TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
*Comptroller*

**TENNESSEE STATE FUNDING BOARD**
**NOVEMBER 23, 2026**
**REVISED AGENDA**

1. Reconvene meeting from November 9, 2026, establish that there is a physical quorum, and receive public comment on actionable agenda items in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines

2. Consideration for approval of minutes from October 19, 2026, meeting

3. Consideration and approval of staff recommendations of state revenue projections

4. Consideration and approval of staff recommendations of lottery revenue projections

5. Acknowledge receipt of notification from the Tennessee Education Lottery Corporation pursuant to Tenn. Code Ann. § 4-51-111(a)(3)

6. Report from the Department of Economic and Community Development for approval of funding for the following FastTrack projects:

| Company | Location | FastTrack Grant Type | Amount |
|---|---|---|---|
| Industrial Connections & Solutions LLC and ABB, Inc. | Selmer (McNairy County) | Economic Development | $2,270,000 |
| Valmont Industries, Inc. | Jasper (Marion County) | Job Training Assistance | $ 404,712 |

7. Report from Tennessee Central Economic Authority
   Ms. Helene Cash, Executive Director
   Ms. Michele Farley, Development Coordinator

8. Report from Tennessee State Veterans Home Board
   Mr. Ed Harries, Executive Director

9. Report on State Pooled Investment Fund (SPIF)
   Mr. Markus Klar, Director of Fixed Income
   Ms. Mary Collins, Director of Investment Operations
   State of Tennessee Treasury Department, Investment Division

10. Adjourn

The Board meeting will be held in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, 425 Rep. John Lewis Way N., Nashville, TN. Board members are allowed to participate by electronic means. The public may attend in person or virtually by using the following link: https://comptroller.tn.gov/office-functions/sgf/sgf-calendar/2026/11/23/state-funding-board-meeting.html

# TENNESSEE STATE FUNDING BOARD
## October 19, 2026

The Tennessee State Funding Board (the "Board") met on Monday, October 19, 2026, at 2:03 p.m., in the Volunteer Conference Center, 2nd Floor, Cordell Hull Building, Nashville, Tennessee. The Honorable Jason E. Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

### Other Members Physically Present

The Honorable Tre Hargett, Secretary of State
The Honorable David H. Lillard Jr., State Treasurer

### Absent Members

The Honorable Bill Lee, Governor
Commissioner Jim Bryson, Department of Finance and Administration

### Quorum Establishment & Requests for Public Comment

Having established a quorum, Comptroller Mumpower called the meeting to order. Comptroller Mumpower, in accordance with Tenn. Code Ann. § 8-44-112 and Board guidelines, asked Ms. Kayla Carr, Director of the Division of State Government Finance (SGF) and Assistant Secretary to the Board, if any requests for public comment had been received. Ms. Carr responded that no requests had been received.

### Approval of Minutes

Comptroller Mumpower then presented the minutes from the meeting held on September 28, 2026, for consideration and approval. Hearing no further discussion, Comptroller Mumpower made a motion to approve the minutes. Secretary Hargett seconded the motion, and the minutes were unanimously approved.

### Lottery Revenue Estimating Presentation from the Tennessee State Lottery Corporation

Comptroller Mumpower then recognized Ms. Rebecca Paul, President and CEO of the Tennessee Education Lottery Corporation (TELC) to present estimated total and net lottery proceeds for fiscal years 2027 through 2031. Pursuant to Tenn. Code Ann. § 4-51-111(c), the Board is required to establish a projected revenue range for the "Net Lottery Proceeds" [defined in § 4-51-102(14)] for the remainder of the current fiscal year and for the next four (4) succeeding fiscal years.

Ms. Paul reported on historical results, game performance and year-to-date fiscal year 2027 revenues and expenses. Ms. Paul noted that while sales of Mega Millions tickets had declined following the recent ticket price increase, overall profits from the game had increased modestly. Ms. Paul also indicated that lottery revenue growth is expected to remain relatively flat or increase slightly in future years, with performance continuing to depend on jackpot cycles and evolving consumer purchasing habits.

Discussion focused on factors affecting future lottery revenues and scholarship funding. Ms. Paul identified changing consumer payment preferences, particularly among younger players, as a significant consideration and emphasized the importance of expanding debt card purchasing options and online sales capabilities. She stated that additional growth opportunities could come from enhancing TELC's online

presence, including potential online sales of instant ticket products. Ms. Paul also observed that the expansion of lottery-funded scholarship and grant programs has increased demand on available revenues and noted the importance of maintaining the long-term sustainability of core scholarship programs.

The Board also discussed the potential impact of sports wagering and prediction markets on lottery sales. Ms. Paul indicated that sports wagering has likely increased competition for consumer discretionary spending and contributed to slower growth in instant ticket sales, while the ultimate impact of prediction markets on lottery revenues remains uncertain. In addition, Ms. Paul addressed proposals to increase the percentage of lottery proceeds dedicated to education, noting that such a change would likely require reducing player payouts, which could negatively affect ticket sales and result in lower overall revenues available for educational purposes.

Comptroller Mumpower asked Ms. Paul about reasonable expectations for future lottery revenue growth. Ms. Paul stated that fiscal year 2027 revenue was projected to range from slightly below fiscal year 2026 levels to modest growth above the prior year. While she did not anticipate the level of growth experienced in previous years, she expected revenues to remain stable or increase slightly, depending on jackpot cycles and the continued expansion of online sales. Ms. Paul noted that several lottery products are currently available for mobile purchase and emphasized that future growth opportunities include expanding online sales, particularly for instant ticket products.

Treasurer Lillard and Ms. Paul also discussed online lottery sales practices in other states. Ms. Paul reported that states with established online lottery programs generally experience higher sales volumes and that online offerings can attract new players while complementing traditional retail sales. She noted that several neighboring states have implemented robust online lottery strategies and suggested that continued expansion of online lottery products represents one of the most significant opportunities for future revenue growth. The Board thanked Ms. Paul for her service to the State. No further action was required.

## Adjournment

There being no further business to come before the Board, Comptroller Mumpower made a motion to adjourn. Secretary Hargett seconded the motion, and the motion was unanimously approved, and the meeting adjourned.

Approved on this 23rd day of November 2026.

Respectfully submitted,

Kayla Carr,
Assistant Secretary

**Department of Revenue Taxes**

**Estimated Revenues Based on Recurring Growth Rates**

**Funding Board Meeting - November 23, 2026**

| | Recurring Actual FY 2025-2026 | FY 2026-2027 | Growth Rate | FY 2027-2028 | Growth Rate |
|---|---|---|---|---|---|
| | | | | $ 24,962,000,000 | 2.76% |
| | | $ 24,291,600,000 | 3.16% | | |
| | | | | $ 25,013,100,000 | 2.97% |
| **Total Taxes** | $ 23,547,523,900 | | | | |
| | | | | $ 25,032,200,000 | 2.76% |
| | | $ 24,359,900,000 | 3.45% | | |
| | | | | $ 25,083,400,000 | 2.97% |
| | | ***Spread*** | ***0.29%*** | | ***0.21%*** |
| | | | | $ 21,577,300,000 | 2.87% |
| | | $ 20,975,300,000 | 3.00% | | |
| | | | | $ 21,625,500,000 | 3.10% |
| **General Fund** | $ 20,364,402,100 | | | | |
| | | | | $ 21,646,400,000 | 2.87% |
| | | $ 21,042,500,000 | 3.33% | | |
| | | | | $ 21,694,800,000 | 3.10% |
| | | ***Spread*** | ***0.33%*** | | ***0.23%*** |

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR**
**FISCAL YEAR 2026 - 2027**
***(Accrual - Basis Estimates)***

| DEPARTMENT OF REVENUE TAXES | | 2026-2027 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SOURCE OF REVENUE | 2025-2026 Actual Year | July 1, 2026 Budget Estimate | % Change Over Actual | UT - BCBER Estimate | % Change Over Actual | Fiscal Review Estimate | % Change Over Actual | Dept. of Revenue Estimate | % Change Over Actual | ETSU Estimate | % Change Over Actual |
| Sales and Use Tax[1] | $ 15,179,383,100 | $ 15,302,600,000 | 0.81% | $ 15,756,200,000 | 3.80% | $ 15,718,800,000 | 3.55% | $ 15,832,100,000 | 4.30% | $ 15,890,000,000 | 4.68% |
| Gasoline Tax | 886,135,900 | 898,500,000 | 1.40% | 876,400,000 | -1.10% | 870,000,000 | -1.82% | 887,000,000 | 0.10% | 881,200,000 | -0.56% |
| Motor Fuel Tax | 320,670,700 | 324,600,000 | 1.23% | 320,400,000 | -0.08% | 321,500,000 | 0.26% | 322,600,000 | 0.60% | 327,600,000 | 2.16% |
| Gasoline Inspection Tax | 72,372,300 | 73,000,000 | 0.87% | 72,500,000 | 0.18% | 72,400,000 | 0.04% | 73,000,000 | 0.87% | 71,500,000 | -1.21% |
| Motor Vehicle Registration Tax | 420,594,800 | 403,600,000 | -4.04% | 431,100,000 | 2.50% | 423,000,000 | 0.57% | 430,700,000 | 2.40% | 431,700,000 | 2.64% |
| Income Tax | 707,800 | - | -100.00% | - | -100.00% | - | -100.00% | - | -100.00% | 500,000 | -29.36% |
| Privilege Tax - Less Earmarked Portion[1] | 517,943,200 | 510,400,000 | -1.46% | 531,400,000 | 2.60% | 521,000,000 | 0.59% | 521,700,000 | 0.73% | 542,000,000 | 4.64% |
| Gross Receipts Tax - TVA | 445,685,700 | 441,600,000 | -0.92% | 461,700,000 | 3.59% | 465,980,000 | 4.55% | 463,200,000 | 3.93% | 462,750,000 | 3.83% |
| Gross Receipts Tax - Other | 54,001,400 | 46,500,000 | -13.89% | 54,500,000 | 0.92% | 50,300,000 | -6.85% | 54,300,000 | 0.55% | 55,700,000 | 3.15% |
| Beer Tax | 15,844,300 | 16,400,000 | 3.51% | 15,200,000 | -4.07% | 16,100,000 | 1.61% | 15,800,000 | -0.28% | 16,500,000 | 4.14% |
| Alcoholic Beverage Tax | 84,210,400 | 82,400,000 | -2.15% | 83,700,000 | -0.61% | 85,300,000 | 1.29% | 84,300,000 | 0.11% | 88,200,000 | 4.74% |
| Franchise & Excise Tax | 4,663,650,300 | 3,800,000,000 | -18.52% | 4,845,500,000 | 3.90% | 5,150,000,000 | 10.43% | 4,892,200,000 | 4.90% | 4,721,000,000 | 1.23% |
| Inheritance and Estate Tax | 14,200 | - | -100.00% | - | -100.00% | - | -100.00% | - | -100.00% | 12,000 | -15.49% |
| Tobacco Tax | 178,030,000 | 174,200,000 | -2.15% | 170,400,000 | -4.29% | 173,000,000 | -2.83% | 172,700,000 | -2.99% | 175,000,000 | -1.70% |
| Vapor Products Tax | 16,284,100 | 17,200,000 | 5.62% | 17,100,000 | 5.01% | 17,200,000 | 5.62% | 17,200,000 | 5.62% | 16,850,000 | 3.48% |
| Hemp Tax | 1,275,000 | 133,600,000 | 10378.43% | 8,400,000 | 558.82% | 25,000,000 | 1860.78% | 8,900,000 | 598.04% | 1,350,000 | 5.88% |
| Motor Vehicle Title Fees | 22,480,700 | 23,100,000 | 2.75% | 23,000,000 | 2.31% | 22,700,000 | 0.98% | 22,200,000 | -1.25% | 23,100,000 | 2.75% |
| Mixed Drink Tax | 233,549,300 | 235,300,000 | 0.75% | 242,900,000 | 4.00% | 236,000,000 | 1.05% | 242,200,000 | 3.70% | 240,020,000 | 2.77% |
| Business Tax | 399,833,900 | 370,000,000 | -7.46% | 420,600,000 | 5.19% | 400,000,000 | 0.04% | 421,800,000 | 5.49% | 404,000,000 | 1.04% |
| Severance Tax | 565,700 | 500,000 | -11.61% | 600,000 | 6.06% | 550,000 | -2.78% | 600,000 | 6.06% | 525,000 | -7.19% |
| Coin-operated Amusement Tax | 213,100 | 400,000 | 87.71% | 200,000 | -6.15% | 400,000 | 87.71% | 200,000 | -6.15% | 320,000 | 50.16% |
| Unauthorized Substance Tax | - | - | N/A | - | N/A | - | N/A | - | N/A | - | N/A |
| **TOTAL DEPARTMENT OF REVENUE** | **$ 23,513,445,900** | **$ 22,853,900,000** | **-2.80%** | **$ 24,331,800,000** | **3.48%** | **$ 24,569,230,000** | **4.49%** | **$ 24,462,700,000** | **4.04%** | **24,349,827,000** | **3.56%** |
| **TOTAL - RECURRING** | **$ 23,547,523,900** | **$ 22,888,700,000** | **-2.80%** | **$ 24,366,600,000** | **3.48%** | **$ 24,604,030,000** | **4.49%** | **$ 24,497,500,000** | **4.03%** | **24,384,115,000** | **3.55%** |
| **GENERAL FUND ONLY[2]** | **$ 20,330,223,900** | **$ 19,554,200,000** | **-3.82%** | **$ 21,008,500,000** | **3.34%** | **$ 21,261,030,000** | **4.58%** | **$ 21,122,900,000** | **3.90%** | **21,008,027,000** | **3.33%** |
| **GENERAL FUND - RECURRING** | **$ 20,364,402,100** | **$ 19,589,000,000** | **-3.81%** | **$ 21,043,300,000** | **3.33%** | **$ 21,295,830,000** | **4.57%** | **$ 21,157,700,000** | **3.90%** | **21,042,427,000** | **3.33%** |

| SELECTED TAXES | Actual Year | July 1 Estimate | % | UT - BCBER | % | Fiscal Review | % | Revenue Dept. | % | ETSU | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **SALES AND USE TAX** | **$ 15,179,383,100** | **$ 15,302,600,000** | **0.81%** | **$ 15,756,200,000** | **3.80%** | **$ 15,718,800,000** | **3.55%** | **$ 15,832,100,000** | **4.30%** | **$ 15,890,000,000** | **4.68%** |
| **FRANCHISE AND EXCISE TAXES** | **4,663,650,300** | **3,800,000,000** | **-18.52%** | **4,845,500,000** | **3.90%** | **5,150,000,000** | **10.43%** | **4,892,200,000** | **4.90%** | **4,721,000,000** | **1.23%** |
| **ROAD USER TAXES (Fuel + MV Reg Taxes)** | **1,699,773,700** | **1,699,700,000** | **0.00%** | **1,700,400,000** | **0.04%** | **1,686,900,000** | **-0.76%** | **1,713,300,000** | **0.80%** | **1,712,000,000** | **0.72%** |
| ***Fuel Taxes Only*** | ***1,279,178,900*** | ***1,296,100,000*** | **1.32%** | ***1,269,300,000*** | **-0.77%** | ***1,263,900,000*** | **-1.19%** | ***1,282,600,000*** | **0.27%** | ***1,280,300,000*** | **0.09%** |
| **SELECT CONSUMPTION TAXES** | **529,193,100** | **659,100,000** | **24.55%** | **537,700,000** | **1.61%** | **552,600,000** | **4.42%** | **541,100,000** | **2.25%** | **537,920,000** | **1.65%** |
| **ALL OTHER TAXES** | **1,441,445,700** | **1,392,500,000** | **-3.40%** | **1,492,000,000** | **3.51%** | **1,460,930,000** | **1.35%** | **1,484,000,000** | **2.95%** | **1,488,907,000** | **3.29%** |

[1] FY 2025-2026 excludes $155 million in earmarked fund in Sales and Use Taxes and $85.3 million from Privilege Tax collections.
FY 2026-2027 excludes estimates of $181.2 million in earmarked funds in Sales and Use Taxes and $78 million from Privilege Tax collections.

[2] F&A calculated the General Fund distribution for all presenters.

**COMPARISON OF ESTIMATED STATE TAX REVENUE FOR**
**FISCAL YEAR 2027 - 2028**
***(Accrual - Basis Estimates)***

| | 2027-2028 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **DEPARTMENT OF REVENUE TAXES** | **UT - BCBER** | **% Change Over** | **Fiscal Review** | **% Change Over** | **Dept. of Revenue** | **% Change Over** | **ETSU** | **% Change Over** |
| **SOURCE OF REVENUE** | **Estimate** | **Estimate** | **Estimate** | **Estimate** | **Estimate** | **Estimate** | **Estimate** | **Estimate** |
| Sales and Use Tax[1] | $ 16,291,900,000 | 3.40% | $ 16,246,900,000 | 3.36% | $ 16,481,200,000 | 4.10% | $ 16,435,000,000 | 3.43% |
| Gasoline Tax | 883,400,000 | 0.80% | 865,000,000 | -0.57% | 893,200,000 | 0.70% | 892,200,000 | 1.25% |
| Motor Fuel Tax | 322,600,000 | 0.69% | 323,500,000 | 0.62% | 324,900,000 | 0.71% | 333,800,000 | 1.89% |
| Gasoline Inspection Tax | 72,900,000 | 0.55% | 72,700,000 | 0.41% | 73,700,000 | 0.96% | 71,600,000 | 0.14% |
| Motor Vehicle Registration Tax | 435,400,000 | 1.00% | 429,000,000 | 1.42% | 442,300,000 | 2.69% | 415,600,000 | -3.73% |
| Income Tax | - | N/A | - | N/A | - | N/A | 425,000 | -15.00% |
| Privilege Tax - Less Earmarked Portion[1] | 547,900,000 | 3.11% | 522,000,000 | 0.19% | 528,900,000 | 1.38% | 557,200,000 | 2.80% |
| Gross Receipts Tax - TVA | 476,000,000 | 3.10% | 480,000,000 | 3.01% | 474,800,000 | 2.50% | 481,600,000 | 4.07% |
| Gross Receipts Tax - Other | 55,100,000 | 1.10% | 49,500,000 | -1.59% | 54,800,000 | 0.92% | 56,500,000 | 1.44% |
| Beer Tax | 14,600,000 | -3.95% | 15,800,000 | -1.86% | 15,600,000 | -1.27% | 16,525,000 | 0.15% |
| Alcoholic Beverage Tax | 83,700,000 | 0.00% | 84,500,000 | -0.94% | 84,700,000 | 0.47% | 90,700,000 | 2.83% |
| Franchise & Excise Tax | 4,995,700,000 | 3.10% | 5,300,000,000 | 2.91% | 4,992,000,000 | 2.04% | 4,850,000,000 | 2.73% |
| Inheritance and Estate Tax | - | N/A | - | N/A | - | N/A | 10,000 | -16.67% |
| Tobacco Tax | 164,100,000 | -3.70% | 166,000,000 | -4.05% | 171,000,000 | -0.98% | 172,000,000 | -1.71% |
| Vapor Products Tax | 17,100,000 | 0.00% | 17,900,000 | 4.07% | 17,600,000 | 2.33% | 17,650,000 | 4.75% |
| Hemp Tax | 16,700,000 | 98.81% | 25,000,000 | 0.00% | 10,300,000 | 15.73% | 1,450,000 | 7.41% |
| Motor Vehicle Title Fees | 23,300,000 | 1.30% | 23,000,000 | 1.32% | 22,100,000 | -0.45% | 23,550,000 | 1.95% |
| Mixed Drink Tax | 245,300,000 | 0.99% | 241,000,000 | 2.12% | 250,000,000 | 3.22% | 246,500,000 | 2.70% |
| Business Tax | 439,100,000 | 4.40% | 407,500,000 | 1.88% | 442,500,000 | 4.91% | 405,000,000 | 0.25% |
| Severance Tax | 600,000 | 0.00% | 525,000 | -4.55% | 600,000 | 0.00% | 565,700 | 7.75% |
| Coin-operated Amusement Tax | 200,000 | N/A | 405,000 | 1.25% | 200,000 | 0.00% | 400,000 | 25.00% |
| Unauthorized Substance Tax | - | N/A | - | N/A | - | N/A | - | N/A |
| **TOTAL DEPARTMENT OF REVENUE** | **$ 25,085,600,000** | **3.10%** | **$ 25,270,230,000** | **2.85%** | **$ 25,280,400,000** | **3.34%** | **25,068,275,700** | **2.95%** |
| **TOTAL - RECURRING** | **25,085,600,000** | **2.95%** | **25,270,230,000** | **2.71%** | **25,280,400,000** | **3.20%** | **25,067,840,700** | **2.80%** |
| **GENERAL FUND ONLY[2]** | **$ 21,695,500,000** | **3.27%** | **$ 21,905,630,000** | **3.03%** | **$ 21,862,100,000** | **3.50%** | **21,663,975,700** | **3.12%** |
| **GENERAL FUND - RECURRING** | **21,695,500,000** | **3.10%** | **21,905,630,000** | **2.86%** | **21,862,100,000** | **3.33%** | **21,663,540,700** | **2.95%** |

| **SELECTED TAXES** | **UT - BCBER** | **%** | **Fiscal Review** | **%** | **Revenue Dept.** | **%** | **ETSU** | **%** |
|---|---|---|---|---|---|---|---|---|
| **SALES AND USE TAX** | **$ 16,291,900,000** | **3.40%** | **$ 16,246,900,000** | **3.36%** | **$ 16,481,200,000** | **4.10%** | **$ 16,435,000,000** | **3.43%** |
| **FRANCHISE AND EXCISE TAXES** | **4,995,700,000** | **3.10%** | **5,300,000,000** | **2.91%** | **4,992,000,000** | **2.04%** | **4,850,000,000** | **2.73%** |
| **ROAD USER TAXES (Fuel + MV Reg Taxes)** | **1,714,300,000** | **0.82%** | **1,690,200,000** | **0.20%** | **1,734,100,000** | **1.21%** | **1,713,200,000** | **0.07%** |
| ***Fuel Taxes Only*** | ***1,278,900,000*** | ***0.76%*** | ***1,261,200,000*** | ***-0.21%*** | ***1,291,800,000*** | ***0.72%*** | ***1,297,600,000*** | ***1.35%*** |
| **SELECT CONSUMPTION TAXES** | **541,500,000** | **0.71%** | **550,200,000** | **-0.43%** | **549,200,000** | **1.50%** | **544,825,000** | **1.28%** |
| **ALL OTHER TAXES** | **1,542,200,000** | **3.36%** | **1,482,930,000** | **1.51%** | **1,523,900,000** | **2.69%** | **1,525,250,700** | **2.44%** |

[1] FY 2027-2028 excludes earmark estimates in Sales and Use Taxes and Privilege Tax collections.

[2] F&A calculated the General Fund distribution for all presenters.

**Net Lottery Proceeds Estimates**
**Actual 2025-2026 and Estimated 2026-2027 Through 2030-2031**
**November 23, 2026**

| | 2025-2026 Actual | 2026-2027 Revised | % | 2027-2028 Estimated | % | 2028-2029 Estimated | % | 2029-2030 Estimated | % | 2030-2031 Estimated | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Lottery Corporation | | | | | | | | | | | |
| Low | 427,271,000 | 417,824,000 | -2.21% | 417,000,000 | -0.20% | 417,000,000 | 0.00% | 417,000,000 | 0.00% | 417,000,000 | 0.00% |
| High | 427,271,000 | 438,251,000 | 2.57% | 438,000,000 | -0.06% | 438,000,000 | 0.00% | 438,000,000 | 0.00% | 438,000,000 | 0.00% |
| Fiscal Review Staff | | | | | | | | | | | |
| Low | 427,271,000 | 405,957,600 | -4.99% | 392,891,300 | -3.22% | | | | | | |
| Median | 427,271,000 | 412,586,600 | -3.44% | 403,003,700 | -2.32% | 407,033,697 | 1.00% | 411,104,034 | 1.00% | 415,215,074 | 1.00% |
| High | 427,271,000 | 419,215,600 | -1.89% | 413,116,100 | -1.45% | | | | | | |
| **Recommended Range** | | | | | | | | | | | |
| **Low** | **427,271,000** | ***408,300,000*** | ***-4.44%*** | ***398,800,000*** | ***-2.32%*** | ***394,800,000*** | ***-1.00%*** | ***390,900,000*** | ***-1.00%*** | ***387,000,000*** | ***-1.00%*** |
| **High** | **427,271,000** | ***412,600,000*** | ***-3.44%*** | ***407,200,000*** | ***-1.32%*** | ***407,200,000*** | ***0.00%*** | ***407,200,000*** | ***0.00%*** | ***407,200,000*** | ***0.00%*** |
| ***Spread*** | | ***4,300,000*** | ***1.00%*** | ***8,400,000*** | ***1.00%*** | ***12,400,000*** | ***1.00%*** | ***16,300,000*** | ***1.00%*** | ***20,200,000*** | ***1.00%*** |

October 27, 2026

Honorable Bill Lee, Governor of the State of Tennessee
Tre Hargett, Secretary of State
David H. Lillard, Jr., Treasurer
Jason E. Mumpower, Comptroller
Jim Bryson, Commissioner of Finance & Administration

Re: Net Lottery Proceeds for Fiscal Year 2027

Dear State Funding Board Members:

The Tennessee Education Lottery Corporation ("TEL") has as its statutory mission the responsibility to maximize the dollars available for the education programs funded by the corporation. The Tennessee Education Lottery Implementation Law at TCA §4-51-111(a)(3) provides the corporation with the ability to make a determination that returning a specific percentage of sales as net lottery proceeds (35%) would not result in the maximum dollars of net proceeds being achieved.

The TEL is hereby providing notification of its determination that an amount that maximizes net lottery proceeds to the State of Tennessee Lottery for Education Account is projected less than thirty-five percent (35%) of lottery proceeds for fiscal year 2026. The amount currently projected by the TEL for the fiscal year ranges from $417 million to $438 million.

The reasons for this determination are as follows:

> The TEL offers two types of lottery products—instant tickets (games in which players can instantly view the symbols printed and determine if they won a prize) and drawing-style games (games in which a player must wait until a drawing is held to determine if the ticket is a winner). Instant tickets are historically more popular with Tennessee players. Instant tickets have been our top performer since inception, driving 80% of total ticket revenue.
>
> The instant ticket product offers players more price point options, from $1 to $50 in Tennessee (and as much as $100 in other jurisdictions), compared to drawing-style games which offer price points of generally $.50 to $5 per play. With the variable instant game price points, players are able to choose the entertainment value based on the price point of the ticket. A higher price point game generally offers higher entertainment value through the increased amount, and dollar value, of the prizes within a game. In Tennessee, the players are choosing to purchase higher price point games, as evidenced by the growth in the $20 and $50 price points.

As players have migrated to the higher price point instant games, the overall prize payout has increased from 62% in fiscal year 2005 to 69% in fiscal year 2026. TEL management is projecting it will be approximately 69% for fiscal year 2027. As a result of the current instant games payout percentage, the percentage of net lottery proceeds compared to total lottery proceeds for all games is projected to be approximately 25% for fiscal year 2027.

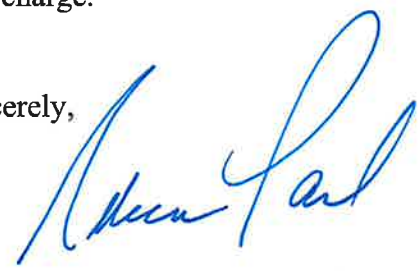
Since inception, actual gross profits from instant games have increased year over year, increasing from $153.8 million in fiscal year 2005 to $301.6 million in fiscal year 2026. Since fiscal year 2005, instant game gross revenues have increased an average of 4.4% annually, with a corresponding increase in actual gross profits of an average of 3.1% annually. Gross profit is based on net ticket revenues, less direct costs of cash prizes, retailer commissions and major gaming vendors' fees.

In reviewing the industry wide instant games prize payouts as part of our budgetary process, Tennessee continues to maintain one of the lowest aggregated Instant Game prize payouts within the top ten performing lotteries. Empirical evidence indicates that a reduction in payout will result in a reduction in gross revenues and a corresponding reduction in net lottery proceeds. The experience of other states, as well as Tennessee, indicates that increasing the percentage of the prize payout over time has resulted in increased revenues and more importantly, increased net lottery proceeds.

If after reviewing our analysis you have any questions, please do not hesitate to contact us for further discussion.

We continue to take very seriously our statutory charge to maximize the net proceeds of the Tennessee Education Lottery Corporation. We believe this determination is consistent with that charge.

