

**UPPER CUMBERLAND DEVELOPMENT  
DISTRICT**

**Cookeville, Tennessee**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**Year Ended June 30, 2021**

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

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Upper Cumberland Development District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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	Chattanooga, Tennessee	iii		423 267 5945 f

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Cumberland Development District, as of June 30, 2021, 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.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information on pages 26 through 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying schedule of state of Tennessee contracts and related notes thereto are presented for purposes of additional analysis and is also not a required part of the District's basic financial statements.

The other supplementary information on pages 26 through 29 and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The roster of management and board members has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the roster of management and board members.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, 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, Wickey & Meucham, P.C.*

December 15, 2021  
Chattanooga, Tennessee

**Upper Cumberland Development District  
Management's Discussion and Analysis  
Year Ended June 30, 2021**

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, 2021. 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 \$5,153,167 during the fiscal year from a beginning balance of \$6,430,878 to \$11,584,045 at fiscal year-end.

	<b>Total Primary Government</b>	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$13,033,804	\$7,805,489
Capital assets	<u>46,903</u>	<u>73,805</u>
Total assets	<u>13,080,707</u>	<u>7,879,294</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Current liabilities	1,469,360	1,203,459
Long-term liabilities	<u>-</u>	<u>14,708</u>
Total liabilities	<u>1,469,360</u>	<u>1,218,167</u>
Deferred inflows of resources	<u>27,302</u>	<u>230,249</u>



Net position		
Net investment in capital assets	32,195	45,354
Restricted for revolving and intermediate loan funds	8,366,567	5,193,895
Unrestricted	<u>3,185,283</u>	<u>1,191,629</u>
Total net position	<u>\$11,854,045</u>	<u>\$6,430,878</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).

	<b>Total Primary Government</b>	
	<u>2021</u>	<u>2020</u>
Program Revenues		
Charges for services	\$ 1,499,453	\$ 1,267,436
Operating grants and contributions	13,403,610	6,233,688
General revenues		
Other general revenues	<u>4,386</u>	<u>24,791</u>
Total revenues	14,907,449	7,525,915
Program expenses		
General government	<u>9,754,282</u>	<u>7,540,226</u>
Increase (decrease) in net position	<u>\$ 5,153,167</u>	<u>\$ (14,311)</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 \$11,905,931. Revenues exceeded expenditures by \$5,405,675. This was recorded to the fund balance as of June 30, 2021.

### ***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 \$11,905,931 an increase of \$5,405,675 from the previous year of \$6,500,256.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

Beginning balance was \$73,805, less current year depreciation of \$26,902, resulted in an ending balance of \$46,903. Additional information on the District's capital assets can be found in Note (4) on page 18 of this report.

### ***Debt Administration***

Compensated absences represent the cumulative and vesting for unpaid employee vacation. Additional information on the District's debt can be found in Note (5) on pages 20-22.

## **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.

On March 11, 2020 a global pandemic was declared in response to the rapid spread of the virus COVID-19. Economic conditions have been very mixed during this year as result of this public health emergency. The virus has continued to have a significant impact on local businesses and economic conditions, and has resulted in unemployment rates increasing especially during the beginning of the pandemic through last part of this year and are considerably higher than in 2019. The unemployment rate as of June 2020 was 9.2% versus 4.4% in June of 2019. These rates are significantly higher but were in line with state and national rates. Since that time unemployment has declined significantly. The latest data (November 2021) show a rate of 3.3% for the region. This is not the same as Tennessee and less than the national rate of 4.3%. Economic activity measured by state sales tax collections has shown significant increases for the past 12 months. For the period ending in October, 2021 the area's collection was 13.4% which is higher than the preceding 12-month period ending October, 2020. This most certainly related in large part to the large government stimulus programs.

The District was awarded \$5,566,000 in additional EDA revolving loan funds through the CARES Act to support the region's recovery from the COVID-19 crisis by providing low interest loans to businesses affected the pandemic. The District has loaned a significant portion of this allocation in the fiscal year ending June 30, 2021.

Data on sales tax collections indicate that the 2021 sales tax revenue will be somewhat higher than the 2020 level. Bank deposit growth also 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 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, 2021**

