilities	-	-	-	-	1,126	1,126
Notes payable	-	-	175,149	-	225,213	400,362
Unapplied match and program revenues	-	-	-	-	-	295,072
Due to subcontractors	-	-	-	-	-	-
Unapplied grant funds	-	-	-	-	-	25,195
Due to other funds	-	40,477	-	-	-	660,157
Total liabilities	<u>-</u>	<u>40,616</u>	<u>184,252</u>	<u>-</u>	<u>226,339</u>	<u>1,477,649</u>
<b>Fund balances:</b>						
Assigned	<u>374,781</u>	<u>-</u>	<u>17,685</u>	<u>503,680</u>	<u>139,104</u>	<u>\$ 1,384,938</u>
<b>Total liabilities and fund balances</b>	<u>\$ 374,781</u>	<u>\$ 40,616</u>	<u>\$ 201,937</u>	<u>\$ 503,680</u>	<u>\$ 365,443</u>	<u>\$ 2,862,587</u>

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022

	EDA	EDA Reg. Assistance	EDA RLF CARES	EDA CARES	EDA Infrastructure	Rural Trans. Plan Org.	THDA
<b>Revenues:</b>							
Federal & state financial assistance	\$ 70,000	\$ -	\$ 133,824	\$ 164,911	\$ 59,629	\$ 219,030	\$ 20,000
State & local contributions	-	-	-	-	-	-	189
Charge for services	-	-	-	-	-	-	-
Interest and financing income adjustments	-	-	-	-	-	-	-
Performance based income	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>70,000</u>	<u>-</u>	<u>133,824</u>	<u>164,911</u>	<u>59,629</u>	<u>219,030</u>	<u>20,189</u>
<b>Expenditures:</b>							
Salaries	58,623	-	38,639	82,172	9,525	99,449	42,726
Employee benefits	23,456	-	15,700	33,432	4,012	40,087	17,567
Travel and automobile	9,382	-	95	171	805	4,025	3,102
Capital expenditures	259	-	-	1,998	2,400	-	-
Occupancy costs	2,339	-	-	3,421	192	4,577	2,794
Communications	2,719	-	240	47	73	1,742	2,604
Subscriptions and memberships	3,500	-	-	-	-	28	-
Meetings and conferences	4,075	-	-	-	-	2,280	283
Postage	-	-	-	-	-	-	-
Consumable supplies	74	-	-	1,445	289	361	49
Advertising expense	-	-	-	-	-	1,060	712
Maintenance and repairs	-	-	-	-	-	-	-
Insurance and license expense	87	-	-	550	-	400	275
Consultants and contract services	1,493	-	-	42,261	-	55,041	-
Payments to subcontractors	-	-	-	-	-	-	-
Program expenses	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	43
Bad debts expense	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Indirect costs	16,221	-	12,533	20,434	2,749	29,430	13,003
Total expenditures	<u>122,228</u>	<u>-</u>	<u>67,207</u>	<u>185,931</u>	<u>20,045</u>	<u>238,480</u>	<u>83,158</u>
<b>Excess of revenues over (under) expenditures</b>	(52,228)	-	66,617	(21,020)	39,584	(19,450)	(62,969)
<b>Other financing sources (uses):</b>							
Transfers in from other funds	52,228	-	12,533	21,020	-	19,450	62,969
Transfers out to other funds	-	-	(79,150)	-	-	-	-
Net increase (decrease) in fund balance	-	-	-	-	39,584	-	-
<b>Fund balances, July 1, 2021</b>	<u>-</u>	<u>169,450</u>	<u>-</u>	<u>-</u>	<u>137,515</u>	<u>-</u>	<u>-</u>
<b>Fund balances, June 30, 2022</b>	<u>\$ -</u>	<u>\$ 169,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,099</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022

