

**UPPER CUMBERLAND DEVELOPMENT
DISTRICT**

Cookeville, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Year Ended June 30, 2023

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	iii-v
MANAGEMENT'S DISCUSSION AND ANALYSIS	vi-x
ROSTER OF MANAGEMENT AND BOARD MEMBERS	xi
BASIC FINANCIAL STATEMENTS	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
Statement of Net Position	1-2
Statement of Activities	3
FUND FINANCIAL STATEMENTS	
Governmental Funds	
Balance Sheet	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Fiduciary Fund	
Statement of Fiduciary Net Position	8
Statement of Changes in Fiduciary Net Position	9
Component Units	
Statement of Net Position	10
Statement of Activities	11
NOTES TO BASIC FINANCIAL STATEMENTS	12-25

TABLE OF CONTENTS

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Administrative Costs	27
Schedule of General and Long-Term Debt Requirements	28-29
Schedule of Changes in Long-Term Debt by Individual Issue	30
INTERNAL CONTROL AND COMPLIANCE SECTION	
Schedules of Expenditures of Federal and State Awards	31-37
Notes to Schedule of Expenditures of Federal and State Awards	38
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39-40
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance With the Uniform Guidance	41-43
Schedule of Findings and Questioned Costs	44



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Upper Cumberland Development District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the aggregate discretely presented component units of the Upper Cumberland Development District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate discretely presented component units of Upper Cumberland Development District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vi through x be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of administrative costs, schedule of general and long-term debt requirements, schedule of changes in long-term debt by individual issue, and schedule of expenditures of federal and state awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the District's basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative costs, schedule of general and long-term debt requirements, schedule of changes in long-term debt by individual issue and the schedules of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the roster of management and board members but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson, Weikert & Meacham, P.C.

December 21, 2023
Chattanooga, Tennessee

**Upper Cumberland Development District
Management's Discussion and Analysis
Year Ended June 30, 2023**

This section of Upper Cumberland Development District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2023. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

OVERVIEW OF FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: government wide financial statements; fund financial statements; and notes to the financial statements. The District also includes in this report additional information to supplement the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are the statement of net position and the statement of activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by federal and state grants and charges for services.

The statement of net position presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. In addition, assets, liabilities and net position are reported for Cumberland Area Investment Corporation and Cumberland Regional Development Corporation, which are considered component units of the District.

The statement of activities presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government services. Again, expenses and revenues of the component units are reported separately from the primary government's financial information.

Fund Financial Statements

Fund financial statements present financial information for governmental funds and fiduciary funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, change in current financial resources (revenues and expenditures), and current available resources. The statement of fiduciary net position provides information concerning assets held in trust by the District on behalf of Public Guardianship Program clients.

Fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all governmental funds. A statement of fiduciary net position is presented for the District's agency fund. Fund financial statements provide more detailed information about the District's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

The government-wide financial statements and the fund financial statements provide different pictures of the

District. The government-wide financial statements provide an overall picture of the District's financial standing, split between governmental activities and business-type activities. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets including capital assets are reported in the statement of net position. All liabilities, including principal outstanding on capital leases, and future employee benefits obligated but not paid by the District are reported in the statement of net position. Transactions between the different functions of the District, however, have been eliminated in order to avoid a duplication of the revenues and expenses. The fund financial statements provide a picture of the major funds and a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures, and long-term liabilities, such as capital lease obligations, are not included in the fund financial statements. To provide a link from the fund financial statements to the government-wide financial statements, reconciliation is provided from the fund financial statements to the government-wide financial statements.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. They provide explanation of the financial statements and provide more detailed data.

Other Information

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District implemented the new financial reporting model used in this report beginning with the fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position increased \$427,384 during the fiscal year from a beginning balance of \$12,197,553 to \$12,624,937 at fiscal year-end.

	Total Primary Government	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$13,731,231	\$13,028,407
Capital assets	<u>69,721</u>	<u>114,648</u>
Total assets	<u>13,800,952</u>	<u>13,143,055</u>
Current liabilities	1,118,665	809,570
Long-term liabilities	<u>53,289</u>	<u>82,665</u>
Total liabilities	<u>1,171,954</u>	<u>892,235</u>
Deferred inflows of resources	<u>4,061</u>	<u>53,267</u>

Net position		
Net investment in capital assets	16,432	31,983
Restricted for revolving and intermediate loan funds	8,575,009	8,142,335
Unrestricted	<u>4,033,496</u>	<u>4,023,235</u>
Total net position	<u>\$12,624,937</u>	<u>\$12,197,553</u>

Since the District continues to derive the vast majority of its funding from the State and Federal governments, and those funds appear to be stable at the present time, the overall financial outlook of the District can be categorized as “good.” Despite that fact, UCDD continues to seek and implement cost control measures as funding from these sources does not always increase on an annual basis in keeping up with the rate of inflation (i.e., labor, employee benefit, and other operating costs).

	Total Primary Government	
	<u>2023</u>	<u>2022</u>
Program Revenues		
Charges for services	\$ 3,655,486	\$ 3,240,579
Operating grants and contributions	7,728,269	7,659,472
General revenues		
In-kind revenue	8,850	-
Other general revenues	90	35,266
Interest	<u>6,739</u>	<u>-</u>
Total revenues	11,399,434	10,935,317
Program expenses		
General government	<u>10,972,050</u>	<u>10,321,809</u>
Increase (decrease) in net position	<u>\$ 427,384</u>	<u>\$ 613,508</u>

FINANCIAL ANALYSIS OF THE AGENCY’S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of expendable resources focus. This information is useful in assessing resources available at year-end. Governmental funds reported ending fund balance of \$12,751,803. Revenues exceeded expenditures by \$436,630. This was recorded to the fund balance as of June 30, 2023.

General Fund

The general fund is the chief operating fund of Upper Cumberland Development District. At the end of the current fiscal year, unreserved, undesignated, and reserved fund balance of the general fund was \$12,751,803 an increase of \$436,630 from the previous year of \$12,315,173.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Beginning balance was \$114,648, less current year depreciation of \$44,927, resulted in an ending balance of \$69,721. Additional information on the District's capital assets can be found in Note (4) on pages 18-19 of this report.

Debt Administration

Lease finance purchased vehicles represent the District's long-term debt. Additional information on the District's debt can be found in Note (5) on pages 19-22.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While the Upper Cumberland Development District is a governmental entity, it is not a unit of local government (i.e., city, county, etc.). Therefore, economic factors do not have the same direct impact upon UCDD's budgets and operations as they have on governmental bodies. UCDD does not have taxing power, nor does it levy fees or set rates, such as for utilities, which generate income in response to changing economic conditions. UCDD contracts primarily with the State of Tennessee and to a lesser degree the Federal government, to administer certain programs on their behalf. To the extent that economic factors affect the State and Federal Governments UCDD's contracts may be positively or negatively impacted.

One March 11, 2020 a global pandemic was declared in response to the rapid spread of the virus COVID-19. After the historic mobilization and response to the COVID-19 health emergency, a declaration to the end of the pandemic was officially released on May 11, 2023. The virus had a significant impact on local businesses and economic conditions, and resulted in unemployment rates increasing especially during the beginning of the pandemic. The unemployment rate as of April, 2021 was 15.9% versus 4.4% in June of 2019. These rates were significantly higher but were in line with state and national rates. Since that time unemployment has varied significantly. The latest data (October, 2023) shows a rate of 4.3% for the region. This is consistent with Tennessee and national rates of 3.6%. While unemployment rates were somewhat lower during 2023, the current rate is more typical compared to state and national rates. Economic activity measured by state sales tax collections has shown increases for the past 12 months. For the twelve months ending in October, 2023, the area's collections were 5% higher than the 12 months ending October, 2022. The lower performance is certainly related in large part to the declining government stimulus programs.

Bank deposit growth continues to exceed state and national rates.

Census data show population growth for the region is slightly lower than state and national trends while some counties such as Cumberland and Putnam are growing considerably faster than other counties. The region is becoming known as a good area for retirement and growth in the retirement-aged population. This trend is expected to continue. Anecdotal evidence indicates that many people have been moving to the area since 2020 to escape many problems of large metropolitan areas.

Census data also show that income levels, while still relatively low, are continuing to grow somewhat faster than state and national averages.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulation and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like additional information, contact the District's Executive Director at 1104 England Drive, Cookeville, TN 38501.

The Cumberland Area Investment Corporation and the Cumberland Regional Development Corporation issue separate audited financial statements. Copies of these financial statements may be obtained from the Upper Cumberland Development District at 1104 England Drive, Cookeville, TN 38501.