**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
Denny Wayne Robinson, White County	Secretary
Raney Porter, Putnam County	Treasurer
Brent Bush, Cannon County	Andy Duggin, Cannon County
Roger Turney, Cannon County	Fred Howell, Cannon County
Dale Reagan, Clay County	Tonya Spears, Clay County
Doug Young, Clay County	Allen Foster, Cumberland County
Emmett Sherrill, Cumberland County	James Mayberry, Cumberland County
Lisa Patrick, Cumberland County	Ethan Hadley, Cumberland County
Tim Stribling, Dekalb County	Josh Miller, Dekalb County
Bennett Armstrong, Dekalb County	Pam Redmon, Dekalb County
Dewayne Blair, Dekalb County	Suzanne Williams, Dekalb County
Jimmy Johnson, Fentress County	Harvey Stowers, Fentress County
Pat Clark, 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	Ben Danner, Overton County
Curtis Hayes, Overton County	Shannon Cantrell, Overton County
Carey Garner, Pickett County	Sam Gibson, Pickett County
Bruce Elder, Pickett County	John Martin, Putnam County
Lisa Chapman-Fowler, Putnam County	J. J. Reels, Putnam County
Ricky Shelton, Putnam County	Amy New, Putnam County
Sarah Marie Smith, Smith County	Hollis Mullinax, Smith County
John Potts, Smith County	Patrick Geho, Smith County
Greg Wilson, Van Buren County	Mickey Robinson, Van Buren County
Stacy Mills, Van Buren County	Jimmy Haley, 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
Jeff Young, White County	Ray Spivey, White County
Roger McCann, White County	Representative Cameron Sexton
Senator Paul Bailey	

**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<b>Total Governmental Activities</b>	<b>Component Units</b>
<b>ASSETS</b>		
Cash and cash equivalents		
Available	\$ 1,991,545	\$ 96,941
Restricted	154,953	1,310,307
Certificates of deposit		
Available	107,354	-
Restricted	120,194	-
Accounts receivable	54,105	167,551
Due from other governments	641,735	-
Grants receivable	1,844,493	-
Prepays and other assets	28,005	20,358
Loans receivable, net of allowance	8,091,420	1,813,377
Land and other nondepreciable assets	-	941,939
Other capital assets, net of accumulated depreciation	46,903	7,778,290
	<u>\$ 13,080,707</u>	<u>\$ 12,128,763</u>
Total assets		
<b>LIABILITIES</b>		
Line of credit	\$ -	\$ 120,194
Accounts payable and accrued expenditures	1,019,725	350,834
Due to other governments	80,846	-
Compensated absences	354,081	-
Long-term liabilities		
Due within one year	14,708	251,210
Due in more than one year	-	4,951,501
	<u>\$ 1,469,360</u>	<u>\$ 5,673,739</u>
Total liabilities		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unearned grantor revenue	\$ 27,302	\$ -
	<u>\$ 27,302</u>	<u>\$ -</u>
Total deferred inflows of resources		

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

	<b>Total Governmental Activities</b>	<b>Component Units</b>
	<u>                    </u>	<u>                    </u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 32,195	\$ 4,561,300
Restricted		
Restricted for revolving and intermediary loan funds	8,366,567	1,905,090
Contractually restricted deposits	-	64,390
Unrestricted	<u>3,185,283</u>	<u>(75,756)</u>
Total net position	<u>\$ 11,584,045</u>	<u>\$ 6,455,024</u>

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

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

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
<b>Primary Government</b>					
UCDD operations	\$ 9,754,282	\$ 1,499,453	\$ 13,403,610	\$ 5,148,781	\$ -
<b>Component Units</b>					
CAIC operations	132,160	97,578	-	-	(34,582)
CRDC operations	1,272,094	1,076,526	184,025	-	(11,543)
Total component units	\$ 1,404,254	\$ 1,174,104	\$ 184,025	-	(46,125)
<b>GENERAL REVENUES</b>					
Rent income				-	48,000
Other				1,178	9,130
Interest				2,949	554
Total general revenues				4,386	57,684
Change in net position				5,153,167	11,559
<b>NET POSITION</b>					
Beginning				6,430,878	6,443,465
Ending				\$ 11,584,045	\$ 6,455,024

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

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

**Total  
Governmental  
Funds**

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**ASSETS**

Cash and cash equivalents		
Available	\$	1,991,545
Restricted		154,953
Certificates of deposit		
Available		107,354
Restricted		120,194
Accounts receivable		54,105
Due from other governments		641,735
Grants receivable		1,844,493
Prepays and other assets		28,005
Loans receivable, net of allowance		<u>8,091,420</u>
 Total assets	 \$	 <u><u>13,033,804</u></u>

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

**Liabilities**

Accounts payable		\$ 748,574
Accrued expenditures		271,151
Due to other governments		<u>80,846</u>
 Total liabilities		 <u>1,100,571</u>

**Deferred inflows of resources**

Unearned grantor revenue		<u>27,302</u>
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**Fund balances**

Unassigned		3,539,364
Restricted for revolving loan funds		<u>8,366,567</u>
 Total fund balances		 <u>11,905,931</u>

Total liabilities, deferred inflows of resources, and fund balances	\$	<u><u>13,033,804</u></u>
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(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, 2021**

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

Fund balances – total governmental funds \$11,905,931

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. 46,903

Long-term liabilities, such as compensated absences, that are not due in the current period and, therefore, are not reported in the funds. (354,081)

Long-term liabilities, such as capital lease obligations, that are not due in the current period and, therefore, are not reported in the funds. (14,708)