Sincerely,



Rebecca Paul, President & CEO
Tennessee Education Lottery Corporation

cc: Will Carver, Chair of Board of Directors, Tennessee Education Lottery Corporation

# FastTrack Report to State Funding Board

11/23/2026

| | | | |
|---|---|---|---|
| 1. | Previous FastTrack Balance, as of Last Report | 561,019,757.37 | |
| 2. | + New Appropriations: | 26,000.00 | |
| 3. | + Newly Deobligated Funds: | 12,167,120.00 | |
| 4. | + Funds Transferred to FastTrack: | 0.00 | |
| 5. | - Funds Transferred from FastTrack: | (5,000,000.00) | |
| 6. | - FastTrack Grants or Loans Approved Greater Than $750,000: | (12,086,000.00) | |
| 7. | - FastTrack Grants or Loans Approved Less Than $750,000: | (2,033,718.00) | |
| 8. | - FastTrack Administration | (641,240.36) | |
| 9. | Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans: | | 553,451,919.01 |
| 10. | Total Amount of Commitments: | 313,152,865.64 | |
| 11. | Uncommitted FastTrack: | | 240,299,053.37 |
| 12. | Percentage Committed: | | 56.6% |
| 13. | Amount of Proposed Grants or Loans: | 2,674,712.00 | |
| 14. | Uncommitted FastTrack Balance if Proposed Grants or Loans Approved: | | 237,624,341.37 |
| 15. | Percentage Committed: | | 57.1% |

See next page for explanations of the above questions.

I have reviewed the above and believe it to be correct:

Stuart C. Mrohotz

Date: 11/18/26

Commissioner of Economic and Community Development

Department of Economic and Community Development

Stuart C. McWhorter
Deputy Governor &
TNECD Commissioner

Bill Lee
Governor

November 23, 2026

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, Tennessee 37243

Dear Comptroller Mumpower:

The Department of Economic & Community Development (the "Department") seeks approval by the State Funding Board (the "Board") pursuant to T.C.A. § 4-3-717(a) authorizing FastTrack infrastructure, training, and economic development grants where there is a commitment by an eligible business to create or retain private sector jobs or engage in private investment or where the Commissioner of Economic and Community Development determines that such investment will have a direct impact on employment and investment opportunities in the future. The following projects meet the statutory requirements, and the Department presents these projects to the Board pursuant to the mandates of T.C.A. § 4-3-717(e), which requires approval of grants and loans under the FastTrack Infrastructure Development Program, the FastTrack Job Training Assistance Program, and the FastTrack Economic Development Program that exceed $750,000 per eligible business within a three (3) year period.

**1. Industrial Connections & Solutions LLC and ABB, Inc.– Selmer (McNairy County)**

ABB is a global technology leader in electrification and automation, enabling a more sustainable and resource-efficient future. By connecting its engineering and digitalization expertise, ABB helps industries run at high performance, while becoming more efficient, productive and sustainable so they outperform. The company has over 140 years of history and around 110,000 employees worldwide.

The company will relocate operations from its current facility on 4th Street to a new 120,000-square-foot facility located alongside the company's recently completed 325,000-square-foot facility at the Selmer/McNairy Industrial Park. In the new facility, Industrial Connections & Solutions will manufacture and distribute busway and bus plug systems, among other electrical products.

This project is the second ABB expansion announced since 2025. Last year, the company committed to invest $76 million and create 50 new jobs through the construction of its 325,000-square-foot manufacturing facility at the Selmer/McNairy Industrial Park. ABB will begin relocating approximately 90% of its equipment and employees to that facility in the first half of 2027, followed by the relocation of its remaining equipment and employees to the new 120,000-square-foot facility in the second half of 2027.

Industrial Connections & Solutions LLC and ABB, Inc. have committed to create an additional 227 net new jobs and make an additional $50,000,000 capital investment within five years. The company will have an average hourly wage of $23.82 for the new positions.

The Department of Economic and Community Development is requesting permission to amend an existing $500,000 FastTrack Economic Development Grant Funds to help offset expenses such as new building construction and acquisition of real property in the amount of $2,270,000 for a total of $2,770,000. **($2,270,000)**

**Total FastTrack funds for this project - $2,270,000**

**2. Valmont Industries, Inc. – Jasper (Marion County)**

Founded in 1946 in Valley, Nebraska, Valmont manufactures engineered structures for critical infrastructure, as well as center pivot irrigation systems and related technology. Today, the company is headquartered in Omaha, Nebraska, and employs more than 11,000 employees across 21 different countries on six continents.

This expansion will increase the company's production of its engineered steel transmission, distribution and substation structures for the utility industry. Demand for these structures is growing as utility companies build the infrastructure needed to support increased power needs.

This project marks an extension of a previous Valmont expansion announced in 2024, when the company pledged to create 80 new jobs and invest more than $6 million.

Valmont Industries, Inc. has committed to create an additional 84 net new jobs and make an additional $45,239,000 capital investment within five years. The company will have an average hourly wage of $26.50 for the new positions.

The Department of Economic and Community Development is requesting permission to amend an existing $385,440 FastTrack Job Training Assistance Program funds to be used to train the net new, full-time employees in the amount of $404,712 for a total of $790,152. **($404,712)**

**Total FastTrack funds for this project - $404,712**

Sincerely,

Stuart C. McWhorter

Stuart McWhorter
SM/js

# State Funding Board FastTrack Checklist

*FastTrack grants or loans exceeding seven hundred fifty thousand dollars ($750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).*

Please identify the type of FastTrack funding requested and the grant or loan amount:

| TYPE OF FUNDING | RECIPIENT ENTITY | GRANT AMOUNT | LOAN AMOUNT |
|---|---|---|---|
| **INFRASTRUCTURE** | | | |
| **TRAINING*** | | | |
| **ECONOMIC DEVELOPMENT** | **The Selmer/McNairy County Industrial Development Board** | **$2,270,000** | |
| **TOTAL** | | **$2,270,000** | |

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity): Industrial Connections & Solutions LLC and ABB, Inc.**

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

## GENERAL STATUTORY COMPLIANCE

| | | |
|---|---|---|
| 1. | Will this new commitment cause the FastTrack appropriations to be over-committed *T.C.A. § 4-3-716(g)*?<br>If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). | NO |
| 2. | Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs *T.C.A. § 4-3-716(g)*? | NO |
| 3. | Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable *T.C.A. § 4-3-716(f)*? | YES |
| 4. | Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund *T.C.A. § 4-3-716(h)*? | YES |
| | **Identify which of the following apply:** | |
| 5. A | Does the business export more than half of their products or services outside of Tennessee *T.C.A. § 4-3-717(h)(1)(A)*? | YES |
| 5. B | Do more than half of the business' products or services enter into the production of exported products *T.C.A. § 4-3-717(h)(1)(B)*? | NOT APPLICABLE |
| 5. C | Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state *T.C.A. § 4-3-717(h)(1)(C)*? | NOT APPLICABLE |

| | | |
|---|---|---|
| 5. D | Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state *T.C.A. § 4-3-717(h)(1)(D)*? If "yes," attach the commissioner's rationale. | NOT APPLICABLE |
| | **Applicant must answer "Yes" to a or b.** | |
| 6. A | Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment *T.C.A. § 4-3-717(a)*? If "yes," attach documentation. | YES |
| 6. B | Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future *T.C.A. § 4-3-717(a)*? If "yes," attach the commissioner's rationale. | NOT APPLICABLE |

## TRAINING

| | | |
|---|---|---|
| 7. | Will the grant support the training of new employees for locating or expanding industries *T.C.A. § 4-3-717(c)(1)*? | Not Applicable |
| 8. | Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes *T.C.A. § 4-3-717(c)(2)*? | Not Applicable |

## INFRASTRUCTURE

| | | |
|---|---|---|
| 9. | Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? *T.C.A. § 4-3-717(b)(2-3)*? | Not Applicable |
| 10. | Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? | Not Applicable |
| 11. | In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates *T.C.A. § 4-3-717(f)*? | Not Applicable |
| | **Applicant must answer "Yes" to a or b.** | |
| 12. A | Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry *T.C.A. § 4-3-717(h)(2)*? | Not Applicable |
| 12. B | Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale. | Not Applicable |

## ECONOMIC DEVELOPMENT

| | | |
|---|---|---|
| 13. | Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? | Yes |
| 14. | Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)*? | No |

| | | |
|---|---|---|
| 15. | Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)*? | Yes |
| 16. | Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)*? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. | Yes |
| 17. | The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation. | Yes |

I have reviewed this document and believe it to be correct.

Stuart C. Wilhoit

Commissioner of Economic and Community Development

11/18/26

Date

Tennessee Department of Economic and Community Development

Stuart C. McWhorter
Deputy Governor &
TNECD Commissioner

Bill Lee
Governor

July 17, 2026

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that Industrial Connections & Solutions LLC; ABB, Inc. intends, in good faith, to create 277 private sector jobs in Selmer, McNairy County and make a capital investment of $126,000,000 in exchange for incentives that will be memorialized in a grant agreement between Industrial Connections & Solutions LLC; ABB, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 186 jobs at the project site in Tennessee.

**ECD OFFER SUMMARY**

| | |
|---|---|
| FastTrack Economic Development Grant: | $ 2,770,000 |
| **Total ECD Commitment:** | **$ 2,770,000** |

*This incentive amount reflects an increase of 35% due to the company's investment in an at-risk county.

Please sign your name in the space below to signify Industrial Connections & Solutions LLC; ABB, Inc.'s acceptance of ECD's offer set forth above and return it by October 15, 2026, to:

Tennessee Department of Economic and Community Development
Attn: Sydney Forrest
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Sydney.Forrest@tn.gov

**Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to, number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.**

Signature: John D. Odom, IV
(Authorized Representative of Company)

Date: July 25, 2026

# Tennessee Department of Economic and Community Development

Stuart C. McWhorter
Deputy Governor &
TNECD Commissioner

Bill Lee
Governor

November 23, 2026

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to The Selmer/McNairy County Industrial Development Board for the benefit of Industrial Connections & Solutions LLC and ABB, Inc. in the amount of $2,270,000 to offset the costs Industrial Connections & Solutions LLC and ABB, Inc. will incur in new building construction and acquisition of real property. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project is the second ABB expansion announced since 2025. Last year, the company committed to invest $76 million and create more than 50 new jobs through the construction of its 325,000-square-foot manufacturing facility at the Selmer/McNairy Industrial Park.

This project will yield a proportionately significant impact on this tier 4, at-risk, rural community due to the number of net new jobs and high capital investment. Industrial Connections & Solutions LLC and ABB, Inc. have committed to create an additional 227 net new jobs and make an additional $50,000,000 capital investment within five years. The company will have an average hourly wage of $23.82 for the new positions. This project will have an exceptional impact on this area of the state.

Sincerely,

Stuart C. McWhorter

SM/js

# State Funding Board FastTrack Checklist

*FastTrack grants or loans exceeding seven hundred fifty thousand dollars ($750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).*

Please identify the type of FastTrack funding requested and the grant or loan amount:

| TYPE OF FUNDING | RECIPIENT ENTITY | GRANT AMOUNT | LOAN AMOUNT |
|---|---|---|---|
| **INFRASTRUCTURE** | | | |
| **TRAINING*** | **Valmont Industries, Inc.** | **$404,712** | |
| **ECONOMIC DEVELOPMENT** | | | |
| **TOTAL** | | **$404,712** | |

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** **Valmont Industries, Inc.**

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

## GENERAL STATUTORY COMPLIANCE

| | | |
|---|---|---|
| 1. | Will this new commitment cause the FastTrack appropriations to be over-committed *T.C.A. § 4-3-716(g)*?<br>If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants). | NO |
| 2. | Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs *T.C.A. § 4-3-716(g)*? | NO |
| 3. | Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable *T.C.A. § 4-3-716(f)*? | YES |
| 4. | Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund *T.C.A. § 4-3-716(h)*? | YES |
| | **Identify which of the following apply:** | |
| 5. A | Does the business export more than half of their products or services outside of Tennessee *T.C.A. § 4-3-717(h)(1)(A)*? | YES |
| 5. B | Do more than half of the business' products or services enter into the production of exported products *T.C.A. § 4-3-717(h)(1)(B)*? | NOT APPLICABLE |
| 5. C | Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state *T.C.A. § 4-3-717(h)(1)(C)*? | NOT APPLICABLE |

| | | |
|---|---|---|
| 5. D | Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state *T.C.A. § 4-3-717(h)(1)(D)*? If "yes," attach the commissioner's rationale. | NOT APPLICABLE |
| | **Applicant must answer "Yes" to a or b.** | |
| 6. A | Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment *T.C.A. § 4-3-717(a)*? If "yes," attach documentation. | YES |
| 6. B | Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future *T.C.A. § 4-3-717(a)*? If "yes," attach the commissioner's rationale. | NOT APPLICABLE |

## TRAINING

| | | |
|---|---|---|
| 7. | Will the grant support the training of new employees for locating or expanding industries *T.C.A. § 4-3-717(c)(1)*? | Yes |
| 8. | Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes *T.C.A. § 4-3-717(c)(2)*? | No |

## INFRASTRUCTURE

| | | |
|---|---|---|
| 9. | Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? *T.C.A. § 4-3-717(b)(2-3)*? | Not Applicable |
| 10. | Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? | Not Applicable |
| 11. | In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates *T.C.A. § 4-3-717(f)*? | Not Applicable |
| | **Applicant must answer "Yes" to a or b.** | |
| 12. A | Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry *T.C.A. § 4-3-717(h)(2)*? | Not Applicable |
| 12. B | Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state *T.C.A. § 4-3-717(h)(2)*? If "yes," attach the commissioner's rationale. | Not Applicable |

## ECONOMIC DEVELOPMENT

| | | |
|---|---|---|
| 13. | Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state *T.C.A. § 4-3-717(d)(1)*? | Not Applicable |
| 14. | Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds *T.C.A. § 4-3-717(d)(1)*? | Not Applicable |

| | | |
|---|---|---|
| 15. | Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business *T.C.A. § 4-3-717(d)(1)*? | Not Applicable |
| 16. | Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community *T.C.A. § 4-3-717(d)(1)*? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. | Not Applicable |
| 17. | The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used *T.C.A. § 4-3-717(d)(2)*. Attach documentation. | Not Applicable |

I have reviewed this document and believe it to be correct.

Commissioner of Economic and Community Development

11/18/26
Date

Tennessee Department of Economic and Community Development

Stuart C. McWhorter
Deputy Governor &
TNECD Commissioner

Bill Lee
Governor

September 4, 2026

**INCENTIVE ACCEPTANCE FORM**

This form serves as notice that Valmont Industries, Inc. intends, in good faith, to create 164 private sector jobs in Jasper, Marion County and make a capital investment of $51,322,174 in exchange for incentives that will be memorialized in a grant agreement between Valmont Industries, Inc. and the State of Tennessee. New jobs must be in addition to the company's baseline of 274 jobs at the project site in Tennessee.

**ECD OFFER SUMMARY**

| | |
|---|---|
| FastTrack Job Training Grant: | $ 790,152 |
| **Total ECD Commitment:** | **$ 790,152** |

Please sign your name in the space below to signify Valmont Industries, Inc.'s acceptance of ECD's offer set forth above and return it by December 3, 2026, to:

Tennessee Department of Economic and Community Development
Attn: Sydney Forrest
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Sydney.Forrest@tn.gov

**Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to, number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.**

**ECD, as a department of the State of Tennessee, is subject to open records laws. Following a public announcement of a project, the capital investment and number of jobs committed will be posted to ECD's website. Following execution of all project documents (including grant contracts), all contracts and supporting documents are open to the public upon request.**

Signature: _____ Date: 09/09/2026
(Authorized Representative of Company)

TENNESSEE CENTRAL
ECONOMIC AUTHORITY

702 McMurry Blvd. E.
Hartsville, TN 37074
Phone: 615-374-4607
Fax: 615-374-4608
TennesseeCentral.org

November 16, 2026

The Honorable Members Tennessee State Funding Board
State Capitol Nashville, TN 37243

**SUBJECT: Submission of Fiscal Year 2025/2026 (FY26) Financial Statement and Audit – Confirmation of Annual review Presentation**

Members of the Tennessee State Funding Board,

On behalf of the Tennessee Central Economic Authority (TCEA), I am pleased to formally submit the Authority's Comprehensive Financial Statement and the associated Independent Audit Report for the fiscal year ending June 30, 2026. These documents, enclosed for your review, reflect our commitment to fiscal responsibility, transparency, and compliance with all state statutes and regulations.

The enclosed audit, conducted by John Poole an Independent Certified Public Accounting firm, affirms that TCEA's financial statements are presented fairly in all material respects, in accordance with generally accepted accounting principles. The findings are comprehensively addressed within the report and will be detailed during our presentation.

We recognize and respect the necessary procedural nature of this annual review. It serves as a vital component of the oversight essential to TCEA's operational integrity and our ongoing partnership with the State of Tennessee. We welcome this opportunity to present our financial health and operational review to the Board. We are prepared to walk through the audit findings review the details of our financials and answer any questions the Board may have regarding our performance.

Thank you for your dedication to the financial stability of our state's authorities. We look forward to a productive meeting and appreciate the guidance and oversite the Funding Board provides.

With Respect,

Helene Singer Cash
Executive Director
**Tennessee Central Economic Authority**

**TENNESSEE CENTRAL ECONOMIC AUTHORITY**
**GENERAL FUND**
**2025/2026 Proposed Fiscal Year-End Budget**

**6/30/26**

| REVENUES | BUDGETED | RECEIVED | BALANCE |
|---|---|---|---|
| 43300-In-Lieu-of-Tax Funds | $0.00 | $0.00 | $0.00 |
| 44500-Government Grants (TVA-cr #60930) | $1,000.00 | $0.00 | -$1,000.00 |
| 46410-Interest | $30,000.00 | $84,046.13 | $54,046.13 |
| 46420-Admin. Services Fee | $180,000.00 | $181,000.00 | $1,000.00 |
| 46430-Misc/Other | 0 | 490.43 | 490.43 |
| 46431-Misc/Mtg Lunch Fees (cr #60910) | $1,200.00 | $808.02 | -$391.98 |
| 46432-Misc/Event Sponsors (cr #60930) | $2,000.00 | $2,000.00 | $0.00 |
| 47500-Rent | $450,000.00 | $637,002.62 | $187,002.62 |
| **TOTALS:** | **$664,200.00** | **$905,347.20** | **$241,147.20** |

| EXPENSE ITEMS | BUDGETED | EXPENDED | BALANCE |
|---|---|---|---|
| 60900-Business Expenses: | 0 | 0 | |
| 60910-Meeting Related Expenses | $20,000.00 | $17,547.54 | -$2,452.46 |
| 60920-Dues/Fees/Renewals | $8,400.00 | $8,303.57 | -$96.43 |
| 60930- Events | $9,500.00 | $8,999.77 | -$500.23 |
| 60940- Training/Education | $7,300.00 | $6,552.58 | -$747.42 |
| 62100-Contract Services: | | | |
| 62110-Accounting Fees | $5,950.00 | $5,747.81 | -202.19 |
| 62140-Legal Fees | $23,640.00 | $23,640.00 | $0.00 |
| 62150-Other Contract Services | $6,850.00 | $6,595.27 | -$254.73 |
| 65000-Office Operations: | | | |
| 65010-Rent | $13,200.00 | $13,200.00 | $0.00 |
| 65020-Postage/Printing | $1,000.00 | $979.36 | -$20.64 |
| 65030-Utilities | $7,500.00 | $6,146.14 | -$1,353.86 |
| 65040-Supplies & Equipment | $12,000.00 | $10,951.50 | -1,048.50 |
| 65050-Communications | $2,000.00 | $1,665.69 | -$334.31 |
| 65060-Computer/Website Upgrades | $2,500.00 | $1,001.42 | -$1,498.58 |
| 65120-Insurance (Ofc, D&O, WC) | $8,500.00 | $5,886.00 | -$2,614.00 |
| 65100-Misc. | $4,500.00 | $4,292.06 | -$207.94 |
| 65110-Marketing | $21,500.00 | $21,348.49 | -$151.51 |
| 66000-Payroll Expenses: | | | |
| 66010-President/CEO | $139,800.00 | $125,000.00 | -$14,800.00 |
| 66020-Project Manager | $66,500.00 | $43,153.82 | -$23,346.18 |
| 66030-Development Coordinator | $67,560.00 | $57,828.00 | -$9,732.00 |
| 66050-Benefits | $92,000.00 | $55,884.65 | -$36,115.35 |
| 68300-Travel | $22,500.00 | $21,768.37 | -$731.63 |
| **TOTALS:** | **$542,700.00** | **$446,492.04** | **-$96,207.96** |

5/7/26 Updated Budget Totals from
4/10/26 Budget Amendment

# Tennessee Central Economic Authority

## Budget vs. Actuals: Revised 2 FY_2025_2026_(1)_(1) - FY26 P&L

July 2025 - June 2026

| | TOTAL | | | |
|---|---|---|---|---|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| Income | | | | |
| 43300 In-Lieu-of-Tax Funds | 0.00 | | 0.00 | |
| 44500 Government Grants | | 1,000.00 | -1,000.00 | |
| 46400 Other Types of Income | | | | |
| 46410 Interest | 84,046.13 | 30,000.00 | 54,046.13 | 280.15 % |
| 46420 Administrative Services Fee | 181,000.00 | 180,000.00 | 1,000.00 | 100.56 % |
| 46430 Miscellaneous | 490.43 | | 490.43 | |
| 46431 Mtg Lunch Fees (CR to #60910) | 808.02 | 1,200.00 | -391.98 | 67.34 % |
| 46432 Event Sponsors (CR to #60930) | 2,000.00 | 2,000.00 | 0.00 | 100.00 % |
| **Total 46430 Miscellaneous** | **3,298.45** | **3,200.00** | **98.45** | **103.08 %** |
| **Total 46400 Other Types of Income** | **268,344.58** | **213,200.00** | **55,144.58** | **125.87 %** |
| 47500 Rentals | 637,002.62 | 450,000.00 | 187,002.62 | 141.56 % |
| Unapplied Cash Payment Income | 0.00 | | 0.00 | |
| **Total Income** | **$905,347.20** | **$664,200.00** | **$241,147.20** | **136.31 %** |
| GROSS PROFIT | **$905,347.20** | **$664,200.00** | **$241,147.20** | **136.31 %** |
| Expenses | | | | |
| 60900 Business Expenses | | | | |
| 60910 Meeting Related Expenses | 17,547.54 | 20,000.00 | -2,452.46 | 87.74 % |
| 60920 Dues/Fees/Renewals | 8,303.57 | 8,400.00 | -96.43 | 98.85 % |
| 60930 Events | 8,999.77 | 9,500.00 | -500.23 | 94.73 % |
| 60940 Training/Education | 6,552.58 | 7,300.00 | -747.42 | 89.76 % |
| **Total 60900 Business Expenses** | **41,403.46** | **45,200.00** | **-3,796.54** | **91.60 %** |
| 62100 Contract Services | | | | |
| 62110 Accounting Fees | 5,747.81 | 5,950.00 | -202.19 | 96.60 % |
| 62140 Legal Fees | 23,640.00 | 23,640.00 | 0.00 | 100.00 % |
| 62150 Other Contract Services | 6,595.27 | 6,850.00 | -254.73 | 96.28 % |
| **Total 62100 Contract Services** | **35,983.08** | **36,440.00** | **-456.92** | **98.75 %** |
| 65000 Office Operations | | | | |
| 65010 Rent | 13,200.00 | 13,200.00 | 0.00 | 100.00 % |
| 65020 Postage/Printing | 979.36 | 1,000.00 | -20.64 | 97.94 % |
| 65030 Utilities | 6,146.14 | 7,500.00 | -1,353.86 | 81.95 % |
| 65040 Supplies & Equip. | 10,951.50 | 12,000.00 | -1,048.50 | 91.26 % |
| 65050 Communications | 1,665.69 | 2,000.00 | -334.31 | 83.28 % |
| 65060 Computer/Website Upgrades | 1,001.42 | 2,500.00 | -1,498.58 | 40.06 % |
| 65120 Insurance - Office, D&O, WC | 5,886.00 | 8,500.00 | -2,614.00 | 69.25 % |
| **Total 65000 Office Operations** | **39,830.11** | **46,700.00** | **-6,869.89** | **85.29 %** |
| 65100 Misc. | 4,292.06 | 4,500.00 | -207.94 | 95.38 % |
| 65110 Marketing | 21,348.49 | 21,500.00 | -151.51 | 99.30 % |
| 66000 Payroll Expenses | | | | |
| 66010 President/CEO | 125,000.00 | 139,800.00 | -14,800.00 | 89.41 % |
| 66020 Specialist Regional Development | 43,153.82 | 66,500.00 | -23,346.18 | 64.89 % |
| 66030 Executive Administrator | 57,828.00 | 67,560.00 | -9,732.00 | 85.60 % |

# Tennessee Central Economic Authority

## Budget vs. Actuals: Revised 2 FY_2025_2026_(1)_(1) - FY26 P&L

July 2025 - June 2026

| | TOTAL | | | |
|---|---|---|---|---|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| 66050 Benefits | 55,884.65 | 92,000.00 | -36,115.35 | 60.74 % |
| **Total 66000 Payroll Expenses** | **281,866.47** | **365,860.00** | **-83,993.53** | **77.04 %** |
| 68300 Travel | 21,768.37 | 22,500.00 | -731.63 | 96.75 % |
| **Total Expenses** | **$446,492.04** | **$542,700.00** | **$ -96,207.96** | **82.27 %** |
| NET OPERATING INCOME | **$458,855.16** | **$121,500.00** | **$337,355.16** | **377.66 %** |
| NET INCOME | **$458,855.16** | **$121,500.00** | **$337,355.16** | **377.66 %** |

# Tennessee Central Economic Authority

Balance Sheet

As of Jun 30, 2026

| | Total |
|---|---|
| Assets | |
| Current Assets | |
| Bank Accounts | |
| 115710 9M CD First National | 280,861.80 |
| 115714 9Month CD First National | 280,907.05 |
| 427500 10M CD Wilson | 578,209.92 |
| 485142 Savings First National | 540,784.34 |
| 488674 30M CD Wilson | 278,443.17 |
| 488682 15M CD Wilson | 278,309.68 |
| 7026033 Checking First National | 399,709.01 |
| Petty Cash | 32.86 |
| **Total for Bank Accounts** | **$2,637,257.83** |
| Accounts Receivable | |
| 11000 Accounts Receivable | 0.00 |
| 11001 allowance for doubtful accounts | 0.00 |
| **Total for Accounts Receivable** | **$0.00** |
| Other Current Assets | |
| 12000 Undeposited Funds | 24,000.00 |
| **Total for Other Current Assets** | **$24,000.00** |
| **Total for Current Assets** | **$2,661,257.83** |
| **Total for Assets** | **$2,661,257.83** |
| Liabilities and Equity | |
| Liabilities | |
| Current Liabilities | |
| Credit Cards | |
| 24110 MASTERCARD | 3,088.08 |
| **Total for Credit Cards** | **$3,088.08** |
| Other Current Liabilities | |
| 24000 Payroll Liabilities | 2,396.24 |
| **Total for Other Current Liabilities** | **$2,396.24** |
| **Total for Current Liabilities** | **$5,484.32** |
| **Total for Liabilities** | **$5,484.32** |
| Equity | |
| 30000 Opening Balance Equity | 0.00 |
| 32000 Retained Earnings | 2,196,918.35 |

# Tennessee Central Economic Authority

Balance Sheet

As of Jun 30, 2026

| | Total |
|---|---|
| Net Income | 458,855.16 |
| **Total for Equity** | **$2,655,773.51** |
| **Total for Liabilities and Equity** | **$2,661,257.83** |

# Tennessee Central Economic Authority

Profit and Loss

July, 2025-June, 2026

| | Total |
|---|---|
| Income | |
| 43300 In-Lieu-of-Tax Funds | 0.00 |
| 46400 Other Types of Income | |
| 46410 Interest | 84,046.13 |
| 46420 Administrative Services Fee | 181,000.00 |
| 46430 Miscellaneous | $490.43 |
| 46431 Mtg Lunch Fees (CR to #60910) | 808.02 |
| 46432 Event Sponsors (CR to #60930) | 2,000.00 |
| **Total for 46430 Miscellaneous** | **$3,298.45** |
| **Total for 46400 Other Types of Income** | **$268,344.58** |
| 47500 Rentals | 637,002.62 |
| Unapplied Cash Payment Income | 0.00 |
| **Total for Income** | **$905,347.20** |
| **Gross Profit** | **$905,347.20** |
| Expenses | |
| 60900 Business Expenses | |
| 60910 Meeting Related Expenses | 17,547.54 |
| 60920 Dues/Fees/Renewals | 8,303.57 |
| 60930 Events | 8,999.77 |
| 60940 Training/Education | 6,552.58 |
| **Total for 60900 Business Expenses** | **$41,403.46** |
| 62100 Contract Services | |
| 62110 Accounting Fees | 5,747.81 |
| 62140 Legal Fees | 23,640.00 |
| 62150 Other Contract Services | 6,595.27 |
| **Total for 62100 Contract Services** | **$35,983.08** |
| 65000 Office Operations | |
| 65010 Rent | 13,200.00 |
| 65020 Postage/Printing | 979.36 |
| 65030 Utilities | 6,146.14 |
| 65040 Supplies & Equip. | 10,951.50 |
| 65050 Communications | 1,665.69 |
| 65060 Computer/Website Upgrades | 1,001.42 |
| 65120 Insurance - Office, D&O, WC | 5,886.00 |
| **Total for 65000 Office Operations** | **$39,830.11** |
| 65100 Misc. | 4,292.06 |