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
ROSTER OF MANAGEMENT AND BOARD MEMBERS
YEAR ENDED JUNE 30, 2023**

MANAGEMENT

Mark Farley	Executive Director
Tommy Lee	Deputy Director
Ginger Stout	Finance Director
Myra Walker	Director of Housing & Family Services
Holly Williams	Area Agency on Aging & Disability Director
Lewis Betterton	IT Director
Megan Choate	Director of Lending & Economic Development
Sherry Thurman	Administrative Services Director

BOARD OF DIRECTORS

Randy Heady, Jackson County	Chairman
Jeff Mason, Smith County	Vice Chair
Jimmy Johnson, Fentress County	Secretary
Raney Porter, Putnam County	Treasurer
Greg Mitchell, Cannon County	Andy Duggin, Cannon County
Roger Turney, Cannon County	Fred Howell, Cannon County
Dale Reagan, Clay County	Luke Collins, Clay County
Doug Young, Clay County	Allen Foster, Cumberland County
Emmett Sherrill, Cumberland County	R.J. Crawford, Cumberland County
Don Dowdey, Cumberland County	Ethan Hadley, Cumberland County
Matt Adcock, Dekalb County	Josh Miller, Dekalb County
Russell Bradshaw, Dekalb County	Pam Redmon, Dekalb County
Audrey Martin, Dekalb County	Suzanne Williams, Dekalb County
Jacob Rosenbaum, Fentress County	Harvey Stowers, Fentress County
Yvonne Gernt, Fentress County	Lloyd Williams, Jackson County
Troy York, Jackson County	Jerry Wilmore, Macon County
Steve Jones, Macon County	Kenneth Hollis, Macon County
Richard Thomas, Macon County	Steven Barlow, Overton County
Curtis Hayes, Overton County	Shannon Cantrell, Overton County
Stephen Bilbrey, Pickett County	Sam Gibson, Pickett County
Bruce Elder, Pickett County	John Martin, Putnam County
Lisa Chapman-Fowler, Putnam County	Mark Farley, Putnam County
Laurin Wheaton, Putnam County	Amy New, Putnam County
Stephen Babcock, Smith County	Joey Nixon, Smith County
John Potts, Smith County	Patrick Geho, Smith County
David Sullivan, Van Buren County	Alisa Farmer, Van Buren County
Stacy Mills, Van Buren County	Terry Bell, Warren County
Ryle Chastain, Warren County	Joel Akers, Warren County
Trent Prater, Warren County	Sue Anderson, Warren County
Marvin Lusk, Warren County	Don Alexander, Warren County
Jerry Lowery, White County	Ray Spivey, White County
Roger McCann, White County	Denny Wayne Robinson, White County
Senator Paul Bailey	Representative Cameron Sexton

UPPER CUMBERLAND DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents		
Available	\$ 2,450,269	\$ 89,493
Restricted	1,445,417	1,810,779
Certificates of deposit		
Available	149,351	-
Restricted	83,000	-
Accounts and other receivables	76,300	379,945
Due from other governments	762,811	-
Grants receivable	1,663,069	-
Prepays and other assets	54,422	21,927
Lease receivables	-	555,879
Loans receivable, net of allowance	7,046,592	1,350,946
Land	-	820,766
Other capital assets, net of accumulated depreciation	69,721	7,499,291
Total assets	\$ 13,800,952	\$ 12,529,026
LIABILITIES		
Line of credit	\$ -	\$ 83,000
Accounts payable and accrued expenditures	937,051	613,021
Due to other governments	38,316	-
Security deposit liability	-	32,212
Compensated absences	143,298	-
Prepaid revenue	-	18,927
Long-term liabilities		
Due within one year	31,295	274,073
Due in more than one year	21,994	4,786,346
Total liabilities	\$ 1,171,954	\$ 5,807,579
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from leases	\$ -	\$ 553,758
Unearned grantor revenue	4,061	-
Total deferred inflows of resources	\$ 4,061	\$ 553,758

(The accompanying notes are an integral part of these statements.)

	Total Governmental Activities	Component Units
	<u> </u>	<u> </u>
NET POSITION		
Net investment in capital assets	\$ 16,432	\$ 4,267,635
Restricted		
Restricted for revolving and intermediary loan funds	8,575,009	1,993,062
Contractually restricted deposits	-	125,614
Unrestricted	<u>4,033,496</u>	<u>(218,622)</u>
Total net position	<u>\$ 12,624,937</u>	<u>\$ 6,167,689</u>

(The accompanying notes are an integral part of these statements.)

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Service	Operating Grants and Contributions	Total Governmental Activities (Net)	Component Units
Primary Government					
UCDD operations	\$ 10,972,050	\$ 3,655,486	\$ 7,728,269	\$ 411,705	\$ -
Component Units					
CAIC operations	133,823	128,061	-	-	(5,762)
CRDC operations	1,438,302	1,144,741	177,405	-	(116,156)
Total component units	\$ 1,572,125	\$ 1,272,802	\$ 177,405	-	(121,918)
GENERAL REVENUES					
In-kind revenue				8,850	-
Loss from the disposal of capital assets				-	(163,104)
Other				90	21,368
Interest				6,739	4,935
Total general revenues				15,679	(136,801)
Change in net position				427,384	(258,719)
NET POSITION					
Beginning				12,197,553	6,426,408
Ending				\$ 12,624,937	\$ 6,167,689

(The accompanying notes are an integral part of these statements.)

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

**Total
Governmental
Funds**

ASSETS

Cash and cash equivalents		
Available	\$	2,450,269
Restricted		1,445,417
Certificates of deposit		
Available		149,351
Restricted		83,000
Accounts receivable		76,300
Due from other governments		762,811
Grants receivable		1,663,069
Prepays and other assets		54,422
Loans receivable, net of allowance		<u>7,046,592</u>
 Total assets	 \$	 <u><u>13,731,231</u></u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES**

Liabilities

Accounts payable		
Accrued expenditures	\$	670,432
Due to other governments		266,619
		<u>38,316</u>
 Total liabilities		 <u>975,367</u>

Deferred inflows of resources

Unearned grantor revenue		
		<u>4,061</u>

Fund balances

Unassigned		
Restricted for revolving loan funds		4,176,794
		<u>8,575,009</u>
 Total fund balances		 <u>12,751,803</u>

Total liabilities, deferred inflows of resources, and fund balances		
	\$	<u><u>13,731,231</u></u>

(The accompanying notes are an integral part of these statements.)

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Differences in amounts reported for governmental activities in the statement of net position on page 1:

Fund balances – total governmental funds \$12,751,803

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 69,721

Long-term liabilities, such as compensated absences and long-term lease obligations, are not due in the current period and, therefore, are not reported in the funds. (196,587)

\$12,624,937

(The accompanying notes are an integral part of these statements.)

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	<u>Total Governmental Funds</u>
REVENUES	
Grantor contributions	\$ 7,728,269
Administration and cost pool agreement	1,878,263
Revenue from projects	1,144,266
Revenue from dues	230,884
Program income	155,106
Interest from revolving loans	246,967
In-kind revenue	8,850
Interest	6,739
Other revenue	90
	<u>11,399,434</u>
EXPENDITURES	
Salaries	3,848,813
Fringe benefits	1,261,249
Professional fees	337,565
Travel	229,374
Communications	153,743
Financial assistance	190,024
Contracted services	767,174
Supplies	194,865
Payments to subcontractors	2,829,508
In-kind expenses	8,850
Occupancy	369,557
Indirect costs - administrative	613,630
Miscellaneous	124,672
Debt service	
Principal	29,376
Interest	4,404
	<u>10,962,804</u>
EXCESS OF REVENUES OVER EXPENDITURES	436,630
NET CHANGE IN FUND BALANCE	436,630
FUND BALANCE	
Beginning	<u>12,315,173</u>
Ending	<u>\$ 12,751,803</u>

(The accompanying notes are an integral part of these statements.)

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023**

Differences in amounts reported for governmental activities in the statement of activities on page 3:

Net change in fund balances – total governmental funds	\$ 436,630
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on governmental capital assets are included in the statement of activities.	(44,927)
Long-term liabilities in the statement of net position include a liability for future lease payments. These are planned to be liquidated with future resources; therefore, the increase or decrease in the liability does not affect expenditures in the governmental funds.	29,376
The statement of net position include a liability for compensated absences. These are planned to be liquidated with future resources; therefore, the increase or decrease in the liability does not affect expenditures in the governmental funds.	<u>6,305</u>
	<u>\$ 427,384</u>

(The accompanying notes are an integral part of these statements.)

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
PUBLIC GUARDIAN FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

ASSETS

Cash and cash equivalents	\$ 1,219,664
Property and vehicles	<u>94,800</u>
Total assets	<u>\$ 1,314,464</u>

LIABILITIES AND NET POSITION

Liabilities	\$ -
Net position held in trust	<u>1,314,464</u>
Total liabilities and net position	<u>\$ 1,314,464</u>

(The accompanying notes are an integral part of these statements.)