\$11,584,045

(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, 2021**

	<u>Total Governmental Funds</u>
<b>REVENUES</b>	
Grantor contributions	\$ 13,403,610
Revenue from projects	904,157
Revenue from dues	202,044
Program income	177,907
Interest from revolving loans	215,345
In-kind revenue	259
Interest	2,949
Other revenue	1,178
	<u>14,907,449</u>
<b>EXPENDITURES</b>	
Salaries	919,209
Fringe benefits	818,359
Professional fees	235,604
Travel	86,276
Communications	60,639
Financial assistance	243,117
Contracted services	1,154,168
Supplies	132,539
Payments to subcontractors	3,401,923
Occupancy	218,204
Indirect costs - administrative	2,052,370
Miscellaneous	179,366
	<u>9,501,774</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	5,405,675
<b>FUND BALANCE</b>	
Beginning	<u>6,500,256</u>
Ending	<u><u>\$ 11,905,931</u></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, 2021**

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

Net change in fund balances – total governmental funds \$ 5,405,675

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. (26,902)

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. 13,745

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. (239,351)

\$ 5,153,167

(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, 2021**

**ASSETS**

Cash and cash equivalents	\$ 1,379,408
Property and vehicles	<u>210,500</u>
Total assets	<u>\$ 1,589,908</u>

**LIABILITIES AND NET POSITION**

Liabilities	\$ -
Net position held in trust	<u>1,589,908</u>
Total liabilities and net position	<u>\$ 1,589,908</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, 2021**

**ADDITIONS**

Retirement benefits	\$ 891,630
Dividends and interest	1,134
Transfers	<u>574,166</u>
 Total additions	 <u>1,466,930</u>

**DEDUCTIONS**

Client expenses	1,038,850
Professional and legal	214,843
Conservator fees	119,760
Taxes	3,339
Transfers	81,414
Estates	<u>48,266</u>
 Total deductions	 <u>1,506,472</u>

**DECREASE IN NET POSITION**

(39,542)

**NET POSITION**

Beginning	<u>1,629,450</u>
 Ending	 <u>\$ 1,589,908</u>

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

**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**JUNE 30, 2021**

	<b>Cumberland Area Investment Corporation</b>	<b>Cumberland Regional Development Corporation</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents			
Available	\$ 27,725	\$ 69,216	\$ 96,941
Restricted	1,222,163	88,144	1,310,307
Accounts receivable	-	167,551	167,551
Prepaid expenses	-	20,358	20,358
Loans receivable, net of allowance	1,813,377	-	1,813,377
Land and other nondepreciable assets	-	941,939	941,939
Capital assets, net of accumulated depreciation	<u>424,666</u>	<u>7,353,624</u>	<u>7,778,290</u>
 Total assets	 <u>\$ 3,487,931</u>	 <u>\$ 8,640,832</u>	 <u>\$ 12,128,763</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Line of credit	\$ -	\$ 120,194	\$ 120,194
Accounts payable and accrued expenditures	13,428	311,168	324,596
Security deposit liability	-	23,754	23,754
Prepaid revenue	-	2,484	2,484
Notes payable			
Due within one year	103,296	147,914	251,210
Due in more than one year	<u>1,017,680</u>	<u>3,933,821</u>	<u>4,951,501</u>
 Total liabilities	 <u>\$ 1,134,404</u>	 <u>\$ 4,539,335</u>	 <u>\$ 5,673,739</u>
<b>Net position</b>			
Net investment in capital assets	\$ 424,666	\$ 4,136,634	\$ 4,561,300
Restricted for			
Intermediary relending loan funds	1,905,090	-	1,905,090
Contractually restricted deposits	-	64,390	64,390
Unrestricted	<u>23,771</u>	<u>(99,527)</u>	<u>(75,756)</u>
 Total net position	 <u>\$ 2,353,527</u>	 <u>\$ 4,101,497</u>	 <u>\$ 6,455,024</u>

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

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
YEAR ENDED JUNE 30, 2021**

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
<b>Cumberland Area Investment Corporation</b>						
CAIC operations	\$ 132,160	\$ 97,578	\$ -	\$ (34,582)	\$ -	\$ (34,582)
<b>Cumberland Regional Development Corporation</b>						
CRDC operations	1,272,094	1,076,526	184,025	-	(11,543)	(11,543)
Total component units	<u>\$ 1,404,254</u>	<u>\$ 1,174,104</u>	<u>\$ 184,025</u>	<u>(34,582)</u>	<u>(11,543)</u>	<u>(46,125)</u>
<b>GENERAL REVENUES</b>						
Rent income				48,000	-	48,000
Transfers from other governments				-	-	-
Interest				554	-	554
Other				5,408	3,722	9,130
Total general revenues				<u>53,962</u>	<u>3,722</u>	<u>57,684</u>
Change in net position				<u>19,380</u>	<u>(7,821)</u>	<u>11,559</u>
<b>NET POSITION</b>						
Beginning				<u>2,334,147</u>	<u>4,109,318</u>	<u>6,443,465</u>
Ending				<u>\$ 2,353,527</u>	<u>\$ 4,101,497</u>	<u>\$ 6,455,024</u>

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

**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(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:

The 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 residential and 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.