# Tennessee Central Economic Authority

Profit and Loss

July, 2025-June, 2026

| | Total |
|---|---|
| 65110 Marketing | 21,348.49 |
| 66000 Payroll Expenses | |
| 66010 President/CEO | 125,000.00 |
| 66020 Specialist Regional Development | 43,153.82 |
| 66030 Executive Administrator | 57,828.00 |
| 66050 Benefits | 55,884.65 |
| **Total for 66000 Payroll Expenses** | **$281,866.47** |
| 68300 Travel | 21,768.37 |
| **Total for Expenses** | **$446,492.04** |
| **Net Operating Income** | **$458,855.16** |
| **Net Income** | **$458,855.16** |

# TENNESSEE CENTRAL ECONOMIC AUTHORITY
# CAPITAL IMPROVEMENTS FUND
# 2025/2026 Proposed Fiscal Year-End Budget

6/30/26

| REVENUES | BUDGETED | RECEIVED | BALANCE |
|---|---|---|---|
| 43300-In Lieu of Tax Funds | $950,000.00 | $1,147,292.12 | $197,292.12 |
| 46410-Other Income/Property Sales | $0.00 | $796,910.00 | $796,910.00 |
| 46430-Interest | $80,000.00 | $122,428.21 | $42,428.21 |
| 46440- Other Income/Reimb & Misc | $25,000.00 | $69,932.00 | $44,932.00 |
| **TOTALS:** | **$1,055,000.00** | **$2,136,562.33** | **$1,081,562.33** |

| EXPENSE ITEMS | BUDGETED | EXPENDED | BALANCE |
|---|---|---|---|
| 60300-Regional Development: | | | |
| 60310-Select TN Grant Program: | | | |
| 60311-Macon County | $0.00 | $0.00 | $0.00 |
| 60312-Smith County | $0.00 | $0.00 | $0.00 |
| 60313-Sumner County | $0.00 | $0.00 | $0.00 |
| 60314-Trousdale County | $0.00 | $0.00 | $0.00 |
| 60315-Wilson County | $0.00 | $0.00 | $0.00 |
| 60320-4L ED Grant Program: | | | |
| 60321-Macon County | $188,222.43 | $29,484.00 | $158,738.43 |
| 60322-Smith County | $64,330.47 | $0.00 | $64,330.47 |
| 60323-Sumner County | $80,000.00 | $0.00 | $80,000.00 |
| 60324-Trousdale County | $87,455.33 | $24,400.00 | $63,055.33 |
| 60325-Wilson County | $161,582.72 | $0.00 | $161,582.72 |
| 62100-Contract Services: | | | |
| 62140-Legal Fees | $30,000.00 | $3,930.00 | $26,070.00 |
| 62150-Prof & Eng Services | $200,000.00 | $28,962.50 | $171,037.50 |
| 62300-PowerCom Expenses: | | | |
| 62810-Property Insurance | $12,500.00 | $7,763.00 | $4,737.00 |
| 62820-Existing Bldg Upgrades/R&M | $450,000.00 | $26,512.70 | $423,487.30 |
| 62821-PowerCom Building Pads | $600,000.00 | $0.00 | $600,000.00 |
| 62822 Site Development | $700,000.00 | $37,773.65 | $662,226.35 |
| 62824-Infrastructure/ARC | $60,000.00 | $0.00 | $60,000.00 |
| 62831-Waterline Ext/Inst/R&M | $300,000.00 | $0.00 | $300,000.00 |
| 62835-Sewerline Ext/Inst/R&M | $1,000,000.00 | $0.00 | $1,000,000.00 |
| 62840-Road Upgrades & Maint. | $350,000.00 | $39,935.94 | $310,064.06 |
| 62850-Dock/Port Development | $500,000.00 | $27,576.00 | $472,424.00 |
| 62860-Signs/Gate/Fence Adds/R&M | $75,000.00 | $4,019.84 | $70,980.16 |
| 62870-Utility Expenses | $9,000.00 | $4,059.57 | $4,940.43 |
| 62880-Contract Labor: | | | |
| 62881-Site R&M/Security (D. Nollner) | $30,000.00 | $7,550.00 | $22,450.00 |
| 62882-Dozer & Bush Hogging | $85,000.00 | $53,531.15 | $31,468.85 |
| 62890-Supplies & Equip R&M | $75,000.00 | $1,600.00 | $73,400.00 |
| 65100-Other Expenses | $40,000.00 | $8,161.30 | $31,838.70 |
| 75000-Other/Admin Services Fee | $180,000.00 | $180,000.00 | $0.00 |
| 65120- Reserve Funds | $500,000.00 | $0.00 | $500,000.00 |
| **TOTALS:** | **$5,778,090.95** | **$485,259.65** | **$5,292,831.30** |

# Capital Improvements

## Budget vs. Actuals: Revised 1 FY_2025_2026_(1) - FY26 P&L

July 2025 - June 2026

| | TOTAL | | | |
|---|---|---|---|---|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| Income | | | | |
| 43300 In-Lieu-of-Tax Funds | 1,147,292.12 | 950,000.00 | 197,292.12 | 120.77 % |
| 46400 Other Types of Income | | | | |
| 46410 Property Sales | 796,910.00 | | 796,910.00 | |
| 46430 Interest | 122,428.21 | 80,000.00 | 42,428.21 | 153.04 % |
| 46440 Reimbursements & Misc | 69,932.00 | 25,000.00 | 44,932.00 | 279.73 % |
| **Total 46400 Other Types of Income** | **989,270.21** | **105,000.00** | **884,270.21** | **942.16 %** |
| **Total Income** | **$2,136,562.33** | **$1,055,000.00** | **$1,081,562.33** | **202.52 %** |
| GROSS PROFIT | **$2,136,562.33** | **$1,055,000.00** | **$1,081,562.33** | **202.52 %** |
| Expenses | | | | |
| 60300 Regional Development | | | | |
| 60310 Select TN/Workforce Dev Grant Program | | | | |
| 60311 Macon County | | 0.00 | 0.00 | |
| 60312 Smith County | | 0.00 | 0.00 | |
| 60313 Sumner County | | 0.00 | 0.00 | |
| 60314 Trousdale County | | 0.00 | 0.00 | |
| 60315 Wilson County | | 0.00 | 0.00 | |
| **Total 60310 Select TN/Workforce Dev Grant Program** | | **0.00** | **0.00** | |
| 60320 4L ED Grant Program | | | | |
| 60321 Macon County | 29,484.00 | 188,222.43 | -158,738.43 | 15.66 % |
| 60322 Smith County | | 64,330.47 | -64,330.47 | |
| 60323 Sumner County | | 80,000.00 | -80,000.00 | |
| 60324 Trousdale County | 24,400.00 | 87,455.33 | -63,055.33 | 27.90 % |
| 60325 Wilson County | | 161,582.72 | -161,582.72 | |
| **Total 60320 4L ED Grant Program** | **53,884.00** | **581,590.95** | **-527,706.95** | **9.26 %** |
| **Total 60300 Regional Development** | **53,884.00** | **581,590.95** | **-527,706.95** | **9.26 %** |
| 62100 Contract Services | | | | |
| 62140 Legal Fees | 3,930.00 | 30,000.00 | -26,070.00 | 13.10 % |
| 62150 Prof. & Eng. Services | 28,962.50 | 200,000.00 | -171,037.50 | 14.48 % |
| **Total 62100 Contract Services** | **32,892.50** | **230,000.00** | **-197,107.50** | **14.30 %** |
| 62800 PowerCom Expenses | | | | |
| 62810 Property Insurance | 7,763.00 | 12,500.00 | -4,737.00 | 62.10 % |
| 62820 Existing Bldg Upgrades/R&M | 26,512.70 | 450,000.00 | -423,487.30 | 5.89 % |
| 62821 Powercom Building Pads | | 600,000.00 | -600,000.00 | |
| 62822 Site Development | 37,773.65 | 700,000.00 | -662,226.35 | 5.40 % |
| 62824 Infrastructure/ARC | | 60,000.00 | -60,000.00 | |
| 62831 Waterline Exts/Inst/R&M | | 300,000.00 | -300,000.00 | |
| 62835 Sewerline Exts/Inst/R&M | | 1,000,000.00 | -1,000,000.00 | |
| 62840 Road Upgrades & Maint. | 39,935.94 | 350,000.00 | -310,064.06 | 11.41 % |
| 62850 Dock/Port Development | 27,576.00 | 500,000.00 | -472,424.00 | 5.52 % |
| 62860 Signs/Gate/Fence Adds/R&M | 4,019.84 | 75,000.00 | -70,980.16 | 5.36 % |
| 62870 Utility Expenses (w/s/g/e) | 4,059.57 | 9,000.00 | -4,940.43 | 45.11 % |

# Capital Improvements

## Budget vs. Actuals: Revised 1 FY_2025_2026_(1) - FY26 P&L

July 2025 - June 2026

| | TOTAL | | | |
|---|---|---|---|---|
| | ACTUAL | BUDGET | OVER BUDGET | % OF BUDGET |
| 62880 Contract Labor | | | | |
| 62881 Site R&M, Security | 7,550.00 | 30,000.00 | -22,450.00 | 25.17 % |
| 62882 Dozer & Bush Hogging | 53,531.15 | 85,000.00 | -31,468.85 | 62.98 % |
| **Total 62880 Contract Labor** | **61,081.15** | **115,000.00** | **-53,918.85** | **53.11 %** |
| 62890 Supplies/Equip R&M | 1,600.00 | 75,000.00 | -73,400.00 | 2.13 % |
| **Total 62800 PowerCom Expenses** | **210,321.85** | **4,246,500.00** | **-4,036,178.15** | **4.95 %** |
| 65100 Other Expenses | 8,161.30 | 40,000.00 | -31,838.70 | 20.40 % |
| 65120 Reserve Funds | | 500,000.00 | -500,000.00 | |
| 75000 Admin. Services Fee | 180,000.00 | 180,000.00 | 0.00 | 100.00 % |
| **Total 65100 Other Expenses** | **188,161.30** | **720,000.00** | **-531,838.70** | **26.13 %** |
| **Total Expenses** | **$485,259.65** | **$5,778,090.95** | **$ -5,292,831.30** | **8.40 %** |
| NET OPERATING INCOME | **$1,651,302.68** | **$ -4,723,090.95** | **$6,374,393.63** | **-34.96 %** |
| NET INCOME | **$1,651,302.68** | **$ -4,723,090.95** | **$6,374,393.63** | **-34.96 %** |

# Capital Improvements

Balance Sheet

As of Jun 30, 2026

| | Total |
|---|---|
| Assets | |
| Current Assets | |
| Bank Accounts | |
| 113628 11M CD First National | 614,257.69 |
| 2195 Money Market First National | 2,369,404.95 |
| 585103 01 LGIP | 3,703,269.82 |
| 7019509 NOW Checking First National | 236,167.97 |
| **Total for Bank Accounts** | **$6,923,100.43** |
| Other Current Assets | |
| 12000 Undeposited Funds | 0.00 |
| 15000 Prepaid Insurance | 8,875.00 |
| **Total for Other Current Assets** | **$8,875.00** |
| **Total for Current Assets** | **$6,931,975.43** |
| **Total for Assets** | **$6,931,975.43** |
| Liabilities and Equity | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 20000 Accounts Payable | 149,916.00 |
| **Total for Accounts Payable** | **$149,916.00** |
| Credit Cards | |
| 24100 MASTERCARD | 0.00 |
| **Total for Credit Cards** | **$0.00** |
| **Total for Current Liabilities** | **$149,916.00** |
| Long-term Liabilities | |
| 27200 USDA/RD Loan | 0.00 |
| **Total for Long-term Liabilities** | **$0.00** |
| **Total for Liabilities** | **$149,916.00** |
| Equity | |
| 30000 Opening Balance Equity | 0.00 |
| 32000 Retained Earnings | 5,130,756.75 |
| Net Income | 1,651,302.68 |
| **Total for Equity** | **$6,782,059.43** |
| **Total for Liabilities and Equity** | **$6,931,975.43** |

# Capital Improvements

Profit and Loss

July, 2025-June, 2026

| | Total |
|---|---|
| Income | |
| 43300 In-Lieu-of-Tax Funds | 1,147,292.12 |
| 46400 Other Types of Income | |
| 46410 Property Sales | 796,910.00 |
| 46430 Interest | 122,428.21 |
| 46440 Reimbursements & Misc | 69,932.00 |
| **Total for 46400 Other Types of Income** | **$989,270.21** |
| **Total for Income** | **$2,136,562.33** |
| **Gross Profit** | **$2,136,562.33** |
| Expenses | |
| 60300 Regional Development | |
| 60320 4L ED Grant Program | |
| 60321 Macon County | 29,484.00 |
| 60324 Trousdale County | 24,400.00 |
| **Total for 60320 4L ED Grant Program** | **$53,884.00** |
| **Total for 60300 Regional Development** | **$53,884.00** |
| 62100 Contract Services | |
| 62140 Legal Fees | 3,930.00 |
| 62150 Prof. & Eng. Services | 28,962.50 |
| **Total for 62100 Contract Services** | **$32,892.50** |
| 62800 PowerCom Expenses | |
| 62810 Property Insurance | 7,763.00 |
| 62820 Existing Bldg Upgrades/R&M | 26,512.70 |
| 62822 Site Development | 37,773.65 |
| 62840 Road Upgrades & Maint. | 39,935.94 |
| 62850 Dock/Port Development | 27,576.00 |
| 62860 Signs/Gate/Fence Adds/R&M | 4,019.84 |
| 62870 Utility Expenses (w/s/g/e) | 4,059.57 |
| 62880 Contract Labor | |
| 62881 Site R&M, Security | 7,550.00 |
| 62882 Dozer & Bush Hogging | 53,531.15 |
| **Total for 62880 Contract Labor** | **$61,081.15** |
| 62890 Supplies/Equip R&M | 1,600.00 |
| **Total for 62800 PowerCom Expenses** | **$210,321.85** |

# Capital Improvements

Profit and Loss

July, 2025-June, 2026

| | Total |
|---|---|
| 65100 Other Expenses | $8,161.30 |
| 75000 Admin. Services Fee | 180,000.00 |
| **Total for 65100 Other Expenses** | **$188,161.30** |
| **Total for Expenses** | **$485,259.65** |
| **Net Operating Income** | **$1,651,302.68** |
| **Net Income** | **$1,651,302.68** |

# TENNESSEE CENTRAL
ECONOMIC AUTHORITY

# 2025 2026 ANNUAL REPORT




FIVE COUNTIES. *One Vision.*

TENNESSEECENTRAL.ORG

TENNESSEE CENTRAL
ECONOMIC AUTHORITY

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Executive Director's Member Spotlight

# HONORING A LEGACY OF VISIONARY LEADERSHIP

## Steve Jones



Every year in our Annual Report, the Tennessee Central Economic Authority takes a moment to highlight an individual whose outstanding contributions have fundamentally shaped the trajectory of our region. In this edition, it is our distinct honor to feature Macon County Mayor Steve Jones for his 12 years of exceptional service on the TCEA Board of Directors.

Economic development is rarely about quick wins; it is about planting seeds for future generations. For over a decade, Mayor Jones has been a cornerstone of that long-term vision for our five-county region. His tenure on the board has been defined by a balance of deep commitment to industrial advancement paired with a dedication to preserving the unique rural roots and agricultural heritage that make Middle Tennessee home.

### A PILLAR OF GOVERNANCE & LEADERSHIP

True leadership is measured by a willingness to serve in whatever capacity the community needs, and Mayor Jones' track record on the TCEA Board is an example of true dedication. Over his 12 year tenure, his peers have continuously called upon him to guide the authority through critical chapters of growth. He has steered our organization from every seat at the executive table, serving as:

- Board Chair for two transformational terms
- Vice Chair for two terms of strategic planning
- Secretary for three terms, ensuring the steady and transparent governance of our mission

Throughout these various roles, Mayor Jones has consistently looked beyond county lines to advocate for regionalism, infrastructure, and job creation that benefit the entire TCEA region. Under his guidance, we have witnessed milestones that benefit this region for decades to come, ensuring our communities maintain both economic viability and their cherished quality of life.

### A LIFETIME COMMITMENT TO COMMUNITY & COUNTY

Beyond his formal titles, what truly sets Mayor Jones apart is his dedication to community service. His commitment to Macon County and the region is a lifetime calling, evident in the way he champions localized economic independence. He understands that a resilient economy requires a diverse portfolio, and his steady, reassuring presence has helped TCEA navigate periods of regional growth during his leadership.

### AN ENDURING IMPACT

On behalf of the TCEA Team, the Board of Directors, and the communities we serve, we extend our gratitude to Mayor Steve Jones. Twelve years of board service represents countless hours of dedication, strategic debate, and shared victories.

Mayor Jones' influence is permanently woven into the fabric of our progress. We celebrate his contributions and his dedication to making our region a better place to live, work, and do business. Thank you, Mayor Jones, for leaving an indelible mark on the Tennessee Central Economic Authority.



TENNESSEE CENTRAL
ECONOMIC AUTHORITY

# PowerCom Industrial Center

Executive Director's Project Spotlight

## IMPACT OF THE RIDGELINE EXPANSION PROJECT

The Ridgeline Expansion Project brought a major regional energy infrastructure project directly through Tennessee Central's footprint, with activity tied to both Smith and Trousdale counties. For TCEA, the project became more than a construction corridor. It demonstrated how PowerCom Industrial Center can support large-scale industrial and infrastructure activity when land, port access, storage capacity, and logistics needs align.

PowerCom played a direct role in the project's execution. Pipe for the project was received through the PowerCom Industrial Center port, and Enbridge leased more than 40 acres at the site for pipe storage, equipment staging, and laydown yard activity.

That activity created a clear example of PowerCom's value as a regional industrial asset. While the site has long-term development challenges that require focused strategy, Ridgeline showed that PowerCom can serve users with specialized logistics, large-acreage storage needs, controlled access, and project-based industrial demand.

The project also reinforced the importance of regional coordination. Infrastructure, workforce, transportation, utilities, and land use all intersect in projects of this scale. By supporting Ridgeline, TCEA helped position the region as a practical partner for complex energy and industrial infrastructure projects.

## IMPACT HIGHLIGHTS

**PORT UTILIZATION**
All pipe for the project was received through the PowerCom Industrial Center port.

**LAND ACTIVATION**
Enbridge leased more than 40 acres at PowerCom Industrial Center for pipe storage and equipment laydown.

**REGIONAL VISIBILITY**
The project brought major infrastructure activity into the TCEA region and highlighted the strategic value of industrial land, port access, and rural logistics capacity.

## WHY IT MATTERS

Ridgeline gives TCEA a real-world case study for PowerCom Industrial Center. It shows that the property can serve a targeted role in regional economic development when matched with the right users and the right project needs.







# ECONOMIC DEVELOPMENT SUCCESSES

2025-2026

## Macon

### TENNPLASCO (MANAR)

**FEATURED PROJECT**



Manar's acquisition of additional industrial park property in Lafayette represents a long-term commitment to manufacturing growth in Macon County. The company purchased nearly 13 acres to support future development, providing room for Tennplasco's operations to expand capacity, serve customers, and continue investing in the local community.

As a custom plastic injection molding company, Manar serves a range of industries including automotive, aerospace, medical, consumer products, industrial, lawn and garden, and power and energy. The project also reflects the value of local industrial park readiness, showing how available land can help existing employers plan for future growth instead of looking outside the community.

**EXISTING INDUSTRY GROWTH + 12.94 ACRES + FUTURE MFG CAPACITY**

### CITY OF RED BOILING SPRINGS INFRASTRUCTURE PLANNING GRANT

The City of Red Boiling Springs received a $500,000 Infrastructure Planning Grant to support long-term water and sewer system planning. This type of investment is an important first step toward future readiness, giving the community better information to prioritize infrastructure needs and prepare for growth opportunities.

## Smith

### KOREA ZINC

**FEATURED PROJECT**



Korea Zinc's selection of Gordonsville as part of its first U.S. operations is one of the most significant industrial announcements in Tennessee history. The company's statewide investment includes new production facilities in Clarksville and Gordonsville, with Smith County expected to gain 320 new jobs over the next five years.

In Gordonsville, Korea Zinc plans to reopen a former mine, bringing industrial activity back to a site with deep local significance. For Smith County, the project represents both job creation and a major return of advanced materials production tied to critical minerals and nonferrous metals.

**320 NEW JOBS + FORMER MINE REOPENING + $6.6B STATEWIDE INVESTMENT**

### RIDGELINE EXPANSION PROJECT

The Ridgeline Expansion Project includes activity through Smith County as part of a larger regional natural gas infrastructure investment. The project adds visibility to Smith County's role in the regional energy corridor and supports broader infrastructure capacity tied to Tennessee's evolving power needs.

TENNESSEE CENTRAL
ECONOMIC AUTHORITY

# ECONOMIC DEVELOPMENT SUCCESSES
2025-2026

## Sumner

### SHOALS TECHNOLOGIES GROUP

**FEATURED PROJECT**



Shoals Technologies Group opened a new 638,000-square-foot Mega Facility in Portland, strengthening Sumner County's role in domestic energy infrastructure manufacturing. The facility is backed by a $30 million investment, with a total commitment of up to $80 million over five years.

The new campus consolidates Shoals' existing Tennessee operations into one centralized location and expands production capacity for solar, battery energy storage, and data center power infrastructure. For Portland and Sumner County, the project reinforces the area's growing identity as a hub for clean energy, advanced manufacturing, and high-demand electrical infrastructure.

**638,000 SF FACILITY + $80M INVESTMENT + SOLAR/DATA CENTER INFRASTRUCTURE**

### CREATE ENERGY EXPANSION

Create Energy announced a major clean-tech expansion across Sumner and Robertson counties, including a $78 million investment and more than 1,000 new jobs. The project strengthens Middle Tennessee's position in renewable energy manufacturing and adds momentum to Sumner County's growing clean-tech sector.

### GALLATIN – CDF DISTRIBUTORS HEADQUARTERS

CDF Distributors is relocating its headquarters and manufacturing operations to Gallatin through a $26.1 million investment. The project will create 85 new jobs and increase the company's production capacity, keeping a homegrown Sumner County company positioned for continued national growth.

### GALLATIN – INFRASTRUCTURE DEVELOPMENT DISTRICT

Gallatin became the first city in Tennessee to establish an Infrastructure Development District under the state's new 2025 legislation. The Big Station Camp IDD creates a new model for funding growth-related infrastructure through private assessments rather than placing the burden on general taxpayers.

### GALLATIN – SIMPSON-STRONG TIE

Simpson Strong-Tie opened a major new manufacturing facility in Gallatin, strengthening the city's advanced manufacturing base. The $125 million facility supports the company's production of anchors, fasteners, and related building products while retaining and expanding skilled manufacturing employment.

### GALLATIN – WEYERHAEUSER

Weyerhaeuser is establishing its first Tennessee distribution center in Gallatin, bringing new investment and jobs to the local building products sector. The facility will support residential, multi-family, and light commercial construction markets while strengthening Gallatin's position in regional distribution.

### PORTLAND – CREATE ENERGY

As part of Create Energy's broader expansion, the company's Portland facility will continue to play a role in the company's growth strategy. The project helps position Sumner County not only as a manufacturing location, but also as part of a larger clean-energy innovation and production network.

# ECONOMIC DEVELOPMENT SUCCESSES
2025-2026

TENNESSEE CENTRAL ECONOMIC AUTHORITY

## Sumner Continued

### PORTLAND – TCAT PORTLAND EXPANSION

The TCAT Portland expansion will add new instructional space, labs, shops, student support areas, and training capacity for the region. This investment directly supports workforce development by expanding access to technical education aligned with the needs of local employers.

### WHITE HOUSE – ADVANEX AMERICAS

Advanex Americas is expanding its U.S. headquarters in White House with an $11.4 million investment. The project will add 60,000 square feet of manufacturing and warehouse space and create 56 new jobs, supporting the continued growth of a global precision components manufacturer in the region.

## Trousdale

### TCAT HARTSVILLE EXPANSION

**FEATURED PROJECT**



The TCAT Hartsville expansion is a major investment in the region's workforce pipeline. The project includes a new 69,687-square-foot multidisciplinary educational facility, along with 3,500 square feet of additions and renovations to existing campus facilities.

The new space will include laboratories, classrooms, and student and staff support areas designed to simulate real-world working conditions. For Trousdale County, the expansion strengthens access to hands-on technical training and supports the workforce needs of regional employers.

**NEW! 69,687 SF FACILITY + WORKFORCE TRAINING + STRENGTHENS ACCESS**

### HIGHWAY 141 EXPANSION

The SR 141 expansion is improving regional connectivity through a new alignment that bypasses Hartsville and supports smoother travel through the corridor. By reducing through-traffic and improving access between rural communities and larger transportation routes, the project supports both mobility and economic competitiveness.

### RIDGELINE EXPANSION PROJECT

Trousdale County played a central role in the Ridgeline Expansion Project through activity connected to PowerCom Industrial Center. With pipe received through the port and more than 40 acres leased for storage and laydown activity, the project highlighted PowerCom's ability to support large-scale infrastructure logistics.

### TVA COOLING TOWER IMPLOSION

TVA safely imploded the long-unused Hartsville cooling tower in 2025, removing a major obsolete structure from the former nuclear plant property. The demolition marked a visible step in clearing aging infrastructure and preparing the property for safer long-term management and future opportunities.

TENNESSEE CENTRAL
ECONOMIC AUTHORITY

# ECONOMIC DEVELOPMENT SUCCESSES
2025-2026

## Wilson

### SCHNEIDER ELECTRIC

**FEATURED PROJECT**




Schneider Electric's Mt. Juliet manufacturing facility marks the first completed facility on the company's new campus in Wilson County. The newly opened facility spans more than 500,000 square feet and is part of a larger two-building campus expansion, with a second neighboring facility of more than 540,000 square feet also under construction.

Together, the facilities will manufacture custom power distribution products that support critical infrastructure, including data centers, buildings, industry, and utility systems. For Wilson County, the project strengthens the region's position in advanced manufacturing, energy technology, and the fast-growing infrastructure supply chain.

**500,000+ SF OPENED + 540,000+ SF COMING + ENERGY TECHNOLOGY MFG**

### CEDARTREE INDUSTRIAL PARK

Cedartree Industrial Park represents a major addition to Wilson County's industrial inventory, with plans for approximately 2 million square feet of warehouse and logistics space. Located near key transportation corridors, the development expands the county's ability to compete for large-scale industrial and distribution users.

### CENTRAL PIKE INTERCHANGE & SCHOOLS

The Central Pike corridor continues to be a major focus for transportation and community infrastructure investment. Planned interchange improvements, roadway widening, and new school capacity reflect Wilson County's rapid population growth and the need to keep public infrastructure moving alongside development.

### DENSO ADVANCED LOGISTICS CENTER

DENSO is investing $69 million to build a new 280,000-square-foot advanced logistics center in Lebanon. The project will replace the company's current Wilson County operation with a larger, more technologically advanced facility while retaining approximately 100 area jobs.

### IN-N-OUT BURGER

In-N-Out Burger opened its Lebanon restaurant as part of the company's first expansion into Tennessee. The location brings a high-profile national brand to Wilson County and adds new food service employment, visitor traffic, and commercial activity along a key retail corridor.

### MT. JULIET RETAIL & INFRASTRUCTURE UPGRADES

Mt. Juliet is advancing several growth-related projects, including new retail development, a new fire station, and road improvements. Together, these projects show the city's effort to pair commercial growth with the public infrastructure needed to support residents, visitors, and businesses.

### TUCKER'S GAP COMMERCIAL CORRIDOR

The Tucker's Gap Commercial Corridor is opening up a highly visible commercial site near major interstate access points. With strong traffic exposure and room for continued development, the project supports Wilson County's growing demand for retail, service, and mixed commercial activity.