	Aging Admin.	Aging Info. Ref. Assist.	Aging Service Coordination	Aging Guardianship	Aging Ombudsman
<b>Revenues:</b>					
Federal & state financial assistance	\$ 490,543	\$ 34,814	\$ 391,841	\$ 237,205	\$ 84,628
State & local contributions	-	-	13,608	688	-
Charge for services	-	-	-	-	-
Interest and financing income adjustments	-	-	-	-	-
Performance based income	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>490,543</u>	<u>34,814</u>	<u>405,449</u>	<u>237,893</u>	<u>84,628</u>
<b>Expenditures:</b>					
Salaries	261,148	19,513	224,948	127,437	45,189
Employee benefits	106,100	6,487	90,944	51,005	17,836
Travel and automobile	16,277	-	3,786	9,309	3,880
Capital expenditures	2,463	-	-	-	-
Occupancy costs	14,299	772	7,929	4,605	2,772
Communications	7,759	799	10,323	3,437	1,117
Subscriptions and memberships	680	-	-	358	-
Meetings and conferences	884	-	115	559	20
Postage	-	-	-	-	-
Consumable supplies	4,628	201	952	1,421	525
Advertising expense	694	-	-	-	-
Maintenance and repairs	-	1,227	-	400	-
Insurance and license expense	183	-	-	-	-
Consultants and contract services	18,919	-	-	1,855	-
Payments to subcontractors	-	-	-	-	-
Program expenses	-	-	-	-	-
Other expenditures	-	66	199	40	73
Bad debts expense	-	-	-	-	-
Interest expense	-	-	-	-	-
Indirect costs	81,037	5,749	66,253	37,467	13,260
Total expenditures	<u>515,071</u>	<u>34,814</u>	<u>405,449</u>	<u>237,893</u>	<u>84,672</u>
<b>Excess of revenues over (under) expenditures</b>	(24,528)	-	-	-	(44)
<b>Other financing sources (uses):</b>					
Transfers in from other funds	24,528	-	-	-	44
Transfers out to other funds	-	-	-	-	-
Net increase (decrease) in fund balance	-	-	-	-	-
<b>Fund balances, July 1, 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, June 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022

	Aging Quality Assurance	Aging Choices TennCare	Aging CARES	Aging Guardianship Emergency	Aging MIPPA PPACA
<b>Revenues:</b>					
Federal & state financial assistance	\$ 58,137	\$ 527,226	\$ 479,793	\$ -	\$ 82,646
State & local contributions	-	-	-	-	-
Charge for services	-	-	-	-	-
Interest and financing income adjustments	-	-	-	-	-
Performance based income	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>58,137</u>	<u>527,226</u>	<u>479,793</u>	<u>-</u>	<u>82,646</u>
<b>Expenditures:</b>					
Salaries	30,610	288,262	21,679	-	49,763
Employee benefits	12,162	115,679	6,358	-	4,214
Travel and automobile	2,281	8,047	-	-	4,480
Capital expenditures	1,204	2,446	-	-	-
Occupancy costs	1,104	10,542	627	-	4,033
Communications	1,618	12,964	34	-	2,896
Subscriptions and memberships	-	288	-	-	-
Meetings and conferences	180	893	8	-	15
Postage	-	-	-	-	769
Consumable supplies	221	3,275	308	-	1,678
Advertising expense	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Insurance and license expense	-	-	-	-	-
Consultants and contract services	-	-	-	-	-
Payments to subcontractors	-	-	382,181	-	-
Program expenses	-	-	63,097	-	-
Other expenditures	-	209	-	-	3,900
Bad debts expense	-	-	-	-	-
Interest expense	-	-	-	-	-
Indirect costs	8,790	84,764	5,501	-	10,898
Total expenditures	<u>58,170</u>	<u>527,369</u>	<u>479,793</u>	<u>-</u>	<u>82,646</u>
<b>Excess of revenues over (under) expenditures</b>	(33)	(143)	-	-	-
<b>Other financing sources (uses):</b>					
Transfers in from other funds	33	143	-	-	-
Transfers out to other funds	-	-	-	-	-
Net increase (decrease) in fund balance	-	-	-	-	-
<b>Fund balances, July 1, 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,139</u>	<u>-</u>
<b>Fund balances, June 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,139</u>	<u>\$ -</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022