The 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. CRDC also administers the Community Development Block Grant and NSP programs to acquire and rehabilitate foreclosed properties in the Upper Cumberland area. 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, 2021**

**(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 which is 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, 2021**

**(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, 2021**

**(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 – 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, 2021**

**(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.

**Capital leases payable**

Capital leases payable reported in governmental funds are expected to be liquidated with expendable, available resources.

**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.

**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.

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

As of June 30, 2021, the District did not have any deferred outflows of resources and had \$27,302 of deferred inflows of resources from unearned grantor revenue.

**(2) CASH AND INVESTMENTS**

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

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**(2) CASH AND INVESTMENTS (continued)**

At June 30, 2021, the District's cash and investments consist of the following:

	<b>Weighted Average Maturity (Years)</b>	<b>Fair Value</b>
Checking accounts	0.00	\$ 2,146,498
Certificates of deposit	1.45	227,548
	0.12	\$ 2,374,046

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.

**(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, 2021, consisted of the following:

**Governmental activities**

Economic Development Administration loans	\$ 8,244,685
Less allowance for loan losses	153,265
	\$ 8,091,420

**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(3) LOANS RECEIVABLE (continued)**

**Component units**

Farmers Home Administration loans	\$ 1,836,509
Rural Business Enterprise loans	71,726
Farm loans	<u>146,347</u>

2,054,582

Less: allowance for loan losses	<u>241,205</u>
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\$ 1,813,377

**(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>
<b>Depreciable capital assets</b>				
Vehicles	\$ 318,202	\$ -	\$ -	\$ 318,202
Equipment, furniture and fixtures	<u>179,832</u>	<u>-</u>	<u>-</u>	<u>179,832</u>
	<u>\$ 498,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,034</u>
<b>Less accumulated depreciation</b>				
Vehicles	\$ 256,172	\$ 22,783	\$ -	\$ 278,955
Equipment, furniture and fixtures	<u>168,057</u>	<u>4,119</u>	<u>-</u>	<u>172,176</u>
	<u>424,229</u>	<u>26,902</u>	<u>-</u>	<u>451,131</u>
Depreciable capital assets, net	<u>\$ 73,805</u>	<u>\$ (26,902)</u>	<u>\$ -</u>	<u>\$ 46,903</u>

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

General government	<u><u>\$ 26,902</u></u>
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**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(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>
<b>Non-depreciable capital assets</b>				
Land	\$ 780,766	\$ 40,000	\$ -	\$ 820,766
Construction in process	11,190	109,983	-	121,173
	<u>791,956</u>	<u>149,983</u>	<u>-</u>	<u>941,939</u>
<b>Depreciable capital assets</b>				
Building and improvements	\$ 9,553,793	\$ 50,586	\$ -	\$ 9,604,379
Vehicles	17,675	-	-	17,675
Equipment, furniture and fixtures	280,585	-	-	280,585
	<u>9,852,053</u>	<u>50,586</u>	<u>-</u>	<u>9,902,639</u>
<b>Less accumulated depreciation</b>				
Building and improvements	1,758,507	250,125	-	2,008,632
Vehicles	17,675	-	-	17,675
Equipment, furniture and fixtures	62,180	35,862	-	98,042
	<u>1,838,362</u>	<u>285,987</u>	<u>-</u>	<u>2,124,349</u>
Depreciable capital assets, net	<u>\$ 8,013,691</u>	<u>\$ (235,401)</u>	<u>\$ -</u>	<u>\$ 7,778,290</u>
Depreciation expense for the component units totaled				<u>\$ 285,987</u>

On June 1, 2021, 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, 2022. The lease requires monthly installments of \$16,300.

**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(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 capital lease obligations.

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

	<b>Beginning Balance</b>	<b>Adjustments and Additions</b>	<b>Adjustments and Retirements</b>	<b>Ending Balance</b>
Capital lease obligations	\$ 28,453	\$ -	\$ (13,745)	\$ 14,708

Presentation of long-term debt of governmental activities in the government-wide statement of net position is as follows:

Due within one year	\$ 14,708
Due in more than one year	-
	\$ 14,708

**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	\$ 153,678
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	521,487
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	445,811
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.	2,483,530



**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(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.	\$ 974,638
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	166,867
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	420,510
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>86,581</u>
	5,253,102
Less unamortized deferred financing costs	<u>50,391</u>
	<u>\$ 5,202,711</u>

Future maturities are as follows:

	<b>Gross Payment</b>	<b>Interest</b>	<b>Principal</b>
For the year ending:			
June 30, 2022	\$ 361,882	\$ 110,671	\$ 251,211
June 30, 2023	339,808	106,382	233,426
June 30, 2024	339,807	102,332	237,475
June 30, 2025	327,318	97,698	229,620
June 30, 2026	297,358	93,312	204,046
2027-2031	1,482,894	401,582	1,081,312
2032-2036	1,468,826	283,223	1,185,603
2037-2041	1,228,776	159,165	1,069,611
2042-2045	<u>802,149</u>	<u>41,351</u>	<u>760,798</u>
	<u>\$ 6,648,818</u>	<u>\$ 1,395,716</u>	<u>\$ 5,253,102</u>