Overview of the TCEA Region

# DEMOGRAPHICS

## KEY DEMOGRAPHICS OF THE TCEA REGION

**454,768**
2026 POPULATION

**62.66%**
WORKING AGE POPULATION (AGE 16-64)

**12.73%**
SOON TO RETIRE POPULATION (AGE 55-64)

**61.45%**
POPULATION WITH SOME COLLEGE OR MORE

**171,121**
2026 HOUSEHOLDS

**40**
AVERAGE AGE

**$128,291**
AVG. HOUSHOLD INCOME

**33 MIN**
AVG. TRAVEL TIME TO WORK

## TCEA POPULATION OVERVIEW

| | MACON | SMITH | SUMNER | TROUSDALE | WILSON | TCEA REGION |
|---|---|---|---|---|---|---|
| **POPULATION** | | | | | | |
| 2010 Census | 22,248 | 19,166 | 160,643 | 7,871 | 114,016 | 323,944 |
| 2020 Census | 25,216 | 19,904 | 196,281 | 11,615 | 147,737 | 400,753 |
| 2026 Estimate | 27,749 | 20,996 | 216,276 | 12,187 | 177,560 | 454,768 |
| 2031 Projection | 29,442 | 21,760 | 229,750 | 12,485 | 195,861 | 489,298 |
| **POPULATION GROWTH** | | | | | | |
| 2010-2020 | 13.34% | 3.85% | 22.18% | 47.57% | 29.58% | 23.71% |
| 2020-2026 | 10.04% | 5.49% | 10.19% | 4.92% | 20.19% | 13.48% |
| 2026-2031 | 6.10% | 3.64% | 6.23% | 2.44% | 10.31% | 7.59% |

## BENCHMARK COMPARISONS

| | DAVIDSON | RUTHERFORD | WILLIAMSON | TCEA REGION | TENNESSEE | UNITED STATES |
|---|---|---|---|---|---|---|
| **POPULATION** | | | | | | |
| 2010 Census | 626,635 | 262,603 | 183,199 | 323,944 | 6,346,016 | 308,745,377 |
| 2020 Census | 715,884 | 341,486 | 247,726 | 400,753 | 6,910,840 | 331,449,281 |
| 2026 Estimate | 738,554 | 387,310 | 274,372 | 454,768 | 7,318,990 | 342,965,686 |
| 2031 Projection | 762,558 | 416,538 | 291,098 | 489,298 | 7,603,242 | 351,802,157 |
| **POPULATION GROWTH** | | | | | | |
| 2010-2020 | 14.24% | 30.04% | 35.22% | 23.71% | 8.90% | 7.35% |
| 2020-2026 | 3.17% | 13.42% | 10.76% | 13.48% | 5.91% | 3.48% |
| 2026-2031 | 3.25% | 7.55% | 6.10% | 7.59% | 3.88% | 2.58% |

*Sources: 2026 Claritas Environics, Younger Associates*

Overview of the TCEA Region

# EDUCATION

## 2024-2025 ENROLLMENT

| | |
|---|---|
| Macon County | 4,113 |
| Smith County | 2,962 |
| Sumner County | 30,232 |
| Trousdale County | 1,371 |
| Wilson County | 20,410 |
| **TN Central Region** | **59,088** |
| Davidson County | 78,040 |
| Rutherford County | 51,318 |
| Williamson County | 40,992 |
| Tennessee | 970,302 |

## 2024-2025 GRADUATION RATES

| | |
|---|---|
| Macon County | 98.8% |
| Smith County | 96.2% |
| Sumner County | 97.5% |
| Trousdale County | 96.6% |
| Wilson County | 98.5% |
| **TN Central Region** | **97.5%** |
| Davidson County | 85.7% |
| Rutherford County | 97.2% |
| Williamson County | 97.5% |
| Tennessee | 92.1% |

## 2024-2025 ACT AVERAGES

| | |
|---|---|
| Macon County | 18.3 |
| Smith County | 19.0 |
| Sumner County | 20.7 |
| Trousdale County | 19.4 |
| Wilson County | 20.7 |
| **TN Central Region** | **19.6** |
| Davidson County | 17.6 |
| Rutherford County | 19.9 |
| Williamson County | 25.2 |
| Tennessee | 19.3 |

## 2024-2025 STUDENT:TEACHER RATIO

| | |
|---|---|
| Macon County | 17:1 |
| Smith County | 15:1 |
| Sumner County | 16:1 |
| Trousdale County | 16:1 |
| Wilson County | 17:1 |
| **TN Central Region** | **16:1** |
| Davidson County | 17:1 |
| Rutherford County | 16:1 |
| Williamson County | 17:1 |
| Tennessee | 16:1 |

## 2024-2025 CTE* CONCENTRATORS

| | |
|---|---|
| Macon County | 92.7% |
| Smith County | 90.6% |
| Sumner County | 76.7% |
| Trousdale County | 83.7% |
| Wilson County | 74.6% |
| **TN Central Region** | **83.7%** |
| Davidson County | 52.8% |
| Rutherford County | 67.5% |
| Williamson County | 56.2% |
| Tennessee | 63.3% |

**CTE = Career Technical Education, A student is identified as a CTE concentrator when the student completes two or more credits within a single CTE program of study following the sequencing requirements defined by the CTE program of study.*

*Sources: 2024-2025 TN Dept. of Education Report Card (2023-2024 student cohorts), Younger Associates*

## UNIVERSITIES & COLLEGES

**Belmont University**

**Cumberland University**

**Fisk University**

**Lipscomb University**

**Meharry Medical College**

**Middle Tennessee State University**

**Tennessee State University**

**Tennessee Technological University**

**TN Colleges of Applied Technology**

Hartsville • Lebanon • Nashville
Portland • Red Boiling Springs

**Trevecca Nazarene University**

**Vanderbilt University**

**Volunteer State Community College**

**Welch College**

**Union University**

## 2026 EDUCATIONAL ATTAINMENT OF THE TCEA REGION

| 7.82% | 30.72% | 19.84% | 8.70% | 21.90% | 11.02% |
|---|---|---|---|---|---|
| Less Than High School Diploma | High School Diploma or GED | Some College, No Degree* | Associate's Degree | Bachelor's Degree | Master's Degree & Beyond |

*Sources: 2026 Claritas Environics, Younger Associates*

**Note: Some College, No Degree may include individuals who also hold post-secondary, nondegree credentials, such as certifications, licenses, or trade/vocational training.*

# PARTNERS FOR SUCCESS

## GOVERNMENT & LOCAL INITIATIVES

Association of Tennessee Valley Governments

MTIDA Middle Tennessee Industrial Development Association

America's SBDC Tennessee

TN Department of Agriculture

TN TDOT Department of Transportation

TN Department of Economic & Community Development

TVA

USDA Rural Development

## DEVELOPMENT DISTRICTS

GNRC Greater Nashville Regional Council

UCDD Upper Cumberland Development District

## EDUCATION & TRAINING

Cumberland University

Welch College

Union University

Vol State Community College

Tennessee College of Applied Technology Hartsville

UT CIS Center for Industrial Services, Institute for Public Service

# FISCAL OVERVIEW
2025-2026

## General Fund

(STAFF & OFFICE OPERATIONS)

### REVENUES

**$637,002.62**
Rent

**$268,344.58**
Other

TOTAL REVENUES
**$905,347.20**

### EXPENDITURES

**$281,866.47**
Salaries & Benefits

**$35,983.08**
Contract Services

**$39,830.11**
Office Expenses

**$21,348.49**
Advertising & Marketing

**$26,547.31**
Meeting & Event Expenses

**$21,768.37**
Travel

**$10,844.64**
Training & Education / Miscellaneous

**$8,303.57**
Dues & Fees

TOTAL EXPENDITURES
**$446,492.04**

## Capital Improvements Fund

(POWERCOM INDUSTRIAL CENTER & OFF-SITE DEVELOPMENT)

### REVENUES

**$1,147,292.12**
TVA In-Lieu-of-Tax Funding

**$989,270.21**
Other (Grants & Interest)

TOTAL REVENUES
**$2,136,562.33**

### EXPENDITURES

**$53,884.00**
Grant Programs

**$95,573.65**
Contract Services & Labor

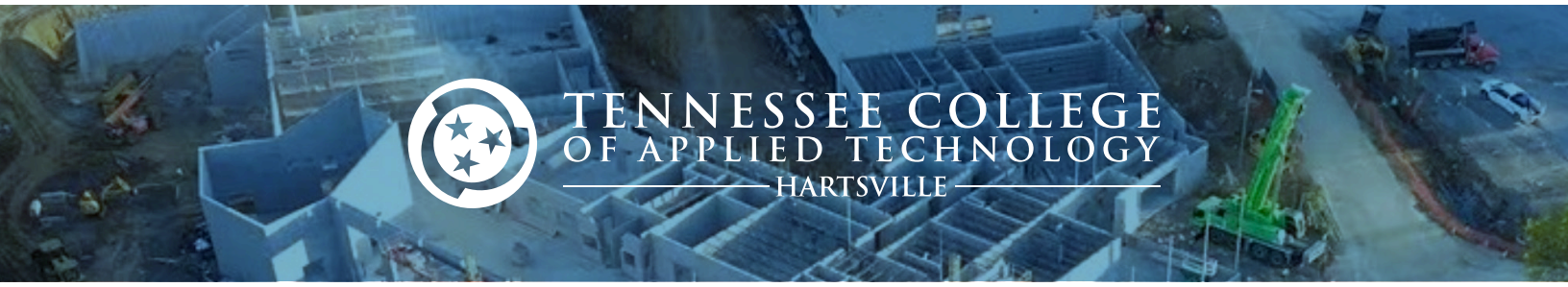
**$120,064.70**
PowerCom Expenses
(Infrastructure, Site Development, Repair, & Maintenance)

**$188,161.30**
Admin & Other Miscellaneous Expenses

**$27,576.00**
Port Development

TOTAL EXPENDITURES
**$485,259.65**

# BUSINESS & WORKFORCE DEVELOPMENT




The Tennessee College of Applied Technology Hartsville fully supports the ongoing efforts of the Tennessee Central Economic Authority and serves as the premier supplier of workforce development for Trousdale, Sumner, Wilson, Smith, and Macon counties. With adult campuses located in both Wilson and Trousdale counties, we work closely with companies such as Lochinvar, Simpson Strong-Tie, HighPoint Health System, NIC Global, Insteel Wire, and many others to develop training programs and provide qualified employees.

The College fulfills its mission by:

- Providing competency-based training through superior quality traditional and distance learning instruction methods that qualify completers for employment and job advancement.
- Contributing to the economic and community development of the communities served by training and retraining employed workers.
- Ensuring that programs and services are economical and accessible to all residents of Tennessee.
- Building relationships of trust with community, business, and industry leaders to supply highly skilled workers in areas of need.

At TCAT Hartsville, the focus is on your success in today's ever-changing, state-of-the-market economy. Our faculty and staff believe in providing the highest quality services and instruction to ensure an exciting learning experience. Our instructors are qualified and dedicated to the responsive changes needed by business and industry, students, and the community.

TCAT Hartsville is excited to announce a 70,000-square-foot expansion that will open in Fall 2026. This new space will allow us to offer a wider range of hands-on training programs to meet the growing needs of our students and local workforce. New programs will include Cosmetology, Esthetician, Nail Tech, Dental Assistant, Digital Graphics, Lineman, and Diesel Technology. This expansion represents a major step forward in our mission to provide high quality, career-focused education right here in our community.




The Tennessee Central office assists and houses a satellite location for the Volunteer State Community College TN Small Business Development Center (TSBDC). The Center provides group sessions and one-on-one counseling and training for small business owners and entrepreneurs needing assistance in the Tennessee Central region. Charles Alexander, the Center's Director, can provide private counseling at the following locations in the Tennessee Central Region. Please contact a specific location for an appointment.

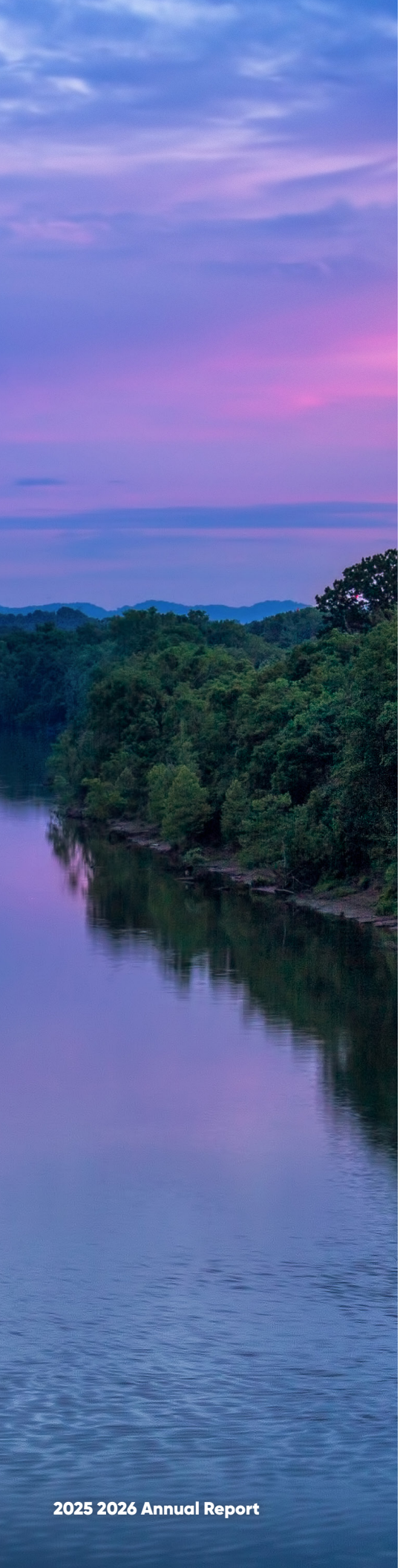
**MT. JULIET CHAMBER**
615-758-3478

**LEBANON CHAMBER**
615-444-5503

**VSCC**
615-230-4780



CHARLES ALEXANDER
DIRECTOR



TENNESSEE CENTRAL
ECONOMIC AUTHORITY

# WORK STRATEGIES
2026-2027

## ECONOMIC DEVELOPMENT PROGRAM

- Market & promote the Tennessee Central as a five-county region.
- Respond to Requests for Proposal for the region or individual communities.
- Apply and execute grants to improve economic development standards.
- Increase industrial product development in the five-county region.
- Continue strategic planning efforts to guide PowerCom property development and long-term marketability.
- Provide our five-county region with grants opportunies for industrial development.
- Provide networking assistance to incubator clients as required.
- Facilitate partnership & cooperation with elected officials, EDOs, and all stakeholders in the region.
- Manage the PowerCom Industrial Center.
- Participate with RPO and TDOT for regional highway infrastructure.

## BUSINESS & WORKFORCE DEVELOPMENT ASSISTANCE

- Enhance job growth in the region & accelerate existing industries.
- Partner with SBA's TN Small Business Development Centers to assist entrepreneurs and start-up companies.
- Market TCAT, UT CIS, & VSCC training services to regional industries.
- Assist with job fairs in the region.
- Assist workforce development programs in the TN Central Region.

## PROGRAM ADMINISTRATION

- Comply with reporting requirements of the State of Tennessee (Sunset Review & State Funding Board), Board of Directors, funding agencies, and others as an operating standard.
- Maintain financial reporting, audits, and budget management.
- Acquire website support with news updates & resources throughout digital assets.
- Manage the daily operations of the office and admin processes.
- Research, pursue, and apply for funding opportunities.
- Manage the PowerCom Industrial Center and tenant relationships.
- Maintain professional affiliations with the Tennessee Dept. of ECD, Chambers of Commerce, UT/CTAS, the Greater Nashville Regional Council, MTIDA, the Upper Cumberland Development District, TN Economic Development Council, TVA, TEP, ATVG, USDA, RPO, SEDC, the Region's electric, utility districts, governments entities, and funding agencies.

## ADDITIONAL RESPONSIBILITIES

- Enhance the public awareness & vision of the TCEA.
- Establish Tennessee Central internally in the five-county region for economic development.
- Provide quarterly reports to the Board of Directors.
- Respond to the Board of Directors' request for other regional opportunities.
- Aggressively pursue new projects and tenants.
- Partner with & support MTIDA's programs for our communities.
- Expand port and PowerCom Industrial Center infrastructure.
- Partner with port tenanat to expand port operations.



# re:Vision

**A COMMUNITY PEERFORMANCE PROGRAM**

## TCEA'S RE:VISION PROJECT

In 2026, the Tennessee Central Economic Authority participated in a strategic assessment designed to evaluate the region's economic development position, identify opportunities for improvement, and create a practical roadmap for future action.

The project was initiated through TVA Economic Development, which retained VisionFirst Advisors to conduct the assessment. VisionFirst approached the work through the lens of a competitive site search, evaluating how the region appears to businesses, site selectors, partners, and prospective investors.

As part of the process, VisionFirst gathered stakeholder feedback, reviewed regional data, assessed competitiveness, and developed recommendations to help TCEA better serve its five-county region.

### KEY TAKEAWAYS

**A STRONGER FOUNDATION IS TAKING SHAPE.**

Over the past year, TCEA has clarified priorities, strengthened partnerships, and positioned itself for a more focused regional role. This work builds on key regional advantages, including collaboration, population growth, strong labor force participation, and a competitive cost of living.

**CLARITY AND COORDINATION ARE FOCUS GOALS.**

Stakeholder feedback showed a need to better define TCEA's role, improve internal communication, reconnect with existing industry, and align partners around shared priorities.

**SITE READINESS AND WORKFORCE STRATEGY MATTER.**

Infrastructure capacity, available industrial sites, PowerCom strategy, workforce intelligence, and recruitment support were identified as important focus areas for future competitiveness.

### MOVING FORWARD

The reassessment provides TCEA with a practical set of recommendations focused on defining its role, strengthening partnerships, supporting existing industry, improving site readiness, and building a more coordinated regional economic development strategy.

**Scan the QR code to view the full re:Vision report and recommendations.**

421,815
**RESIDENTS IN THE 5-COUNTY REGION**

2.4%
**ANNUAL POPULATION GROWTH**

65.9%
**LABOR FORCE PARTICIPATION RATE**

94.6
**COST OF LIVING INDEX**

A Message from Our

# EXECUTIVE DIRECTOR

## Helene Singer Cash



### LOOKING AHEAD

As we reflect on the past year, I am inspired from the progress we have achieved together and focused on the opportunities that lie ahead. Under the leadership of our Board, Tennessee Central Economic Authority has strengthened its foundation for sustainable growth, most notably through the transformative Ridgeline expansion—an initiative that has not only reshaped PowerCom Industrial Park but elevated its position as a competitive regional asset. This milestone reflects our shared vision of innovation, collaboration, and strategic investment.

### OUR PARTNERS

Equally important is the strength of our partnerships across the five-county region, where we work with local governments, industry leaders, and community stakeholders to advance opportunities that benefit us all. Through collaboration with our business partners, we are fostering an environment where shared success drives regional prosperity.

### RE:VISION

Looking forward, the ReVision Project—our comprehensive analysis conducted in partnership with Vision First and TVA—signals a new chapter of possibility. By deeply examining our strengths across the five-county region, we are poised to align our assets with emerging opportunities, ensuring that the successes of today becomes the groundwork for tomorrow.

---

## About Helene

Helene Singer Cash is an Executive Leader and Certified Economic Developer dedicated to fostering Sustainable Economic Growth and vibrant communities within the Tennessee Central Economic Authority (TCEA) region. Her work is instrumental in driving the TCEA's mission to recruit, retain, and expand job opportunities across Macon, Smith, Sumner, Trousdale/Hartsville Metro, and Wilson counties.

With a professional background in economic development, financial planning, executive growth, and community engagement, Helene brings a holistic approach to her role. As an Economic Development Director for the City of Lebanon, she built the foundation for their economic development program, demonstrating a proven ability to create and launch impactful initiatives. Her experience as a Marketing Director/Realtor has further sharpened her skills in brand development and strategic re-launches, ensuring effective communication and outreach for the TCEA's programs.

Helene is a true collaborative strategist, adept at working with governmental bodies, businesses, and non-profit organizations to achieve shared goals. Her deep understanding of local & public policy and community dynamics allows her to navigate complex challenges and develop solutions that benefit all stakeholders, with a particular passion for supporting Sustainable Rural Communities. A graduate of the University of Tennessee's Center for Industrial Services (UT CIS) Economic Development program, Helene possesses the analytical and strategic skills to drive economic progress and enhance the quality of life throughout the Middle Tennessee Central region.

# Michele Farley

## REGIONAL DEVELOPMENT SPECIALIST



### About Michele

Michele Farley serves as the Specialist Regional Development for the Tennessee Central Economic Authority (TCEA), a role that leverages her extensive skill set to drive strategic growth and foster community prosperity across the region. Michele brings a proactive energy to TCEA's mission of balancing economic advancement with the preservation of our region's rich community roots.

As a vital "boots on the ground" advocate, Michele focuses heavily on direct business-to-business (B2B) development. Her day-to-day efforts are dedicated to strengthening the regional economic ecosystem through a comprehensive, multi-faceted approach:

- Business Retention & Recruitment: Supporting existing local industries to ensure they thrive while actively identifying and welcoming new business investments to the region.
- Workforce Development: Bridging the gap between employers and talent by collaborating on initiatives that build a skilled, resilient, and future-ready workforce.
- Community Engagement: Cultivating deep partnerships with local leaders, stakeholders, and residents to ensure economic growth aligns with community identity and values.

Before transitioning to regional economic development, Michele built a strong foundation in public service and local governance. She served as the administrative assistant to the Mayor of Macon County, where she gained invaluable experience in community relations and executive administration. Demonstrating her commitment to professional standards, she also earned her certification as a Certified County Financial Officer (CCFO) for Macon County, developing her understanding of local government finance, budgeting, and public compliance.

Michele's passion for creating connections and her hands-on approach to economic development make her an invaluable asset to the TCEA team, local businesses, and the communities she proudly serves.

---

# Natalie Johnson

## EXECUTIVE ADMINISTRATOR



### About Natalie

Natalie Walker Johnson serves as the Executive Administrator for the Tennessee Central Economic Authority (TCEA), playing a critical role in the daily operational success and long-term strategic alignment of the organization.

A proud Middle Tennessean who grew up in Lebanon and now lives on her family's century farm, Natalie brings a career deeply rooted in communication, connection, and professional excellence to the TCEA team.

Natalie holds a degree in Mass Communications from Middle Tennessee State University, which has served as the foundation for her diverse corporate background. She began her professional journey at Cracker Barrel's Home Office as a Retail Merchandise Coordinator, later relocating to Oklahoma City where she built a successful career with Barnes & Noble.

In recent years, she transitioned her skills into financial services, working as a Life Insurance Advisor with New York Life, where she specialized in strategic planning and helping families secure their futures with compassion and foresight.

Now, as the central administrative pillar of TCEA, Natalie translates her experience in corporate operations, client relationships, and strategic planning into driving the authority's core mission forward. She manages essential organizational workflows, coordinates board relations, and provides the vital structural backbone necessary to attract and sustain major economic and industrial investments. Passionate about the growth and long-term success of Middle Tennessee, Natalie ensures the authority consistently delivers seamless operations and impactful results for the regional economies and communities it represents.

# TCEA ORGANIZATION

## Our Team

**HELENE SINGER CASH**
EXECUTIVE DIRECTOR

**MICHELE FARLEY**
SPECIALIST REGIONAL DEVELOPMENT

**NATALIE JOHNSON**
EXECUTIVE ADMINISTRATOR

## Our Board

CHAIRMAN



**JACK MCCALL**
TROUSDALE COUNTY MAYOR

VICE CHAIRMAN



**JOHN ISBELL**
SUMNER COUNTY MAYOR

SECRETARY / TREASURER



**JEFF MASON**
SMITH COUNTY MAYOR



**STEVE JONES**
MASON COUNTY MAYOR



**RANDALL HUTTO**
WILSON COUNTY MAYOR



**MAE WRIGHT**
SENATE APPOINTEE



**HEATHER BAY**
HOUSE APPOINTEE



**BOB ROCHELLE**
BOARD ATTORNEY

## Senators



PAUL BAILEY



FERRELL HAILE



MARK PODY



KEN YAGER

## Representatives



CLARK BOYD



JOHNNY GARRETT



MICHAEL HALE



KELLY KEISLING



SUSAN LYNN



WILLIAM LAMBERTH



WILLIAM SLATER

# TENNESSEE CENTRAL
## ECONOMIC AUTHORITY




This institution is an equal opportunity provider and employer.

**TENNESSEECENTRAL.ORG**

**Helene Singer Cash**
Executive Director
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C 615.426.2520
702 McMurry Blvd E
Hartsville, TN 37074

**Serving the Middle Tennessee Counties of:**

MACON
SMITH
SUMNER
TROUSDALE
WILSON

# TENNESSEE CENTRAL ECONOMIC AUTHORITY

Annual Financial Report

For the Year Ended June 30, 2026

# TENNESSEE CENTRAL ECONOMIC AUTHORITY

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# INTRODUCTORY SECTION

**TENNESSEE CENTRAL ECONOMIC AUTHORITY**

**Schedule of Officers**

**June 30, 2026**

| Official | Title |
|---|---|
| Jack McCall | Chairman |
| John Isbell | Vice Chairman |
| Jeff Mason | Secretary/Treasurer |
| Steve Jones | Board Member |
| Randall Hutto | Board Member |
| Mac Wright | Board Member |
| Heather Bay | Board Member |

| Official | Title |
|---|---|
| Michele Farley | Development Coodinator |
| Natalie Johnson | Executive Administrator |

# FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

## Independent Auditor's Report

Board of Directors
Tennessee Central Economic Authority
Hartsville, Tennessee

### Report on the Audit of the Financial Statements

***Opinions***

I have audited the accompanying financial statements of the governmental activities and the major funds of Tennessee Central Economic Authority (the "Authority") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the Authority as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***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 Authority'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***

My 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 my 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 judgement 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, I:

- 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 Authority'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes Management's Discussion and Analysis, the respective budgetary comparison for the General Fund and the Capital Projects Fund for the year then ended, the Notes to Budgetary Comparisons Schedule, the Schedule of Changes in Net Pension Liability (Asset), and the Schedule of Contributions to the Employee Pension Plan, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is 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 my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information – Introductory Section***

Management is responsible for the Introductory Section included in the annual report. The Introductory Section, as listed in the table of contents, does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the Introductory Section, and I do not express an opinion or any other assurance thereon.

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

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

In accordance with Government Auditing Standards, I have also issued my report dated September 30, 2026, on my consideration of the Authority's internal control over financial reporting and on my 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 my 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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

September 30, 2026

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT'S DISCUSSION & ANALYSIS
## FOR THE FISCAL YEAR ENDING JUNE 30, 2026

The discussion and analysis of Tennessee Central Economic Authority's financial performance provides an overall narrative review of the Authority's financial activities for the year ended June 30, 2026. The intent of this discussion and analysis is to look at the Authority's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance his or her understanding of the Authority's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this Authority's financial statements, notes to financial statements, and any accompanying materials. To the extent this discussion contains any forward-looking statements of the Authority's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

This discussion and analysis is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 -- Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

### AUTHORITY OVERVIEW

**Creation:** As a result of the impact of TVA's discontinuation of the Hartsville nuclear power plant construction project, the Four Lake Regional Industrial Development Authority was created by public act of the State Legislature on April 15, 1986. Enabling legislation states that the Authority was "created and established for the purpose of developing the resources of the region embracing the counties of Macon, Smith, Sumner, Trousdale and Wilson .... ". More specifically, the Authority "is directed to focus its activity toward economic development and improving employment opportunities in the region ....". In 1988 the Authority contracted staff.

**History:** In consideration of the established purpose of the Authority and its limited TVA and State grant funding, Four Lake began operating a business incubator program in 1989 utilizing vacant warehouses at the Hartsville TVA site. The buildings were offered to business start-ups/expansions at below average rental rates under a Lease/Sub-Lease arrangement between TVA (receiving 80% of lease revenues) and the Four Lake Authority (retaining 20% of lease revenues).

On June 27, 2002, the Authority purchased 554 acres located within the TVA/Hartsville Distribution Center (discontinued nuclear site) from TVA for $1.7 million. Through a USDA/Rural Development Loan, infrastructure improvements were initiated immediately, including a 750,000-gallon water storage tank, as well as new water/sewer/natural gas lines installed to the mid-point of the newly-purchased property. Beginning in 2003, with funding

from annual TVA In-Lieu-of-Tax grants, projects commenced to develop the site into a viable business/industrial center in hopes of employing workers from the entire five-county region. For marketing purposes, the property was branded "PowerCom Industrial Center" with identifying logo and illuminated directional signs from State Hwy 25 into the site. In addition, ECD Special Appropriation Grants and TVA/Special Opportunities County Grants have funded other improvements/upgrades including: a 54,000 square foot Spec. Building (March. 2008); tenant specific electrical upgrades; roadways within the site named and marked; all buildings identified with specialty-designed 911 address signs; utility upgrades/ installation for the CCA project; rehab (paint, new dock doors, trim, structural repairs, etc.) of eight warehouse buildings, one office trailer, and a 700' dock in the forward section (Village One) of the site; surveying and marking outer boundaries of the PowerCom site with 200 angle iron posts & 10 eight foot "Four Lake" iron markers: additional fencing and security gate dividing Village One and Village Two; upgrade of the site's electrical systems to establish dual-feed throughout the site with backup from a rehabbed electrical sub-station located on the adjacent TVA property; water-line extensions to the lower section of the site (Village Two), as well as the installation of taps & meters for current tenants; substantial clearing of the site; and recurring maintenance – bush hogging, roof and road repairs, etc.

Corrections Corporation of America (CCA) purchased 108 acres of the PowerCom Industrial Center on April 22, 2008. Construction was halted indefinitely on the planned 2,040 medium-security bed facility that, when operational, would create much needed employment - a minimum of 350 persons. (See update on this project below.)

Beginning July 1, 2011, Four Lake was placed in "wind-down" status and restructuring efforts began to satisfy specific concerns of Legislators. In December 2011, a new grant program was established that allocated $20,000 for each of Four Lake's five counties. The grant funds were designated as "Off-Site Development" from the Capital Projects fund. Guidelines were created to limit the funds to economic development & job-creating projects that require Board approval. An amendment to Four Lake's Enabling Legislation became effective July 1. 2012 that replaced the 21-member Board and Executive Committee with a single-governing, seven-member Board of Directors. The new Board is comprised of the five County Mayors/Executive, one member appointed by the Senate, and one member appointed by the House.