	Aging SNAP	Aging SHIP/SMP	Aging CREVAA	Aging Elder Abuse	Aging My Ride
<b>Revenues:</b>					
Federal & state financial assistance	\$ 65,930	\$ 78,468	\$ 90,000	\$ 5,100	\$ -
State & local contributions	-	24,626	-	10,705	81,668
Charge for services	-	-	-	-	-
Interest and financing income adjustments	-	-	-	-	-
Performance based income	-	-	-	-	-
Other revenue	-	1,776	-	-	-
Total revenues	<u>65,930</u>	<u>104,870</u>	<u>90,000</u>	<u>15,805</u>	<u>81,668</u>
<b>Expenditures:</b>					
Salaries	35,675	52,727	50,345	3,344	9,371
Employee benefits	14,645	17,985	20,266	1,335	6,108
Travel and automobile	2,306	2,331	1,635	700	1,437
Capital expenditures	-	1,005	-	-	-
Occupancy costs	1,544	5,019	1,544	-	-
Communications	-	2,025	1,075	89	348
Subscriptions and memberships	-	30	30	-	2,250
Meetings and conferences	-	831	215	750	-
Postage	629	769	-	-	-
Consumable supplies	619	3,149	-	8,601	-
Advertising expense	-	2,532	-	-	514
Maintenance and repairs	-	-	-	-	-
Insurance and license expense	-	-	-	-	-
Consultants and contract services	-	-	-	-	-
Payments to subcontractors	-	-	-	-	7,971
Program expenses	-	-	1,538	-	53,669
Other expenditures	-	1,776	-	-	-
Bad debts expense	-	-	-	-	-
Interest expense	-	-	-	-	-
Indirect costs	10,512	14,691	14,840	986	-
Total expenditures	<u>65,930</u>	<u>104,870</u>	<u>91,488</u>	<u>15,805</u>	<u>81,668</u>
<b>Excess of revenues over (under) expenditures</b>	-	-	(1,488)	-	-
<b>Other financing sources (uses):</b>					
Transfers in from other funds	-	-	1,488	-	-
Transfers out to other funds	-	-	-	-	-
Net increase (decrease) in fund balance	-	-	-	-	-
<b>Fund balances, July 1, 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, June 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022

	Aging COVID-19	ARC	Solid Waste	Emergency Housing Repair	CPT Capital Expenditures
<b>Revenues:</b>					
Federal & state financial assistance	\$ 4,959	\$ 44,914	\$ -	\$ 299,408	\$ -
State & local contributions	-	-	-	-	-
Charge for services	-	-	-	-	-
Interest and financing income adjustments	-	-	-	-	-
Performance based income	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>4,959</u>	<u>44,914</u>	<u>-</u>	<u>299,408</u>	<u>-</u>
<b>Expenditures:</b>					
Salaries	-	35,444	1,655	30,788	-
Employee benefits	-	14,551	673	12,505	-
Travel and automobile	-	439	-	1,099	-
Capital expenditures	-	-	-	-	-
Occupancy costs	-	1,598	-	-	-
Communications	-	451	140	645	-
Subscriptions and memberships	-	-	-	-	-
Meetings and conferences	-	-	-	295	-
Postage	-	-	-	-	-
Consumable supplies	-	-	-	24	-
Advertising expense	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Insurance and license expense	-	-	-	-	-
Consultants and contract services	-	-	-	-	-
Payments to subcontractors	4,959	-	-	259,083	-
Program expenses	-	-	-	-	-
Other expenditures	-	-	-	30	-
Bad debts expense	-	-	-	-	-
Interest expense	-	-	-	-	-
Indirect costs	-	10,435	460	8,520	-
Total expenditures	<u>4,959</u>	<u>62,918</u>	<u>2,928</u>	<u>312,989</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures</b>	-	(18,004)	(2,928)	(13,581)	-
<b>Other financing sources (uses):</b>					
Transfers in from other funds	-	18,004	2,928	11,644	-
Transfers out to other funds	-	-	-	-	-
Net increase (decrease) in fund balance	-	-	-	(1,937)	-
<b>Fund balances, July 1, 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,937</u>	<u>374,781</u>
<b>Fund balances, June 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,781</u>

(Continued)