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

	<b>Beginning</b>	<b>Adjustments and additions</b>	<b>Adjustments and retirements</b>	<b>Ending</b>
Notes payable	<u>\$ 5,542,752</u>	<u>\$ -</u>	<u>\$ (289,650)</u>	<u>\$ 5,253,102</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**(5) LONG-TERM DEBT (continued)**

**Component units (continued)**

Notes payable, net of deferred financing costs

Due within one year	\$ 251,210
Due within more than one year	<u>4,951,501</u>
	<u>\$ 5,202,711</u>

Deferred financing costs as of June 30, 2021, are as follows:

Deferred financing costs	\$ 52,857
Less accumulated amortization	<u>2,466</u>
Deferred financing costs, net	<u>\$ 50,391</u>

Amortization included in interest expense for the year ended June 30, 2021, was \$2,114. Estimated amortization expense for the next five fiscal years are as follows:

Year ending June 30, 2022	\$ 2,114
2023	2,114
2024	2,114
2025	2,114
2026	2,114
Thereafter	<u>39,821</u>
	<u>\$ 50,391</u>

**(6) LINE OF CREDIT**

**Component units**

Line of credit consists of the following:

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 June 2022. The line is secured by UCDD CD's. As of June 30, 2021, there was an outstanding balance of \$120,194 on this line.

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

	<u>Beginning</u>	<u>Adjustments and additions</u>	<u>Adjustments and retirements</u>	<u>Ending</u>
Line of credit	\$ 63,000	\$ 77,194	\$ (20,000)	\$ 120,194

**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(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, 2020, District contributions were \$316,587. 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.

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, 2021. No provision has been made in the financial statements for the year ended June 30, 2021, 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.

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**(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 \$354,081, 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.

	<b>Beginning Balance</b>	<b>Adjustments and Additions</b>	<b>Adjustments and Retirements</b>	<b>Ending Balance</b>
Compensated absences	\$ 114,730	\$ 239,351	\$ -	\$ 354,081

**(11) 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 \$1,511,732 for the Agency as of June 30, 2021.

**(12) RISKS AND UNCERTAINTIES**

During March 2020, a global pandemic was declared related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions across the nation as federal, state and local governments react to the public health crisis, creating significant uncertainties in the economy. This situation is rapidly changing, and additional impacts may arise. While the disruption is currently expected to be temporary, there is uncertainty around its duration. The ultimate future impact, if any, of the pandemic on results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

**(13) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 15, 2021, the date which these financial statements were available for issue.

**OTHER SUPPLEMENTARY INFORMATION**

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
SCHEDULE OF ADMINISTRATIVE COSTS  
YEAR ENDED JUNE 30, 2021**

**ADMINISTRATIVE COSTS**

Salaries	\$ 1,234,779
Contracted services	868
Fringe benefits	356,091
Professional fees	103,960
Travel	11,776
Communications	64,493
Supplies	92,631
Occupancy	187,319
Miscellaneous	<u>453</u>

Total administrative costs \$ 2,052,370

**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**SCHEDULE OF GENERAL LONG-TERM DEBT REQUIREMENTS**  
**JUNE 30, 2021**

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
2022	\$ 8,231	\$ 7,039	\$ 22,930	\$ 4,100	\$ 4,721	\$ 844	\$ 85,459	\$ 46,732	\$ 26,573	\$ 36,637
2023	8,287	6,983	23,160	3,870	4,769	797	84,965	47,226	25,884	37,326
2024	8,650	6,620	23,393	3,637	4,816	749	86,557	45,634	26,835	36,375
2025	9,066	6,204	23,579	3,402	4,865	700	88,430	43,761	28,025	35,185
2026	9,484	5,786	23,865	3,165	4,914	652	90,217	41,974	29,162	34,048
2027	9,920	5,350	24,105	2,925	4,963	602	92,039	40,152	30,346	32,864
2028	10,364	4,906	24,347	2,683	5,013	552	93,793	38,397	31,491	31,719
2029	10,854	4,416	24,592	2,438	5,063	502	95,793	36,398	32,857	30,353
2030	11,354	3,916	24,839	2,191	5,114	451	97,511	34,463	34,109	29,019
2031	11,876	3,394	25,088	1,942	5,166	400	97,071	32,517	34,569	27,652
2032	12,415	2,855	25,340	1,690	5,217	348	98,949	30,639	35,900	26,321
2033	12,994	2,276	25,595	1,435	5,270	295	101,031	28,557	37,430	24,791
2034	13,592	1,678	25,852	1,178	5,323	243	103,072	26,516	38,949	23,272
2035	14,218	1,052	26,112	918	5,376	189	105,154	24,434	40,531	21,690
2036	14,872	398	26,374	656	5,430	135	107,217	22,371	42,121	20,100
2037	690	582	26,639	391	10,561	25	109,444	20,144	43,887	18,334
2038	-	-	24,700	112	-	-	111,655	17,933	45,668	16,553
2039	-	-	-	-	-	-	113,910	15,678	47,522	14,699
2040	-	-	-	-	-	-	116,176	13,412	49,417	12,804
2041	-	-	-	-	-	-	118,558	11,030	51,458	10,763
2042	-	-	-	-	-	-	120,953	8,635	53,547	8,674
2043	-	-	-	-	-	-	123,396	6,192	55,721	6,500
2044	-	-	-	-	-	-	125,880	3,708	57,973	4,248
2045	-	-	-	-	-	-	116,300	1,144	74,663	1,816
	<u>\$ 166,867</u>	<u>\$ 63,455</u>	<u>\$ 420,510</u>	<u>\$ 36,733</u>	<u>\$ 86,581</u>	<u>\$ 7,484</u>	<u>\$ 2,483,530</u>	<u>\$ 637,647</u>	<u>\$ 974,638</u>	<u>\$ 541,743</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**SCHEDULE OF GENERAL LONG-TERM DEBT REQUIREMENTS**  
**JUNE 30, 2021**