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
PUBLIC GUARDIAN FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

ADDITIONS

Retirement benefits	\$ 971,406
Dividends and interest	116,827
Transfers	<u>1,657,541</u>
 Total additions	 <u>2,745,774</u>

DEDUCTIONS

Client expenses	1,254,768
Professional and legal	310,893
Conservator fees	83,584
Taxes	37,093
Transfers	971,353
Estates	<u>110,872</u>
 Total deductions	 <u>2,768,563</u>

DECREASE IN NET POSITION

(22,789)

NET POSITION

Beginning	<u>1,337,253</u>
 Ending	 <u>\$ 1,314,464</u>

(The accompanying notes are an integral part of these statements.)

UPPER CUMBERLAND DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2023

	Cumberland Area Investment Corporation	Cumberland Regional Development Corporation	Total
ASSETS			
Cash and cash equivalents			
Available	\$ 24,701	\$ 64,792	\$ 89,493
Restricted	1,658,763	152,016	1,810,779
Accounts and other receivables	842	379,103	379,945
Prepaid expenses	-	21,927	21,927
Lease receivables	555,879	-	555,879
Loans receivable, net of allowance	1,350,946	-	1,350,946
Land and other nondepreciable assets	-	820,766	820,766
Capital assets, net of accumulated depreciation	<u>650,451</u>	<u>6,848,840</u>	<u>7,499,291</u>
 Total assets	 <u>\$ 4,241,582</u>	 <u>\$ 8,287,444</u>	 <u>\$ 12,529,026</u>
LIABILITIES			
Line of credit	\$ -	\$ 83,000	\$ 83,000
Accounts payable and accrued expenditures	15,706	597,315	613,021
Security deposit liability	5,810	26,402	32,212
Prepaid revenue	16,167	2,760	18,927
Notes payable			
Due within one year	123,831	150,242	274,073
Due in more than one year	<u>1,160,885</u>	<u>3,625,461</u>	<u>4,786,346</u>
 Total liabilities	 <u>\$ 1,322,399</u>	 <u>\$ 4,485,180</u>	 <u>\$ 5,807,579</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from leases	<u>\$ 553,758</u>	<u>\$ -</u>	<u>\$ 553,758</u>
NET POSITION			
Net investment in capital assets	\$ 373,732	\$ 3,893,903	\$ 4,267,635
Restricted for			
Intermediary relending loan funds	1,993,062	-	1,993,062
Contractually restricted deposits	-	125,614	125,614
Unrestricted	<u>(1,369)</u>	<u>(217,253)</u>	<u>(218,622)</u>
 Total net position	 <u>\$ 2,365,425</u>	 <u>\$ 3,802,264</u>	 <u>\$ 6,167,689</u>

(The accompanying notes are an integral part of these statements.)

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Cumberland Area Investment Corporation	Cumberland Regional Development Corporation	Total
Cumberland Area Investment Corporation						
CAIC operations	\$ 133,823	\$ 128,061	\$ -	\$ (5,762)	\$ -	\$ (5,762)
Cumberland Regional Development Corporation						
CRDC operations	1,438,302	1,144,741	177,405	-	(116,156)	(116,156)
Total component units	<u>\$ 1,572,125</u>	<u>\$ 1,272,802</u>	<u>\$ 177,405</u>	<u>(5,762)</u>	<u>(116,156)</u>	<u>(121,918)</u>
GENERAL REVENUES						
Interest				4,935	-	4,935
Loss on disposition of capital assets				-	(163,104)	(163,104)
Other				2,909	18,459	21,368
Total general revenues				<u>7,844</u>	<u>(144,645)</u>	<u>(136,801)</u>
Change in net position				<u>2,082</u>	<u>(260,801)</u>	<u>(258,719)</u>
NET POSITION						
Beginning				<u>2,363,343</u>	<u>4,063,065</u>	<u>6,426,408</u>
Ending				<u>\$ 2,365,425</u>	<u>\$ 3,802,264</u>	<u>\$ 6,167,689</u>

(The accompanying notes are an integral part of these statements.)

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Upper Cumberland Development District (District) is a multi-funded quasi-governmental agency created in accordance with Chapter 241 of the Public Acts of 1965, known as the Development District Act. The District was established in 1969, and serves 14 counties in the Upper Cumberland area. The primary function of the District is to assist the local government agencies in economic development, including the areas of housing, assistance to the elderly, and community development planning. These programs are funded for the most part through federal grants, with matching assistance from the local and state levels.

The governing board consists of:

- County and City Mayors within the established region served by the agency,
- one State Senator and one State Representative whose districts lie wholly or in part within the established region served by the District,
- and one additional member from each county of the region, appointed by the County Mayor.

The accounting policies of the District conform to generally accepted accounting principles applicable to local governments. The more significant accounting policies of the District are summarized below.

Reporting entity

The accompanying financial statements include all funds of Upper Cumberland Development District (the primary government).

The discretely presented component units include organizations which are legally separate from the primary government. They are considered component units because a majority of their boards are appointed by the District or because there is a financial benefit/burden relationship with the District. Discretely presented component units are as follows:

Cumberland Area Investment Corporation (CAIC) - is a government-funded agency established in 1982 by the District as a separate entity to accept and administer federal loan programs. CAIC serves 14 counties in the Upper Cumberland area. The primary function of CAIC is to assist commercial development with its chief goal being the economic development of manufacturing and commercial business by providing long-term financing at available market rates from funds provided by government funding and administered by CAIC. This component unit operates as an enterprise fund.

Cumberland Regional Development Corporation (CRDC) - is a government-funded agency chartered as a Tennessee general corporation pursuant to Section 48-1201 of the Tennessee General Corporation Act. CRDC was established in 1996 and works with HUD, THDA, Federal Home Loan Bank and USDA Rural Development to create low cost affordable housing. CRDC currently has complexes in 12 counties throughout the State of Tennessee. This component unit operates as an enterprise fund.

CAIC and CRDC issue separate audited financial statements. Copies of these financial statements may be obtained from the Upper Cumberland Development District. CAIC and CRDC's fiscal year end is June 30.

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

The District presents government-wide as well as fund level financial statements with activities categorized as governmental. The government-wide statements of net position and activities have eliminated internal balances and transfers between the activities of the governmental funds, which were presented separately in the fund financial statements. Cash balances held by agency funds for governmental activities of the primary government are eliminated in the government-wide statement of net position and in the fund financial statements.

The government-wide statement of activities reflects both the gross and net cost of functional categories which are otherwise supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues are those directly associated with administering the District's programs. Operating and capital grants and contributions are limited to the funding of a specific operating expense or capital acquisition.

At the fund level, major funds are presented separately while non-major funds are combined into a single column. Major funds are determined based on their percentage of assets, liabilities, revenues or expenditures compared to the total of the same for all governmental funds, and on their percentage of the same for the total of all governmental and proprietary funds, as applicable. The general fund is reported as a major governmental fund.

Basis of accounting

The government-wide financial statements, consisting of the statement of net position and the statement of activities, are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred. The government-wide financial statements report information on all of the non-fiduciary activities of the District as a whole.

The fund-level financial statements of the governmental funds consist of a general fund, use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are susceptible to accrual, which is defined as being both measurable, meaning that the amount of the transaction can be determined, and available, meaning collectible within the current period or soon enough thereafter (generally defined as within 60 days) to be used to pay liabilities of the current period. Those revenues susceptible to accrual are federal and state grants, other state funds, interest income and charges for services. Expenditures are generally recognized when the liability is incurred. Exceptions to this general rule include accumulated unpaid vacation and long-term lease obligations which are expected to be liquidated with future resources.

Since the governmental funds statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following the applicable fund statement which reconciles.

The fiduciary fund is custodial in nature, as it receives and disburses receipts for clients assigned to the Public Guardian program by the courts. The District's fiduciary fund is presented using the economic resources measurement focus and the accrual basis of accounting.

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting (continued)

The discretely-presented component units, CAIC and CRDC, use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Fund accounting

The accounts of the District are organized on the basis of funds, which are considered separate accounting entities. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Amounts reported in the fund financial statements as due to or due from other funds are eliminated upon preparation of the government-wide statement of net position. The various funds are grouped into fund types as follows:

Governmental Funds - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund, or those for which it is considered fiscally responsible to be accounted for in a separate fund.

Proprietary Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises and therefore funded primarily through user charges.

Fiduciary Fund - Trust and agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals in the Public Guardian program assigned by the courts.

Non-current governmental assets/liabilities - The District eliminates the presentation of account groups, but provides for these records to be maintained and incorporated into the governmental activities section of the government-wide financial statements.