Legislators approved Four Lake's Sunset extension and funding for an additional four years. Highlights of the fiscal year include: A TVA/Economic Development lead project, ARC Automotive (aka Project Scarecrow) was vigorously recruited for many months by the Four Lake Authority which resulted in an announcement on May 27, 2014, that PowerCom Industrial Center/Trousdale County had been selected as their expansion site for 66 new manufacturing jobs. The CCA project was reactivated in early 2014 with a $140 million budget and a date of operation scheduled for January 3, 2016. In March, 2014, V&C Manufacturing/Christy's purchased the 54,000sf Spec Building and contiguous five acres. Installation of fiber optics through the PowerCom Industrial Center was completed with the assistance of a State of Tennessee ECD grant, including connecting the Four Lake office with security cameras and remote access to the security gate. TDEC and the Corps of Engineers

granted a permit for dredging the harbor at the Cumberland River barge access in the PowerCom Industrial Center and a Port Feasibility Study was initiated. Four Lake was awarded $37,350 in economic development grant funds.

CCA had a groundbreaking on October 3, 2014 for the Turner-Trousdale Correctional Center. ARC broke ground on site development of fifty acres leased in PowerCom Industrial Center. The Four Lake Authority facilitated a FastTrack Infrastructure grant with the State of Tennessee and Trousdale County for $290,000.00 to extend water and sewer to the ARC Automotive site. Four Lake Authority was awarded an InvestPrep grant from TVA to develop a 20-acre site within PowerCom Industrial Center for an industrial building. A $50,000.00 grant was received from the State of Tennessee's Dept. of ECD for a flood plain study and dock site improvements. In March 2015, the Tennessee Department of Transportation committed a State Industrial Access grant for $1.6M in PowerCom to improve and build a direct road to the ARC and CCA facilities with Four Lake committing $400,000.00 for engineering and construction funding. Plus, the staff launched a new web site and marketing program for the Tennessee Central Economic Alliance (www.tennesseecentral.org). Lastly, the Four Lake staff was added to the State of Tennessee Deferred Compensation Plan II - 401(k).

## Overview of the Financial Statements

The Authority's financial report contains basic financial statements. Those financial statements present the Authority's finances at both an overall and a detailed level. The first two – the government-wide financial statements – cover the Authority's governmental activities.

- Governmental activities comprise the Authority's most basic functions, such as public safety, culture and recreation, and social and economic development. Governmental activities primarily are financed by taxes paid to the Authority and grants from the State of Tennessee and the federal government.

The remaining basic financial statements present the Authority's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Authority reports two groups of funds:

- Governmental fund financial statements report all of the governmental activities except those that involve providing services to Authority departments. In addition to the Authority's main operating fund – the general fund – those financial statements report special revenue fund to account for capital projects completed by the Authority.

The next section of this financial report contains notes to financial statements, which delve deeper into the Authority's finances as reported in the financial statements. The information in the notes is as important to understanding the Authority's finances as the information in the financial statements. The Authority uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report

certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

**Types of Information in the Financial Statements**

All of the Authority's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. In other words, they comprehensively report all types of financial statement elements:

- *Assets*—resources the Authority controls, from short-term assets like cash to long-term assets like roads and bridges.
- *Liabilities*—amounts the Authority owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.
- *Deferred outflows of resources and deferred inflows of resources*—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- *Revenues and expenses*—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction of an Authority building. More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

## Financial Summary

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Tennessee Central Economic Authority, assets exceeded liabilities by $17,469,086 at the close of the most recent fiscal year. By far the largest portion of the Authority's assets reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following table presents a summary of the Authority's Net position for the fiscal year ended June 30, 2026:

| | |
|---|---|
| Current assets | $ 9,725,063 |
| Capital assets | 7,759,650 |
| **Total Assets** | **17,484,713** |
| Deferred outflows | 41,364 |
| Current liabilities | 6,733 |
| Deferred inflows | 50,258 |
| **Net position:** | |
| Investment in capital assets | 7,759,650 |
| Restricted | 7,040,695 |
| Unrestricted | 2,668,741 |
| **Total Net position** | **17,469,086** |

**Changes in Net position.** The Authority's total revenues for the fiscal year ended June 30, 2026 was $2,842,026. The total cost of all programs and services was $1,015,672. The following table presents a summary of the changes in Net position for the fiscal year ended June 30, 2026.

| | |
|---|---|
| **Revenues:** | |
| General Fund | $ 694,354 |
| Capital Projects Fund | 2,147,672 |
| **Total revenues** | **2,842,026** |
| **Expenses:** | |
| General Fund Expenses | 439,697 |
| Capital Projects Expenses | 575,975 |
| **Total expenses** | **1,015,672** |
| **Change in Net position** | **$ 1,826,354** |

## Detailed Analysis

Governmental Activities

General Fund

- Cash and cash equivalents and certificate of deposits increased $1,966,092 due to an increase in tax revenues and sale of assets.
- Total revenues increased $1,052,726. The increase was due to an increase in TVA in-lieu-taxes and the property sale revenues of $796,910.

- General fund expenditures decreased $110,405 due to a decrease in personnel costs in the current year. Capital project Fund expenditures decreased $1,646,424 in the current year based on decreased capital asset purchases.

## Significant Capital Assets and Long-Term Financing Activity

### Capital Assets

Tennessee Central Economic Authority's investment in capital assets at June 30, 2026, amounts to $7,759,650 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Dock improvements of $27,576.

| | 2026 | 2025 |
|---|---|---|
| Land | $ 1,120,273 | 1,120,273 |
| Construction in progress | 888,773 | 861,197 |
| Equipment | 99,848 | 99,848 |
| Building and improvements | 8,884,587 | 8,884,587 |
| Total | 10,993,481 | 10,965,905 |
| Less accumulated depreciation | (3,233,831) | (2,935,540) |
| Net Capital Assets | $ 7,759,650 | 8,030,365 |

Additional information on the Tennessee Central Economic Authority's capital assets can be found in the notes to the financial statements section of this report.

### Debt Administration.

The Authority has no outstanding debt at June 30, 2026.

## Currently Known Facts, Decisions, or Conditions

**CURRENT ISSUES**

The Authority's ***primary endeavor has always been*** to proceed responsibly & methodically in all activities with the utmost integrity and respect for the public's funds & trust, as well as for the benefit of its five-county region as a whole, without preference. The Authority's financial status is stable and continues to improve.

**Economic Factors and Next Year's Budget and Rates**

In the 2026-2027 budget, General fund revenues are budgeted to increase by from the 2025-2026 budget year primarily due to steady economic growth. The Authority's budget may benefit by an increasing revenue and keeping

All of these factors were considered in preparing the Authority's budget for the 2026-2027 fiscal year.

**Contacting the Authority's Financial Management:**
If you have questions regarding this report, you may contact the Natalie Johnson, at 702 McMurry Blvd.; Hartsville, TN 37074 or by phone at 615-374-4607. Additional information regarding the Tennessee Central Economic Authority can be found at its website: www.tennesseecentral.org

# BASIC FINANCIAL STATEMENTS

TENNESSEE CENTRAL ECONOMIC AUTHORITY

**Statement of Net Position**

**June 30, 2026**

| | | Total |
|---|---|---|
| Assets | | |
| Cash and cash equivalents | $7,229,334 | $7,229,334 |
| Certificate of deposits | 2,310,946 | 2,310,946 |
| Accounts receivable | 28,040 | 28,040 |
| Prepaid insurance | 8,875 | 8,875 |
| Net pension asset | 147,868 | 147,868 |
| Capital assets, not depreciated | 2,009,046 | 2,009,046 |
| Capital assets, net of accumulated depreciation | 5,750,604 | 5,750,604 |
| Total Assets | $17,484,713 | $17,484,713 |
| Deferred outflows - pension | $41,364 | $41,364 |
| Liabilities | | |
| Accounts payable | 5,681 | 5,681 |
| Compensated absences - current | 1,052 | 1,052 |
| Total Liabilities | 6,733 | 6,733 |
| Deferred Inflows | | |
| Deferred inflows - pension | 50,258 | 50,258 |
| Total Deferred Inflows | 50,258 | 50,258 |
| Net Position: | | |
| Investment in capital assets | 7,759,650 | 7,759,650 |
| Restricted - capital projects | 6,943,085 | 6,943,085 |
| Restricted - pension | 97,610 | 97,610 |
| Unrestricted | 2,668,741 | 2,668,741 |
| Total Net Position | $17,469,086 | $17,469,086 |

See accompanying notes to financial statements.

## TENNESSEE CENTRAL ECONOMIC AUTHORITY

### Statement of Activities

### For the Year Ended June 30, 2026

| Function/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenue and Changes in Net Position: Governmental Activities | Total |
|---|---|---|---|---|---|---|
| Industrial Park | 439,697 | 606,055 | 0 | 0 | 166,358 | 166,358 |
| Capital Improvements | 575,975 | 796,910 | 1,147,292 | 0 | 1,368,227 | 1,368,227 |
| Total Governmental Activities | 1.015,672 | 1,402,965 | 1,147,292 | 0 | 1,534,585 | 1,534,585 |
| General Revenues: | | | | | | |
| Interest income | | | | | 217,539 | 217,539 |
| Other income | | | | | 74,230 | 74,230 |
| Total general revenues | | | | | 291,769 | 291,769 |
| Changes in net position | | | | | 1,826,354 | 1,826,354 |
| Net position - beginning of year | | | | | 15,642,732 | 15,642,732 |
| Net position - ending of year | | | | | 17,469,086 | 17,469,086 |

See accompanying notes to financial statements.

# FUND FINANCIAL STATEMENTS

## TENNESSEE CENTRAL ECONOMIC AUTHORITY

### Balance Sheet

### Governmental Funds

### June 30, 2026

| | General Fund | Capital Project Fund | Total |
|---|---|---|---|
| Assets | | | |
| Cash and cash equivalents | $909,382 | $6,319,952 | $7,229,334 |
| Certificate of deposits | 1,696,688 | 614,258 | 2,310,946 |
| Accounts receivable | 28,040 | 0 | 28,040 |
| Prepaid insurance | 0 | 8,875 | 8,875 |
| Total Assets | $2,634,110 | $6,943,085 | $9,577,195 |
| Liabilities and Fund Balance | | | |
| Liabilities: | | | |
| Accounts payable | 5,681 | 0 | 5,681 |
| Total Liabilities | 5,681 | 0 | 5,681 |
| Fund balance: | | | |
| Restricted - Capital projects | 0 | 6,943,085 | 6,943,085 |
| Unassigned | 2,628,429 | 0 | 2,628,429 |
| Total Fund Balance | 2,628,429 | 6,943,085 | 9,571,514 |
| Total Liabilities and Fund Balance | $2,634,110 | $6,943,085 | $9,577,195 |

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

## TENNESSEE CENTRAL ECONOMIC AUTHORITY

### Reconciliation of the Balance Sheet to the Statement of Net Position of Government Activities

### June 30, 2026

| | | |
|---|---|---|
| Amounts reported for fund balance - total governmental funds | $ | 9,571,514 |
| Amounts reported for governmental activities in the statement of net position are different because the operating funds do not report: | | |
| Investment in capital assets | | 7,759,650 |
| Long-term liabilities, including bonds payable and accrued contingencies are not due and payable in the current period and therefore are not recorded in the funds | | |
| Accrued vacation time | | (1,052) |
| Pension related accounts - governmental funds to not record these post-benefit obligations | | |
| Net pension asset | | 147,868 |
| Deferred outflow - pension | | 41,364 |
| Deferred inflow - pension | | (50,258) |
| Net position of governmental activities | $ | 17,469,086 |

See accompanying notes to financial statements.

TENNESSEE CENTRAL ECONOMIC AUTHORITY

**Governmental Funds**
**Statement of Revenues, Expenditures and Changes in Fund Balances**

**For the Year Ended June 30, 2026**

| | General Fund | Capital Project Fund | Total |
|---|---|---|---|
| Revenues: | | | |
| Rents | $ 606,055 | 0 | $ 606,055 |
| TVA in-lieu-of tax | 0 | 1,147,292 | 1,147,292 |
| Property sales | 0 | 796,910 | 796,910 |
| Interest income | 84,001 | 133,538 | 217,539 |
| Other income | 4,298 | 69,932 | 74,230 |
| Total Revenues | 694,354 | 2,147,672 | 2,842,026 |
| Expenditures: | | | |
| Personnel costs | 225,982 | 0 | 225,982 |
| Payroll tax | 20,893 | 0 | 20,893 |
| Employee benefits | 34,992 | 0 | 34,992 |
| Marketing | 21,348 | 0 | 21,348 |
| Rent | 13,200 | 0 | 13,200 |
| Professional services | 35,983 | 32,893 | 68,876 |
| Insurance | 5,886 | 7,763 | 13,649 |
| Utilities | 7,812 | 4,060 | 11,872 |
| Supplies | 12,932 | 0 | 12,932 |
| Meetings | 26,773 | 0 | 26,773 |
| Dues | 8,304 | 0 | 8,304 |
| Training and travel | 28,292 | 0 | 28,292 |
| Site development | 0 | 232,968 | 232,968 |
| Miscellaneous | 4,292 | 0 | 4,292 |
| Capital outlay | 0 | 27,576 | 27,576 |
| Total Expenditures | 446,689 | 305,260 | 751,949 |
| Excess (deficiency) of revenues over expenditures | 247,665 | 1,842,412 | 2,090,077 |
| Other financing sources | | | |
| Operating transfer | 180,000 | (180,000) | 0 |
| Net change in fund Balance | 427,665 | 1,662,412 | 2,090,077 |
| Fund Balance, Beginning of year | 2,200,764 | 5,280,673 | 7,481,437 |
| Fund Balance, End of year | 2,628,429 | 6,943,085 | 9,571,514 |

See accompanying notes to financial statements.

## TENNESSEE CENTRAL ECONOMIC AUTHORITY

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities**

**For the Year Ended June 30, 2026**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds: | $ | 2,090,077 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Operating funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Acquisition of capital assets | | 27,576 |
| Depreciation expense | | (298,291) |
| Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds | | |
| Change in pension plan accrual | | 8,044 |
| Change in employee vacation accrual | | (1,052) |
| Change in net position of governmental activities | $ | 1,826,354 |

See accompanying notes to financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**TENNESSEE CENTRAL ECONOMIC AUTHORITY**

Notes to Financial Statements

June 30, 2026

## (1) Summary of Significant Accounting Policies

Reporting Entity:

The Tennessee Central Economic Authority (formerly the Four Lake Regional Industrial Development Authority) was created in 1986 under TCA 64-5-201. The Authority was created for the purpose of developing the resources of the region embracing the Tennessee counties of Macon, Smith, Sumner, Trousdale and Wilson, including the coordination of the Authority's development work with related activities and programs of the Tennessee Valley Authority and other federal, state and local planning and development agencies.

In evaluating the Authority as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the Authority may be financially accountable and, as such, should be included within the Authority's financial statements. The Authority (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Authority. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority has no component units at yearend.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the Statement of Net Position and the Statement of Activities report information on all of the financial activities of the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

## (1) Summary of Significant Accounting Policies, Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers most governmental revenues as available if received within 60 days of years end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The Authority reports the following major funds:

General (Operating) Fund - The General (Operating) Fund is the general operating fund of the Authority. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources to be used for making improvements.

Credit Risk
Financial instruments that potentially subject the Authority to significant concentrations of credit risk consist principally of cash and cash equivalents. The Authority places its cash with federally-insured financial institutions or institutions participating in the State collateral pool.

Government Wide – Net Position
Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

## (1) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of checking accounts and a money market account. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used, the Authority uses committed, assigned then unassigned funds.

Compensated Absences

The Authority has accrued a liability for unused sick and vacation pay which is earned, but not taken by Authority employees. The governmental funds used to liquidate compensated absences are the general fund.

| | July 1, 2025 | Addi-tions | Retire-ments | June 30, 2026 | Due within One Year |
|---|---|---|---|---|---|
| Governmental activities | - | 1,052* | - | 1,052 | 1,052 |

*The change in the compensated absences liability is presented as a net change.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an individual cost of $10,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

| | |
|---|---|
| Improvements | 15-20 years |
| Buildings | 40-50 years |
| Machinery and Equipment | 5-10 years |

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Debt issuance costs, such as insurance costs, fees and other related costs should be recognized as an expense.

## (1) Summary of Significant Accounting Policies, Continued

Pension

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 Authority's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Authority'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.

Fund Balance

The Authority implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable Fund Balance - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed Fund Balance - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority. Commitments may be changed or lifted only by the Authority taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned Fund Balance - This classification includes amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. The Authority has the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed. assigned, and unassigned.

## (1) Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 Authority has one item (pension) that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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 Authority has one item (pension) that qualifies for reporting in this category.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Leases

Under GASB Statement 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined that the Authority's leases do not qualify for reporting under GASB 87 due to the short-term nature of the leases.

## (2) Cash and Cash Equivalents

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. Cash and cash equivalents were adequately covered by federal depository insurance, insured by the depository bank's participation in the State of Tennessee Bank Collateral Pool or collateralized by securities, pledged for deposits, held by an independent third-party financial institution under the terms of a safekeeping collateral agreement in the Authority's name. Investment policies of the Authority follow state law and bond requirements prohibiting investments that are not secured or insured by the U.S. Government

## (3) Capital Assets

A summary of changes in general capital assets as presented in the governmental activities' column of the government-wide financial statements is as follows:

| | Balance July 1, 2025 | Additions | Deletions | Balance June 30, 2026 |
|---|---|---|---|---|
| Land | 1,120,273 | - | - | 1,120,273 |
| Construction in progress | 861,197 | 27,576 | - | 888,773 |
| Equipment | 99,848 | - | - | 99,848 |
| Building and improvements | 8,884,587 | - | - | 8,884,587 |
| Total | 10,965,905 | 27,576 | - | 10,993,481 |
| Accumulated depreciation | (2,935,540) | | | (3,233,831) |
| Capital assets - net | 8,030,365 | | | 7,759,650 |

All assets of the Authority, except land of $1,120,273 and construction in progress of $888,773, are being depreciated. Depreciation expense was $298,291 for the fiscal year end. Accumulated depreciation was $3,233,831 for the industrial buildings and improvements.

## (4) Pension Plan

### General Information about the Pension Plan

*Plan description.* Employees of the Authority 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 statue 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 http://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

*Benefits provided.* Tennessee Code Annotated Title 8, Chapter 34-37 established 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 of after 30 years of service credit regardless of age. Benefits are determined by formula using the member's highest five consecutive year average compensation and the member's years of 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 non-service-related disability eligibility. The service-related and non-service-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. 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, 2025, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 4 |
| Inactive employees entitled to but not yet receiving benefits | 3 |
| Active employees | 2 |
| Total | 9 |

## (4) Pension Plan, Continued

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The Authority makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2026, employer contributions for the Authority were $13,156 based on a rate of 0.00% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the Authority's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (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)

The Authority's net pension liability (asset) was measured as of June 30, 2025, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| *Inflation* | 2.40 percent |
| *Salary increases* | Graded salary ranges from 8.87 to 3.59 percent based on age, including inflation averaging 4.15 percent. |
| *Investment rate of return* | 6.75 percent, net of pension plan investment expenses, including inflation. |
| *Cost-of-Living Adjustment* | 2.25 percent |

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

The actuarial assumptions used in the June 30, 2025 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2020 through June 30, 2024. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

*Change of assumptions.* In 2025, the following assumptions were changed: increased inflation rate from 2.25 percent to 2.40 percent; increased salary growth graded ranges from an average of 4.00 percent to an average of 4.15 percent; increased the cost-of-living adjustment from 2.125 percent to 2.25 percent; and modified mortality assumptions.

## (4) Pension Plan, Continued

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, 2024 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) are 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 2.40 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:

| *Asset class* | *Real Rate of Return* | *Target Allocation* |
|---|---|---|
| U.S. equity | 4.36% | 31% |
| Developed market international equity | 4.86% | 14% |
| Emerging market international equity | 5.55% | 4% |
| Private equity and strategic lending | 6.36% | 20% |
| U.S. fixed income | 2.31% | 20% |
| Real Estate | 3.55% | 10% |
| Short-term securities | 0.91% | 1% |
| Total | | 100% |

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.

*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 the Authority 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.

**(4) Pension, Continued**

Changes in the Net Pension Liability (Asset)

| | Total Pension Liability (Asset) (a) | Increase (Decrease) Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|---|---|---|---|
| **Balance at 6/30/24** | $639,580 | $681,842 | ($42,262) |
| **Changes for the Year:** | | | |
| Service Cost | 10,445 | - | 10,445 |
| Interest | 43,155 | - | 43,155 |
| Changes of Benefit terms | - | - | - |
| Differences between expected and actual experience | (39,136) | - | (39,136) |
| Changes in assumptions | (8,384) | - | (8,384) |
| Contributions-employer | - | 28,395 | (28,395) |
| Contributions-employees | - | 12,907 | (12,907) |
| Net investment income | - | 70,793 | (70,793) |
| Benefit payments, including refunds of employee contributions | (21,382) | (21,382) | - |
| Administrative expense | - | (409) | 409 |
| Other changes | - | - | - |
| **Net changes** | (15,302) | 90,304 | (105,606) |
| **Balance at 6/30/25** | $ 624,278 | $ 772,146 | $ (147,868) |

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the Authority 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:

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|---|---|---|
| Authority's net pension liability(asset) | ($78,713) | ($147,868) | ($205,989) |

## (4) Pension, Continued

### Pension Expense (income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

*Pension expense (negative pension expense).* For the year ended June 30, 2026, the Authority recognized pension expense (negative pension expense) of $2,700.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2026, the Authority reported deferred outflows or 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 | 28,208 | 26,091 |
| Net difference between projected and Actual earning on pension plan Investments | - | 18,578 |
| Changes in assumptions | - | 5,589 |
| Contributions subsequent to the Measurement date of June 30, 2025 | 13,156 | - |
| Total | 41,364 | 50,258 |

The amounts shown above for 'Contributions subsequent to the measurement date of June 30, 2025,' will be recognized as a reduction (increase) to net position 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: | |
|---|---|
| 2027 | $15,627 |
| 2028 | ($24,333) |
| 2029 | ($8,524) |
| 2030 | ($4,822) |
| 2031 | - |
| Thereafter | - |

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

## (5) Risk Management

The Authority 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 Authority has elected to obtain an insurance policy to transfer risk to a commercial insurance company. Insurance settlements have not been in excess of insurance coverage in any of the prior three years.

## (6) Commitments and Contingencies

Economic Dependency

The Authority obtains a substantial amount of funds from the Tennessee Valley Authority. A significant reduction in the level of such support, if this were to occur, might affect the Authority's ability to carry out its programs and activities.

Litigation:

There are no pending lawsuits in which the Authority is involved which are significant to the financial statements.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

## (7) Operating Transfers

| To | From | Amount |
|---|---|---|
| General Fund | Capital Project Fund | $180,000 |

The transfer from Capital Project Fund to General Fund was for shared expenses paid by the General Fund.

## (8) Newly Adopted Accounting Pronouncements

The Authority adopted GASB Statement No. 103, Financial Reporting Model Improvements, effective for fiscal years beginning after June 15, 2025. The objective of the Statement is to improve key components of the financial reporting model to enhance the effectiveness in providing information that is essential for decision making and assessing a government's accountability.

# REQUIRED SUPPLEMENTARY INFORMATION

TENNESSEE CENTRAL ECONOMIC AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule**

**General Fund**

**For the Year Ended June 30, 2026**

| | Original Budget | Final Budget | Variance with Original Budget over (under) Final Budget | Actual Amounts | Variance with Final Budget over (under) Actual Amounts |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Rent building | $450,000 | $450,000 | 0 | $606,055 | 156,055 |
| Grants | 1,000 | 1,000 | 0 | 0 | (1,000) |
| Interest | 30,000 | 30,000 | 0 | 84,001 | 54,001 |
| Other income | 3,200 | 3,200 | 0 | 4,298 | 1,098 |
| Total Taxes | 484,200 | 484,200 | 0 | 694,354 | 210,154 |
| Expenditures: | | | | | |
| Personnel costs | 279,360 | 273,860 | (5,500) | 225,982 | (47,878) |
| Payroll taxes | 21,000 | 21,000 | 0 | 20,893 | (107) |
| Employee benefits | 71,000 | 71,000 | 0 | 34,992 | (36,008) |
| Marketing | 25,000 | 21,500 | (3,500) | 21,348 | (152) |
| Rent | 13,200 | 13,200 | 0 | 13,200 | 0 |
| Professional services | 31,940 | 36,440 | 4,500 | 35,983 | (457) |
| Insurance | 8,500 | 8,500 | 0 | 5,886 | (2,614) |
| Utilities | 14,000 | 9,500 | (4,500) | 7,812 | (1,688) |
| Supplies | 8,400 | 15,500 | 7,100 | 12,932 | (2,568) |
| Meetings and events | 18,500 | 29,500 | 11,000 | 26,773 | (2,727) |
| Dues | 8,000 | 8,400 | 400 | 8,304 | (96) |
| Training and travel | 39,800 | 29,800 | (10,000) | 28,292 | (1,508) |
| Miscellaneous | 4,000 | 4,500 | 500 | 4,292 | (208) |
| Total Expenditures | 542,700 | 542,700 | 0 | 446,689 | (96,011) |
| Excess (deficiency) of revenues over expenditures | (58,500) | (58,500) | 0 | 247,665 | 306,165 |
| Other financing sources | | | | | |
| Operating transfer | 180,000 | 180,000 | 0 | 180,000 | 0 |
| Net change in Fund Balance | 121,500 | 121,500 | | 427,665 | |
| Fund Balance, Beginning of year | 2,200,764 | 2,200,764 | | 2,200,764 | |
| Fund Balance, End of year | 2,322,264 | 2,322,264 | | 2,628,429 | |

See accompanying notes to financial statements.

**TENNESSEE CENTRAL ECONOMIC AUTHORITY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Budgetary Comparison Schedule**

**Capital Projects Fund**

**For the Year Ended June 30, 2026**

| | Original Budget | Final Budget | Variance with Original Budget over (under) Final Budget | Actual Amounts | Variance with Final Budget over (under) Actual Amounts |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| TVA in-lieu-of tax | 950,000 | 950,000 | 0 | 1,147,292 | 197,292 |
| Property sales | 0 | 0 | 0 | 796,910 | 796,910 |
| Interest income | 80,000 | 80,000 | 0 | 133,538 | 53,538 |
| Miscellaneous | 25,000 | 25,000 | 0 | 69,932 | 44,932 |
| Total Taxes | 1,055,000 | 1,055,000 | 0 | 2,147,672 | 1,092,672 |
| Expenditures: | | | | | |
| Professional services | 230,000 | 230,000 | 0 | 32,893 | (197,107) |
| Insurance | 12,500 | 12,500 | 0 | 7,763 | (4,737) |
| Utilities | 9,000 | 9,000 | 0 | 4,060 | (4,940) |
| Site development | 4,846,591 | 4,846,591 | 0 | 232,968 | (4,613,623) |
| Capital outlay | 500,000 | 500,000 | 0 | 27,576 | (472,424) |
| Total Expenditures | 5,598,091 | 5,598,091 | 0 | 305,260 | (5,292,831) |
| Excess (deficiency) of revenues over expenditures | (4,543,091) | (4,543,091) | 0 | 1,842,412 | 6,385,503 |
| Other financing sources: | | | | | |
| Operating transfer | (180,000) | (180,000) | 0 | (180,000) | 0 |
| Net change in fund Balance | (4,723,091) | (4,723,091) | | 1,662,412 | |
| Fund Balance, Beginning of year | 5,280,673 | 5,280,673 | | 5,280,673 | |
| Fund Balance, End of year | 557,582 | 557,582 | | 6,943,085 | |

See accompanying notes to financial statements.

## TENNESSEE CENTRAL ECONOMIC AUTHORITY

### Notes to Budgetary Comparison Schedules

Note A – Notes to Schedules

Budget and Budgetary Accounting
Legislation requires that no later than October of each year "the Authority shall transmit to the Governor of the State of Tennessee a request and an amount of appropriation needed during the next fiscal year for Authority purposes including administration, operations and capital improvements, and appropriate justification for use of such appropriation." The Authority passes the budget and reviews its status at regular meetings.

Note B – Budget results

There was no significant difference between original and final budget amounts.

Note C – Actual results

- Rent revenues in the General Fund increased $156,055 due to an increase in customers. Interest income increased $54,001.
- Revenues in the Capital Projects Fund increased $1,092,672 due in part to an increase in in-lieu taxes and property sales of $796,910.
- Actual expenses in the General Fund were lower than budgeted amounts by 96,011 due to lower personnel costs.
- Actual expenditures were lower in the Capital Projects Fund due to budgeted site development and capital expenditures not made in the current year.