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		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 40,912	\$ 1,538	\$ 26,625	\$ 5,213	\$ 35,760	\$ 8,568	\$ 103,297	\$ 15,319	
2023	41,321	1,129	26,891	4,947	18,149	4,104	86,361	10,180	
2024	41,734	716	27,160	4,678	18,330	3,923	87,224	9,317	
2025	29,711	299	27,431	4,407	18,513	3,740	75,655	8,446	
2026	-	-	27,706	4,132	18,698	3,555	46,404	7,687	
2027	-	-	27,983	3,855	18,885	3,368	46,868	7,223	
2028	-	-	28,263	3,575	19,074	3,179	47,337	6,754	
2029	-	-	28,545	3,293	19,265	2,988	47,810	6,281	
2030	-	-	28,831	3,007	19,458	2,795	48,289	5,802	
2031	-	-	29,119	2,719	19,652	2,601	48,771	5,320	
2032	-	-	29,410	2,428	19,849	2,404	49,259	4,832	
2033	-	-	29,704	2,134	20,047	2,206	49,751	4,340	
2034	-	-	30,001	1,837	20,248	2,005	50,249	3,842	
2035	-	-	30,301	1,537	20,450	1,803	50,751	3,340	
2036	-	-	30,604	1,234	20,655	1,598	51,259	2,832	
2037	-	-	30,910	928	20,861	1,392	51,771	2,320	
2038	-	-	31,219	619	21,070	1,183	52,289	1,802	
2039	-	-	30,784	306	21,281	972	52,065	1,278	
2040	-	-	-	-	21,493	760	21,493	760	
2041	-	-	-	-	21,708	545	21,708	545	
2042	-	-	-	-	21,925	328	21,925	328	
2043	-	-	-	-	10,440	106	10,440	106	
	<u>\$ 153,678</u>	<u>\$ 3,682</u>	<u>\$ 521,487</u>	<u>\$ 50,849</u>	<u>\$ 445,811</u>	<u>\$ 54,123</u>	<u>\$ 1,120,976</u>	<u>\$ 108,654</u>	



**UPPER CUMBERLAND DEVELOPMENT DISTRICT**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**YEAR ENDED JUNE 30, 2021**

