

EAST TENNESSEE DEVELOPMENT DISTRICT
Financial Statements and Supplementary Information
Year Ended June 30, 2023

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Financial Statements and Supplementary Information
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EAST TENNESSEE DEVELOPMENT DISTRICT
Schedule of Directors and Officials
Year Ended June 30, 2023

Board of Directors

Officers

Chairman: Joe Brooks, Claiborne County Mayor
Vice-Chairman: Ron Williams, Mayor of Farragut
Secretary: Brian Langley, Morgan County Executive
Treasurer: Glenn Jacobs, Knox County Mayor

Executive Committee Members

Terry Frank, Anderson County Mayor
Ed Mitchell, Blount County Mayor
Jack Lynch, Campbell County Mayor
Joe Brooks, Claiborne County Mayor
Rob Mathis, Cocke County Mayor
Mike Byrd, Grainger County Mayor
Bill Brittain, Hamblen County Mayor
Mark Potts, Jefferson County Mayor
Glenn Jacobs, Knox County Mayor
Rollen "Buddy" Bradshaw, Loudon County Mayor
Mitch Ingram, Monroe County Mayor
Brian Langley, Morgan County Executive
Wade Creswell, Roane County Executive
Jason Bailey, Union County Mayor
Jerried Jeffers Scott County Mayor
Larry Waters, Sevier County Mayor

Tennessee General Assembly

Senator Richard Briggs
Representative Jeremy Faison

Minority Members-at-Large

Terrence Carter
Claudia Caballero

EAST TENNESSEE DEVELOPMENT DISTRICT
Schedule of Directors and Officials (Continued)

Other Members of the Board of Directors

Anderson County

Mr. Andy Wallace
Mayor Scott Burton
Mayor Kerry Templin
Mayor Chris Mitchell
Mayor Warren Gooch

Blount County

Mr. Bryan Daniels
Mayor Tanya Martin
Mayor Andy White
Mayor Steven Cardwell
Mayor Jill Pugh
Mayor Carl Koella
Mayor Don Prater

Campbell County

Mayor Bobby Stooksbury
Mayor Shayne Green
Mayor Sandy Terry
Mayor Cliff Jennings
Mr. Randy Brown

Claiborne County

Mayor Neal Pucciarelli
Mayor Troy Poore
Mayor Jerry Beeler
Mayor Bill Fannon

Cocke County

Mayor Roland "Trey" Dykes
Mayor Gayla Ann Hommel
Mr. George Barton

Morgan County

Mayor Buddy Miller
Mayor Phil Vespie
Mayor Karen Melton
Ms. Sharon Heidel

Grainger County

Mr. David Lietzke
Mayor Marvin Braden
Mayor Fred Sykes
Mayor Ben Waller

Hamblen County

Mr. Marshall Ramsey
Mayor Gary Chesney

Jefferson County

Mayor George A. Gantte
Mayor Donna Hernandez
Mayor Mitch Cain
Mayor Danny Whillock
Ms. Leann Sutton
Mayor Fred Taylor

Knox County

Ms. Jane Jolley
Mayor Ron Williams
Mayor Indya Kincannon

Loudon County

Mayor Dewayne Birchfield
Mayor Tony Aikens
Mayor Jeff Harris
Mayor Damian Crawford
Mr. Jack Qualls

Monroe County

Mr. Stacy Chambers
Mayor Doyle Lowe
Mayor Augusta Davis
Mayor Marilyn Parker
Mayor John Hammontree

Roane County

Mayor Wayne Best
Mayor Jason Stiltner
Mayor Jason Jolly
Mayor Tim Neal
Mr. Justin Snow

EAST TENNESSEE DEVELOPMENT DISTRICT
Schedule of Directors and Officials (Continued)

Other Members of the Board of Directors (Continued)

Scott County

Mr. Anthony Newport
Mayor Jack E. Lay
Mayor Dennis Jeffers
Mr. Jerry Dodson

Union County

Mayor Jerry Lawson
Mayor Ty Blakely
Mayor Gary Chandler
Mr. Randy Turner

Sevier County

Mayor Mike Werner
Mayor David Wear
Ms. Earlene Teaster
Mayor Jerry Huskey
Mayor Robert Fox



Independent Auditors' Report

To the Board of Directors
East Tennessee Development District

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Tennessee Development District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 7 - 14 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The Schedule of Directors and Officials is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are the responsibility of management and was derived from and relates directly to the underlying accounting and

other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

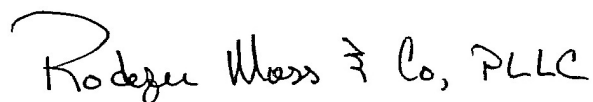
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Knoxville, Tennessee
November 28, 2023

EAST TENNESSEE DEVELOPMENT DISTRICT
Management's Discussion & Analysis
June 30, 2023

Within this section of the East Tennessee Development District's (the "District") financial report, management provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceed its liabilities by \$5,009,272 ("net position") for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$4,816,366.
- Net position consists of the following:
 - 1) Capital assets, net of accumulated depreciation, of \$1,043,456.
 - 2) Net position amounting to \$1,324,255, \$773,884 and \$205,907 is restricted for use in the Economic Development Agency Revolving Loan Fund Program ("EDA RLF"), the Economic Development Agency Revolving Loan Fund Program for Covid ("RLF Covid"), and the State of Tennessee Department of Agriculture Revolving Loan Fund Program ("RLF Agriculture"), respectively.
 - 3) Unrestricted net position of \$2,408,034 represent the portion available to maintain the District's continuing obligations to local governments, grantors, and creditors.
- The District's governmental funds reported a total ending fund balance of \$4,712,080 for the year ended June 30, 2023. This compares to the prior year fund balance of \$4,776,375. Of these amounts, \$2,304,046 and \$2,271,266 were reserved for the EDA RLF Program, RLF Covid Program, and the RLF Agriculture Program for the years ended June 30, 2023 and June 30, 2022, respectively.
- Total liabilities of the District's governmental funds at year end decreased from \$779,300 to \$391,494. Of the total liabilities, \$268,950 consists of an inner-district liability of the Grants Management Fund payable to the General Fund for the fiscal year ended June 30, 2023.

Overview of Financial Statements

Management's Discussion and Analysis introduce 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 District's annual report includes two government-wide financial statements. These statements both provide long-term and short-term information about the District's status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide financial statements is the Statement of Net Position. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors in addition to the financial information provided in this report.