## TENNESSEE CENTRAL ECONOMIC AUTHORITY

### Schedule of Required Supplementary Information

### Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS

### Last Fiscal Year ending June 30

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total pension liability (asset) | | | | | | | | | | |
| Service cost | $ 8,183 | $ 8,574 | $ 8,017 | $ 10,572 | $ 11,119 | $ 11,802 | $ 12,784 | $ 13,416 | $ 8,437 | $ 10,445 |
| Interest | $ 19,770 | $ 21,059 | $ 21,122 | $ 22,496 | $ 24,517 | $ 26,626 | $ 29,529 | $ 32,701 | $ 35,890 | $ 43,155 |
| Changes in benefit terms | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Differences between actual & expected experience | $ 847 | $ (14,655) | $ (323) | $ 6,916 | $ 5,669 | $ 2,937 | $ 17,430 | $ 25,525 | $ 84,622 | $ (39,136) |
| Change of assumptions | $ - | $ 8,303 | $ - | $ - | $ 40,979 | $ - | $ - | $ - | $ - | $ (8,384) |
| Benefit payments, including refunds of employee contributions | $ (11,938) | $ (12,054) | $ (12,299) | $ (12,544) | $ (12,766) | $ (13,034) | $ (13,197) | $ (13,547) | $ (25,285) | $ (21,382) |
| Net change in total pension liability (asset) | $ 16,862 | $ 11,227 | $ 16,517 | $ 27,440 | $ 28,539 | $ 69,310 | $ 46,546 | $ 58,095 | $ 103,664 | $ (15,302) |
| Total pension liability (asset)-beginning | $ 261,380 | $ 278,242 | $ 289,469 | $ 305,986 | $ 333,426 | $ 361,965 | $ 431,275 | $ 477,821 | $ 535,916 | $ 639,580 |
| Total pension liability (asset)-ending (a) | $ 278,242 | $ 289,469 | $ 305,986 | $ 333,426 | $ 361,965 | $ 431,275 | $ 477,821 | $ 535,916 | $ 639,580 | $ 624,278 |
| | | | | | | | | | | |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions-employer | $ 14,960 | $ 6,979 | $ 12,848 | $ 13,590 | $ 19,864 | $ 21,071 | $ 22,022 | $ 27,442 | $ 27,801 | $ 28,395 |
| Contributions-employee | $ 7,110 | $ 7,948 | $ 8,030 | $ 8,494 | $ 9,029 | $ 9,578 | $ 10,010 | $ 12,473 | $ 12,637 | $ 12,907 |
| Net investment income | $ 7,058 | $ 31,762 | $ 26,353 | $ 26,256 | $ 19,416 | $ 110,270 | $ (21,258) | $ 37,421 | $ 59,989 | $ 70,793 |
| Benefit payments, including refunds of employee contributions | $ (11,938) | $ (12,054) | $ (12,299) | $ (12,544) | $ (12,766) | $ (13,034) | $ (13,197) | $ (13,547) | $ (25,285) | $ (21,382) |
| Administrative expense | $ (327) | $ (295) | $ (285) | $ (267) | $ (266) | $ (268) | $ (296) | $ (333) | $ (439) | $ (409) |
| Other | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Net change in plan fiduciary net position | $ 16,963 | $ 34,340 | $ 34,647 | $ 35,529 | $ 35,277 | $ 127,617 | $ (2,719) | $ 63,456 | $ 74,703 | $ 90,304 |
| | | | | | | | | | | |
| Plan fiduciary net position-beginning | $ 262,029 | $ 278,992 | $ 313,332 | $ 347,979 | $ 383,508 | $ 418,785 | $ 546,402 | $ 543,683 | $ 607,139 | $ 681,842 |
| Plan fiduciary net position-ending (b) | $ 278,992 | $ 313,332 | $ 347,979 | $ 383,508 | $ 418,785 | $ 546,402 | $ 543,683 | $ 607,139 | $ 681,842 | $ 772,146 |
| | | | | | | | | | | |
| Net Pension Liability (asset)-ending (a) - (b) | $ (750) | $ (23,863) | $ (41,993) | $ (50,082) | $ (56,820) | $ (115,127) | $ (65,862) | $ (71,223) | $ (42,262) | $ (147,868) |
| | | | | | | | | | | |
| Plan fiduciary net position as a percentage of total pension liability | 100.27% | 108.24% | 113.72% | 115.02% | 115.70% | 126.69% | 113.78% | 113.29% | 106.61% | 123.69% |
| | | | | | | | | | | |
| Covered payroll | $ 142,202 | $ 158,966 | $ 160,603 | $ 169,878 | $ 180,584 | $ 191,551 | $ 200,198 | $ 249,470 | $ 252,734 | $ 258,137 |
| | | | | | | | | | | |
| Net pension liability (asset) as a percentage of covered payroll | -0.53% | -15.01% | -26.15% | -29.48% | -31.46% | -60.10% | -32.90% | -28.55% | -16.72% | -57.28% |

*Changes of assumptions.* In 2025, 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. In 2021, 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 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. Please refer to previously supplied data from the TCRS GASB website for prior years' data, in needed.

TENNESSEE CENTRAL ECONOMIC AUTHORITY

**Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS**

**For the Year Ended June 30, 2026**

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | 6,979 | 1,943 | 0 | 181 | 0 | 0 | 0 | 0 | 0 | 13,156 |
| Contributions in relation to the actuarially determined contribution | 6,979 | 12,848 | 13,590 | 19,864 | 21,071 | 22,022 | 27,442 | 27,891 | 28,395 | 13,156 |
| Contribution deficiency (excess) | $0 | ($10,905) | ($13,590) | ($19,683) | ($21,071) | ($22,022) | ($27,442) | ($27,891) | ($28,395) | $0 |
| Covered-employee payroll | 158,966 | 160,603 | 169,878 | 180,584 | 191,551 | 200,198 | 249,470 | 252,734 | 258,137 | 251,478 |
| Contributions as a percentage covered-employee payroll | 4.39% | 8.00% | 8.00% | 11.00% | 11.00% | 11.00% | 11.00% | 11.00% | 11.00% | 0.00% |

GASB 68 requires 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. Please refer to previously supplied data from the TCRS GASB website for prior years' data, as needed.

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates for fiscal year 2026 were calculated based on the June 30, 2024 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 | 2.25 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 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 | 2.125 percent |

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent, decreased the investment rate of return from 7.25 percent to 6.75 percent, decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent, and modified mortality 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.

# SUPPLEMENTAL INFORMATION

TENNESSEE CENTRAL ECONOMIC AUTHORITY

**Schedule of Cash and Cash Equivalents and Certificate of Deposits**
**All Funds**

**June 30, 2026**

| | Carrying Value |
|---|---|
| General Fund: | |
| Demand deposits | 909,382 |
| Certificate of deposits | 1,696,688 |
| Total General Fund | 2,606,070 |
| | |
| Capital Project Fund: | |
| Demand deposits | 6,319,952 |
| Certificate of deposits | 614,258 |
| Total Capital Project Fund | 6,934,210 |
| | |
| Total - All funds | $9,540,280 |

# COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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

Board of Directors
Tennessee Central Economic Authority
Hartsville, Tennessee

I have audited 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, the financial statements of the governmental activities and each major fund of the Tennessee Central Economic Authority as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Tennessee Central Economic Authority's basic financial statements, and have issued a report thereon dated September 30, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Tennessee Central Economic Authority'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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tennessee Central Economic Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Tennessee Central Economic Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2026-001, that I consider to be a material weakness.

**Report on Compliance and Other Matters**

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

**Tennessee Central Economic Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Tennessee Central Economic Authority's response to the finding identified in my audit and described in the accompanying Schedule of Findings and Responses. The Tennessee Central Economic Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result 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.

September 30, 2026

## TENNESSEE CENTRAL ECONOMIC AUTHORITY

Schedule of Findings and Responses

June 30, 2026

2026-001 - Separation of Duties

Condition: The Tennessee Central Economic Authority currently has one employee that works in performing the majority of the accounting functions for the Authority. Due to only having one employee performing the accounting transactions there is currently an inadequate segregation of duties. The auditor recognizes the improvements in internal controls and the effort that has gone into strengthening the internal control structure. The Tennessee Central Economic Authority has adopted the CTAS' recommended Internal Control principles and practices.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: The Authority has a limited number of office employees to provide for a proper division of duties.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner along with the possibility of fraud or misappropriation of assets increases when accounting functions are not adequately segregated.

Recommendation: For adequate separation of duties, the employee who writes receipts, prepares and makes bank deposits, or writes checks should neither reconcile bank statements nor post to the cash receipts and disbursements journals.

Response: "We agree that the staff size will not allow the Authority to segregate duties to the optimum level desired. There is only one employee working in the department so it is virtually impossible to segregate duties unless more staff could be hired and due to our finances, we could not financially hire additional office help."

## TENNESSEE CENTRAL ECONOMIC AUTHORITY

Schedule of Disposition of Prior Year Comments

June 30, 2026

| Finding Number | Finding Title | Status |
|---|---|---|
| 2025-001 | Separation of Duties | Repeated |

The original find number was 2012-001. The current year finding number is 2026-001.

| | | |
|---|---|---|
| 2025-002 | Expenditures in Excess of Appropriations in Government Funds | Corrected |

The original find number was 2025-002.

TENNESSEE CENTRAL
ECONOMIC AUTHORITY

702 McMurry Blvd.
Hartsville, TN 370
Phone:615-374-46

TennesseeCentral.c

# Management Corrective Action Plan

**Audit Period:** June 30, 2026

The findings from the June 30, 2026, Schedule of Findings and Responses are discussed below.

**2026-001 Segregation of Duties (Internal Control)**

**Contact Person:** Natalie Johnson
**Management:** Helene Singer Cash

**Planned Corrective Action:**
TCEA has adopted the Segregation of Duties recommended by CTAS Internal Controls principles and practices for a 3 person office. We recognize that we are a small office team and implemented the guidelines to ensure segregation of duties.

These are a few examples of TCEA internal controls

- Executive Director or Specialist Regional Development receives mail; Executive Administrator opens mail
- EA receives accounts receivable; ED or SRD deposits at bank with verification of receipt
- EA writes accounts payable checks; ED and Chairman sign checks with appropriate documentation
- EA runs reports; SRD reconciles bank statements each month
- Utilize a CPA firm for all payroll to further eliminate potential risks

TCEA, currently, is not in the position to hire additional team members and will continue to focus on segregate the duties.

**Anticipated Completion Date:**
We will continue with the internal controls and the Board of Directors monitoring our finances and internal controls.

Signature

Oct 27, 26
Date

## Management's Corrective Action Plan

Audit period: June 30, 2026

The findings from the June 30, 2026, *Schedule of Findings and Responses* are discussed below.

2026-001 Segregation of Duties (Internal Control)

Contact person: Natalie Johnson

Planned Corrective Action: It is not economically feasible at this time to hire a sufficient number of people to adequately separate the duties. The Board of Officers continues to monitor our finances and internal control.

Anticipated Completion Date: At the current time, due to our size, we do not believe we can fully segregate these duties. We will continue to improve and strengthen our internal controls, but we cannot give a definite date.

Signature: _____

# Tennessee State Veterans Home Board

## November 23, 2026

# CMS STAR RATING

- MURFREESBORO ★
- HUMBOLDT ★★★★★
- KNOXVILLE ★★★★★
- CLARKSVILLE ★★★★
- CLEVELAND ★★

# October 2026 Financials

| | |
|---|---|
| Home Office | $0 |
| Murfreesboro | $240,690 |
| Humboldt | $188,291 |
| Knox County | $200,481 |
| Clarksville | $58,140 |
| Cleveland | $25,605 |
| Arlington | $(35,099) |
| Total Net Income | $677,534 |

**EBITDA** **$964,126**

*EBITDA is a non-GAAP, financial measure, however Management believes EBITDA provides useful supplemental information regarding operating performance

# October 2026 YTD

| | |
|---|---|
| Home Office | $1,382 |
| Murfreesboro | $615,464 |
| Humboldt | $500,163 |
| Knox County | $404,930 |
| Clarksville | $(139,219) |
| Cleveland | $(96,375) |
| Arlington | $(139,865) |
| Total Net Income | $1,146,480 |

**EBITDA $2.3M**

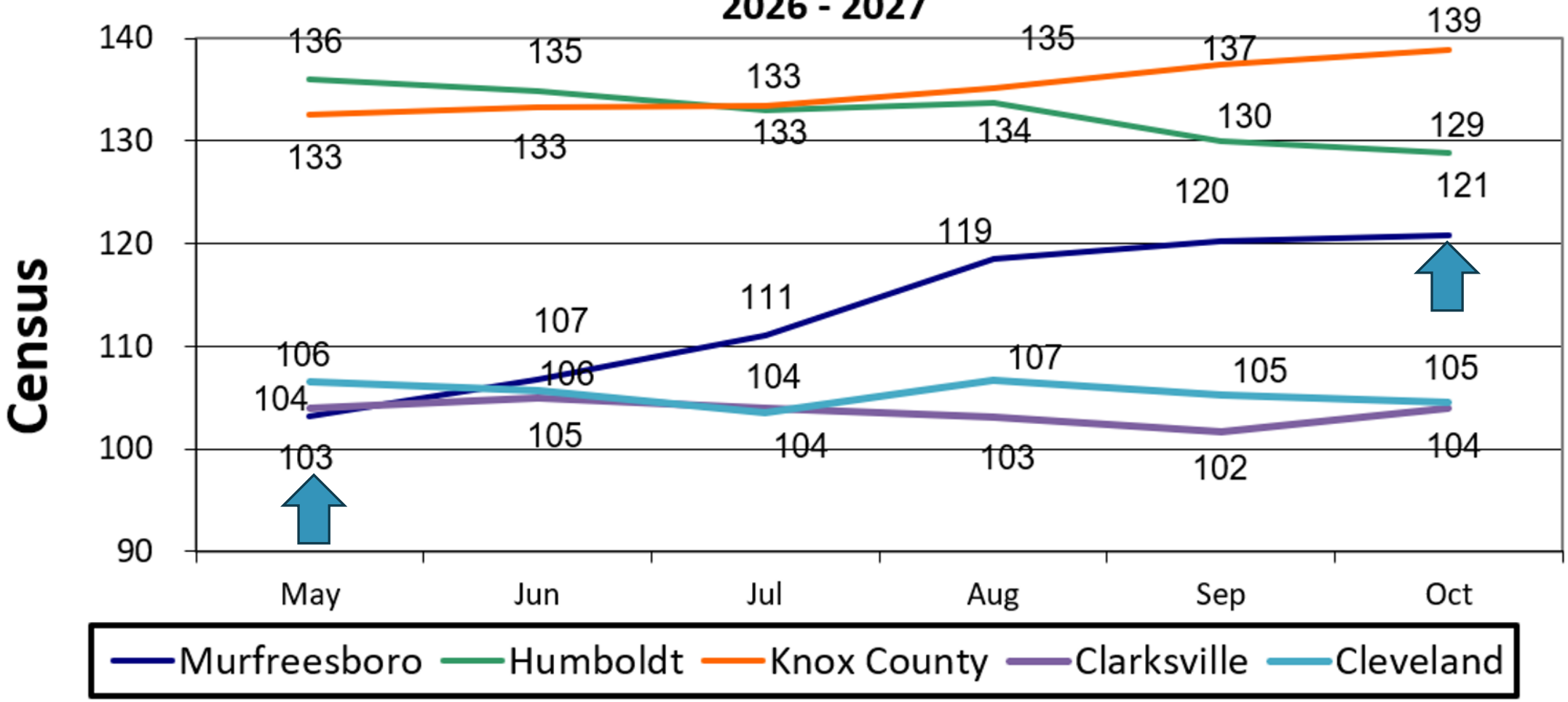
**6.6% of net revenue**

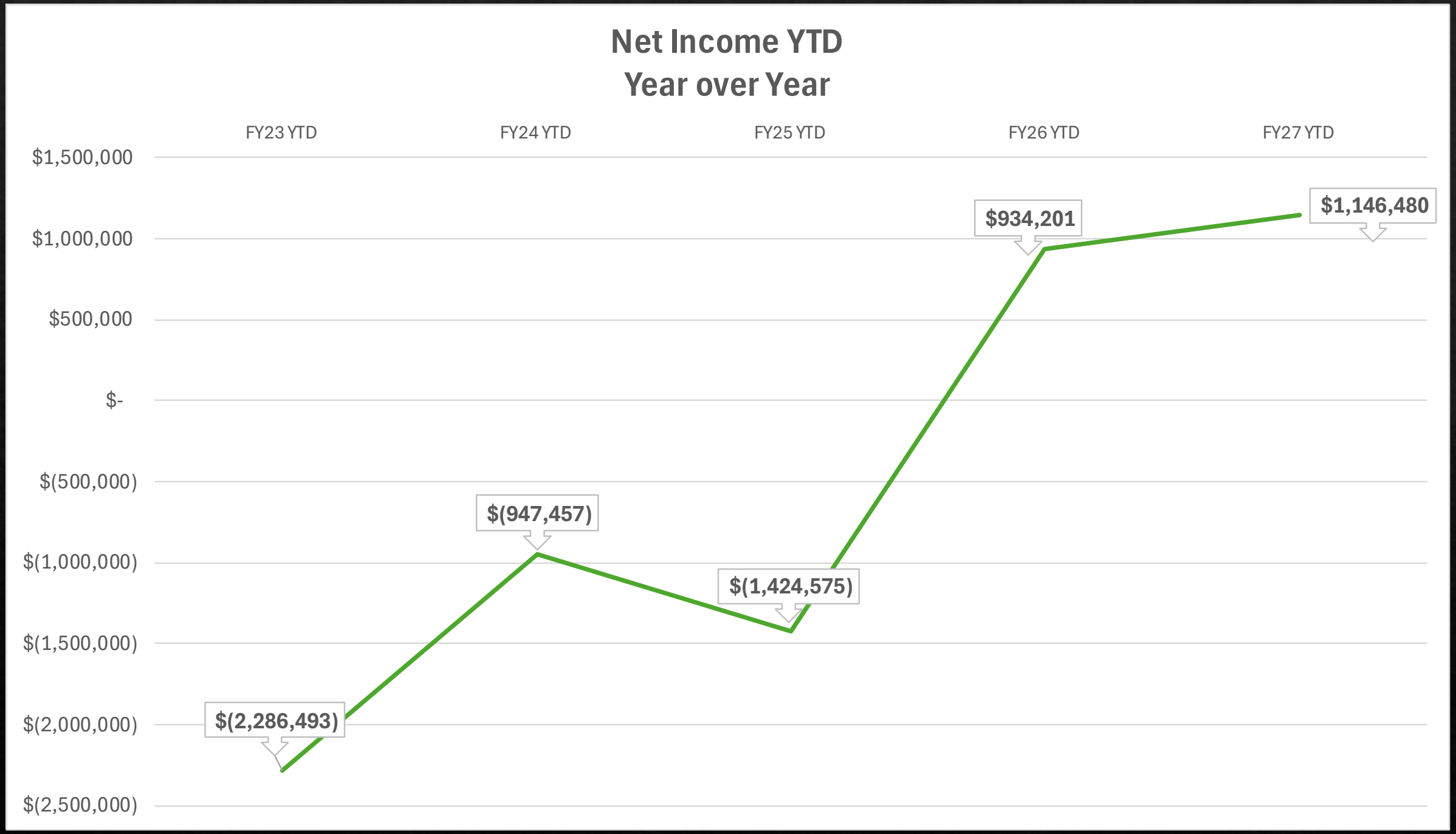
*EBITDA is a non-GAAP, financial measure, however Management believes EBITDA provides useful supplemental information regarding operating performance

# Tennessee State Veterans' Homes Board

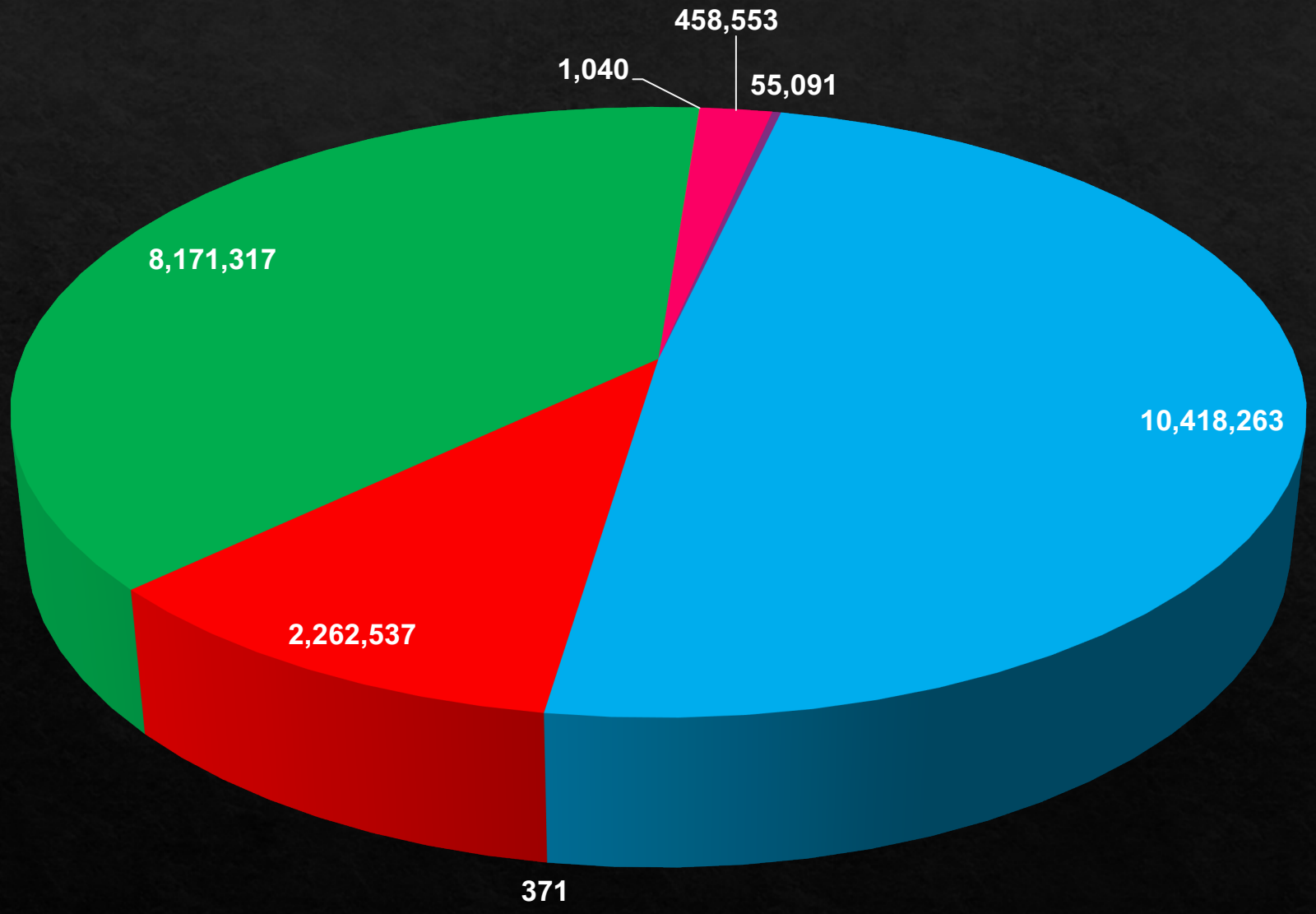
## Average Daily Census

### 2026 - 2027




Net Income YTD
Year over Year
FY23 YTD
FY24 YTD
FY25 YTD
FY26 YTD
FY27 YTD
$1,500,000
$1,000,000
$500,000
$-
$(500,000)
$(1,000,000)
$(1,500,000)
$(2,000,000)
$(2,500,000)
$(2,286,493)
$(947,457)
$(1,424,575)
$934,201
$1,146,480

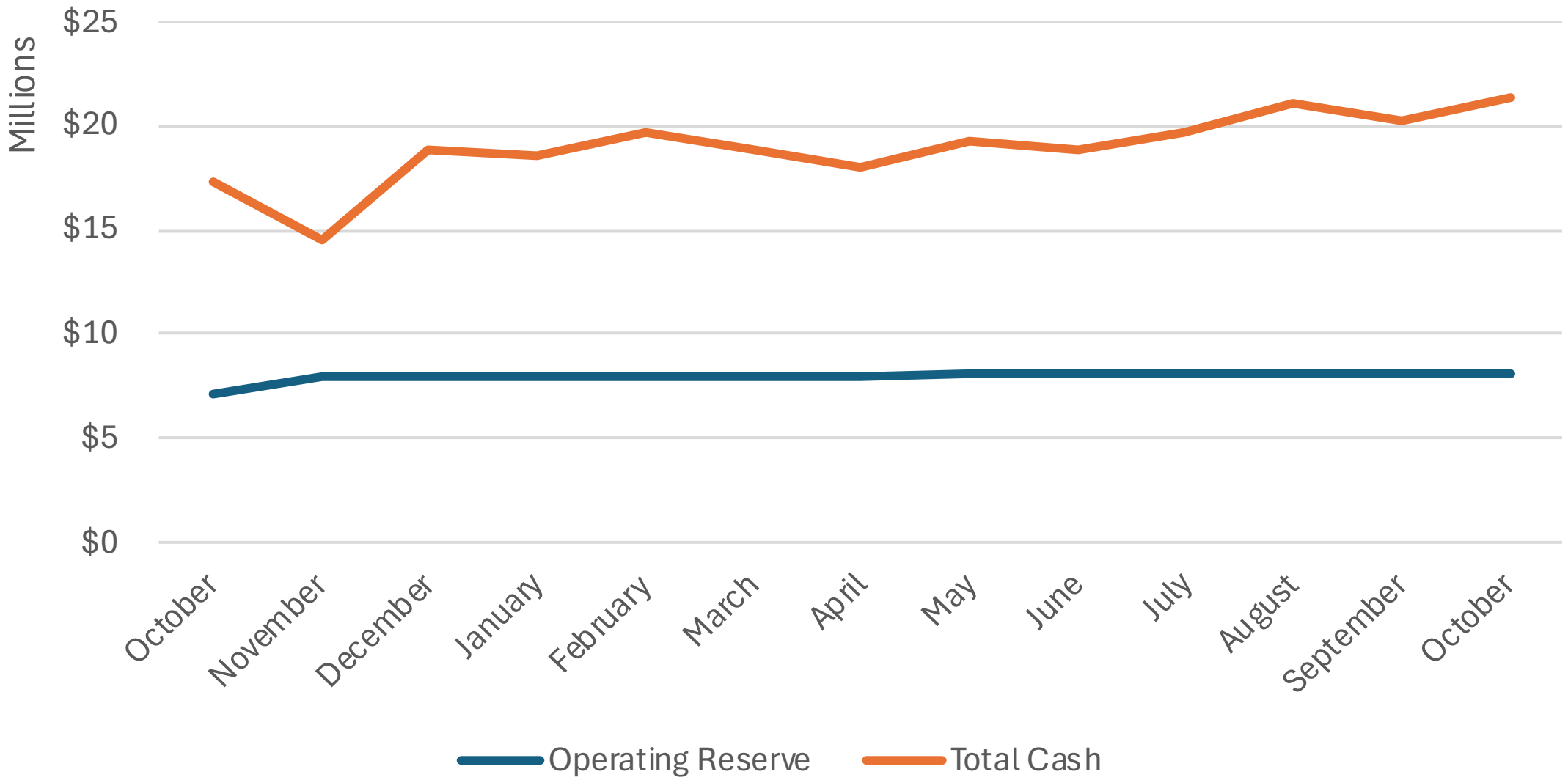
# Cash position As of November 2026



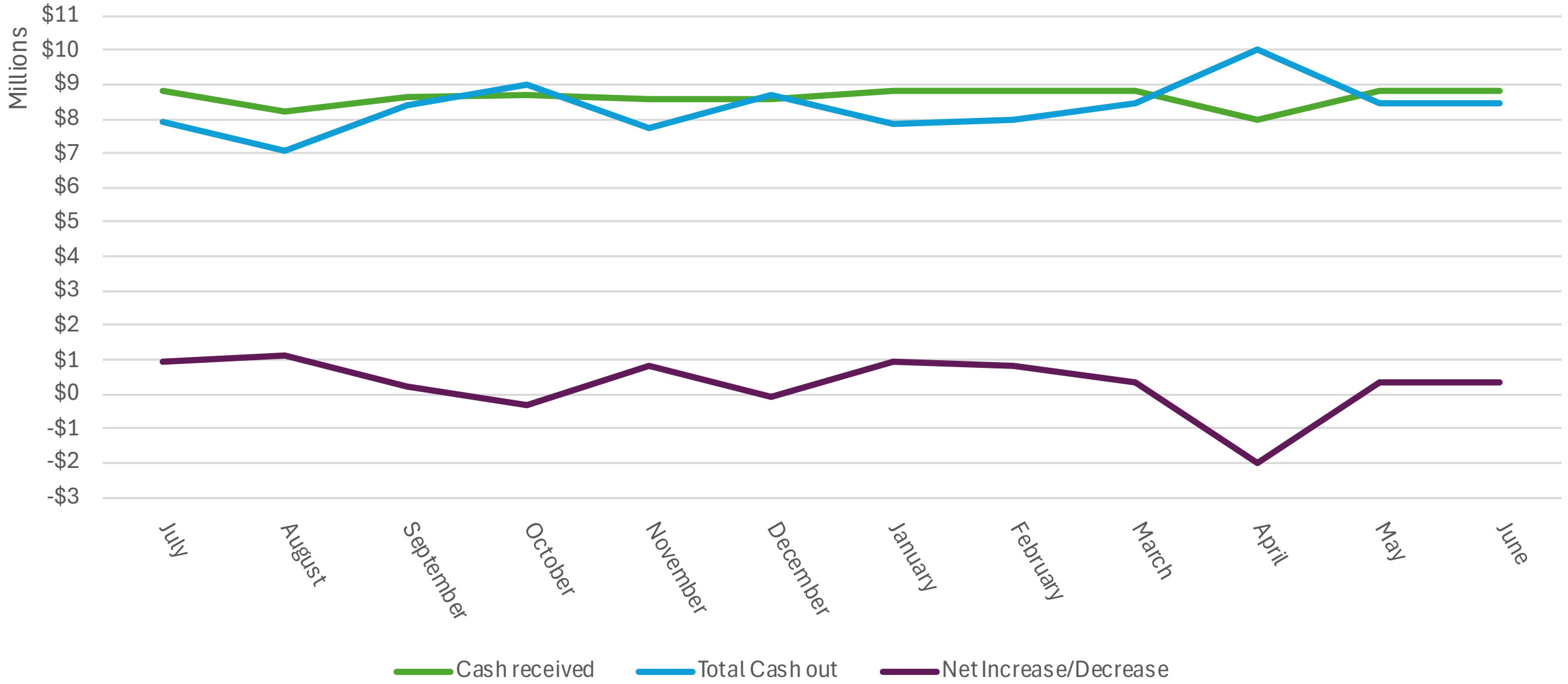

- Revenue Fund
- Debt Service Fund
- Repair & Replacement
- Operating Reserve
- Technology
- Special Funds
- Contributions