<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, 2020</u>	<u>Issued During Period</u>	<u>Paid During Period</u>	<u>Outstanding June 30, 2021</u>
<b><u>Primary Government</u></b>								
<b>Governmental Activities</b>								
<b><u>Capital Lease</u></b>								
Ford Motor Credit	42,717	6.80%	November 12, 2019	May 2022	28,453	-	13,745	14,708
	<u>\$ 42,717</u>				<u>\$ 28,453</u>	<u>\$ -</u>	<u>\$ 13,745</u>	<u>\$ 14,708</u>
<b><u>Discretely Presented Component Units</u></b>								
<b>Busines-Type Activites</b>								
<b>Cumberland Area Investment Corporation</b>								
<b><u>Notes Payable</u></b>								
Farmers Home Intermediary Relending Program Loan #1	\$ 2,000,000	1.00%	March 15, 1991	March 2021	\$ 83,595	\$ -	\$ 83,595	\$ -
Farmers Home Intermediary Relending Program Loan #3	992,500	1.00%	March 29, 1995	March 2025	194,387	-	40,709	153,678
Farmers Home Intermediary Relending Program Loan #4	750,000	1.00%	September 5, 2008	September 2038	547,700	-	26,213	521,487
Farmers Home Intermediary Relending Program Loan #5	466,406	1.00%	June 27, 2016	June 2043	445,811	-	-	445,811
<b>Cumberland Regional Development Corporation</b>								
<b><u>Notes Payable</u></b>								
Progressive Savings Bank	200,000	4.50%	April 17, 2017	July 2036	174,951	-	8,084	166,867
U.S.D.A. Loan # 1	627,284	1.00%	December 1, 2011	May 2038	443,212	-	22,702	420,510
U.S.D.A. Loan # 2	129,154	1.00%	December 1, 2011	May 2038	91,255	-	4,674	86,581
Wilson Bank & Trust Loan #1	2,570,400	2.00%	May 14, 2020	May 2045	2,563,729	-	80,199	2,483,530
Wilson Bank & Trust Loan #2	1,000,000	3.98%	May 14, 2020	May 2045	998,112	-	23,474	974,638
	<u>\$ 8,735,744</u>				<u>\$ 5,542,752</u>	<u>\$ -</u>	<u>\$ 289,650</u>	<u>\$ 5,253,102</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-Through Grantor</u>	<u>CFDA 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>
<b>Federal Awards</b>								
U.S. Department of Commerce								
Economic Development Cluster								
COVID-19 - RLF Economic Adjustment Assistance	11.307		\$ -	\$ -	\$ 5,132,901	\$ 61,166	\$ 4,962,750	\$ -
Total Economic Development Cluster			-	-	5,132,901	61,166	4,962,750	-
COVID-19 - Economic Development for Support for Planning Organizations	11.302		-	69,782	121,599	51,817	-	-
Economic Development Support for Planning Organizations	11.302		-	52,500	70,000	17,500	-	-
Total U.S. Dept. of Commerce			-	122,282	5,324,500	130,483	4,962,750	-
U.S. Department of Housing and Urban Development								
Community Development Block Grant	14.228		-	20,463	20,463	-	17,463	-
Total U.S. Dept. of Housing and Urban Development			-	20,463	20,463	-	17,463	-
U.S. Department of Agriculture								
SNAP Cluster								
Supplemental Nutrition Assistance Program	10.561		13,130	49,898	46,409	9,641	-	-
Total SNAP Cluster			13,130	49,898	46,409	9,641	-	-
Total U.S. Department of Agriculture			13,130	49,898	46,409	9,641	-	-
U.S. Department of the Interior								
Historic Preservation Fund Grants-In-Aid	15.904		19,141	29,960	23,956	13,137	-	-
Total U.S. Dept. of the Interior			19,141	29,960	23,956	13,137	-	-

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-Through Grantor</u>	<u>CFDA 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>
<b>Federal Awards (continued)</b>								
U.S. Department of Transportation								
Rural Planning Organization Program								
Highway Planning & Construction Cluster								
Appalachian Development Highway System	23.003		31,041	282,164	282,164	31,041	158,000	-
Highway Planning & Construction	20.205		<u>69,275</u>	<u>110,693</u>	<u>131,870</u>	<u>90,452</u>	-	-
Total Highway Planning & Construction Cluster			<u>100,316</u>	<u>392,857</u>	<u>414,034</u>	<u>121,493</u>	<u>158,000</u>	-
Total U.S. Dept. of Transportation			<u>100,316</u>	<u>392,857</u>	<u>414,034</u>	<u>121,493</u>	<u>158,000</u>	-
Environmental Protection Agency								
Water Quality Management Planning	66.454		<u>12,225</u>	<u>74,055</u>	<u>61,830</u>	-	<u>55,232</u>	-
Total Environmental Protection Agency			<u>12,225</u>	<u>74,055</u>	<u>61,830</u>	-	<u>55,232</u>	-
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		61,391	447,360	495,436	109,467	389,639	-
COVID-19 - Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		-	258,600	332,636	74,036	-	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		172,227	1,263,816	1,341,382	249,793	1,150,478	-
COVID-19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		12,337	550,501	657,072	118,908	265,516	-
Nutrition Services Incentive Program	93.053		<u>18,050</u>	<u>114,720</u>	<u>116,000</u>	<u>19,330</u>	<u>116,000</u>	-
Total Aging Cluster			264,005	2,634,997	2,942,526	571,534	1,921,633	-

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-Through Grantor</u>	<u>CFDA 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>
<b>Federal Awards (continued)</b>								
U.S. Department of Health and Human Services (continued)								
Medicaid Cluster								
Medical Assistance Program	93.778		134,205	455,603	427,072	105,674	5,000	-
Total Medicaid Cluster			134,205	455,603	427,072	105,674	5,000	-
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		830	5,000	5,000	830	5,000	-
Special Programs for the Aging, Title VII, Chapter 2, Long-Term Care Ombudsman Services for Older Individuals	93.042		4,220	25,300	25,300	4,220	25,300	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		27,474	51,406	51,915	27,983	17,103	-
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		39,403	309,905	313,642	43,140	135,658	-
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		-	3,917	14,371	10,454	-	-
National Family Caregiver Support, Title III, Part E	93.052		48,165	311,095	343,080	80,150	218,223	-
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052		-	96,132	219,180	123,048	-	-
Alzheimer's Disease Program Initiative	93.470		-	33,845	6,921	(26,924)	-	-
Medicare Enrollment Assistance Program	93.071		25,230	78,588	66,160	12,802	-	-
State Health Insurance Assistance Program	93.324		10,303	80,066	91,339	21,576	-	-
Total U.S. Department of Health and Human Services			553,835	4,085,854	4,506,506	974,487	2,327,917	-
U.S. Department of Justice								
Crime Victim Assistance	16.575		32,371	149,035	149,689	33,025	-	-
Total U.S. Department of Justice			32,371	149,035	149,689	33,025	-	-