Fund equity

Fund equity at the governmental fund level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund balance – Generally, fund balance represents the difference between assets and liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Non-spendable – Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund equity (continued)

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s Board of Directors through the adoption of a resolution. The Board also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by Board action to be used for specific purposes, but are neither restricted or committed.

Unassigned – Fund balances are reported as unassigned when the residual amount does not meet any of the above criteria. The District reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for expenditure, it is the District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District’s policy to use fund balances in the following order: committed, assigned, unassigned.

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balances section above. All other net assets are reported as unrestricted.

Budget and budgetary control

The District does not have an annual appropriated budget. The grant documents, service contracts and program projections serve as the financial plans for budgetary purposes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Receivables

Receivables are reported at the outstanding principal amount. The District uses the direct write-off method to account for bad debts, which produces no material differences from the allowance method. Individual accounts are written off when they are determined to be uncollectible.

Loans receivable and allowance for loan losses

Loans receivable are stated at unpaid principal balances, less an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management’s periodic evaluation of the adequacy of the allowance is based on the program’s past loan loss experience, known and other risks inherent to the portfolio, specific impaired loans, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral and current economic conditions.

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans receivable and allowance for loan losses (continued)

Management considers a loan impaired when based on current information factors, it is probable that management will not collect the principal and interest payments according to the loan agreement. Management considers many factors in determining whether a loan is impaired, such as payment history, value of collateral, and changes in employment of the borrower. Impairment is measured on a loan by loan basis by using the fair value of the collateral.

Capital assets

For the fund financial statements, capital assets of governmental funds are recorded as expenditures at the time of purchase. For governmental funds at the government-wide presentation, the District capitalizes long-lived assets with an original cost of \$5,000 or more over their estimated useful lives using the straight-line method. CAIC and CRDC capitalize long-lived assets with an original cost of \$5,000 or more over their estimated useful lives using the straight-line method. Such assets are recorded at cost.

Cash equivalents

For purposes of these financial statements, the District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Leasing activities

The District follows the provisions of GASB Statement No. 87, *Leases*. This standard enhances the relevance and consistency of information of the District's leasing activities. GASB 87 establishes requirements for lease accounting based on the principle that leases are long-term contracts that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange like transaction. 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.

Change in accounting principle

On July 1, 2022, the District implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITA). This standard provide guidance on the accounting and financial reporting for SBITAs for government end-users. GASB 96 established requirements for SBITA accounting based on the principle that SBITAs are a contract that conveys control of the right to use another party's information technology, alone or in a combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. A government is required to recognize the right of use subscription asset and a corresponding subscription liability. Since all of the District's SBITAs are short-term and cancelable by either party, the implementation of GASB 96 had no effect on the District's beginning net position or on current operations.

Deferred outflows/inflows of resources

GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources – a consumption of net position by the government that is applicable to a future reporting period.

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred outflows/inflows of resources (continued)

Deferred inflows of resources – an acquisition of net position by the government that is applicable to a future reporting period.

As of June 30, 2023, the District did not have any deferred outflows of resources and had \$4,061 of deferred inflows of resources from unearned grantor revenue. CAIC had \$553,758 of deferred inflows of resources from leases as of June 30, 2023.

(2) CASH AND INVESTMENTS

The District reports its cash and investments under professional guidance designed to improve financial reporting of deposit and investment risks.

At June 30, 2023, the District's cash and investments consist of the following:

Checking accounts	\$ 3,895,686
Certificates of deposit	<u>232,351</u>
	<u>\$ 4,128,037</u>

Interest Rate Risk – As a means of limiting its exposure to losses resulting from rising interest rates, the District's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The District's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk – The District's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the District may participate. The District's policy is to limit its investments to certificates of deposit and savings and money market accounts with local banks. The District could also invest with the State of Tennessee local government pooled investment fund, but has chosen not to do so.

Credit Risk – The District's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(3) LOANS RECEIVABLE

UCDD receives funding through Economic Development Agency grants and CAIC receives funding through Department of Agriculture loans to provide financing to local businesses in order to promote economic development and provide jobs in the 14 counties served.

Loans receivable at June 30, 2023, consisted of the following:

Governmental activities

Economic Development Administration loans	\$ 7,199,857
Less allowance for loan losses	<u>153,265</u>
	<u>\$ 7,046,592</u>

Component units

Farmers Home Administration loans	\$ 1,346,448
Rural Business Enterprise loans	52,106
Farm loans	<u>193,593</u>
	1,592,147
Less: allowance for loan losses	<u>241,201</u>
	<u>\$ 1,350,946</u>

(4) CAPITAL ASSETS

Governmental activities

A summary of changes in capital assets and accumulated depreciation for governmental activities is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and reclassifications</u>	<u>Ending</u>
Depreciable capital assets				
Vehicles	\$ 400,499	\$ -	\$ -	\$ 400,499
Equipment, furniture and fixtures	<u>179,832</u>	<u>-</u>	<u>-</u>	<u>179,832</u>
	<u>\$ 580,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 580,331</u>
Less accumulated depreciation				
Vehicles	\$ 289,385	\$ 41,393	\$ -	\$ 330,778
Equipment, furniture and fixtures	<u>176,298</u>	<u>3,534</u>	<u>-</u>	<u>179,832</u>
	<u>465,683</u>	<u>44,927</u>	<u>-</u>	<u>510,610</u>
Depreciable capital assets, net	<u>\$ 114,648</u>	<u>\$ (44,927)</u>	<u>\$ -</u>	<u>\$ 69,721</u>

Depreciation expense for governmental activities is charged to functions as follows:

General government	<u>\$ 44,927</u>
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UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(4) CAPITAL ASSETS (continued)

Component units

A summary of changes in capital assets and accumulated depreciation for the CAIC and CRDC is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and reclassifications</u>	<u>Ending</u>
Non-depreciable capital assets				
Land	\$ 820,766	\$ -	\$ -	\$ 820,766
Construction in process	147,704	15,400	(163,104)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total non-depreciable capital assets	<u>\$ 968,470</u>	<u>\$ 15,400</u>	<u>\$ (163,104)</u>	<u>\$ 820,766</u>
Depreciable capital assets				
Building and improvements	\$ 9,604,381	\$ 266,465	\$ -	\$ 9,870,846
Vehicles	17,675	-	-	17,675
Equipment, furniture and fixtures	280,585	-	-	280,585
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>9,902,641</u>	<u>266,465</u>	<u>-</u>	<u>10,169,106</u>
Less accumulated depreciation				
Building and improvements	2,280,327	237,424	-	2,517,751
Vehicles	17,675	-	-	17,675
Equipment, furniture and fixtures	98,526	35,863	-	134,389
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>2,396,528</u>	<u>273,287</u>	<u>-</u>	<u>2,669,815</u>
Depreciable capital assets, net	<u>\$ 7,506,113</u>	<u>\$ (6,822)</u>	<u>\$ -</u>	<u>\$ 7,499,291</u>
Depreciation expense for the component units totaled				<u>\$ 273,287</u>

On June 1, 2023, CRDC renewed the operating lease for a portion of the building to the Upper Cumberland Development District under a one year lease expiring June 1, 2024. The lease requires monthly installments of \$16,300.

(5) LONG-TERM DEBT

Governmental activities

Debt for governmental activities reported in the government-wide statement of net position represents amounts not expected to be paid with expendable, available resources, and consists of the following:

Lease financed purchase of vehicles with Ford Motor Credit, payable in monthly installments of \$2,815, including interest at 6.35% through February 2025, secured by vehicles \$ 53,289

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(5) LONG-TERM DEBT (continued)

Future maturities are as follows:

	Gross Payment	Interest	Principal
For the year ending:			
June 30, 2024	\$ 33,778	\$ 2,483	\$ 31,295
2025	22,821	827	21,994
	\$ 56,599	\$ 3,310	\$ 53,289

A summary of changes in long-term debt for governmental activities is as follows:

	Beginning Balance	Adjustments and Additions	Adjustments and Retirements	Ending Balance
Lease finance purchase	\$ 82,665	\$ -	\$ (29,376)	\$ 53,289

Component units

Notes payable of CAIC and CRDC consist of the following:

Note to Farmers Home Administration Intermediary Relending Program, payable in annual installments of \$42,500, including interest at 1.0% due March 2025, secured by bank accounts	\$ 71,572
Note to Farmers Home Administration Intermediary Relending Program, payable in annual installments of \$22,250, including interest at 1.0% due September 2038, secured by bank accounts	469,320
Note to Farmers Home Administration Intermediary Relending Program, payable in annual installments of \$31,838, including interest at 1.0%, due June 2043, secured by bank accounts	467,105
Note to One Bank, payable in monthly installments of \$2,825, including interest at 4.75%, due July 2029, secured by building and improvements.	176,719
Note to One Bank, payable in monthly installments of \$1,552, including interest at 4.75%, due June 2030, secured by building and improvements.	100,000
Mortgage payable to Wilson Bank & Trust at a calculated payment of \$1,016 including principal and interest at a rate of 2.0%, through June 2030, then variable interest adjusted annually to a fixed rate calculated at New York Prime minus 3% with a floor of 1.85% through May 2045. The mortgage is collateralized by both Cookeville office buildings and guarantees of UCDD, CAIC and CRDC.	2,318,252

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(5) LONG-TERM DEBT (continued)

Component units (continued)

Mortgage payable to Wilson Bank & Trust at a calculated payment of \$5,268 including principal and interest at a rate of 3.98%, through June 2030, then payments of \$5,186 including principal and interest at a variable interest rate at New York Prime plus 0.50%, through May 2045. The mortgage is secured by all real estate and guarantees of UCDD, CAIC and CRDC.	\$ 923,355
Mortgage payable to Progressive Savings Bank at a calculated payment of \$1,272 including principal and interest at a rate of 4.5%, through July 2036. The mortgage is secured by all real estate and the assignment of rents and profits	128,748
Mortgage payable to the U.S. Department of Agriculture at a calculated payment of \$2,253 including principal and interest at a rate of 1%, through May 2038. The mortgage is secured by all real estate and the assignment of all rents and profits	374,421
Mortgage payable to the U.S. Department of Agriculture at a calculated payment of \$464, including principal and interest at a rate of 1%, through May 2038. The mortgage is secured by the assignment of all rents and profits	<u>77,091</u>
	5,106,583
Less unamortized deferred financing costs	<u>46,164</u>
	<u>\$ 5,060,419</u>

Future maturities are as follows:

		<u>Gross</u>		
Year ending June 30,		<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2024	\$	390,862	\$ 116,789	\$ 274,073
2025		378,547	110,494	268,053
2026		348,414	103,820	244,594
2027		348,415	97,194	251,221
2028		348,406	90,305	258,101
2029-2033		1,648,513	630,327	1,018,186
2034-2038		1,603,367	644,602	958,765
2039-2043		1,221,715	489,546	732,169
2044-2047		<u>1,248,766</u>	<u>147,345</u>	<u>1,101,421</u>
	<u>\$</u>	<u>7,537,005</u>	<u>\$ 2,430,422</u>	<u>\$ 5,106,583</u>

UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

(5) LONG-TERM DEBT (continued)

Component units (continued)

A summary of changes in long-term debt for component units is as follows:

	<u>Beginning</u>	<u>Adjustments and additions</u>	<u>Adjustments and retirements</u>	<u>Ending</u>
Notes payable	\$ 5,077,857	\$ 302,349	\$ (273,623)	\$ 5,106,583
Notes payable, net of deferred financing costs				
Due within one year				\$ 274,073
Due within more than one year				<u>4,786,346</u>
				<u>\$ 5,060,419</u>

Deferred financing costs as of June 30, 2023, are as follows:

Deferred financing costs	\$ 52,857
Less accumulated amortization	<u>6,693</u>
Deferred financing costs, net	<u>\$ 46,164</u>

Amortization included in interest expense for the year ended June 30, 2023, was \$2,114. Estimated amortization expense for the next five fiscal years are as follows:

Year ending June 30, 2024	\$ 2,114
2025	2,114
2026	2,114
2027	2,114
2028	2,114
Thereafter	<u>35,594</u>
	<u>\$ 46,164</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

(6) LINE OF CREDIT

Component units

CRDC maintains a line of credit with First National Bank of Tennessee. The line provides for borrowings of up to \$200,000 including interest, and maturing December 2023. The line is secured by UCDD CD's. As of June 30, 2023, there was an outstanding balance of \$83,000 on this line.

A summary of changes in line of credit is as follows:

	Beginning	Adjustments and additions	Adjustments and retirements	Ending
Line of credit	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ (7,000)</u>	<u>\$ 83,000</u>

(7) EMPLOYEE RETIREMENT PLAN

Primary government

The Upper Cumberland Development District Money Purchase Pension Plan is a defined contribution profit sharing plan established by the District to provide benefits at retirement age to full-time, permanent employees of the District. This plan is administered by trustees appointed by the Board of Directors. Participation in the plan is elective, subject to certain eligibility requirements. Each year the District makes a contribution to the plan equal to 7% of the compensation of all eligible participants plus an additional 3% for those who participate in the 457 Deferred Compensation Plan. Participants vest in employer contributions at 20% per year of service (1,000 hours) until fully vested at five years of service. Forfeitures are used first to pay administrative expenses and any remaining forfeitures are used to reduce District contributions. For the year ended June 30, 2023, District contributions were \$369,003. Plan provisions and contribution requirements are established and may be amended by the Upper Cumberland Development District Board of Directors.

(8) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, errors and omissions, damages to assets, and injuries to employees. It is the policy of the District to obtain insurance, including general liability, property, casualty, and workers' compensation, to manage these risks. The Agency has joined the Tennessee Municipal League Risk Management Pool (TML), whose membership allows the District to share liability, motor vehicle, and employee injury risks. Other risks are managed through the purchase of commercial insurance.

The TML Risk Management Pool is a governmental entity organized by Tennessee governmental entities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee governmental entities with an emphasis on risk management and controlling losses, as all costs are shared by the Pool member governmental entities.

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

(8) RISK MANAGEMENT (continued)

The District has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year also settlements did not exceed insurance coverage for any of the past three fiscal years. The District is not aware of any claims, for which it is liable (up to the applicable deductible) which were outstanding and unpaid at June 30, 2023. No provision has been made in the financial statements for the year ended June 30, 2023, for any estimate of potential unpaid claims.

(9) LITIGATION AND CLAIMS

District management is not aware of any litigation or claims that would be material to the District's combined financial statements.

(10) COMPENSATED ABSENCES

The District has a policy of compensated annual vacation/personal leave based upon years of service. The leave is cumulative and vesting, to a maximum of 80 hours, and any unused leave is payable upon the employee's termination, resignation, retirement, death, or request.

An estimated liability, in the amount of \$143,298, for unpaid vacation is recorded in the government-wide financial statements. None of the government activities liability is recorded in the fund financial statements, because any payments, even those which would be paid in the next twelve months, if susceptible to a reasonable estimate, are expected to be liquidated with future resources.

	Beginning Balance	Adjustments and Additions	Adjustments and Retirements	Ending Balance
Compensated absences	\$ 149,603	\$ -	\$ 6,305	\$ 143,298

(11) LEASE REVENUE

Component Units

On February 26, 2020, CAIC entered into a long-term rental agreement with Independent Opportunities, Inc. for the rental of 4,000 square feet of office space located at 1225 South Willow Avenue in Cookeville. The lease term is for 60 months requiring monthly installments of \$4,000 including interest at 3.05% through March 31, 2025. The lease is not renewable and Independent Opportunities, Inc. will not acquire the office space at the end of the 60 months. As of June 30, 2023, leases receivable totaled \$81,696.

On May 6, 2022, CAIC entered into a long-term rental agreement with Cedar Recovery of Middle Tennessee, LLC for the rental of 4,000 square feet of office space located at 1225 South Willow Avenue in Cookeville. The lease term is for 84 months requiring monthly installments of \$5,810 at 3.05% beginning June 1, 2023, and is subject to a 3% annual increase through May 31, 2030. The lease is not renewable and Cedar Recovery of Middle Tennessee, LLC will not acquire the office space at the end of the 60 months. As of June 30, 2023, lease receivable totaled \$474,183 from this lease.

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

(11) LEASE REVENUE (continued)
Component Units (continued)

For the year ended June 30, 2023, CAIC received lease revenue from the rental of office space of \$51,132 and interest revenue from leases of \$4,326. Future payment due to CAIC are as follows:

	<u>Total Receipts</u>	<u>Principal</u>	<u>Interest</u>
For the year ended June 30, 2024	\$ 117,894	\$ 102,360	\$ 15,534
2025	107,991	95,622	12,369
2026	74,151	64,124	10,027
2027	76,375	68,363	8,012
2028	78,667	72,801	5,866
2029-2030	157,341	152,609	4,732
	<u>\$ 612,419</u>	<u>\$ 555,879</u>	<u>\$ 56,540</u>

(12) SHARED ADMINISTRATION AND COST POOL AGREEMENT

On August 21, 2018, the Upper Cumberland Development District and Upper Cumberland Human Resource Agency entered into a shared administration and cost pool agreement. Under this agreement the District and the Agency will share administrative, management and financial operations personnel and create a cost pool for shared operations. The District and the Agency will remain separate organizations in all respects, and shall retain and operate separate and distinct programs which will each remain an exclusive program of the respective entity, serving the citizens of the Upper Cumberland, businesses and industries, and local governments. Included in administrative costs are \$1,878,263 for the Agency as of June 30, 2023.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2023, the date which these financial statements were available for issue.