EAST TENNESSEE DEVELOPMENT DISTRICT
Management's Discussion & Analysis (Continued)

Overview of Financial Statements (Continued)

The second government-wide statement is the Statement of Activities which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or disbursed. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's local governments and grantors.

Both government-wide financial statements are designed to distinguish between governmental activities supported mostly by grants and assessments and business-type activities. However, all of the District's activities fall within the governmental activities category.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's funds rather than the District as a whole. The district utilizes one type of fund: governmental funds.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information including the *Schedule of Expenditures of Federal Awards*, *Schedule of Expenditure of State Awards*, and the *Schedule of Directors and Officials*.

Financial Analysis of the District as a Whole

The District implemented the new financial reporting model used in this report beginning with fiscal year ended June 30, 2002. 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.

EAST TENNESSEE DEVELOPMENT DISTRICT
Management's Discussion & Analysis (Continued)

Financial Analysis of the District as a Whole (Continued)

The District's net position increased \$192,906 during the fiscal year from a beginning balance of \$4,816,366 to \$5,009,272 at fiscal yearend.

At this time, both state and federal grant programs appear to be stable. The rural transportation program will continue to be funded with a 10% match from the District. Grant administration services to participating cities and counties within our region remain stable as well with multiple new projects that have been approved for funding in addition to the projects we were providing administrative services for as of June 30, 2023. The District continues cost control efforts as reflected in our financial statements.

Summary of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 3,218,022	\$ 3,574,096
Restricted assets	1,616,602	1,510,245
Capital assets	<u>1,043,456</u>	<u>39,991</u>
Total assets	<u>\$ 5,878,080</u>	<u>\$ 5,124,332</u>
Current liabilities	\$ 143,544	\$ 307,966
Long-term liabilities	<u>725,264</u>	<u>-</u>
Total liabilities	<u>\$ 868,808</u>	<u>\$ 307,966</u>
Net Position		
Investment in capital assets	\$ 297,192	\$ 39,991
Restricted for revolving loan fund	1,324,255	1,309,962
Restricted for Revolving Loan Fund - Covid	773,884	756,749
Restricted for Revolving Loan Fund - Agriculture	205,907	204,555
Unrestricted	<u>2,408,034</u>	<u>2,505,109</u>
Total net position	<u>\$ 5,009,272</u>	<u>\$ 4,816,366</u>

The Summary of Net Position table shows an increase in total net position in the current year over the previous year of \$192,906. A significant factor for this increase in net position can be attributed to the District's assumption of the ownership of the premises from which it operates.

EAST TENNESSEE DEVELOPMENT DISTRICT
Management's Discussion & Analysis (Continued)

Financial Analysis of the District as a Whole (Continued)

The comparative data provided below is a summary of changes in net position for the current and previous fiscal years:

	<u>2023</u>	<u>% of Total</u>	<u>2022</u>	<u>% of Total</u>
Revenues				
Programs revenues:				
Charges for services	\$ 1,110,100	42.4%	\$ 816,966	32.4%
Operating grants	1,460,412	55.7%	1,635,448	65.0%
General revenues:				
Interest earned	<u>50,345</u>	<u>1.9%</u>	<u>64,169</u>	<u>2.5%</u>
Total revenues	<u>\$ 2,620,857</u>	<u>100.0%</u>	<u>\$ 2,516,583</u>	<u>100.0%</u>
Expenses				
General government	\$ 1,358,838	56.0%	\$ 1,510,003	61.6%
Public services	<u>1,069,113</u>	<u>44.0%</u>	<u>941,409</u>	<u>38.4%</u>
Total expenses	<u>\$ 2,427,951</u>	<u>100.0%</u>	<u>\$ 2,451,412</u>	<u>100.0%</u>
Change in net position	\$ 192,906		\$ 65,171	
Net position at the beginning of the year	4,816,366		4,751,195	
Net position at the end of the year	<u>\$ 5,009,272</u>		<u>\$ 4,816,366</u>	

In review of the Summary of Changes in Net Position, there have been a few shifts from the previous year. The charges for services have increased \$293,134. There was a delay in the release of CBDG funding from the State in fiscal year 2022 that was partially realized in fiscal year 2023. The operating grant revenue decreased this year by \$175,036. This decrease is due to the net effect of decrease in revenue from the ERP and EDA Covid Response programs. Both program contracts were closed out at the end of the fiscal year. The ERP program will continue with a new contract, the Covid Response program has concluded.

Financial Analysis of the District's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of expendable resource focus. This information is useful in assessing resources available at year-end in comparison with upcoming financing requirements. Governmental funds reported ending fund balance of \$4,712,080. Of this year-end total \$2,408,034 is unassigned indicating availability for continuing District requirements. Restricted fund balances of \$2,304,046 are reserved for the EDA RLF Program \$1,324,255, RLF Covid Program \$773,844, and the RLF Agriculture Program \$205,907. Fund balances decreased this year by \$64,295. Total revenue this year increased \$104,274 over last year and total expenses increased \$265,077 over last year with the net effect of a decreased fund balance.

EAST TENNESSEE DEVELOPMENT DISTRICT
Management's Discussion & Analysis (Continued)

Proprietary Funds

The District has no proprietary funds.

Capital Asset and Debt Administration

Capital Assets

The District's capital assets, \$1,235,487, net of accumulated depreciation (\$192,031) amounted to \$1,043,456. There were \$1,047,061 in additions and \$0 in disposals during the fiscal year. Depreciation expense for the year amounted to \$43,596.

Long-term Debt and Bond Ratings

During the year ended June 30, 2023, the District assumed two USDA loans. The District paid principal amount of \$20,445 and \$18,129 in interest expense. At June 30, 2023 the balance of the debt is \$746,264. Development District legislation has no provision authorizing the issuance of bonds.

Economic Factors and Next Year's Budget

Tennessee saw extremely strong economic growth in 2021, as the economy reopened, the housing market showed incredible strength, and consumers spent heavily to satisfy pent-up demand. As a result, inflation-adjusted gross domestic product (real GDP), which measures the value of all goods and services produced in the state, rose by an astounding 9.2 percent in 2021. Strong economic growth continued into the first quarter of 2022 but then slowed in the second quarter as inflation eroded consumer spending and higher interest rates coupled with elevated home prices led to a reduction in real estate investment. Real GDP growth has largely slowed because of inflation. In nominal terms (current dollars), Tennessee GDP rose by 12.6 and 8.0 percent in the first and second quarters of 2022 respectively. However, this growth was largely driven by people spending more money to purchase goods and services, and not because they were actually purchasing more goods and services. After adjusting for inflation, real GDP grew by 3.7 percent in the first quarter of 2022 and then slowed but remained at a positive 0.3 percent in the second quarter.