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022

	Historical Preservation	S.M.O.B. Loan Program	Rural Development Intermediary I	Rural Development Intermediary II	Totals
<b>Revenues:</b>					
Federal & state financial assistance	\$ 79,955	\$ -	\$ -	\$ -	\$ 3,722,961
State & local contributions	-	-	-	-	131,484
Charge for services	-	-	-	-	-
Interest and financing income adjustments	-	3,081	17,621	16,554	37,256
Performance based income	-	-	-	-	-
Other revenue	-	-	-	-	1,776
<b>Total revenues</b>	<b>79,955</b>	<b>3,081</b>	<b>17,621</b>	<b>16,554</b>	<b>3,893,477</b>
<b>Expenditures:</b>					
Salaries	69,615	-	-	-	1,688,647
Employee benefits	28,220	-	-	-	661,327
Travel and automobile	2,457	-	-	-	78,044
Capital expenditures	1,083	-	-	-	12,858
Occupancy costs	3,316	-	-	-	73,027
Communications	1,414	-	-	-	54,559
Subscriptions and memberships	-	-	-	-	7,164
Meetings and conferences	450	-	-	-	11,853
Postage	-	-	-	-	2,167
Consumable supplies	289	-	-	-	28,109
Advertising expense	-	-	-	-	5,512
Maintenance and repairs	-	-	-	-	1,627
Insurance and license expense	-	-	-	-	1,495
Consultants and contract services	-	-	-	-	119,569
Payments to subcontractors	28,075	-	-	-	682,269
Program expenses	-	-	-	-	118,304
Other expenditures	-	-	-	-	6,336
Bad debts expense	-	343	-	-	343
Interest expense	-	-	-	2,393	2,393
Indirect costs	20,477	-	-	-	489,010
<b>Total expenditures</b>	<b>155,396</b>	<b>343</b>	<b>-</b>	<b>2,393</b>	<b>4,044,613</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(75,441)</b>	<b>2,738</b>	<b>17,621</b>	<b>14,161</b>	<b>(151,136)</b>
<b>Other financing sources (uses):</b>					
Transfers in from other funds	75,441	-	-	-	302,453
Transfers out to other funds	-	-	-	-	(79,150)
Net increase (decrease) in fund balance	-	2,738	17,621	14,161	72,167
<b>Fund balances, July 1, 2021</b>	<b>-</b>	<b>14,947</b>	<b>486,059</b>	<b>124,943</b>	<b>1,312,771</b>
<b>Fund balances, June 30, 2022</b>	<b>\$ -</b>	<b>\$ 17,685</b>	<b>\$ 503,680</b>	<b>\$ 139,104</b>	<b>\$ 1,384,938</b>

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF PERFORMANCE-BASED ASSISTANCE AND LOAN ACTIVITY  
YEAR ENDED JUNE 30, 2022

CFDA NUMBER	GRANT NUMBER	PROGRAM NAME	GRANTOR AGENCY	(ACCRUED)	CASH	TRANSFERS	OTHER	AMOUNT	AMOUNT	TRANSFERS	OTHER	(ACCRUED)
				UNAPPLIED BALANCE JULY 1, 2021								RECEIPTS
-	-	GRANTS MANAGEMENT	COUNTY AND CITY GOVERNMENTS OF DISTRICT	\$ (36,250)	\$ 53,472	\$ -	\$ -	\$ 74,108	\$ -	\$ -	\$ -	\$ (56,886)
-	-	STATE AND LOCAL	COUNTY AND CITY GOVERNMENTS OF DISTRICT	(4,501)	282,433	-	-	293,445	-	-	-	(15,513)
-	-	BUSINESS DEVELOP.	COUNTY AND CITY GOVERNMENTS OF DISTRICT	(60,660)	110,820	-	-	106,166	-	-	-	(56,006)
TOTAL				<u>\$ (101,411)</u>	<u>\$ 446,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ (128,405)</u>

See accompanying accountants' report.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**JUNE 30, 2022**

<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 July 1, 2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During period</u>	<u>Refunded During Period</u>	<u>Outstanding June 30, 2022</u>
<b>Governmental Activities</b>									
<b>Notes from Direct Borrowings and Direct Placement Payable</b>									
Rural Development IRP II	\$ 516,494	1.00%	1/3/2008	1/3/2032	\$ 247,391	\$ -	\$ (22,178)	\$ -	\$ 225,213
Small & Minority-Owned Bus.	300,000	0.00%	11/1/2017	12/31/2022	<u>201,635</u>	<u>-</u>	<u>(26,487)</u>	<u>-</u>	<u>\$ 175,148</u>
Total Notes Payable					<u>\$ 449,026</u>	<u>\$ -</u>	<u>\$ (48,665)</u>	<u>\$ -</u>	<u>\$ 400,361</u>

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
BY INDIVIDUAL ISSUE - ALL FUNDS  
JUNE 30, 2022

**Governmental Activities:**

Year Ending June 30,	Rural Development IRP II	
	Principal	Interest
2023	\$ 22,400	\$ 2,252
2024	22,624	2,028
2025	22,850	1,802
2026	23,079	1,573
2027	23,309	1,343
2028	23,542	1,110
2029	23,778	874
2030	24,016	636
2031	24,256	396
2032	15,359	154
	\$ 225,213	\$ 12,168
The Small & Minority-Owned Business Loan Program	175,148	
Total	\$ 400,361	