SUPPLEMENTAL INFORMATION

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF ADMINISTRATIVE COSTS
YEAR ENDED JUNE 30, 2023**

ADMINISTRATIVE COSTS

Salaries	\$ 351,805
Fringe benefits	105,805
Professional fees	50,762
Travel	15,006
Communications	22,676
Supplies	19,755
Occupancy	47,705
Miscellaneous	<u>116</u>

Total administrative costs \$ 613,630

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF GENERAL AND LONG-TERM DEBT REQUIREMENTS
JUNE 30, 2023**

Cumberland Regional Development Corporation

Year Ending June 30,	Progressive Savings Bank Note Payable		U.S.D.A Loan # 1		U.S.D.A. Loan # 2		Wilson Bank & Trust Loan #1		Wilson Bank & Trust Loan #2	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	9,933	5,324	23,393	3,637	4,816	749	85,151	45,586	26,949	36,261
2025	10,118	5,140	23,628	3,402	4,865	700	86,870	43,867	28,042	35,168
2026	10,582	4,675	23,865	3,165	4,914	652	88,625	42,114	29,179	34,032
2027	11,069	4,189	24,105	2,925	4,963	602	90,415	40,325	30,361	32,849
2028	11,577	3,680	24,347	2,683	5,013	552	92,231	38,500	31,592	31,618
2029	12,109	3,148	24,592	2,438	5,063	502	94,094	36,638	32,872	30,338
2030	12,665	2,592	24,839	2,191	5,114	451	95,993	39,324	31,140	31,988
2031	13,247	2,010	25,088	1,942	5,166	400	97,929	86,103	-	64,271
2032	13,856	1,402	25,340	1,690	5,217	348	99,912	80,914	-	64,464
2033	14,492	765	25,595	1,435	5,270	295	101,931	75,621	-	64,674
2034	9,100	142	25,852	1,178	5,323	243	103,986	70,220	-	64,904
2035	-	-	26,112	918	5,376	189	106,079	64,710	-	65,156
2036	-	-	26,374	656	5,430	135	108,229	59,089	-	65,431
2037	-	-	26,639	391	10,561	25	110,406	53,355	-	65,732
2038	-	-	24,652	112	-	-	112,641	47,505	-	66,062
2039	-	-	-	-	-	-	114,913	41,537	-	66,422
2040	-	-	-	-	-	-	117,233	35,448	-	66,816
2041	-	-	-	-	-	-	119,601	29,237	-	67,247
2042	-	-	-	-	-	-	122,016	22,900	-	67,719
2043	-	-	-	-	-	-	124,469	16,435	-	68,234
2044	-	-	-	-	-	-	126,980	9,840	-	68,799
2045	-	-	-	-	-	-	118,548	3,112	713,220	63,606
	<u>\$ 128,748</u>	<u>\$ 33,067</u>	<u>\$ 374,421</u>	<u>\$ 28,763</u>	<u>\$ 77,091</u>	<u>\$ 5,843</u>	<u>\$ 2,318,252</u>	<u>\$ 982,380</u>	<u>\$ 923,355</u>	<u>\$ 1,221,791</u>

UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF GENERAL AND LONG-TERM DEBT REQUIREMENTS
JUNE 30, 2023

Cumberland Area Investment Corporation

Year Ending June 30,	Farmers Home Intermediary Relending Program Loan #3		Farmers Home Intermediary Relending Program Loan #4		Farmers Home Intermediary Relending Program Loan #5		ONE BANK #1		ONE BANK #2	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	41,735	715	27,160	4,678	17,565	4,688	25,958	7,939	11,413	7,212
2025	29,837	298	27,431	4,407	17,740	4,513	27,218	6,679	12,305	6,320
2026	-	-	27,706	4,132	17,918	4,335	28,539	5,357	13,266	5,358
2027	-	-	27,983	3,855	18,097	4,156	29,925	3,972	14,303	4,321
2028	-	-	28,263	3,575	18,278	3,975	31,378	2,519	15,422	3,203
2029	-	-	28,545	3,293	18,461	3,792	32,901	996	16,627	1,998
2030	-	-	28,831	3,007	18,645	3,608	800	12	16,664	699
2031	-	-	29,119	2,719	18,832	3,421	-	-	-	-
2032	-	-	29,410	2,428	19,020	3,233	-	-	-	-
2033	-	-	29,704	2,134	19,210	3,043	-	-	-	-
2034	-	-	30,001	1,837	19,402	2,851	-	-	-	-
2035	-	-	30,301	1,537	19,596	2,657	-	-	-	-
2036	-	-	30,604	1,234	19,792	2,461	-	-	-	-
2037	-	-	30,910	928	19,990	2,263	-	-	-	-
2038	-	-	31,220	618	20,190	2,063	-	-	-	-
2039	-	-	29,917	306	20,392	1,861	-	-	-	-
2040	-	-	-	-	20,596	1,657	-	-	-	-
2041	-	-	-	-	20,802	1,451	-	-	-	-
2042	-	-	-	-	21,010	1,243	-	-	-	-
2043	-	-	-	-	21,220	1,033	-	-	-	-
2044	-	-	-	-	21,432	821	-	-	-	-
2045	-	-	-	-	21,647	606	-	-	-	-
2046	-	-	-	-	21,863	390	-	-	-	-
2047	-	-	-	-	17,622	171	-	-	-	-
	<u>\$ 71,572</u>	<u>\$ 1,013</u>	<u>\$ 467,105</u>	<u>\$ 40,688</u>	<u>\$ 469,320</u>	<u>\$ 60,292</u>	<u>\$ 176,719</u>	<u>\$ 27,474</u>	<u>\$ 100,000</u>	<u>\$ 29,111</u>

UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
YEAR ENDED JUNE 30, 2023

<u>Description of loan</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Outstanding July 1, 2022</u>	<u>Issued During Period</u>	<u>Paid During Period</u>	<u>Outstanding June 30, 2023</u>
<u>Primary Government</u>								
Governmental Activities								
<u>Lease Purchase Obligation</u>								
Ford Motor Credit	\$ 89,722	6.35%	March 12, 2022	February 2025	\$ 82,665	\$ -	\$ 29,376	\$ 53,289
<u>Discretely Presented Component Units</u>								
Business-Type Activites								
Cumberland Area Investment Corporation								
<u>Notes Payable</u>								
Farmers Home Intermediary Relending Program Loan #3	\$ 992,500	1.00%	March 29, 1995	March 2025	\$ 112,905	\$ -	\$ 41,333	\$ 71,572
Farmers Home Intermediary Relending Program Loan #4	750,000	1.00%	September 5, 2008	September 2038	487,266	-	17,946	469,320
Farmers Home Intermediary Relending Program Loan #5	466,406	1.00%	June 27, 2016	June 2043	494,258	-	27,153	467,105
One Bank #1	201,664	4.75%	July 29, 2022	July, 2029	-	201,664	24,945	176,719
One Bank #2	100,685	7.55%	June 1, 2023	June, 2030	-	100,685	685	100,000
Cumberland Regional Development Corporation								
<u>Notes Payable</u>								
Progressive Savings Bank	200,000	4.50%	April 17, 2017	July 2036	152,721	-	23,973	128,748
U.S.D.A. Loan # 1	627,284	1.00%	December 1, 2011	May 2038	397,581	-	23,160	374,421
U.S.D.A. Loan # 2	129,154	1.00%	December 1, 2011	May 2038	81,860	-	4,769	77,091
Wilson Bank & Trust Loan #1	2,570,400	2.00%	May 14, 2020	May 2045	2,401,719	-	83,467	2,318,252
Wilson Bank & Trust Loan #2	1,000,000	3.98%	May 14, 2020	May 2045	949,547	-	26,192	923,355
	<u>\$ 7,038,093</u>				<u>\$ 5,077,857</u>	<u>\$ 302,349</u>	<u>\$ 273,623</u>	<u>\$ 5,106,583</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023**