Driven by high inflation rates, the Federal Reserve has aggressively increased interest rates in hopes of reducing demand and easing price pressures. However, higher interest rates have increased the cost of borrowing and put downward pressure on housing values. This has led to a reduction in investment spending at the national level and could potentially trigger an economic recession. As a result, the current national forecast is projecting a mild economic recession, with U.S. real GDP falling in the fourth quarter of 2022 and continuing to contract through the first half of 2023. By comparison, Tennessee's economic outlook is more promising. In Tennessee, real GDP growth is still expected to slow appreciably, but importantly, economic growth will remain positive. The state outlook calls for Tennessee real GDP growth of 2.4 percent in 2022 and then a deceleration to 0.7 percent growth in 2023. In contrast to the more pessimistic national outlook, economic growth in Tennessee will likely remain positive in the near term due to the state's strong rate of in-migration in recent years which has led to an uptick in economic activity.

In addition, the state budget remains healthy due to strong tax revenue collections coupled with direct state aid through the 2021 American Rescue Plan, which has put the state economy on stronger footing. Despite this slowdown in GDP growth, the Tennessee labor market continues to show strength. After contracting by 3.8 percent in 2020, Tennessee nonfarm employment grew by a robust 3.4 percent in 2021 and as of October 2022, state payrolls are nearly 108,000 above pre-pandemic levels (February 2020). For the 2022 year as a whole, nonfarm jobs will advance by an incredibly strong 3.9 percent. Employment growth will then slow to 1.0 percent in both 2023 and 2024, as some businesses that rapidly expanded during the pandemic slow or even reverse their rate of hiring, and higher interest rates increase the cost of borrowing and make it more difficult for existing firms to expand and new firms to raise capital. By comparison, the national forecast call for no employment growth in 2023 and a 0.3 percent labor

EAST TENNESSEE DEVELOPMENT DISTRICT
Management's Discussion & Analysis (Continued)

Economic Factors and Next Year's Budget (continued)

force contraction in 2024 as a mild recession leads to job losses for the nation as a whole. Over the long-term forecast horizon, real GDP will advance at a compound annual growth rate (CAGR) of 2.1 percent per year between 2022 and 2032. This is slightly slower than the pre-pandemic average growth rate of 2.4 percent per year. Similarly, long-term state employment growth averaged 2.0 percent per year prior to the pandemic, but will slow to 1.3 percent per year between 2022 and 2032. The slower projected growth path is due to continued retirements associated with an aging population coupled with declining birthrates making it more difficult to replace all of the retired workers.

Tennessee's unemployment rate, which measures the percentage of the working-age population that is not working but is actively looking for work, sits at a nearly all-time low of 3.4 percent as of the third quarter of 2022. The state unemployment rate is projected to remain at 3.4 percent for the 2022 year as a whole (annual average), but then increase to 3.8 percent in 2023 and 4.0 percent in 2024. This increase will be driven by the projected slowdown in job growth coupled with an increase in the number of unemployed people as many Tennesseans who left the labor force during the pandemic start looking for work again. As a result, the labor force participation rate, which measures the percentage of people working (employed) or looking for work (unemployed) will hover around 60.0 percent for the next two years. Towards the end of the decade, the unemployment rate will drift back down to 3.7 percent as demographic factors constrain labor force growth.

As a result, the labor force participation rate will trend down towards 58 percent by the end of the long-term forecast horizon. Finally, nominal personal income will grow by a modest 3.8 percent in 2022, but then accelerate to 4.9 percent growth in 2023. Personal income growth in 2023 will be driven by gains in rent, interest, and dividend income, due to higher interest rates, as well as a large increase in Federal transfer payments (e.g. social security benefits, unemployment insurance), as social security benefits checks will see a massive 8.7 percent cost of living adjustment (COLA). Counterbalancing these two positive drivers, will be a moderation of total wages and salaries, as job growth slows over the next two years. In 2024, nominal personal income will grow by a more typical rate of 4.7 percent, with the expectation that the Federal Reserve slows its pace of interest rate hikes and growth in Federal transfer payments normalizes. After adjusting for inflation, real personal income will fall by 2.4 percent in 2022 but then increase by 1.3 percent in 2023 and 2.5 percent in 2024. In addition to the economic forecast, this chapter also provides an examination of recent population trends in Tennessee. From 2020 to 2021 the state population grew by 0.8 percent, representing an increase of roughly 55,000 people. This was much faster than the nation's 0.1 percent rate of growth over the same period. Population growth is a function of three components: births, deaths, and net migration (in-migration minus outmigration). In both Tennessee and the nation, birthrates have been on the decline while death rates have been on the rise. Both of these trends have led to a slowdown in population growth since the year 2000.

In contrast, migration into Tennessee has been trending upward in recent years, which has helped keep population growth from slowing even further. Additional analysis of population changes by age show that the state has added an average of 23,000 people aged 20 to 44 per year over the last four years. This is an encouraging trend, as people in this age bracket are much more likely to be in the labor force, and to remain in the labor force over the medium to long term. Population size and population gains are important inputs to long term economic growth as they determine the size of the labor force and employment growth. Another important factor is the quality of the workforce, as measured by education, skill level, and health status. On average, more educated workers are more likely to engage in the labor force, earn higher wages, and have the ability to purchase more goods and services, while healthier workers can work more intensely and generally miss fewer days of work. Unfortunately, on the health-front, Tennessee consistently lags behind the nation due to a high number of unhealthy behaviors and health ailments. On the education-front, the picture is more promising, but there are still areas of opportunity and improvement.