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-Through Grantor</u>	<u>CFDA 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>
<b>Federal Awards (continued)</b>								
Small Business Administration								
Passed through Tennessee Technological University								
Small Business Development Centers	59.037		7,703	122,337	128,198	13,564	-	-
COVID-19 - Small Business Development Centers	59.037		<u>(51,842)</u>	<u>84,682</u>	<u>192,574</u>	<u>56,050</u>	<u>-</u>	<u>-</u>
Total Small Business Administration			<u>(44,139)</u>	<u>207,019</u>	<u>320,772</u>	<u>69,614</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 686,879</u>	<u>\$ 5,131,423</u>	<u>\$ 10,868,159</u>	<u>\$ 1,351,880</u>	<u>\$ 7,521,362</u>	<u>\$ -</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-Through Grantor</u>	<u>CFDA 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>
<b>State Awards</b>								
Tennessee Arts Commission			\$ 5,603	\$ 5,603	\$ 18,650	\$ 18,650	\$ 18,650	\$ -
Tennessee Commission on Aging and Disability								
State Caregiver			-	32,800	32,800	-	32,800	-
Public Guardian			80,618	256,188	249,800	74,230	-	-
Homemaker			-	24,600	24,600	-	24,600	-
Senior Centers			18,892	116,094	129,000	31,798	129,000	-
Nutrition			-	46,300	46,300	-	46,300	-
Options			164,483	708,478	685,000	141,005	-	-
Total Tennessee Commission on Aging and Disability			<u>263,993</u>	<u>1,184,460</u>	<u>1,167,500</u>	<u>247,033</u>	<u>232,700</u>	<u>-</u>
TennCare								
Waiver Administration			134,205	134,205	-	-	-	-
Waiver Administration			-	321,397	427,072	105,675	5,000	-
Total TennCare			<u>134,205</u>	<u>455,602</u>	<u>427,072</u>	<u>105,675</u>	<u>5,000</u>	<u>-</u>
Tennessee Department of Environment and Conservation								
Solid Waste Management			28,400	28,400	-	-	-	-
Total Tennessee Department of Environment and Conservation			<u>28,400</u>	<u>28,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tennessee Advisory Commission on Intergovernmental Relations (TACIR)								
Infrastructure Grant			11,027	11,027	-	-	-	-
Infrastructure Grant			-	-	59,629	59,629	-	-
Total TACIR			<u>11,027</u>	<u>11,027</u>	<u>59,629</u>	<u>59,629</u>	<u>-</u>	<u>-</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2021**

<u>Grantor/Pass-Through Grantor</u>	<u>CFDA 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>
<b>State Awards (continued)</b>								
Tennessee Department of Economic and Community Development Matching Funds Grant			-	230,000	230,000	-	-	-
Tennessee Department of Children's Services Relative Caregiver Program			42,007	42,007	-	-	-	-
Relative Caregiver Program			-	203,011	245,306	42,295	-	-
Total Tennessee Department of Children's Services			42,007	245,018	245,306	42,295	-	-
Tennessee Developmental Housing Agency Emergency Home Repair			56,219	397,226	377,772	36,765	224,000	-
Affordable Housing Program			15,478	15,478	9,522	9,522	-	-
Total Tennessee Developmental Housing Agency			71,697	412,704	387,294	46,287	224,000	-
<b>Total Expenditures of State Awards</b>			556,932	2,572,814	2,535,451	519,569	480,350	-
<b>Total Expenditures of Federal and State Awards</b>			<u>\$ 1,243,811</u>	<u>\$ 7,704,237</u>	<u>\$ 13,403,610</u>	<u>\$ 1,871,449</u>	<u>\$ 8,001,712</u>	<u>\$ -</u>

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL  
AND STATE AWARDS  
JUNE 30, 2021**

**(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.





**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  
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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Cumberland Development District as of and for the year ended June 30, 2021, 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 15, 2021.

**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 may exist that have not been identified.

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Chattanooga, Tennessee	37		423 267 5945 f

## 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Johnson, Wickey & Meuckers, P.C.*

December 15, 2021  
Chattanooga, Tennessee



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

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

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

We have audited Upper Cumberland Development District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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## Opinion on Each Major Federal Program

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, 2021.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*Johnson, Nickey & Meacham, P.C.*

December 15, 2021  
Chattanooga, Tennessee

**UPPER CUMBERLAND DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**A. SUMMARY OF AUDIT 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 Health and Human Services  
    Aging Cluster – CFDA 93.044, 93.045, 93.053.
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