See accompanying accountants' report.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS**  
**JUNE 30, 2022**

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Restated Outstanding July 1, 2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During period</u>	<u>Remeasurements</u>	<u>Outstanding June 30, 2022</u>
<b>Governmental Activities</b>									
<b>Leases payable</b>									
Payable through CPT S.C.A.T.S. Fund									
Building SCATS Hickman County	\$ 48,000	3.50%	5/1/2020	4/30/2025	\$ 36,800	\$ -	\$ (9,600)	\$ -	\$ 27,200
Building SCATS Lawrence County	30,600	3.50%	2/1/2022	6/30/2023	-	30,600	(9,000)	-	21,600
Building SCATS Marshall County	60,000	3.50%	8/1/2021	7/31/2026	-	60,000	(11,000)	-	49,000
Building SCATS Moore County	90,000	3.50%	7/1/2021	6/30/2026	-	90,000	(18,000)	-	72,000
Building SCATS Wayne County	72,000	3.50%	7/1/2020	6/30/2025	57,600	-	(14,400)	-	43,200
Total Payable through CPT S.C.A.T.S. Fund					<u>\$ 94,400</u>	<u>\$ 180,600</u>	<u>\$ (62,000)</u>	<u>\$ -</u>	<u>\$ 213,000</u>

See accompanying accountants' report.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2022**

Federal Agency/ Pass-through Agency/ State Grantor Program or Cluster Title	Federal Assistance Listings Number	Pass-through Entity Identifying Number	Amount Pass-through to Subrecipients	Expenditures
<b><u>FEDERAL AWARDS</u></b>				
U.S. Department of Commerce, Economic Development				
EDA (Planning Assistance)	11.302	ED21ATL302011	\$ -	\$ 70,000
EDA CARES Act Supplemental	11.307	ED20ATL3070062	-	164,911
EDA CARES RLF Loan	11.307	EDA RLF 04-79-07527	79,150	133,824
Admin. Revolving Loan Program CARES	11.307	04-79-07527	-	1,704,502
Admin. Revolving Loan Program Legacy	11.307	04-39-03397	-	1,085,500
Total U.S. Department of Commerce, Economic Development			<u>\$ 79,150</u>	<u>\$ 3,158,737</u>
U.S. Department of Interior				
Passed through Tennessee Historical Commission				
Historic Preservation	15.904	71438	\$ -	\$ 46,880
U.S. Department of Transportation				
Passed through Rural Transportation Planning Organization				
Rural Transportation Planning - East & West	20.205	61906	\$ -	\$ 189,801
U.S. Department of Transportation				
Passed through Tennessee Department of Transportation				
Rural Public Transportation	20.509	Z-25311-07-00	\$ -	\$ 196,809
Rural Public Transportation	20.509	Z-25311-07-00	-	894,913
Rural Public Transportation	20.509	Z-25311-07-00	-	5,000
Rural Public Transportation	20.509	Z-25311-08-00	-	42,588
Rural Public Transportation	20.509	Z-25311-15-00	-	97,775
Rural Public Transportation	20.509	Z-25311-15-00	-	1,620,392
Rural Public Transportation	20.509	Z-25311-15-00	-	4,829
CARES	20.509	Z-20-CARE-08	-	597,494
CARES	20.509	Z-20-CARE-08	-	1,692,400
Rural Public Transportation	20.509	GG-21-69935	-	18,491
Total U.S. Department of Transportation			<u>\$ -</u>	<u>\$ 5,170,691</u>
Appalachian Regional Commission				
Appalachian Local Devel. Dist. Assistance	23.009	TN-2447-C49-22	\$ -	\$ 44,914
U.S. Department Health & Human Services				
Passed through Tennessee Department of Labor				
WIOA Adult Activities/WIOA Cluster	17.258	LWSMP201ADULT21	\$ 6,058	\$ 9,355 (1)
WIOA Adult Activities/WIOA Cluster	17.258	LWSMF211ADULT21	83,692	97,854 (1)
WIOA Adult Activities/WIOA Cluster	17.258	LWSMP201ADSWA21	180,177	195,310 (1)
WIOA Adult Activities/WIOA Cluster	17.258	LWSMP211ADULT22	127,457	147,378 (1)
WIOA Adult Activities/WIOA Cluster	17.258	LWSMF221ADULT22	331,150	396,782 (1)
WIOA Dislocated Workers/WIOA Cluster	17.278	LWSMP201DSLWK21	65,087	78,720 (1)
WIOA Dislocated Workers/WIOA Cluster	17.278	LWSMF211DSLWK21	264,097	347,766 (1)
WIOA Dislocated Workers/WIOA Cluster	17.278	LWSMF211DWSWA21	134,496	156,318 (1)
WIOA Dislocated Workers/WIOA Cluster	17.278	LWSMP211DSLWK22	39,152	46,894 (1)
WIOA Dislocated Workers/WIOA Cluster	17.278	LWSMF221DSLWK22	14,530	14,530 (1)
WIOA Dislocated Workers/WIOA Cluster	17.278	LWSMF221LARSP22	21,767	21,767 (1)
WIOA Dislocated Workers/WIOA Cluster	17.278	LWSMP193MNSWA20	-	2,327 (1)