The most recent Census data on educational attainment rates show that Tennessee now has a higher percentage of its adult population with a high school diploma (or higher) than the U.S. as a whole. As of 2021, the state's high school attainment rate sits at 89.7 percent compared to 89.4 percent for the nation. This marks the first time that

EAST TENNESSEE DEVELOPMENT DISTRICT
Management's Discussion & Analysis (Continued)

Economic Factors and Next Year's Budget (continued)

Tennessee's high school attainment rate (among those aged 25 and older) exceeds the national average. In contrast, Tennessee's Bachelor's attainment rate (the percentage aged 25 and older with a Bachelor's degree or higher) continues to trail the nation, and despite strong gains in recent years, does not appear to be making significant strides to catch up. Tennessee has of course been very proactive with ambitious education initiatives such as the Drive to 55 and the Tennessee Promise. These initiatives are significant steps in the right direction for improving educational attainment in the state, and if sustained could have a positive impact on long-term economic growth. (source: 2023 Report to the Governor, TN CBER)

The median home sales price in the East Tennessee region was \$350,000 this year, an increase of 7.7% from one year ago while Knox County's median home sale price was \$385,000 up 10% from last year. Housing inventories remain tight nationally, regionally, and locally. In the East Tennessee region, total inventory remains slightly below the 2022 levels and well below pre-pandemic levels. Half of the homes sold in the Knoxville area were under contract in 10 days or less. (Source: Housing Market Statistics, Knoxville Chamber-September 2023)

As has been the case for the past 2 decades, the federal fiscal policy environment remains somewhat uncertain for the near term. Although the national economy continues to recover from the impact of COVID-19, supply chain issues are impacting all sectors of the economy, inflation pressures are negatively impacting personal disposable income, and many employers are still struggling with return-to-work policies. Continuing concerns over the national debt level, trade deficits with China, and the impending uncertainty regarding inflation may impact consumer spending patterns in the near term. Competing interests in Congress have led to strong disagreements on budget priorities and relief packages, and a federal budget has still not been agreed upon. However, ETDD continues to fare reasonably well in the current federal budget climate. The Appalachian Regional Commission – perhaps the most important long-term funding agency for ETDD – committed to provide \$169,351 in calendar year 2022, which is an increase of \$36,365 from what ETDD received in calendar year 2021 and that level continued into Calendar year 2023. The American Relief Program Act (ARPA) have provided our region with a substantial amount of supplemental funding for FY 2023 and looks to continue through FY 2024.

At the state level, ETDD has received commitments from various state departments to fund most of ETDD's existing state funded activities for FY 2024. TDOT will continue to fund the two Rural Transportation Organizations at substantially increased funding, estimated at \$135,000 in 2024. TACIR will continue to fund the infrastructure survey at level funding and the THDA will maintain its commitment for housing advocacy. This year the Historical Commission maintained its historic preservation funding at the \$40,000 level. However, the annual appropriation from the Tennessee General Assembly got a onetime stop gap amendment for all the Development districts in the state to help with the rising costs of operations Normally, our appropriation is \$200,000, but was \$295,000 for ETDD in FY 2024. TDEC Solid Waste Technical Assistance grant is back again this year after not being funded for two years prior to last fiscal year. Beyond these variations, ETDD's funding from the State of Tennessee remains stable and reliable.

Internally, ETDD expects to continue to garner grant administration revenue from the Community Development Block Grant Program, the FastTrack Infrastructure Development Program and the US Economic Development Administration. Total annual revenues from these programs in FY 2024 should be higher than the FY 2023 level due to normal cyclical variations.

In summary, even during the uncertain budget environment, both the Federal Government and the State of Tennessee have continued to fund all of the District's current programs. All indications are that the Federal Government and the State of Tennessee will continue to fund the District's programs at current or slightly higher levels for the foreseeable future. This expectation leaves the District in a somewhat favorable position for the coming year, given the current fiscal climate. Although the rural portions of the region are still experiencing relatively high poverty rates, growth in the construction and housing sectors remains robust and significant increases in

EAST TENNESSEE DEVELOPMENT DISTRICT
Management's Discussion & Analysis (Continued)

Economic Factors and Next Year's Budget (continued)

business investment are evident throughout the region. The economic outlook for the State of Tennessee for 2024 is for steady economic recovery and very conservation revenue spending protocols are in place. Given these factors, along with historic low interest rates and increasing consumer confidence and spending, economic activity in our region is expected to be above average in the fiscal year 2024.

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 regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like additional information, contact the District's Fiscal Officer at P.O. Box 249, Alcoa, TN 37701-0249.

EAST TENNESSEE DEVELOPMENT DISTRICT

Statement of Net Position

June 30, 2023

ASSETS

Current Assets - Unrestricted

Cash and cash equivalents	\$ 1,986,374
Accounts receivable	264,526
Intergovernmental receivables	268,950
Prepaid expenses	<u>6,302</u>

Total current assets - unrestricted \$ 2,526,152

Current Assets - Restricted

Cash and cash equivalents	1,541,885
Revolving Loan Fund - Agriculture, current maturities	10,874
Revolving Loan Fund - Covid, current maturities	51,291
Revolving Loan Fund, current maturities	<u>12,552</u>

Total current assets - restricted 1,616,602

Total current assets 4,142,754

Capital assets, net of accumulated depreciation

1,043,456

Revolving Loan Fund - Agriculture, less current maturities

23,734

Revolving Loan Fund - Covid, less current maturities

546,225

Revolving Loan Fund, less current maturities

121,911

Total assets \$ 5,878,080

LIABILITIES

Current Liabilities

Accounts payable	\$ 16,098
Accrued leave	105,588
Notes payable - due within one year	21,000
Other current liabilities	<u>858</u>

Total current liabilities 143,544

Notes payable - due in more than one year

725,264

Total liabilities \$ 868,808

NET POSITION

Investment in capital assets \$ 297,192

Restricted

Restricted for Revolving Loan Fund 1,311,213

Restricted for Revolving Loan Fund - Agriculture 205,907

Restricted for Revolving Loan Fund - Covid 773,884

Unrestricted 2,421,076

Total net position \$ 5,009,272

EAST TENNESSEE DEVELOPMENT DISTRICT

Statement of Activities

Year Ended June 30, 2023

Function / Programs	Expenses	Program Revenues		Net Revenue
		Charges for Services	Operating Grants	
Governmental activities				
General government	\$ 1,358,838	\$ 1,110,100	\$ -	\$ (248,738)
Public service	<u>1,069,113</u>	<u>-</u>	<u>1,460,412</u>	<u>391,299</u>
Total governmental activities	<u>\$ 2,427,951</u>	<u>\$ 1,110,100</u>	<u>\$ 1,460,412</u>	142,561
General revenues				
Interest earned				10,769
Public service revenue				
Interest earned				<u>39,576</u>
Increase in net position				192,906
Net position at the beginning of the year				<u>4,816,366</u>
Net position at the end of the year				<u>\$ 5,009,272</u>