<u>Grantor/Pass-Through Grantor</u>	<u>Assistance Listing No.</u>	<u>Contract No.</u>	<u>Beginning Accrued (Deferred)</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Accrued (Deferred)</u>	<u>Passed through to Subrecipients</u>	<u>Capital Advance</u>
Federal Awards								
U.S. Department of Commerce								
Economic Development Cluster								
COVID-19 - RLF Economic Adjustment Assistance	11.307		\$ 63,858	\$ 63,858	\$ -	\$ -	\$ -	\$ 5,443,033
Total Economic Development Cluster			<u>63,858</u>	<u>63,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,443,033</u>
Economic Development Support for Planning Organizations								
Economic Adjustment Assistance	11.302		17,500	52,500	35,000	-	-	-
Economic Adjustment Assistance	11.302		-	17,500	35,000	17,500	-	-
Economic Adjustment Assistance	11.302		88,252	88,252	-	-	-	-
Economic Adjustment Assistance	11.302		<u>-</u>	<u>46,286</u>	<u>82,682</u>	<u>36,396</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Commerce			<u>169,610</u>	<u>268,396</u>	<u>152,682</u>	<u>53,896</u>	<u>-</u>	<u>5,443,033</u>
U.S. Department of Agriculture								
SNAP Cluster								
Supplemental Nutrition Assistance Program	10.561		17,064	25,841	8,777	-	-	-
Supplemental Nutrition Assistance Program	10.561		<u>-</u>	<u>33,330</u>	<u>48,165</u>	<u>14,835</u>	<u>-</u>	<u>-</u>
Total SNAP Cluster			<u>17,064</u>	<u>59,171</u>	<u>56,942</u>	<u>14,835</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>17,064</u>	<u>59,171</u>	<u>56,942</u>	<u>14,835</u>	<u>-</u>	<u>-</u>
U.S. Department of the Interior								
Historic Preservation Fund Grants-In-Aid	15.904		24,674	33,871	9,197	-	-	-
Historic Preservation Fund Grants-In-Aid	15.904		<u>-</u>	<u>6,702</u>	<u>24,011</u>	<u>17,309</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of the Interior			<u>24,674</u>	<u>40,573</u>	<u>33,208</u>	<u>17,309</u>	<u>-</u>	<u>-</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023**

Grantor/Pass-Through Grantor	Assistance Listing No.	Contract No.	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)	Passed through to Subrecipients	Capital Advance
Federal Awards								
U.S. Department of Transportation								
Rural Planning Organization Program								
Appalachian Development Highway System - Power Grant	23.003		\$ -	\$ 213,769	\$ 260,454	\$ 46,685	\$ 213,769	\$ -
Appalachian Development Highway System - Inspire	23.003		28,020	159,870	154,560	22,710	-	-
Appalachian Development Highway System	23.003		-	79,264	79,264	-	-	-
Appalachian Development Highway System	23.003		-	93,710	93,710	-	-	-
Highway Planning & Construction	20.205		112,296	140,050	27,754	-	-	-
Highway Planning & Construction	20.205		-	46,838	73,672	26,834	-	-
			<u>140,316</u>	<u>733,501</u>	<u>689,414</u>	<u>96,229</u>	<u>213,769</u>	<u>-</u>
Total U.S. Dept. of Transportation								
U.S. Department of Health and Human Services								
Aging Cluster								
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		116,134	116,134	-	-	-	-
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		-	442,159	524,125	81,966	372,436	-
COVID-19 - Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		38,258	38,258	-	-	-	-
COVID-19 - Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		-	121,874	138,780	16,906	-	-
Special Programs for the Aging - Title III, Part C - Planning	93.045		38,800	38,800	-	-	-	-
Special Programs for the Aging - Title III, Part C - Planning	93.045		-	194,000	232,800	38,800	-	-
Special Programs for the Aging - Title III, Part C - Congregate	93.045		106,588	106,588	-	-	-	-
Special Programs for the Aging - Title III, Part C - Congregate	93.045		-	448,581	480,015	31,434	480,015	-
COVID-19 - Special Programs for the Aging - Title III, Part C - Congregate	93.045		-	-	66,421	66,421	-	-
Special Programs for the Aging - Title III, Part C - Home Delivered	93.045		158,855	158,855	-	-	-	-
Special Programs for the Aging - Title III, Part C - Home Delivered	93.045		-	324,566	390,924	66,358	390,398	-
COVID-19 - Special Programs for the Aging - Title III, Part C - Home Delivered	93.045		36,819	39,715	2,896	-	-	-

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023**

<u>Grantor/Pass-Through Grantor</u>	<u>Assistance Listing No.</u>	<u>Contract No.</u>	<u>Beginning Accrued (Deferred)</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Accrued (Deferred)</u>	<u>Passed through to Subrecipients</u>	<u>Capital Advance</u>
Federal Awards								
COVID-19 - Special Programs for the Aging - Title III, Part C - Home Delivered	93.045		\$ (36,798)	\$ 134,197	\$ 206,417	\$ 35,422	\$ -	\$ -
Nutrition Services Incentive Program	93.053		21,570	21,570	-	-	-	-
Nutrition Services Incentive Program	93.053		-	129,330	154,600	25,270	154,600	-
Total Aging Cluster			<u>480,226</u>	<u>2,314,627</u>	<u>2,196,978</u>	<u>362,577</u>	<u>1,397,449</u>	<u>-</u>
Medicaid Cluster								
Medical Assistance Program	93.778		1,360	1,360	-	-	-	-
Medical Assistance Program	93.778		102,208	102,208	-	-	-	-
Medical Assistance Program	93.778		-	231,806	368,215	136,409	5,000	-
Total Medicaid Cluster			<u>103,568</u>	<u>335,374</u>	<u>368,215</u>	<u>136,409</u>	<u>5,000</u>	<u>-</u>
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		1,200	1,200	-	-	-	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		-	4,000	4,800	800	4,800	-
Special Programs for the Aging, Title VII, Chapter 2, Long-Term Care Ombudsman Services for Older Individuals	93.042		8,350	8,350	-	-	-	-
Special Programs for the Aging, Title VII, Chapter 2, Long-Term Care Ombudsman Services for Older Individuals	93.042		-	22,670	27,200	4,530	27,200	-
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long-Term Care Ombudsman Services for Older Individuals	93.042		19,641	19,641	-	-	-	-
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long-Term Care Ombudsman Services for Older Individuals	93.042		-	4,000	4,800	800	4,800	-
COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long-Term Care Ombudsman Services for Older Individuals	93.042		-	19,641	19,641	-	19,641	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		8,864	8,864	-	-	-	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		-	21,517	21,522	5	11,945	-
COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		-	4,056	4,056	-	-	-

UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor	Assistance Listing No.	Contract No.	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)	Passed through to Subrecipients	Capital Advance
Federal Awards								
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		\$ 51,424	\$ 51,424	\$ -	\$ -	\$ -	\$ -
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		9,664	308,212	367,278	68,730	-	-
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		-	-	32,763	32,763	-	-
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		4,037	17,301	13,264	-	-	-
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		31,511	73,668	42,157	-	-	-
National Family Caregiver Support, Title III, Part E	93.052		4,383	4,383	-	-	-	-
National Family Caregiver Support, Title III, Part E	93.052		-	21,917	26,300	4,383	-	-
National Family Caregiver Support, Title III, Part E	93.052		-	170,630	218,502	47,872	109,222	-
National Family Caregiver Support, Title III, Part E	93.052		25,564	25,564	-	-	-	-
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		13,462	13,462	-	-	-	-
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		-	69,400	69,400	-	-	-
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		19,636	19,636	-	-	-	-
Alzheimer's Disease Program Initiative	93.470		(3,484)	8,168	11,652	-	-	-
Temporary Assistance for Needy Families	93.558		-	106,011	136,317	30,306	-	-
Medicare Enrollment Assistance Program	93.071		-	51,625	61,207	9,582	-	-
Medicare Enrollment Assistance Program	93.071		11,790	28,875	17,085	-	-	-
COVID-19 - Elder Abuse Prevention Interventions Program	93.747		8,135	56,376	55,738	7,497	-	-
COVID-19 - Elder Abuse Prevention Interventions Program	93.747		-	21,439	27,565	6,126	27,565	-
State Health Insurance Assistance Program	93.779		21,231	74,554	53,323	-	-	-
State Health Insurance Assistance Program	93.779		-	-	17,677	17,677	-	-
Total U.S. Department of Health and Human Services			<u>819,202</u>	<u>3,886,585</u>	<u>3,797,440</u>	<u>730,057</u>	<u>1,607,622</u>	<u>-</u>
U.S. Department of Justice								
Crime Victim Assistance	16.575		13,326	13,326	-	-	-	-
Crime Victim Assistance	16.575		-	37,010	37,010	-	-	-
Crime Victim Assistance	16.575		-	21,414	37,341	15,927	-	-
Total U.S. Department of Justice			<u>13,326</u>	<u>71,750</u>	<u>74,351</u>	<u>15,927</u>	<u>-</u>	<u>-</u>