(Continued)

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2022**

Federal Agency/ Pass-through Agency/ State Grantor Program or Cluster Title	Federal Assistance Listings Number	Pass-through Entity Identifying Number	Amount Pass-through to Subrecipients	Expenditures
U.S. Department Health & Human Services				
Passed through Tennessee Department of Labor				
WIOA Dislocated Workers	17.277	LWSMF201DRDWG20 (COVID)	\$ -	\$ 27,805
WIOA Dislocated Workers	17.277	LWSMF205DRDWG20 (COVID)	109,396	180,988
WIOA Youth Formula/WIOA Cluster	17.259	LWSMP201YOUTH21	173,185	241,439 (1)
WIOA Youth Formula/WIOA Cluster	17.259	LWSMP211YOUTH22	432,076	472,061 (1)
WIOA Youth Formula/WIOA Cluster	17.259	LWSMP191WBSWA20	107,715	107,715 (1)
WIOA Youth Formula/WIOA Cluster	17.259	LWSMP191RDSWA20	6,851	6,851 (1)
WIOA Youth Formula/WIOA Cluster	17.259	LWSMP191MNSWA20	16,800	22,518 (1)
Unemployment Insurance State Admin	17.245	LWSMF191LATAA19	-	297
Unemployment Insurance State Admin	17.225	LWSMF201RESEA20	11,893	11,893
Unemployment Insurance State Admin	17.225	LWSMF202RESEA20	-	6,995
Passed through Tennessee Commission on Aging				
Aging - MIPPA/PPACA	93.071	48107	-	1,447
Aging - MIPPA/PPACA	93.071	72450	-	81,199
Aging - Title VII Elder Abuse Prevention	93.041	71152	-	5,100
Aging - Title VII Ombudsman	93.042	71152	-	29,199
Aging - Title VII Ombudsman Cares Reentry Assistance	93.042	2001TNOMC3-00	-	1,279
Aging - Title IIID	93.043	71152	-	54,824
Aging - Title IIIB/Aging Cluster	93.045	71152	335,179	619,558 (2)
Aging - Title IIIC/Aging Cluster	93.045	71152	1,102,248	1,318,746 (2)
Aging - Title IIIC COVID-19/Aging Cluster	93.045	66006	-	4,959 (2)
Aging - Title IIIE	93.052	71152	212,437	291,523
Aging - NSIP/Aging Cluster	93.053	71152	165,860	165,860 (2)
Aging - CARES	93.044	B 67544	175,629	206,144 (2)
Aging - CARES	93.045	C 67544	193,909	209,839 (2)
Aging - CARES	93.045	C 70245	260,566	260,566 (2)
Aging - CARES	93.052	E 67544	63,810	63,810
Aging - ADRS	93.048	68735	-	91,467
Aging - SHIP	93.324	53293	-	2,948
Aging - SHIP	93.324	74303	-	75,520
Aging - VOCA - CREVAA	16.575	71933	1,538	90,000
Aging - SNAP	10.561	72609	-	65,930
Aging - CREST	93.747	Z-22-49810	-	303
Passed through Tennessee Bureau of TennCare				
Medical Assist. Prog. Waiver-CHOICES	93.778	58760	-	361,187
Total U.S. Department Health & Human Services			<u>\$ 4,636,755</u>	<u>\$ 6,594,971</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 4,715,905</u>	<u>\$ 15,205,994</u>