EAST TENNESSEE DEVELOPMENT DISTRICT

Balance Sheet - Governmental Funds

June 30, 2023

	General	Grants Management	Total Governmental Funds
ASSETS			
Current Assets - Unrestricted			
Cash and cash equivalents	\$ 1,986,374	\$ -	\$ 1,986,374
Accounts receivable	264,526	-	264,526
Due from other funds	268,950	-	268,950
Intergovernmental receivables	-	268,950	268,950
Prepaid expenses	6,302	-	6,302
Total current assets - unrestricted	<u>2,526,152</u>	<u>268,950</u>	<u>2,795,102</u>
Restricted assets			
Cash and cash equivalents	1,541,885	-	1,541,885
Revolving Loan Fund - Agriculture, current maturities	10,874	-	10,874
Revolving Loan Fund - Covid, current maturities	51,291	-	51,291
Revolving Loan Fund, current maturities	12,552	-	12,552
Total current assets - restricted	<u>1,616,602</u>	<u>-</u>	<u>1,616,602</u>
Total current assets	4,142,754	268,950	4,411,704
Revolving Loan Fund - Agriculture, less current maturities	23,734	-	23,734
Revolving Loan Fund - Covid, less current maturities	546,225	-	546,225
Revolving Loan Fund, less current maturities	121,911	-	121,911
Total assets	<u>\$ 4,834,624</u>	<u>\$ 268,950</u>	<u>\$ 5,103,574</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ 16,098	\$ -	\$ 16,098
Accrued leave	105,588	-	105,588
Other current liabilities	858	-	858
Due to other funds	-	268,950	268,950
Total current liabilities	<u>122,544</u>	<u>268,950</u>	<u>391,494</u>
Fund balances			
Restricted for			
Revolving Loan Fund	1,324,255	-	1,324,255
Revolving Loan Fund - Agriculture	205,907	-	205,907
Restricted for Revolving Loan Fund - Covid	773,884	-	773,884
Unassigned	2,408,034	-	2,408,034
Total fund balances	<u>4,712,080</u>	<u>-</u>	<u>4,712,080</u>
Total liabilities and fund balances	<u>\$ 4,834,624</u>	<u>\$ 268,950</u>	<u>\$ 5,103,574</u>

See notes to financial statements.

EAST TENNESSEE DEVELOPMENT DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total fund balance - total governmental funds	\$ 4,712,080
Amounts reported for government activities in the statement of net position are different because:	
Capital assets of \$1,235,487 net of accumulated depreciation of \$192,031 are not financial resources and therefore are not reported in the funds. See Note 4.	1,043,456
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. See note 8. Long-term liabilities at year-end consist of:	<u>(746,264)</u>
Net position of governmental activities	<u>\$ 5,009,272</u>

EAST TENNESSEE DEVELOPMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Governmental Funds
Year Ended June 30, 2023

	Grants		
	General Fund	Management	Total
Revenue			
Grantor contributions	\$ -	\$ 1,460,412	\$ 1,460,412
Local contracts	284,783	-	284,783
Regional planning	331,131	-	331,131
Local assessments	201,297	-	201,297
Administrative contracts	277,400	-	277,400
Interest income	50,345	-	50,345
Other revenue	15,489	-	15,489
Total revenue	<u>1,160,445</u>	<u>1,460,412</u>	<u>2,620,857</u>
Expenditures			
Salaries	647,742	412,392	1,060,134
Grant	341,911	217,681	559,592
Fringe benefits	271,509	172,860	444,369
Capital purchases	183,787	117,010	300,797
Planning	35,137	22,370	57,507
Equipment repairs and maintenance	21,879	13,929	35,808
Travel	19,342	12,315	31,657
Conferences and meetings	15,470	9,849	25,319
Contracted services	13,955	8,884	22,839
Other	13,658	8,695	22,353
Building repairs and maintenance	12,697	8,083	20,780
Rent - office, storage, and equipment	12,258	7,804	20,062
Insurance premiums	11,443	7,285	18,728
Memberships and publications	10,644	6,776	17,420
Audit	7,637	4,863	12,500
Automobile	7,484	4,765	12,249
Materials and supplies	5,898	3,755	9,653
Telephone and e-mail services	3,688	2,348	6,036
Printing and postage	3,380	2,152	5,532
Workers' compensation	1,110	707	1,817
Total expenditures	<u>1,640,629</u>	<u>1,044,523</u>	<u>2,685,152</u>
Excess of expenditures (over) under revenues	<u>(480,184)</u>	<u>415,889</u>	<u>(64,295)</u>
Other financing sources (uses)			
Transfers from other funds	415,889	-	415,889
Transfers to other funds	-	(415,889)	(415,889)
Net other financing sources (uses)	<u>415,889</u>	<u>(415,889)</u>	<u>-</u>
Net decrease in fund balances	(64,295)	-	(64,295)
Fund balances at the beginning of the year	<u>4,776,375</u>	<u>-</u>	<u>4,776,375</u>
Fund balances at the end of the year	<u>\$ 4,712,080</u>	<u>\$ -</u>	<u>\$ 4,712,080</u>

See notes to financial statements.

EAST TENNESSEE DEVELOPMENT DISTRICT
Reconciliation of the Governmental Funds Statement
Fund Balance to the Statement of Activities
Year Ended June 30, 2023

Decrease in Fund Balances - Governmental Funds \$ (64,295)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation expense. This is the amount by which depreciation expense (\$43,596) is less than capital outlays (\$300,797) in the period.

257,201

Increase in Net Position - Governmental Activities

\$ 192,906

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Tennessee Development District (the "District") follows GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Financial Reporting Entity - The District is a political subdivision of the State of Tennessee created in accordance with Chapter 241 of the Public Acts of 1965. The District was established in 1966 as a means for the counties and municipalities within the district to effectively organize themselves to carry on general and comprehensive planning and development activities. The District serves Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Knox, Loudon, Morgan, Monroe, Roane, Scott, Sevier, and Union Counties, in the State of Tennessee. There are no other entities which comprise the reporting entity. The District is not a component unit of another reporting entity.

Basis of Presentation

Government-Wide Financial Statements - The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The District only participates in governmental activities. These activities are financed through intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. The District's funds are categorized as governmental. An emphasis is placed on major funds. Both of the District's funds are considered to be major because total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category.

The funds of the financial reporting entity are described as follows:

Governmental Funds

General Fund - The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds for specific revenue sources that are legally restricted to expenditures for certain purposes.