| Total Funds | Reserved |
|---|---|
| $21,367,171 | $10,948,909 |

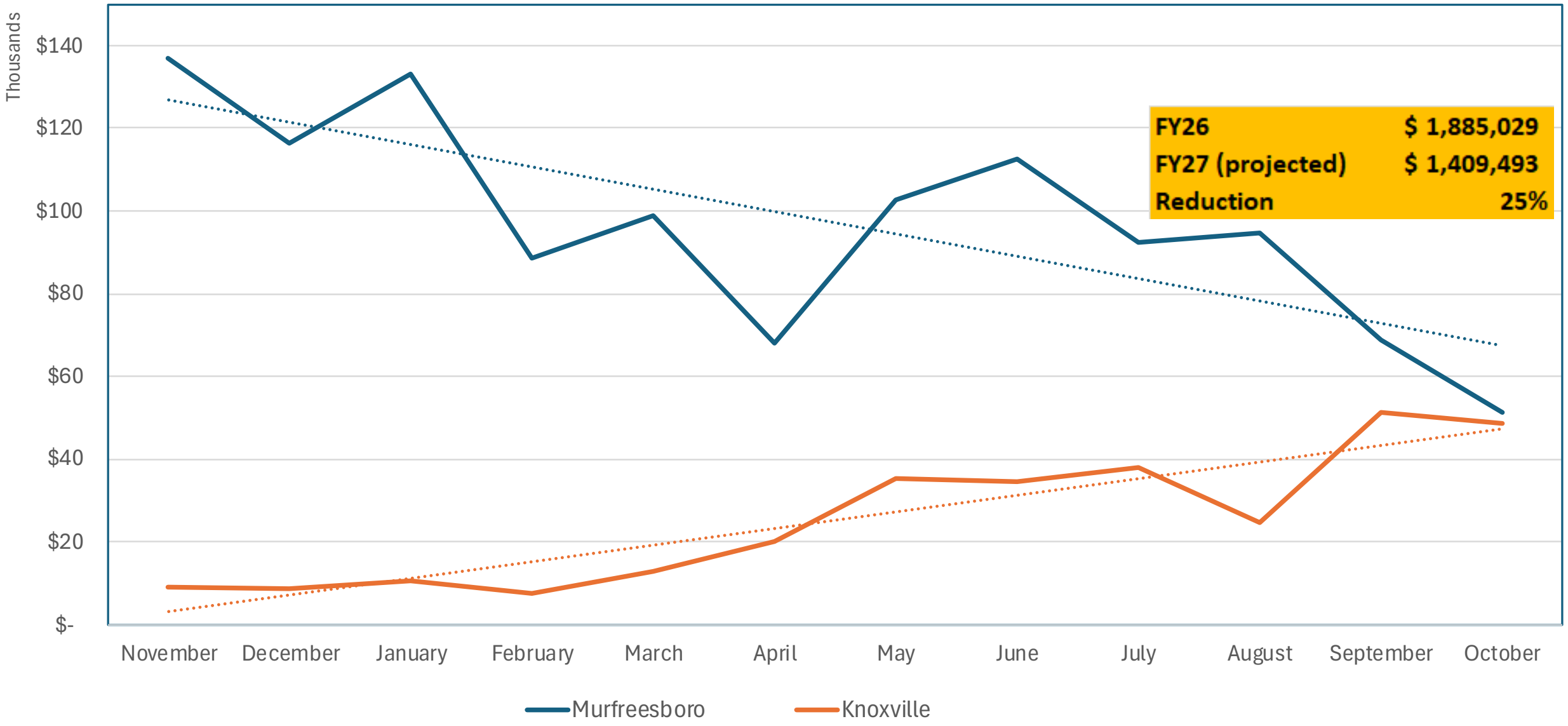
# Cash Position
# FY2026-2027



# FY2027
# Projected Cash Flow



# Agency Expense
# Rolling 12 Months



**Tennessee State Veterans Homes Board**
**Presentation to State Funding Board**
**November 23, 2026**

## Financial Summary July 2026 through October 2026

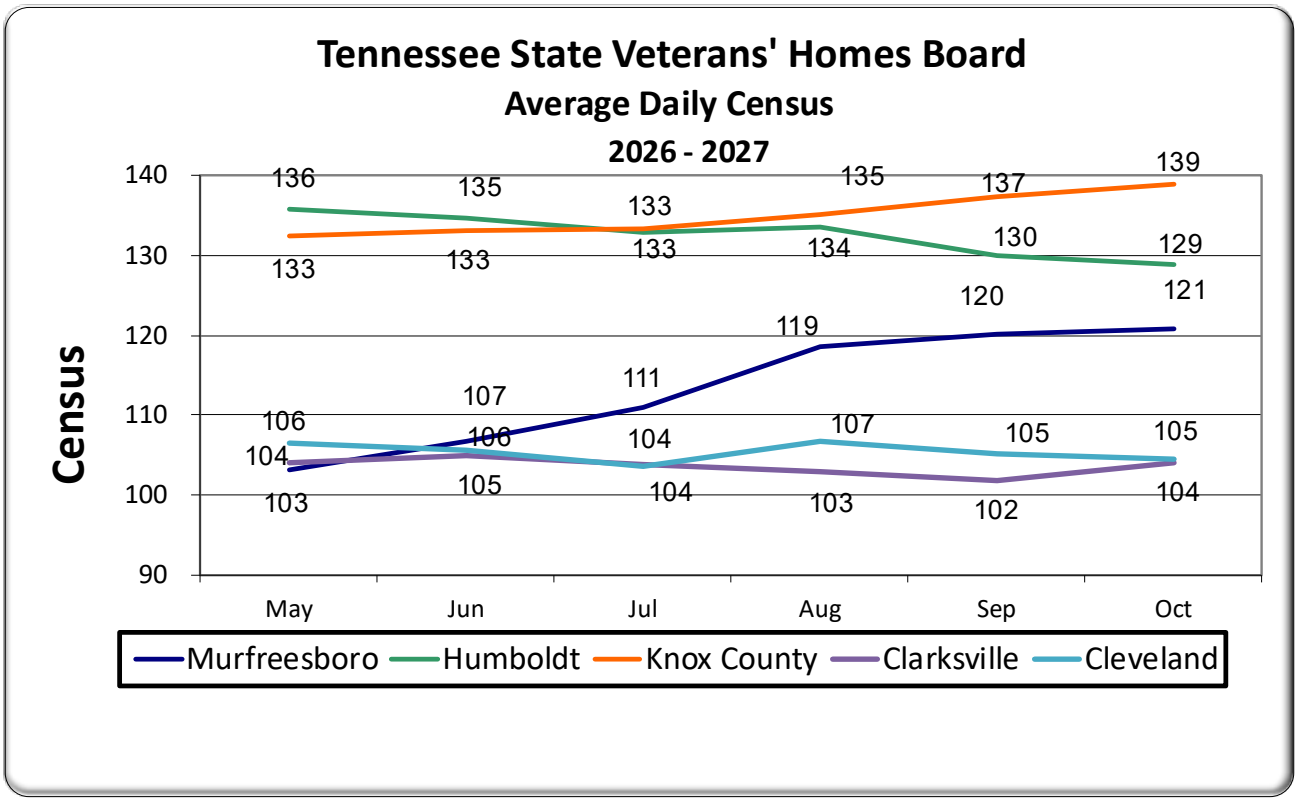
### Year to Date Summary of Financial Operations

The financial summary covers year-to-date operations through October 2026 for home office and facilities.

| Year-to-Date | Home Office | Murfreesboro | Humboldt | Knox County | Clarksville | Cleveland | Arlington | Total |
|---|---|---|---|---|---|---|---|---|
| Actual | $1,382 | $615,464 | $500,163 | $404,930 | $(139,219) | $(96,375) | $(139,865) | $1,146,480 |
| EBITDA | $6,854 | $776,739 | $645,564 | $538,121 | $101,544 | $364,786 | $(139,865) | $2,293,742 |

Net revenue reported is higher than budget mainly due to the occupancy rate being higher than budgeted at three out of five facilities. Management continues to control expenses.

The following chart shows the average daily census for the five homes. Murfreesboro, Humboldt and Knox County each has 140 beds dually certified for Medicaid and Medicare. Clarksville and Cleveland have 108 dually certified for Medicaid and Medicare.



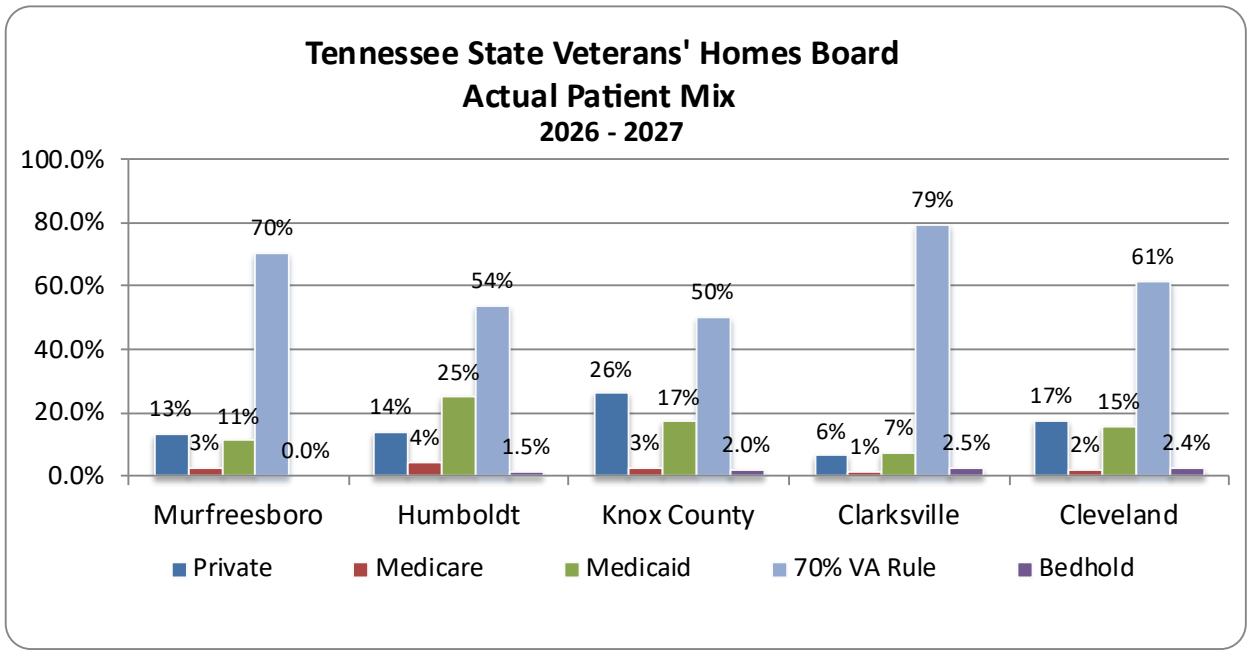
**Tennessee State Veterans Homes Board**
**Presentation to State Funding Board**
**November 23, 2026**

For the month of October 2026, each facility is reporting the following average daily census (ADC) and occupancy information:

| Facility | ADC | Occupancy |
|---|---|---|
| Murfreesboro | 121 | 86.4% |
| Humboldt | 129 | 92.1% |
| Knox County | 139 | 99.3% |
| Clarksville | 104 | 96.3% |
| Cleveland | 105 | 97.2% |

The occupancy rate at all five homes far exceeds the state occupancy rate of 71.1%.

Patient mix is a key factor and drives revenues for the homes. Patient mix year to date at January 31, 2026, is shown below.



**Tennessee State Veterans Homes Board**
**Presentation to State Funding Board**
**November 23, 2026**

## LGIP Funds

Per State law, all funds of the Board are to be held at the Local Government Investment Pool (LGIP). As of October 31, 2026, cash balances at LGIP for the facilities and home office are as follows:

| LGIP Funds | Home Office | Murfreesboro | Humboldt | Knox County | Clarksville | Total |
|---|---|---|---|---|---|---|
| Revenue Fund | $ 3,199,245 | | | | | $ 3,199,245 |
| Repair & Replacement | | 638,739 | 227,080 | 840,836 | 555,883 | 2,262,537 |
| Debt Service Fund | | 111 | 149 | | 111 | 371 |
| Operating Reserve | 8,171,317 | | | | | 8,171,317 |
| Technology | 1,040 | | | | | 1,040 |
| Special Funds | 458,553 | | | | | 458,553 |
| Contributions | 55,091 | | | | | 55,091 |
| Total | $ 11,885,246 | $ 638,850 | $ 227,229 | $ 840,836 | $ 555,994 | $ 14,148,154 |

Future Development

State Veterans' Homes are constructed with a combination of State and Federal money. The Federal portion of the cost of construction, 65%, is provided through the U.S. Department of Veterans Affairs pursuant to U.S. Code Title 38, Chapter 81, Part 59.

Currently Tennessee State Veterans' Homes Board has five projects with approved VA Grants to States for Construction or Acquisition of State Homes.

- Arlington-Shelby County is currently under construction. This project is for the construction of a 126-bed intermediate and skilled care nursing facility in Arlington, Shelby County. Substantial completion is projected for January 2027. Total cost: $68,846,485.

In addition to the funded grant above, Tennessee State Veterans' Homes board has grant applications in for the following projects:

- A grant application for new construction (addition) for the Murfreesboro executive offices was submitted in April 2020. It has not yet been approved. This is to address the growth in support staff required for the addition of new homes in Cleveland and Arlington as well as storage needs for the executive office and the Murfreesboro facility. Total cost if constructed in 2026: $3.03M.
- A grant application was submitted in April 2026 for a roof replacement project for the Humboldt facility. Total estimated cost of the project is $3.1M, with the TSVH share being $1.1M.

Tennessee State Veterans' Homes Board has the following project in the planning stages:

- Sullivan County has begun the process for developing a State Veterans' Home. Estimated project costs: $159,470,000.

State Audit

On January 5, 2026, State Audit entered the field, for the audit of fiscal year ended June 30, 2025.

On November 12, 2025, State Audit issued its report on financial compliance, for the audit of fiscal year June 30, 2024. TSVHB received three audit findings for fiscal year ended June 30, 2024. This finding pertains to internal controls in one specific area.

Management remains committed to continued improvements in financial reporting, internal controls, and fiscal responsibility. The Board's Audit Committee takes proactive measures in dealing with issues identified by management's review of internal controls as well as those identified from other sources.

Performance Audit

On July 8, 2026, Performance Audit entered the field for the audit of July 1, 2025, through planned fieldwork.

On December 15, 2025, Performance Audit issued its report on the operational efficiency and effectiveness of the Board. Although improvement was noted the report includes 6 findings in the following areas:

- Boards Financial Position
- Resident's Trust Funds and Personal Property
- Recruiting and Retaining Staff
- Resident Care and Physician Billing

Management is in the process of implementing policy and procedures to eliminate concerns noted by Performance audit.

Management remains committed to continued improvements in financial reporting, internal controls, and fiscal responsibility. The Board's Audit Committee takes proactive measures in dealing with issues identified by management's review of internal controls as well as those identified from other sources.

Regulatory Compliance

The Knoxville home and Humboldt home are rated at five stars overall. The Clarksville home is rated at four stars overall. The Cleveland home is rated at two stars overall and the Murfreesboro home is currently rated at one star overall.

The Five-Star Quality Rating System was created to help consumers, their families, and caregivers compare nursing homes more easily. This rating system is based on continued efforts as a result of the Omnibus Reconciliation Act of 1987 (OBRA '87), a nursing home reform act, and more recent quality improvement campaigns such as the Advancing Excellence in America's Nursing Homes, a coalition of consumers, health care providers, and nursing home professionals.

Nursing home ratings are taken from the following four sources of data:

- Health Inspections
- Quality Measures
- Staffing
- Registered Nurse Staffing
- Staff Turn-over

CMS provides a star rating for each of these sources. These ratings are combined to calculate an overall rating.

The Tennessee Department of Health conducts an annual survey of each facility.

The Knoxville survey was completed in March 2026. There were two very minor health deficiencies. The first involved incomplete PASRRs. The second involved medication storage and labeling.

The TSVH home in Humboldt had their survey in June 2026. There was one minor citation. The first involved a nurse not donning a gown.

The Murfreesboro survey was completed in May 2026. This survey had 2 minor deficiencies. The first involved documentation regarding wound care. The second involved oxygen administration.

The Clarksville survey was completed in June 2026. There were two citations. One involved an inaccurate care plan. The second involved oxygen administration.

The Cleveland survey was completed in January 2026. There were 5 deficiencies. The first one was for no written consent for a medication. The second was a failure to give ABN notices. The third was a self-reported complaint involving a resident-to-resident incident. TSVH is appealing this citation. The fourth was related to MDS accuracy. The fifth was related to a resident's privacy.

The average number of health deficiencies cited in Tennessee's long term care facilities standard survey process is 5.3 and nationally at 9.3.

The Department of Veterans Affairs conducted annual operational and clinical reviews in all of the homes to ascertain if all requirements of inspection were met: June 2026 (Murfreesboro) – 5 minor citations regarding a resident received an insulin injection in the hallway, one nurse had been in a resident's room and left the room for supplies and did not knock when re-entering the resident's room, care plan note not updated for one resident, refrigerator temps not recorded, and nurse passing meds locked the med cart and walked away but one drawer was ajar and did not lock. January 2026 (Humboldt) - Deficiency Free. March 2026 (Knoxville) – Clinically and Operationally Deficiency free. October 2025 (Clarksville) – 5 minor

citations regarding expired syringes, a resident having access to medication, Infection control for a staff member failing to properly don an isolation gown, an employee TB test not being read timely, and a missed laboratory test. March 2026 - Cleveland one minor citation regarding the facility following VA direction regarding medications.

Executive Committee

The clinical and financial operation of the Tennessee State Veterans' Homes is closely monitored by the TSVHB Executive Committee. Current financial information shows that implemented cost control efforts, efficiency progress, as well as revenue and census improvements have had their expected and desired results.

The Board, management and staff remain committed to continued improvements in the financial and clinical operations of the Tennessee State Veterans' Homes.

# REPORT ON THE
# STATE POOLED INVESTMENT FUND
**For The Fiscal Year Ended June 30, 2026**

PREPARED FOR THE
STATE FUNDING BOARD

November 23, 2026

PREPARED BY
TREASURY DEPARTMENT
INVESTMENT OPERATIONS DIVISION

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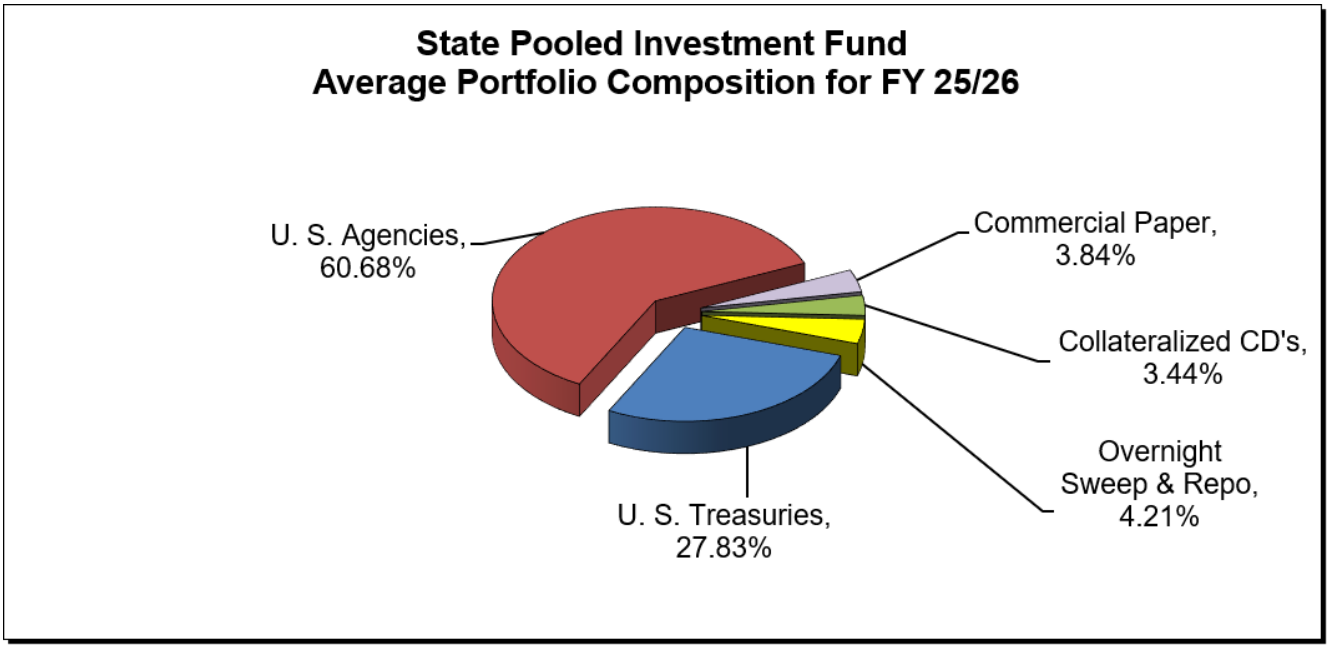
**TENNESSEE TREASURY DEPARTMENT**
**State Pooled Investment Fund Report**
**For the fiscal year ended June 30, 2026**

## I. Investment Policy

The investment policy for the State Pooled Investment Fund (the "SPIF") is set by the State Funding Board. The board is composed of the Governor, Commissioner of Finance and Administration, Comptroller of the Treasury, Secretary of State, and Treasurer. The investment objective for the state pooled investment fund is to obtain the highest available return on investments consistent with the preservation of principal, while maintaining sufficient liquidity for state expenditures and other withdrawals from the state pooled investment fund. On April 7, 2016, the State Funding Board voted to adopt an Investment Policy that is in compliance with GASB Statement 79 in order to maintain a fund that could operate at a stable dollar.

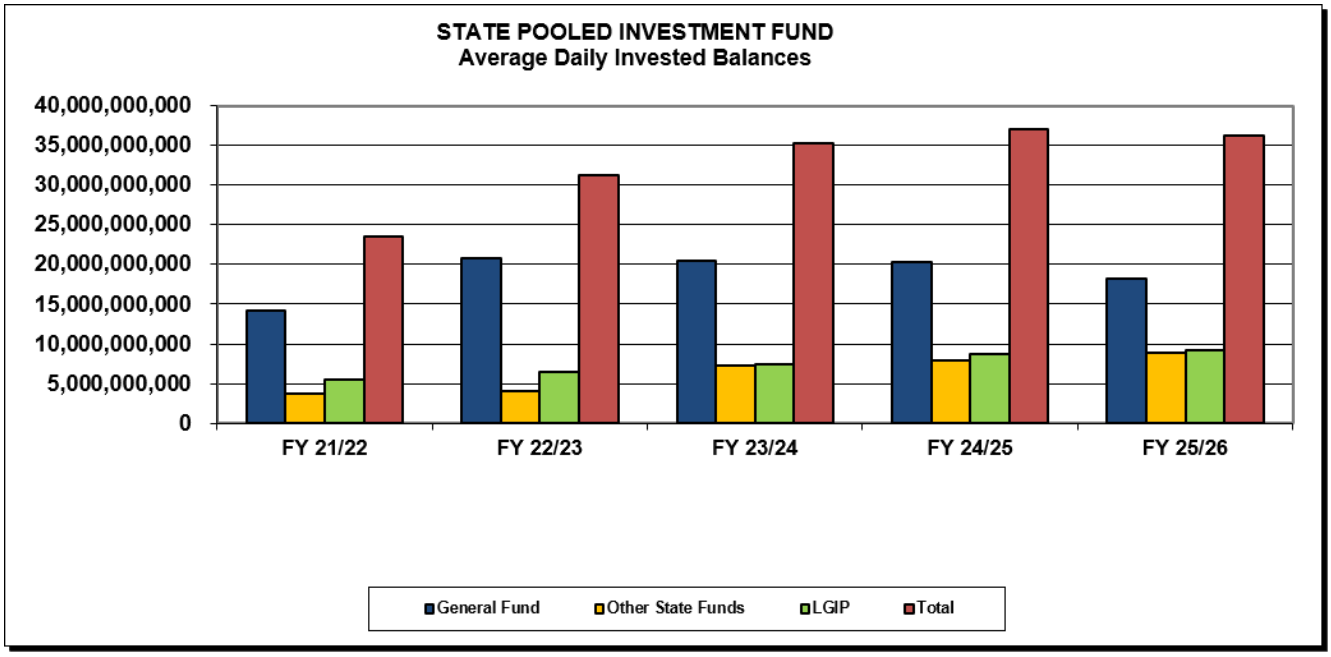
## II. Portfolio Composition

The State Pooled Investment Fund had a monthly average of $36.2 billion invested for the fiscal year ended June 30, 2026. The following chart shows the average portfolio composition.



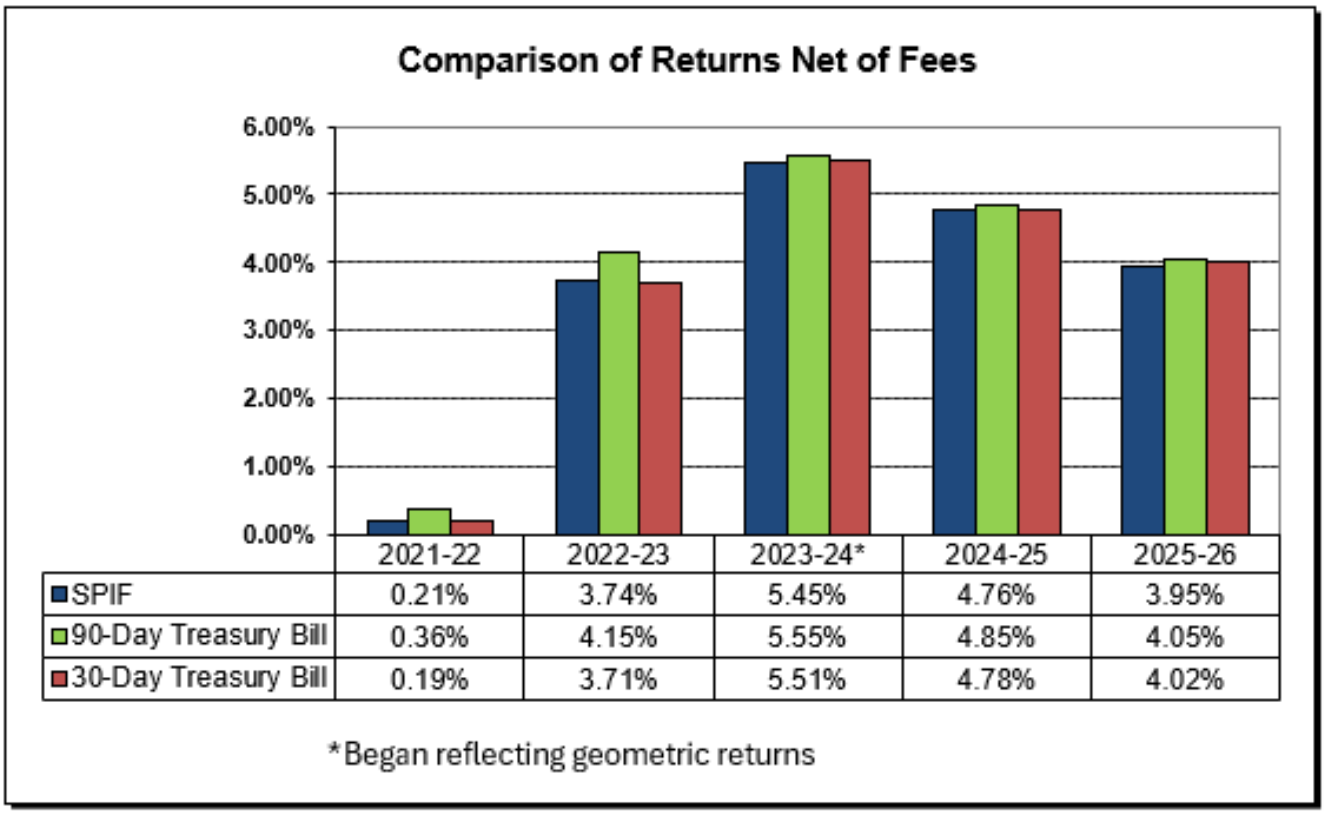
Demand for State funds marginally increased from 1.07% in FY 2024/2025 to 3.44% in FY 2025/2026. The average investment in Commercial Paper was increased from 3.17% in FY 2024/2025 to 3.84% in FY 2025/2026 primarily due to its higher attractiveness compared to alternatives. Repurchase agreements were added back to the portfolio in 2018 to increase overnight liquidity.