(1) Total for WIOA Cluster is \$2,365,585

(2) Total for Aging Cluster is \$2,785,672

(Continued)

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2022

Federal Agency/ Pass-through Agency/ State Grantor Program or Cluster Title	Federal Assistance Listings Number	Pass-through Entity Identifying Number	Amount Pass-through to Subrecipients	Expenditures
		Contract Number		
<b><u>STATE FINANCIAL ASSISTANCE</u></b>				
Dept. of Environment Infrastructure - other	N/A	62656	\$ -	\$ 59,629
TN Dept. of Economic & Community Development of regional plans DD grants	N/A	68334	-	230,000
Rural Transportation Planning Organization Rural Transportation Planning - East & West	N/A	61906	-	29,229
Tennessee Department of Transportation Rural Public Transportation	N/A	Z-25311-07-00	-	24,599
Rural Public Transportation	N/A	Z-25311-07-00	-	447,455
Rural Public Transportation	N/A	GG-19-61006-A	-	24,802
Rural Public Transportation	N/A	Z-25311-08-00	-	5,324
Rural Public Transportation	N/A	Z-25311-15-00	-	12,222
Rural Public Transportation	N/A	Z-25311-15-00	-	810,194
Rural Public Transportation-DOE	N/A	32901	-	2,979
Department of Labor Unemployment Insurance State Admin	N/A	LWSMF221RYSWA22	23,941	27,505
Arts Builds Communities Designated Agency Arts Build Communities	N/A	DGA 69541	28,075	33,075
Tennessee Commission on Aging Aging-State	N/A	71152	215,000	215,000
Aging-State Guardian	N/A	71153	-	237,205
Aging-State HCBS	N/A	71153	671,700	671,700
Tennessee Bureau of TennCare Medical Assist. Prog. Waiver - CHOICES	N/A	58760	361,187	361,187
Tennessee Housing Development Agency Housing & Technical Assistance Program	N/A	31620-00522	-	20,000
Emergency Housing Repair	N/A	ERP-20-01	252,693	299,408
TOTAL STATE AWARDS			<u>\$ 1,552,596</u>	<u>\$ 3,511,513</u>
TOTAL FEDERAL & STATE AWARDS			<u>\$ 6,268,501</u>	<u>\$ 18,717,507</u>

See accompanying accountants' report.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2022

NOTE A - BASIS OF PRESENTATION

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). 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 net position of the District.

Schedule of Expenditures of State Awards

In compliance with Tennessee state law, the accompanying Schedule of Expenditures of State Awards is included with this report. Such schedule presents all state funded financial awards, as defined by the State Comptroller’s Office, and is prepared and presented in a manner consistent with the Schedule of Expenditures of Federal Awards.

NOTE B – BASIS OF ACCOUNTING

The expenditures presented in the accompanying Schedules of Expenditures of Federal and State Awards were developed from agency records and federal and state financial reports which have been reconciled to the accounting records of the District. Governmental funds are reported using a modified accrual basis of accounting. The District’s records serve as the primary source of information in preparation of the District’s basic financial statements.

NOTE C – INDIRECT COST RATE

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

NOTE D – FEDERAL LOAN PROGRAM

The federal loan program listed subsequently is administrated directly by the District, and balances and transactions related to these programs are included in the District’s basic financial statements. Loans outstanding at the beginning of the year, loans made during the year, and other required components are included in the federal expenditures presented in the Schedule. Expenditure calculation for this program was as follows:

	<u>RLF Cares</u>	<u>RLF Legacy</u>
Cash	85,046	79,054
Outstanding loans beginning balances	1,405,633	1,355,041
New loans	159,150	295,000
Administrative cost	54,673	18,892
	<u>1,704,502</u>	<u>1,747,987</u>
Federal share	100.0%	62.1%
Federal award expended	<u><u>1,704,502</u></u>	<u><u>1,085,500</u></u>

See accompanying accountants’ report

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2022

NOTE D – FEDERAL LOAN PROGRAM (Continued)

The balance of federal loans gross notes receivable outstanding at the date of release and or/June 30, 2022 consists of:

	NOTES RECEIVABLE JUNE 30, 2021	NEW LOANS	LOAN LOSS	REPAYMENTS	NOTES RECEIVABLE JUNE 30, 2022
RLF Cares (Federal)	\$ 1,405,633	\$ 159,150	\$ -	\$ (61,742)	\$ 1,503,041
RLF Legacy *	<u>1,355,041</u>	<u>295,000</u>	<u>-</u>	<u>(111,215)</u>	<u>1,538,826</u>
Total Federal Loans Notes Receivable	<u>\$ 2,760,674</u>	<u>\$ 454,150</u>	<u>\$ -</u>	<u>\$ (172,957)</u>	<u>\$ 3,041,867</u>

\* RLF Legacy program was defederalized on October 5, 2021.