Major Funds

The funds are further classified as major or non-major as follows:

General - The fund accounts for all activities except those legally or administratively required to be accounted for in other funds.

Grants Management Fund - The fund is used to account for revenues and expenditures of all grants received.

Measurement Focus and Basis of Accounting - Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Measurement Focus - On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus is used.

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. The funds use fund balance as the measure of available spendable financial resources at the end of the period.
- b. The accounting objectives of the "economic resources" measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

Basis of Accounting - In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis accounting, revenues are recognized when "measurable and available." Measurable is defined as knowing or being able to reasonably estimate the amount. Available is defined as collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

Cash and Cash Equivalents - For reporting purposes, the District considers all demand accounts and certificates of deposits to be cash equivalents.

Interfund Receivables and Payables - During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include grants, assessments, and contractual reimbursements.

In the fund financial statements, material receivables include revenue accruals such as grants and other intergovernmental revenues since they are usually both measurable and available.

Notes Receivable - The notes receivable consist of loans to various local businesses through the Revolving Loan Fund, further discussed in Note 7.

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Assets - In the governmental-wide financial statements, capital assets are accounted for at historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	39 years
Building improvements	10 years
Autos and other equipment	5 years

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a) Investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - all other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form (i.e., inventories) or legally or contractually required to be maintained intact (the corpus of a permanent fund). Non-spendable fund balance also includes the long-term portion of loans and notes receivable and property acquired for resale.

Restricted fund balances have constraints imposed by grantors, creditors, contributors, laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Committed fund balances result when the government's governing body imposes constraints through formal action of that body. Committed amounts cannot be used for any other purpose unless the government removes the constraint using the same type of action that was used to commit those amounts. The government would commit, modify, or rescind those funds by a vote of the Executive Committee.

Assigned fund balances are constrained by the government's intent for those assigned amounts to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the governing body, a body to which the governing body has delegated authority (i.e., a budget or finance committee), or an official that the governing body has designated. The Executive Director or Deputy Director would be authorized to assign these funds. This would be treated on a case by case basis as authorized by a vote of the Executive Committee.

Any residual fund balance remaining after all of the other categories of fund balance have been determined is categorized as *unassigned* fund balance.

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Equity Classifications - (Continued)

Fund Financial Statements - (Continued)

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then use unrestricted fund balance. Furthermore, committed fund balances first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes which amounts in any of those unrestricted fund balance classifications can be used. As of June 30, 2023, the District did not have committed or assigned fund balances.

Restricted Assets - Restricted assets include cash and notes receivable of the general fund that are legally restricted as to their use. These assets are related to the Economic Development Agency Revolving Loan Fund Program and the State of Tennessee, Department of Agriculture Revolving Loan Fund Program.

Concentration of Risk - Financial instruments that potentially subject the District to concentrations of credit risk consist primarily of cash. The District places its cash with financial institutions and, at times, such balances may exceed federally insured amounts. At June 30, 2023, all of the District's bank accounts were fully insured either by the FDIC or by the banks' participation in the State of Tennessee's collateral pool.

Compensated Absences - The District's employees are granted annual leave in varying amounts per month based on years of service, as well as 37.5 hours in personal leave per fiscal year. Annual leave may be accumulated in an amount up to 450 hours; amounts in excess of 450 hours at June 30 can be converted into a cash conversion to be invested into the District's 457(b) retirement plan or forfeited. At June 30, 2023, accrued annual leave amounted to \$105,588. Up to 15 hours of unused personal leave may be carried over to the next year. The unused portion is forfeited. The unearned portion of personal leave is forfeited upon termination of employment. Prior to December 31, 1998, employees were granted sick leave. Accrued sick leave may be used for bereavement and in conjunction with short-term and/or long-term disability and is forfeited at termination.

Revenues - Amounts reported as program revenues include: (1) operating grants; and (2) charges for services for local assessments, local contracts, and administrative contracts. Interest and other revenue are reported as general revenues rather than program revenues.

In-kind Revenue and Expenditures - The District administers the emergency repair program which requires an in-kind match of labor or materials from the home-owner. The match is determined by the number of labor hours at minimum wage and the actual cost of the materials and is recorded as in-kind revenue and in-kind grant expenses. In-kind revenue and grant expenses were \$0 for the year ended June 30, 2023.

Expenditures/Expenses - In the government-wide financial statements, expenses are classified by function for government type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character: Current (further classified by function)

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers - Permanent reallocation of resources between funds of the reporting entity, are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual government funds have been eliminated.

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the statement of net position date for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through the date of the independent auditors' report, which is the date these financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

The District's bank deposits at year-end were entirely covered by federal depository insurance and collateral held in the District's name in the Bank Collateral Pool monitored by the State of Tennessee Treasury Department.

NOTE 3 - ADMINISTRATIVE COSTS

The District contracts to provide accounting and administrative services to Areawide Development Corporation Reimbursement. Accounting and administrative costs totaled \$284,783 (included in local contract revenue) for the year ended June 30, 2023.

NOTE 4 - CAPITAL ASSETS

Changes in capital assets are summarized as follows:

	Balance as of 7/1/2022	Additions	Retirements	Balance as of 6/30/2023
Governmental activities				
Land	\$ -	\$ 343,740	\$ -	\$ 343,740
Building	-	596,725	-	596,725
Building improvements	-	106,596	-	106,596
Furniture and equipment	88,643	-	-	88,643
Automobile	99,783	-	-	99,783
	<u>188,426</u>	<u>1,047,061</u>	<u>-</u>	<u>1,235,487</u>
Accumulated depreciation				
Building	-	11,475	-	11,475
Building improvements	-	4,181	-	4,181
Furniture and equipment	76,369	12,274	-	88,643
Automobiles	72,066	15,666	-	87,732
	<u>148,435</u>	<u>43,596</u>	<u>-</u>	<u>192,031</u>
Governmental activities capital assets, net	<u>\$ 39,991</u>	<u>\$ 1,003,465</u>	<u>\$ -</u>	<u>\$ 1,043,456</u>

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements (Continued)

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 19,006
Public services	<u>24,590</u>
Total depreciation expense	<u>\$ 43,596</u>

NOTE 5 - OPERATING LEASES

East Tennessee Development District leases facilities, a storage location, and office equipment under operating leases. Rent expense under these leases for the year ended June 30, 2023, was \$20,062. The operating lease was terminated during the fiscal year ended June 30, 2023.