Federal Awards

UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023

<u>Grantor/Pass-Through Grantor</u>	<u>Assistance Listing No.</u>	<u>Contract No.</u>	<u>Beginning Accrued (Deferred)</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Accrued (Deferred)</u>	<u>Passed through to Subrecipients</u>	<u>Capital Advance</u>
Small Business Administration								
Passed through Tennessee Technological University								
Small Business Development Centers	59.037		\$ -	\$ 36,396	\$ 80,444	\$ 44,048	\$ -	\$ -
Small Business Development Centers	59.037		<u>25,393</u>	<u>102,767</u>	<u>77,374</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Small Business Administration			<u>25,393</u>	<u>139,163</u>	<u>157,818</u>	<u>44,048</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>1,209,585</u>	<u>5,199,139</u>	<u>4,961,855</u>	<u>972,301</u>	<u>1,821,391</u>	<u>5,443,033</u>
State Awards								
Tennessee Arts Commission	N/A		11,988	11,988	-	-	-	-
Tennessee Arts Commission	N/A		<u>-</u>	<u>14,354</u>	<u>23,820</u>	<u>9,466</u>	<u>23,820</u>	<u>-</u>
Total Tennessee Arts Commission			<u>11,988</u>	<u>26,342</u>	<u>23,820</u>	<u>9,466</u>	<u>23,820</u>	<u>-</u>
Tennessee Commission on Aging and Disability								
State Caregiver	N/A		-	31,200	31,200	-	31,200	-
Public Guardian	N/A		-	155,423	226,534	71,111	-	-
Public Guardian	N/A		78,071	78,071	-	-	-	-
Homemaker	N/A		-	18,400	18,400	-	18,400	-
COVID-19 Homemaker	N/A		-	5,000	5,000	-	5,000	-
Senior Centers	N/A		-	69,717	92,700	22,983	92,700	-
COVID-19 - Senior Centers	N/A		-	25,119	33,400	8,281	34,600	-
Nutrition	N/A		-	34,600	34,600	-	34,600	-
Nutrition	N/A		31,250	31,250	-	-	-	-
COVID-19 - Nutrition	N/A		-	9,400	9,400	-	-	-
Options	N/A		-	420,490	612,835	192,345	320,143	-
Options	N/A		95,744	95,744	-	-	-	-
Options	N/A		-	178,112	249,110	70,998	-	-
Alzheimer'S Dementia Respite	N/A		<u>-</u>	<u>18,366</u>	<u>24,622</u>	<u>6,256</u>	<u>-</u>	<u>-</u>
Total Tennessee Commission on Aging and Disability			<u>205,065</u>	<u>1,170,892</u>	<u>1,337,801</u>	<u>371,974</u>	<u>536,643</u>	<u>-</u>

State Awards

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023**

<u>Grantor/Pass-Through Grantor</u>	<u>Assistance Listing No.</u>	<u>Contract No.</u>	<u>Beginning Accrued (Deferred)</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Accrued (Deferred)</u>	<u>Passed through to Subrecipients</u>	<u>Capital Advance</u>
TennCare								
Waiver Administration	N/A		\$ 102,208	\$ 102,208	\$ -	\$ -	\$ -	\$ -
Waiver Administration	N/A		<u>-</u>	<u>231,806</u>	<u>368,215</u>	<u>136,409</u>	<u>5,000</u>	<u>-</u>
Total TennCare			<u>102,208</u>	<u>334,014</u>	<u>368,215</u>	<u>136,409</u>	<u>5,000</u>	<u>-</u>
Tennessee Department of Environment and Conservation								
Solid Waste management	N/A		<u>-</u>	<u>23,773</u>	<u>46,426</u>	<u>22,653</u>	<u>-</u>	<u>-</u>
Total Tennessee Department of Environment and Conservation			<u>-</u>	<u>23,773</u>	<u>46,426</u>	<u>22,653</u>	<u>-</u>	<u>-</u>
Tennessee Advisory Commission on Intergovernmental Relations (TACIR)								
Infrastructure Grant	N/A		<u>-</u>	<u>59,629</u>	<u>59,629</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total TACIR			<u>-</u>	<u>59,629</u>	<u>59,629</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tennessee Department of Economic and Community Development (TDECD)								
Matching Funds Grant	N/A		<u>-</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total TDECD			<u>-</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tennessee Department of Children's Services								
Relative Caregiver Program	N/A		<u>-</u>	<u>140,749</u>	<u>140,749</u>	<u>-</u>	<u>-</u>	<u>-</u>
Relative Caregiver Program	N/A		<u>-</u>	<u>84,755</u>	<u>223,450</u>	<u>138,695</u>	<u>-</u>	<u>-</u>
Relative Caregiver Program	N/A		<u>74,626</u>	<u>74,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Tennessee Department of Children's Services			<u>74,626</u>	<u>300,130</u>	<u>364,199</u>	<u>138,695</u>	<u>-</u>	<u>-</u>
Tennessee Developmental Housing Agency								
Emergency Home Repair	N/A		<u>-</u>	<u>314,325</u>	<u>314,325</u>	<u>-</u>	<u>224,000</u>	<u>-</u>
Emergency Home Repair	N/A		<u>59,919</u>	<u>59,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Affordable Housing Program	N/A		<u>-</u>	<u>8,428</u>	<u>20,000</u>	<u>11,572</u>	<u>-</u>	<u>-</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023**

Grantor/Pass-Through Grantor	Assistance Listing No.	Contract No.	Beginning Accrued (Deferred)	Cash Receipts	Expenditures	Ending Accrued (Deferred)	Passed through to Subrecipients	Capital Advance
Affordable Housing Program	N/A		<u>\$ 7,170</u>	<u>\$ 7,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Tennessee Developmental Housing Agency			<u>67,089</u>	<u>389,842</u>	<u>334,325</u>	<u>11,572</u>	<u>224,000</u>	<u>-</u>
Total Expenditures of State Awards			<u>460,976</u>	<u>2,534,622</u>	<u>2,764,415</u>	<u>690,769</u>	<u>789,463</u>	<u>-</u>
Total Expenditures of Federal and State Awards			<u>\$ 1,670,561</u>	<u>\$ 7,733,761</u>	<u>\$ 7,726,270</u>	<u>\$ 1,663,070</u>	<u>\$ 2,610,854</u>	<u>\$ 5,443,033</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
JUNE 30, 2023**

(1) BASIS OF PRESENTATION

The schedule of expenditures of federal and state awards includes the federal and state grant activity for the Upper Cumberland Development District (UCDD) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. UCDD has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) SUBRECIPIENTS

Of the federal and state expenditures presented in the schedule, the District provided federal and state awards of \$1,103,419 to subrecipients.

(4) EDA REVOLVING LOAN FUND

The Economic Development Administration Revolving Loan Fund presented as a loan program in the Schedule of Expenditures of Federal Awards for the year ending June 30, 2023, is calculated as follows:

Outstanding principal on RLF loans as of June 30, 2023	\$ 3,896,795
RLF cash and investments as of June 30, 2023	1,445,417
Administrative expenses paid using RLF income during 2023	100,821
Administrative expenses paid using award funds designated for administrative expenses during 2023	-
Unpaid principal of all loans written off during 2023	-
 Total	 5,443,033
Multiplied by the Federal participation rate	100%
 Economic Development Administration Revolving Loan Funds	 \$ 5,443,033



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

**To the Board of Directors of the
Upper Cumberland Development District**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the aggregate discretely presented component units of the Upper Cumberland Development District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2023.

Report on Internal Control over Financial Reporting

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

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

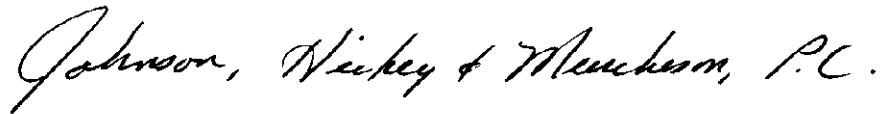
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Johnson, Wickey & Meuchem, P.C." in a cursive script.

December 21, 2023
Chattanooga, Tennessee



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

**To the Board of Directors of the
Upper Cumberland Development District**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Upper Cumberland Development District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Upper Cumberland Development District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis of Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Johnson, Nicky & Meucham, P.C.

December 21, 2023
Chattanooga, Tennessee

**UPPER CUMBERLAND DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

A. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Upper Cumberland Development District were prepared in accordance with GAAP.
2. No significant deficiencies were reported and no material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Upper Cumberland Development District were disclosed by the audit.
4. No significant deficiencies were reported and no material weaknesses were identified during the audit of the major federal award program.
5. The auditors' report on the major federal awards program for Upper Cumberland Development District expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were:
 - U.S. Department of Commerce
 - Economic Development Cluster – Assistance Listing No. 11.307
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Upper Cumberland Development District was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Current Year Findings

None

Prior Year Findings

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Current Year Findings

None

Prior Year Findings

None