## III. Average Daily Balances



## IV. Performance

The chart below shows how the SPIF has performed over the last 5 years as compared to 30- and 90-day US Treasury Bills using the FTSE 30-day and FTSE 90-day Total Return benchmarks. Beginning FYE 2023/2024 performance returns for the SPIF, 30-and 90-day US Treasury Bills are being shown using geometric returns. This presentation methodology is being utilized by peers and includes the compounding effects of investment returns to more accurately reflect investment performance over the year.

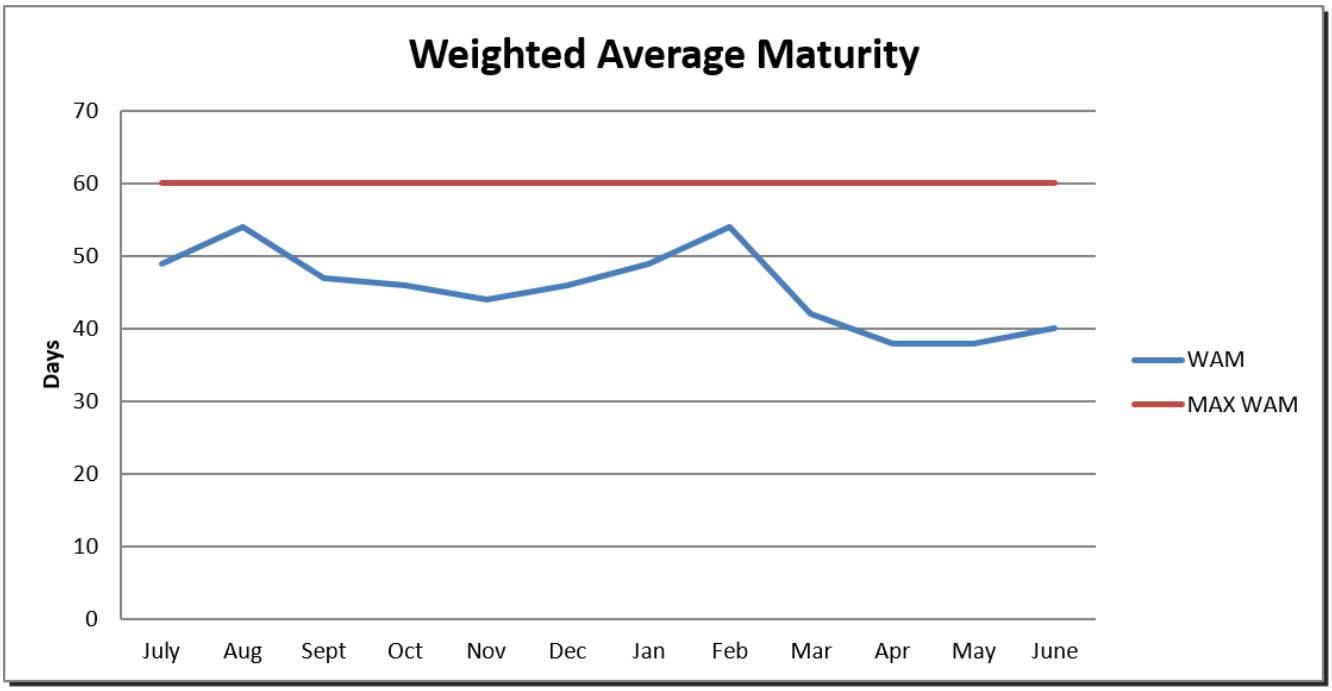



| | 2021-22 | 2022-23 | 2023-24* | 2024-25 | 2025-26 |
|---|---|---|---|---|---|
| SPIF | 0.21% | 3.74% | 5.45% | 4.76% | 3.95% |
| 90-Day Treasury Bill | 0.36% | 4.15% | 5.55% | 4.85% | 4.05% |
| 30-Day Treasury Bill | 0.19% | 3.71% | 5.51% | 4.78% | 4.02% |

*Began reflecting geometric returns

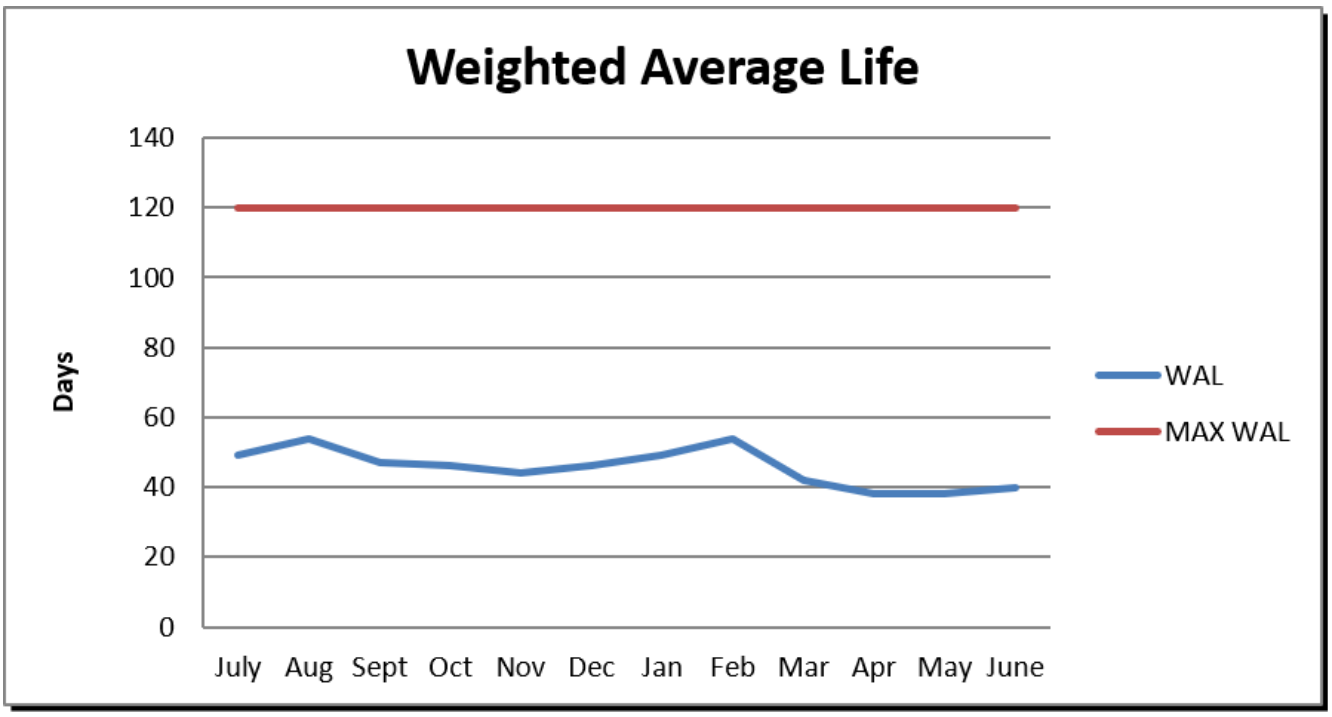
## V. Weighted Average Maturity (WAM)

The weighted average maturity (WAM) measures investment time horizons – the time when investments become due and payable – in the case of the SPIF, days weighted to reflect the dollar size of individual investments. GASB Statement 79 allows the use of certain maturity shortening features to be utilized when measuring the WAM such as interest rate resets. The SPIF currently does not hold floating-rate securities. Floating-rate securities typically have maturities of less than 397 days but have indexed interest rates that reset each month. The use of those securities provides a level of protection against changes in interest rates as well as reduces the WAM of the SPIF portfolio. In order to maintain compliance with GASB Statement 79 requirements, the WAM of a portfolio cannot exceed 60 days. The SPIF stayed below the WAM limit during the fiscal year ended June 30, 2026. The chart below shows the WAM of the SPIF portfolio during the year.



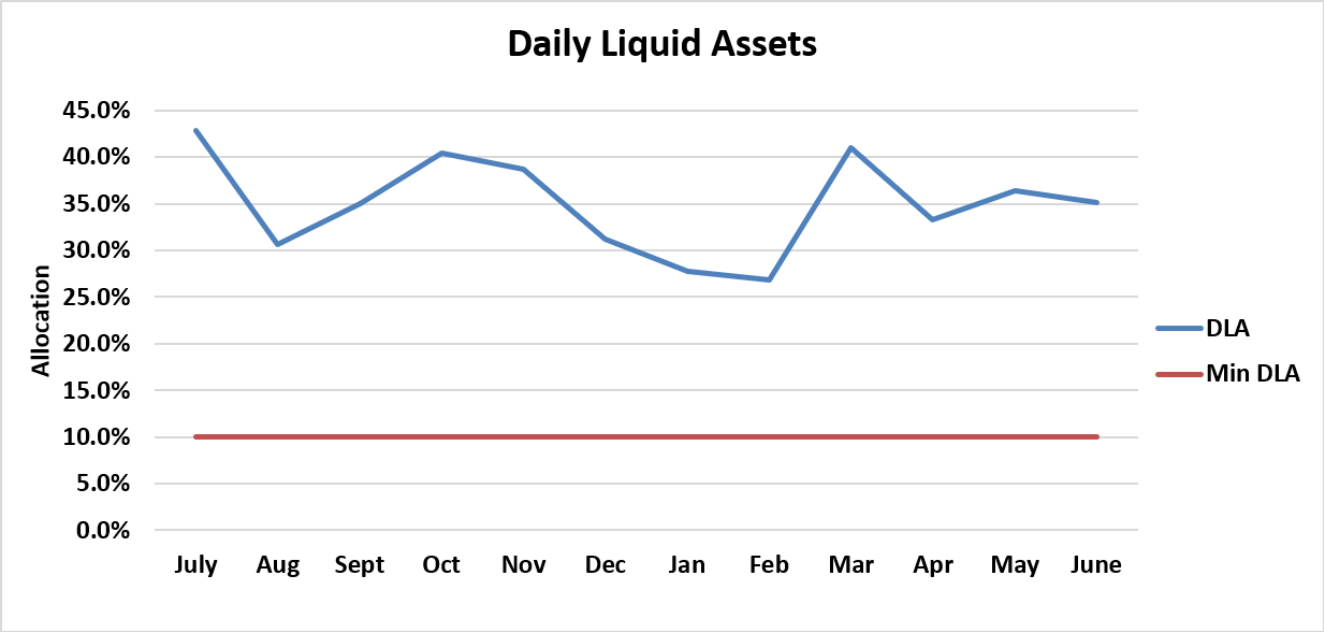
## VI. Weighted Average Life (WAL)

The weighted average life (WAL) measures the average length of time that each dollar of principal remains unpaid without taking into account the maturity shortening features used in calculating the weighted average maturity. In other words, the WAL is the stated maturity of each security within the portfolio. In order to maintain compliance with GASB Statement 79 requirements, the WAL of a portfolio cannot exceed 120 days. The chart below shows the WAL of the SPIF portfolio during the year. At no point during FY 2026 did the WAL exceed the 120 day limit. The WAM and WAL profile are currently identical, since there are no floating rate bonds in the portfolio.



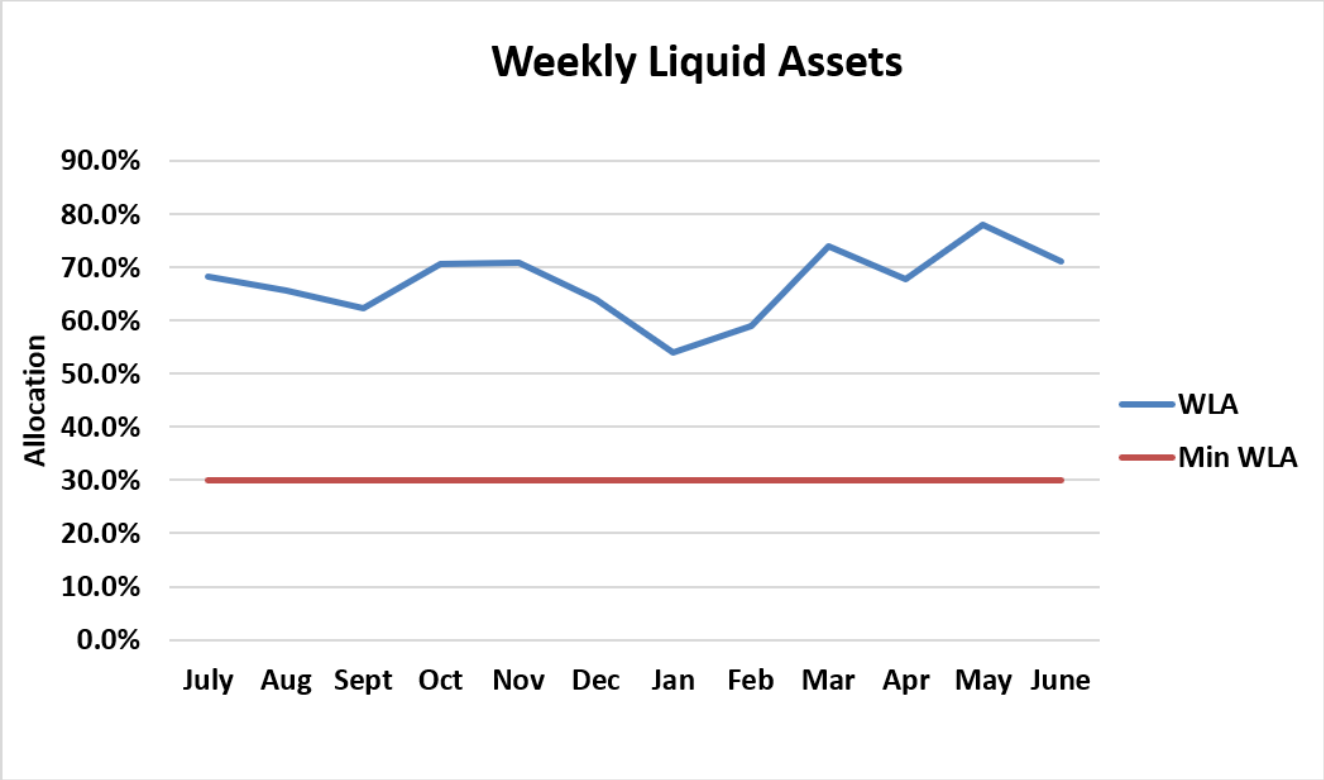
## VII. Daily Liquid Assets

In order to provide for reasonably foreseeable redemptions, or withdrawals, GASB Statement 79 requires that a portfolio maintain at least 10.00% of the portfolio in securities that are defined as daily liquid securities. Examples of daily liquid securities include cash, demand deposits at banks, certificates of deposit that are scheduled to mature the next business day, direct obligations of the US government, and any other security that has a stated maturity date of the next business day. Below is a chart showing the daily liquidity of the SPIF during the year.



## VIII. Weekly Liquid Assets

The SPIF must also maintain a portfolio that has at least 30.00% invested in weekly liquid assets. Examples of weekly liquid assets that might be held in the SPIF are cash, demand deposits or certificates of deposit that mature within 5 business days, direct obligations of the US government, all securities that mature within 5 business days, and securities that are US government securities but not direct obligations of the US government that are issued at a discount and mature within 60 days. Below is a chart that shows the level of weekly liquid assets held during the year by the SPIF.



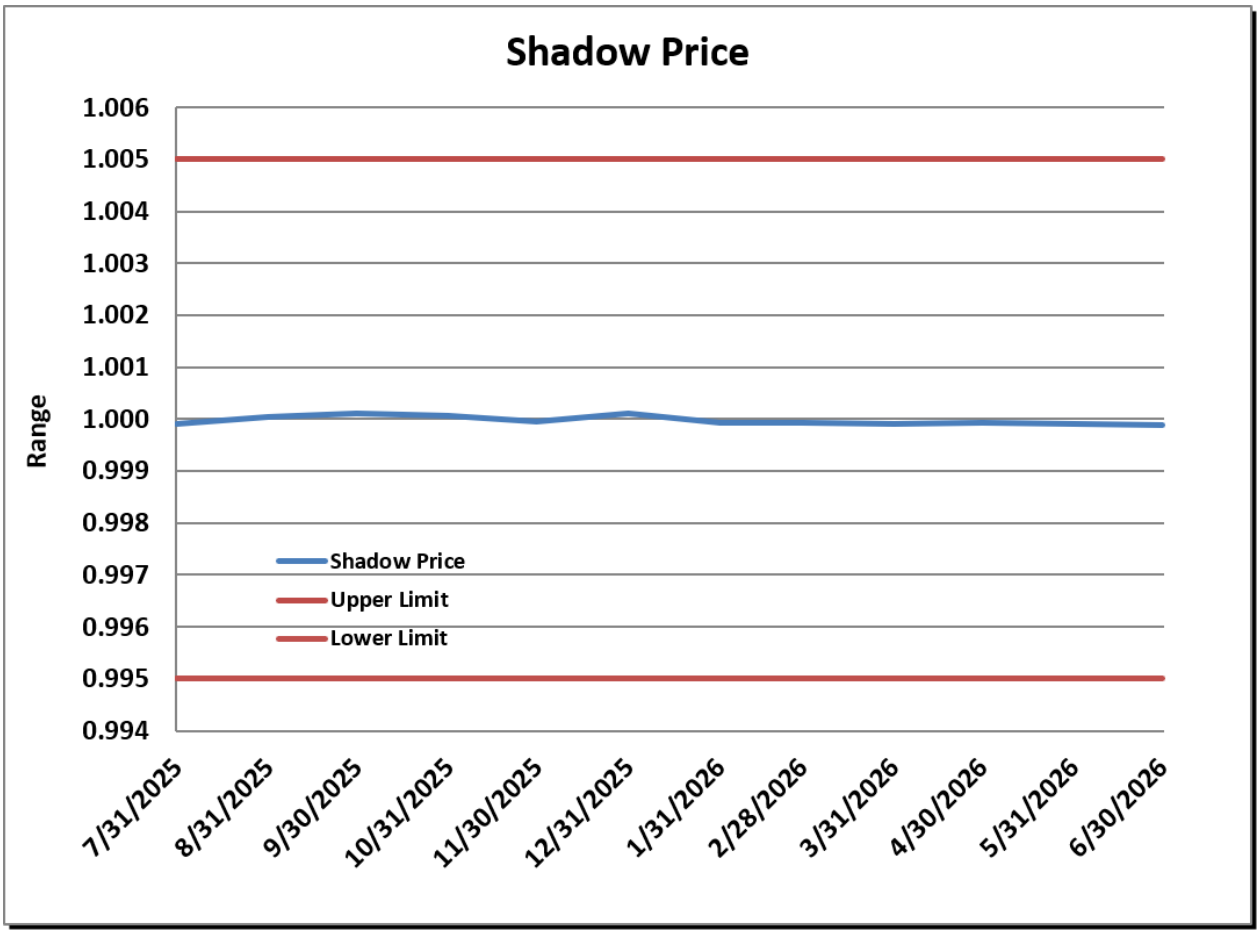
## IX. Credit Quality and Diversification

During FY 2025/2026, the SPIF held direct and indirect obligations of the US government that were all rated AAA/Aa+. None of the commercial paper held by the SPIF was rated below A1/P1. Further, holdings of individual commercial paper issuers were limited to less than 5.00% of the total value of the SPIF portfolio, in accordance with GASB Statement 79.

## X. Shadow Pricing

The shadow price is the net asset value per share of the fund calculated using total investments measured at fair value as of the calculation date. GASB Statement 79 requires that a fund calculate the shadow price at least one time each month, no sooner than 5 days before the last day of the month and no later than the last working day of each month. The SPIF calculates the shadow price daily and records the amortized book value on a monthly basis. In order for a fund to be considered a stable dollar fund, the shadow price must be between $0.995 to $1.005.

The lowest historic monthly shadow price valuation for the SPIF during the year was $0.999889 per share in June 2026, while the highest monthly valuation for the SPIF was $1.000110 per share in September 2025. The shadow price remained well within the upper and lower bands for the fiscal year.



## XI. Stress Testing

At month's end, the SPIF is stress tested utilizing a model developed by Standard & Poor's (S&P). The model considers the balance of the fund, weighted average maturity, weighted average life, shadow price, credit spread, and percent of total credit excluding US government and agencies. Based upon the information entered, the model then considers the effect on the fund if the 10 largest shareholders were to redeem their shares in one day, considers the impact of a redemption in one day of the largest 5-day historical redemption, and the impact of both events occurring on the same day. The model then measures the impact if on the same day there was a movement in interest rates to determine how much stress the fund can handle before the fund has a variance in value greater than one half of 1.00%, or "breaking the buck".

During each month of FY 2026, the SPIF was capable of handling the impact of the above-described events. without breaking the buck. In fact, in most cases the SPIF could handle the combined redemption events and a change in interest rates of 250 basis points or greater without breaking the buck. This is due to the conservative credit position and enhanced liquidity of the portfolio. (The actual stress test as of June 30, 2026, is attached to the end of this document.)

## XII. Investment Policy Review

During FY2026 there were no recommended changes to the SPIF investment policy.

## XIII. Investment Strategy

During FY 2026, there were rate changes by the FOMC. The rate at the beginning of the year was 4.25% to 4.50% and decreased to 3.50% to 3.75% as of June 30, 2026. The FOMC decreased the rate to the current level at the December 10, 2025 meeting in order to pursue its dual mandate of maximum employment and low inflation. Staff will continue to maintain a diversified portfolio of CDs, bank deposits, US Government obligations, and commercial paper. The yield curve, actions taken by the Federal Reserve Bank, regulatory changes, and other market conditions will be considered when managing the asset mix and average maturity of the portfolio. The SPIF remains a safe investment for state funds and monies invested by local government officials. There has been no loss of funds due to credit exposure and no liquidity concerns.

## XIV. Cost of Administration

Treasury reduced the administrative fee charged to SPIF and LGIP participants by one basis point. This change was effective June 2021. Based on the amount of current assets collectively in the SPIF and LGIP, and its anticipated balance at the end of the 2026 fiscal year, Treasury determined the cost to administer the program could adequately be covered by three basis points, or 0.03%, as opposed to the prior fee of four basis points, or 0.04%. The reduction in fees is temporary and will continue to be evaluated on an ongoing basis.

The fee covers the total cost of program management, including:

- Investment of portfolio
- Maintenance of collateral
- Collateral pool administration
- Cash concentration
- Bank reconciliations and resolution of reconciling items
- LGIP program
- Warrant reconciliation
- Accounting and recordkeeping
- Support cost such as internal audit, payroll, personnel, etc.

Any future changes to the administrative fee for the SPIF/LGIP will be communicated in advance.

# Principal Stability Fund Rating Sensitivity Matrix

| | |
|---|---|
| WAM (R) | 40 |
| WAM (F) | 40 |
| Shares Outstanding: | 36,999,107,542.57 |
| Total Fund Assets: | 36,999,107,542.57 |
| Market Value (NAV): | 0.999889 |
| Credit Spread Movement (bps): | 15 |
| % Total Credit (Non Gov't) Securities (of portfolio) | 13% |
| % Corporate Floaters (of portfolio) | 0% |
| Total $ Loss: | ($4,106,901) |
| Total $ Gain: | $0 |

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STANDARD &POOR'S

**FILL IN/ADJUST AREAS SHADED GREEN TO RUN SCENARIOS**

June 30, 2026

| Basis Point Shift | Selected Shareholders | Largest Redemption over 5 consecutive business days | | | | | | | Gain (Loss) |
|---|---|---|---|---|---|---|---|---|---|
| **250** | 0.996830 | 0.996790 | 0.995897 | 0.996808 | 0.996976 | **0.997128** | 0.997264 | 0.997606 | (106,277,149) |
| **225** | 0.997132 | 0.997096 | 0.996288 | 0.997113 | 0.997265 | **0.997402** | 0.997525 | 0.997835 | (96,140,407) |
| **200** | 0.997434 | 0.997403 | 0.996679 | 0.997417 | 0.997553 | **0.997676** | 0.997786 | 0.998063 | (86,003,665) |
| **175** | 0.997737 | 0.997709 | 0.997071 | 0.997722 | 0.997842 | **0.997949** | 0.998047 | 0.998291 | (75,866,923) |
| **150** | 0.998039 | 0.998015 | 0.997462 | 0.998026 | 0.998130 | **0.998223** | 0.998308 | 0.998520 | (65,730,182) |
| **125** | 0.998342 | 0.998321 | 0.997853 | 0.998330 | 0.998418 | **0.998497** | 0.998569 | 0.998748 | (55,593,440) |
| **100** | 0.998644 | 0.998627 | 0.998245 | 0.998635 | 0.998707 | **0.998771** | 0.998830 | 0.998976 | (45,456,698) |
| **75** | 0.998946 | 0.998933 | 0.998636 | 0.998939 | 0.998995 | **0.999045** | 0.999091 | 0.999204 | (35,319,956) |
| **50** | 0.999249 | 0.999239 | 0.999028 | 0.999244 | 0.999284 | **0.999319** | 0.999352 | 0.999433 | (25,183,214) |
| **25** | 0.999551 | 0.999546 | 0.999419 | 0.999548 | 0.999572 | **0.999593** | 0.999613 | 0.999661 | (15,046,473) |
| **0** | **0.999854** | **0.999852** | **0.999810** | **0.999853** | **0.999860** | **0.999867** | **0.999874** | **0.999889** | (4,909,731) |
| **-25** | 1.000156 | 1.000158 | 1.000202 | 1.000157 | 1.000149 | **1.000141** | 1.000135 | 1.000118 | 5,227,011 |
| **-50** | 1.000458 | 1.000464 | 1.000593 | 1.000461 | 1.000437 | **1.000415** | 1.000395 | 1.000346 | 15,363,753 |
| **-75** | 1.000761 | 1.000770 | 1.000985 | 1.000766 | 1.000725 | **1.000689** | 1.000656 | 1.000574 | 25,500,494 |
| **-100** | 1.001063 | 1.001076 | 1.001376 | 1.001070 | 1.001014 | **1.000963** | 1.000917 | 1.000803 | 35,637,236 |
| **-125** | 1.001365 | 1.001382 | 1.001767 | 1.001375 | 1.001302 | **1.001237** | 1.001178 | 1.001031 | 45,773,978 |
| **-150** | 1.001668 | 1.001689 | 1.002159 | 1.001679 | 1.001591 | **1.001511** | 1.001439 | 1.001259 | 55,910,720 |
| **-175** | 1.001970 | 1.001995 | 1.002550 | 1.001983 | 1.001879 | **1.001785** | 1.001700 | 1.001488 | 66,047,462 |
| **-200** | 1.002273 | 1.002301 | 1.002942 | 1.002288 | 1.002167 | **1.002059** | 1.001961 | 1.001716 | 76,184,203 |
| **-225** | 1.002575 | 1.002607 | 1.003333 | 1.002592 | 1.002456 | **1.002333** | 1.002222 | 1.001944 | 86,320,945 |
| **-250** | 1.002877 | 1.002913 | 1.003724 | 1.002897 | 1.002744 | **1.002607** | 1.002483 | 1.002173 | 96,457,687 |
| *Redemptions/Subscriptions* | ***-9%*** | ***-11%*** | ***-30%*** | ***-10%*** | ***-5%*** | ***0%*** | ***5%*** | ***20%*** | |
| *Shares Outstanding* | 33,522,721,541 | 33,110,501,340 | 25,899,375,280 | 33,299,196,788 | 35,149,152,165 | 36,999,107,543 | 38,849,062,920 | 44,398,929,051 | |

*Shift Upon NAV = NAV - (WAM/365) * (Bp/10,000)*

*Dilution Upon NAV= (NAV + Change) / (1+ Change)*

| Top 10 Shareholders | | % of Fund | Stress Redemption |
|---|---|---|---|
| METRO NASHVILLE | 820,407,754.33 | 2.22% | Yes |
| CITY OF KNOXVILLE | 587,608,777.61 | 1.59% | Yes |
| TENNESSEE BOARD OF REGENTS | 375,421,847.02 | 1.01% | Yes |
| SHELBY COUNTY TRUSTEE | 351,935,482.32 | 0.95% | Yes |
| METRO NASHVILLE AIRPORT AUTHORIT | 286,044,560.04 | 0.77% | Yes |
| EAST TENNESSEE STATE UNIVERSITY | 278,509,013.66 | 0.75% | Yes |
| TENNESSEE TECH UNIVERSITY | 227,874,984.16 | 0.62% | Yes |
| AMERICAN RESCUE PLAN ACT | 194,636,381.26 | 0.53% | Yes |
| GENERAL ACCOUNT | 193,500,899.36 | 0.52% | Yes |
| TN EDUCATION LOTTERY CORPORATION | 160,446,302.12 | 0.43% | Yes |
| | | | |
| Stress Top 10 | **$ 3,476,386,001.88** | 9.40% | Yes |
| | | | |
| Total Fund Assets | **$ 36,999,107,542.57** | 100% | **3,476,386,001.88** |

| | |
|---|---|
| Largest Five Day Redemption (%) | ***10.51%*** |

03/28-04/02/05

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