NOTE 6 - RETIREMENT PLANS

Deferred Compensation Plan

Effective February 1, 2020, employees of the District may participate in two deferred compensation plans adopted under the provisions of Internal Revenue Code Section 457(b) (Deferred Compensation Plans With Respect to Service for State and Local Governments) and Internal Revenue Code Section 401(k)-Cash or Deferred Arrangement for Governmental Employers. The District adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Sections 457 Deferred Compensation Plans*, in 1998. In accordance with GASB No. 32, the separate assets and liabilities of the plan are in a separate trust and therefore are not reflected in the accompanying financial statements. The Plan is administered by The State of Tennessee Treasury Department and record kept by Empower Retirement.

Employees are eligible to begin participation on their hire date. The Plan permits salary reduction contributions up to the maximum allowed by the IRS as well as catch up contributions for employees beginning at age 50. The District matches 100% of the employee's contributions up to 5% of W-2 eligible compensation and employees are eligible for this match on the first day the month following completion of six months of continuous service. Employee contributions were \$90,686 and the District's match was \$39,522 for the year ended June 30, 2023. Employees are 100% vested at all times.

3121 Plan

The District maintains a 3121 Social Security Replacement Plan under the State of Tennessee 401(k) Plan for all employees in lieu of social security deductions. The Plan is a feature under the State's 401(k) defined contribution plan, established July 1, 1982, and adopted by the District effective February 1, 2020. The Plan is administered by The State of Tennessee Treasury Department and record kept by Empower Retirement. All employees depend solely on amounts contributed by the District to the Plan. Employees must be 18 years of age in order to participate in the Plan and become eligible immediately on their hire date. The Plan has fixed employer contribution of 15.3% of W-2 eligible wages. The fixed contribution amount may be adjusted annually and equals the FICA tax rate plus the Medicare tax rate for the Plan year for both an employer and an employee subject to those taxes but no less than 7.5%. Employees are 100% vested at all times. The District's total salaries were \$1,060,134 in 2023. The District contributed \$157,980 to the Plan for the year ended June 30, 2023.

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements (Continued)

NOTE 7 - REVOLVING LOAN FUND

The District administers a program whereby low interest loans are made to businesses qualifying under a long-term economic deterioration grant under Title IX, Section 903 of the Public Works and Economic Development Act of 1965, as amended, and the Revolving Loan Fund Plan for East Tennessee Development District (the "RLF Plan") dated July 29, 1983.

Funding for the loans is provided by the U.S. Economic Development Administration ("EDA") and the Tennessee Department of Economic and Community Development ("TECD"), at 75% and 25%, respectively.

The June 30, 2023 balance of \$134,463 in note receivable consists of loans to one entity. The note bears, at a minimum, a rate of interest of prime (as defined) minus 1%, is collateralized by certain equipment, and matures in 2032. Current interest rate is 4.75%.

Maturities of the note receivable are summarized as follows:

<u>Year ending June 30,</u>	
2024	\$ 12,552
2025	13,161
2026	13,800
2027	14,470
2028	15,173
Thereafter	<u>65,307</u>
	<u>\$ 134,463</u>

In fiscal year 2019, the District contracted with the State of Tennessee, Department of Agriculture to administer and service loans for the agricultural production and farm based businesses. The funds will be loaned to agriculture and farm based businesses that do not have reasonable access to capital markets and traditional commercial lending facilities to provide funding for certain infrastructure projects.

The District is responsible for re-lending funds by originating and servicing loans at below market rates to qualifying businesses located in the counties within the district for specific infrastructure purposes. The June 30, 2023 balance of \$34,608 consists of loans made to two entities. The notes bear an interest rate of 4.00%, collateralized by equipment, maturing from 2024 through 2029.

Maturities of the notes receivable are summarized as follows:

<u>Year ending June 30,</u>	
2024	\$ 10,874
2025	4,382
2026	4,557
2027	4,740
2028	4,929
Thereafter	<u>5,126</u>
	<u>\$ 34,608</u>

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements (Continued)

NOTE 7 - REVOLVING LOAN FUND - (Continued)

In fiscal year 2021, the District contracted with the EDA to administer and service loans for the CARES Act Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Award Plan. The objective of this plan is to assist small business that have been economically impacted by the COVID-19 pandemic to recover and sustain operations.

The District is responsible for re-lending funds by originating and servicing loans at below market rates to qualifying businesses located in the counties within the district. The June 30, 2023 balance of \$597,516 consists of loans made to four entities. The notes bear an interest rate of 4.40% and 1.0%, collateralized by equipment, maturing from 2024 through 2028.

Maturities of the notes receivable are summarized as follows:

<u>Year ending June 30,</u>	
2024	\$ 51,291
2025	53,262
2026	55,323
2027	57,479
2028	59,733
Thereafter	<u>320,428</u>
	<u>\$ 597,516</u>

The District's exposure to credit loss in the amount of nonperformance by the other party to the notes receivable is represented by the contractual amount of the notes receivable. The District evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained is based on the Revolving Loan Fund guidelines. Management periodically evaluates the need for an allowance for losses based on the known and inherent risk, adverse situations that may affect the borrowers' ability to repay, estimated value of underlying and current economic conditions. As of June 30, 2023, management does not deem an allowance necessary.

NOTE 8 - NOTES PAYABLE

On September 26, 2022, the District assumed two USDA Rural Development loans. As of June 30, 2023, the balance of USDA loan 2 is \$670,506 and has an interest rate of 4.125%. The loan is payable in monthly payments of \$3,851 including interest and matures August 28, 2045. As of June 30, 2023, the balance of USDA loan 3 is \$75,758 and has an interest rate of 4.125%. The loan is payable in monthly payments of \$435 including interest and matures September 28, 2045.

	<u>2023</u>
Note payable to USDA due in monthly installments of \$3,851 including interest at 4.125%, with a maturity date of September 2045.	\$ 670,506
Note payable to USDA due in monthly installments of \$435 including interest at 4.125%, with a maturity date of September 2046.	75,758
Less installments due within a year	<u>21,000</u>
	<u>\$ 725,264</u>

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Financial Statements (Continued)

NOTE 9 - RISK MANAGEMENT

The District carries commercial insurance for risks of loss including general liability, property, casualty, directors' and officers' liability, automobile, and crime. There were no claims in any of the past three fiscal years.

NOTE 10 - CONTINGENCY

The District participates in federal and state financial assistance programs. Management is not aware of any deficiencies or noncompliance issues that, upon ultimate resolution, would have a material adverse impact on the financial statements of the District.