NOTE E – REVOLVING LOAN PROGRAM

The following is the calculation of EDA federal expenditures for the Revolving Loan Program:

	<u>RLF Cares</u>
Cash	\$ 85,046
Outstanding loan balances	1,503,041
Administrative cost	<u>54,673</u>
	<u>1,642,760</u>
Federal share	<u>100.0%</u>
Federal award expended	<u>\$ 1,642,760</u>

See accompanying accountants' report.

**SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
SCHEDULE OF PUBLIC OFFICIALS AND BONDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Official</u>	<u>Name</u>	<u>Bond Amount</u>
All Board Members	Each occurrence with \$500 deductible per occurrence	\$ 240,000
Executive Director	Jerry Mansfield	\$ 400,000
Executive Assistant	Verna Brown	\$ 400,000
Finance Director	Anita Turnbow	\$ 400,000
Transportation Director	Richard Stewart	\$ 400,000
Program Fiscal Manager	Barbara Pruitt	\$ 10,000
Housing Director	Tia Lockridge	\$ 10,000
All employees	Each occurrence with \$2,500 deductible per occurrence	\$ 1,000,000

**INTERNAL CONTROL AND COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
South Central Tennessee Development District  
Mt. Pleasant, 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, each major fund, and the aggregate remaining fund information of the South Central Tennessee Development District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the South Central Tennessee Development District's basic financial statements, and have issued our report thereon dated March 31, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the South Central 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 South Central Tennessee Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Central Tennessee Development District's internal control.

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

*Householder, Attna PLLC*

Tullahoma, Tennessee  
March 31, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors  
South Central Tennessee Development District  
Mt. Pleasant, Tennessee

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

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

We have audited the South Central Tennessee Development District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the South Central Tennessee Development District's major federal programs for the year ended June 30, 2022. South Central 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, the South Central 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, 2022.

***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 the South Central Tennessee Development District and to meet our other ethical responsibilities, in accordance with 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 the South Central 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 South Central 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 the South Central 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 that 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 the South Central 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 the South Central 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 the South Central 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 South Central Tennessee Development 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 a 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, during our audit 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.

*Hensholder Aitma PLLC*

Tullahoma, Tennessee  
March 31, 2023

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2022

SUMMARY OF AUDIT RESULTS

Financial Statements

- |  |                   |                        |
|--|-------------------|------------------------|
| 1. Type of auditor’s report issued:                      | <u>Unmodified</u> |                        |
| 2. Internal control over financial reporting:            |                   |                        |
| • Material weakness(es) identified?                      | ___ yes           | <u>X</u> no            |
| • Significant deficiency(ies) identified?                | ___ yes           | <u>X</u> none reported |
| 3. Noncompliance material to financial statements noted? | ___ yes           | <u>X</u> no            |

Federal Awards

- |  |                                |                        |
|--|--------------------------------|------------------------|
| 4. Internal control over major programs:   |                                |                        |
| • Material weakness(es) identified?  | ___ yes                        | <u>X</u> no            |
| • Significant deficiency(ies) identified?  | ___ yes                        | <u>X</u> none reported |
| 5. Type of auditor’s report issued on compliance for major programs:                                 | <u>Unmodified</u>              |                        |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2CRF 200.516(a)? | ___ yes                        | <u>X</u> no            |
| 7. The programs tested as major programs included:   |                                |                        |
| CFDA #93.044, 93.045, 93.053   | Aging Cluster                  |                        |
| CFDA #11.307   | Economic Adjustment Assistance |                        |
| 8. The threshold for distinguishing Type A programs was \$750,000.                                   |                                |                        |
| 9. The South Central Tennessee Development District was determined to be a low-risk auditee.         |                                |                        |

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

SOUTH CENTRAL TENNESSEE DEVELOPMENT DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

**Financial Statement Findings:**

There were no prior audit findings.

**Federal Award Findings and Questioned Costs:**

There were no prior findings or questioned costs reported related to federal awards.