SUPPLEMENTARY INFORMATION

EAST TENNESSEE DEVELOPMENT DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Grantor Agency	Program Name and CFDA Number	Contract Number	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable	Subrecipients
Federal Highway Administration Passed- Through to State of Tennessee, Dept. of Transportation	Rural Transportation CFDA # 20.205	61906 (39 mo) 61906 (39 mo)	\$ 42,064 -	\$ 42,064 113,638	\$ - 156,209	\$ - 42,571	\$ - -
Total Program 20.205			42,064	155,702	156,209	42,571	-
U.S. Department of Commerce - Economic Development Administration	Revolving Loan Fund RLF Covid CFDA #11.307	04-39-03208 04-79-07526 04-79-07526	- - -	983,456 784,369 29,386	983,456 784,369 29,386	- - -	146,433 597,515 -
U.S. Department of Commerce - Economic Development Administration	COVID Response CFDA #11.307	ED20ATL3070100 (2yr)	70,954	70,954	-	-	-
Total Program 11.307			70,954	1,868,165	1,797,211	-	743,948
Appalachian Regional Commission	District Assistance CFDA #23.009	TN-710-B-C52-22 TN-710-B-C53-23	- -	84,676 89,754	84,676 89,754	- -	- -
Appalachian Regional Commission	Power Grant CFDA #23.002	PW-19728-IM-19	-	804,921	804,921	-	-
Total Appalachian Regional Commission			-	979,351	979,351	-	-
U.S. Department of Commerce - Economic Development Administration	District Planning CFDA #11.302	ED22ATL3020022 ED22ATL3020022	17,500 -	17,500 52,500	- 70,000	- 17,500	- -
National Park Service Passed - Through to State of Tennessee, Dept. of Environment and Conservation and TN Historical Commission	Historic Preservation CFDA #15.904	71490 77133	12,246 -	12,246 20,053	- 37,070	- 17,017	- -
U.S. Environmental Protectional Agency	Brownfield Coalition Assessment CFDA #66.818	BF02D08421 BF02D08421	31,621 -	31,621 201,409	- 216,522	- 15,113	- -
Environmental Protection Agency Office Water Passed-Through to the State of Tennessee, Dept. of Environment and Conservation	BMP Implementation CFDA #66.454	72639 76925 77072	3,207 - -	3,207 26,498 -	- 30,301 10,621	- 3,803 10,621	- - -
Total Expenditures of Federal Awards			<u>\$ 177,592</u>	<u>\$ 3,368,252</u>	<u>\$ 3,297,285</u>	<u>\$ 106,625</u>	<u>\$ 743,948</u>

See accompanying independent auditors' report.

EAST TENNESSEE DEVELOPMENT DISTRICT
Schedule of Expenditures of State Awards
Year Ended June 30, 2023

Grantor Agency	Program Name and CFDA Number	Contract Number	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable	Subrecipients
Tennessee Advisory Commission on Intergovernmental Relations	Infrastructure Program	70955	\$ 21,969	\$ 21,969	\$ -	\$ -	\$ -
		74252	-	41,379	75,235	33,856	-
Tennessee Department of Economic and Community Development	Matching Fund Grant	75453	-	200,000	200,000	-	-
Tennessee Housing Development Authority	Technical Assistance Grant	TA-23-01	-	20,000	20,000	-	-
Tennessee Housing Development Authority	Emergency Repair Program	ERP-21-01 amended	257,129	257,129	-	-	-
		ERP-23-01	-	234,980	255,728	20,748	-
Department of Transportation	Rural Transportation	61906	5,258	5,258	-	-	-
		61906	-	14,205	19,526	5,321	-
Total Expenditures of State Awards			<u>\$ 284,356</u>	<u>\$ 794,920</u>	<u>\$ 570,489</u>	<u>\$ 59,925</u>	<u>\$ -</u>

EAST TENNESSEE DEVELOPMENT DISTRICT
Notes to Schedules of Federal and State Awards
June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of state and federal awards (the "Schedules") include the state and federal grant activity of East Tennessee Development District (the "District") under programs of the state and federal government for the year ended June 30, 2023. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these Schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Catalog of Federal Domestic Assistance ("CFDA") numbers are presented for those programs for which such numbers were available. All programs are presented by the state and federal department. Because the Schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules 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. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform guidance.

NOTE 3 - LOANS

Loans made by the District to eligible participants under Revolving Loan Fund Program during the year ended June 30, 2023 are summarized as follows:

Revolving Loan Fund Program	
Loans Disbursement	<u>\$ 743,948</u>

Expenditure calculation for the Revolving Loan Fund program was as follows:

Cash	\$ 1,189,792
Outstanding loan balances	134,463
Administrative costs	<u>736</u>
	1,324,991
Federal share	<u>75%</u>
Federal awards expended	<u>\$ 993,743</u>

Expenditure calculation for the Revolving Loan Fund - COVID-19 program was as follows:

Cash	\$ 180,793
Outstanding loan balances	597,516
Administrative costs	<u>6,060</u>
	784,369
Federal share	<u>100%</u>
Federal awards expended	<u>\$ 784,369</u>



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
East Tennessee Development District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of East Tennessee Development District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 28, 2023.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rodefer Moss & Co, PLLC

Knoxville, Tennessee
November 28, 2023



Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance

To the Board of Directors
East Tennessee Development District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally

accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Rodefer Moss & Co, PLLC

Knoxville, Tennessee
November 28, 2023

EAST TENNESSEE DEVELOPMENT DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? ___ yes no
Significant deficiency(ies) identified? ___ yes none reported
Noncompliance material to financial statements noted? ___ yes no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ___ yes no
Reportable condition(s) identified not
considered to be material weaknesses? ___ yes none reported
Type of auditors' report issued on compliance for
major programs Unmodified
Any audit findings disclosed that are required to be
Reported in accordance with 2 CFR
Section 200.516(a) ___ yes no

Identification of major programs:

CFDA Number(s)

11.307
23.002

Name of Federal Program or Cluster

Revolving Loan Fund
Appalachian Area Development

Dollar threshold used to distinguish
between type A and type B programs: \$750,000
Auditee qualified as low-risk auditee? ___ yes no

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

EAST TENNESSEE DEVELOPMENT DISTRICT
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2023

Financial Statement Findings

There were no prior findings reported.

Federal Award Findings and Questioned Costs

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