

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE**

REGULAR BOARD MEETING

**MONDAY JANUARY 23, 2023 – 12 PM
THE SUMMIT
1227 VOLUNTEER PARKWAY
BRISTOL, TENNESSEE**

AGENDA:

1. Call to order
2. Welcome new Directors:
 - a. Lynn Dougherty
 - b. Wallace Elliot
3. Roll Call
4. Consent Agenda
 - a. Minutes – November 28, 2022 Regular Meeting
 - b. Financial Reports – November and December 2022
5. Audit Presentation – David Elkins, Senior Manager
Brown/Edwards CPAs
6. Elect a Vice-Secretary/Treasurer
7. Hiring Expo – March 16
8. Entrepreneurial Ecosystem Update – Heath Guinn – Sync.Space
9. Update on 714 Shelby Agreement – Danielle Smith
10. Updates by local partners:
 - State of TN – Lynn Tully
 - NETWORKS – Clay Walker
 - BTES – April Eads
 - BTCS – Deidre Pendley
11. Directors Discussion
12. Adjourn

Consent Agenda

- a. Minutes – IDB Regular Meeting November 28, 2022
- b. Financial Reports
 - Month Ending November 30, 2022
 - Month Ending December 31, 2022

**MINUTES OF THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF BRISTOL TENNESSEE
NOVEMBER 28, 2022
REGULAR MEETING**

Board Members Present:

Raj Venkataraman – Chair
Logan McCabe – Vice Chair
Jeff Jones – Secretary/Treasurer
Jason Booher
Nancy Cook

Staff:

Tom Anderson – ED Department Director
Danielle Smith – City Attorney
Matt Garland – ED Staff
Sheridan Perumal - Finance
Bill Sorah – City Manager

Also present:

Lynn Tully – TNECD
Clay Walker – NETWORKS
April Eads - BTES
Greg Perdue – First Horizon

Call to order: Chairman Raj Venkataraman opened the November 28, 2022 Industrial Development Board Regular Meeting at 12:03 p.m. Roll call was made and Chairman Venkataraman declared a quorum present.

Consent Agenda: October 31, 2022 Regular Meeting Minutes, November 15, 2022 Called Work Session Minutes, and Financial Report – Chairman Venkataraman asked if there were any additions or deletions to the minutes or financial report. Hearing none, a motion to approve was made by Ms. Cook and seconded by Mr. McCabe. Motion passed unanimously.

Authorization for staff to select commercial appraiser for Shelby Street property: Ms. Smith reviewed the Seven14 project. Ms. Smith explained that the developer had been found in breach of contract. It was recommended that Mr. Anderson and Ms. Smith select an appraiser that will determine fair market value of the property. When the appraiser is selected, the Chairman will then approve the selection. Mr. Jones made the motion to allow Mr. Anderson and Ms. Smith to select the appraiser. Ms. Cook seconded the motion. Motion passed unanimously.

Money Market Account – Greg Purdue, First Horizon Bank:

Mr. Purdue reviewed the options available for money market accounts. Mr. Purdue said that he would raise the current basis points from 1.3 to 2.25 today as the board continues to review options. Mr. Purdue also reviewed three month and one-month CDs that could potentially earn 2.5 and 3 percent respectively. Mr. Purdue also informed Directors that there was no penalty for early withdrawal. The Directors will continue to discuss options at the January meeting of the IDB.

Directors' Discussion: Mr. Anderson reviewed the two open positions on the IDB. Mr. Anderson informed Directors that City Council Members would review potential applicants and appoint new Directors to the IDB. Qualifications were discussed by Directors. Roles and responsibilities of Directors were also discussed. Mr. Jones stated that a "local field trip" by Directors may be beneficial for IDB to participate in as they have in the past. Mr.

Anderson reviewed funds that IDB can choose how to spend. Funding allocations by IDB was recommended by Directors to be placed on hold until new Directors were selected and placed on IDB.

Local Partners Update: Lynn Tully, State of TN gave updates on the State's economic efforts, stating activity continues to increase with more site visits and business expansions. Clay Walker stated there are several projects moving forward in Bristol. Mr. Walker provided updates on the NETWORKS Annual Report and reviewed new marketing initiatives. April Eads reiterated being very busy with the positive project activity. Ms. Eads also provided updates on the development of pad ready sites and that work on the substation is moving forward.

Authorization of new check signers: Mr. Anderson indicated that due to the resignation of two IDB Directors, two new signers needed to be recommended and approved by IDB Directors. Ms. Cook made a motion to nominate Mr. Jones and Mr. McCabe as check signers and Mr. Booher seconded the motion. Motion passed unanimously.

Adjournment: There being no further business Chairman Venkataraman adjourned the meeting at 1:05 p.m.

Approved: January 23, 2023

Raj Venkataraman, Chairman

Attest:

Jeff Jones, Secretary/Treasurer

Attachments:

1. Agenda

**Industrial Development Board of the City of Bristol, Tennessee
November 30, 2022**

Check Register

Beginning Balance 11/01/22 **\$ 99,722.57**

Deposits

Total Deposits -

Disbursements

Check 1362: The Mad Greek - Food for IDB Annual Meeting on 09/26/22	153.92
Check 1363: Brown Edwards - Interim Billing (Invoice 1339613)	5,000.00
Check 1364: Stateline Bar & Grille - Food for IDB Meeting on 10/31/22	266.75

Total Disbursements 5,420.67

Ending Balance 11/30/22 **\$ 94,301.90**

**Industrial Development Board of the City of Bristol, Tennessee
Money Market**

Investment Amount	\$ 101,969.57
Interest Earned	190.78
Balance 11/30/22	<u><u>\$ 102,160.35</u></u>

**Bristol Industrial Development Board of the City of Bristol, Tennessee
For the Period Ending November 30, 2022**

Check Register

Beginning Balance 7/1/22		\$	142,099.11
Deposits			
Border Region Reimbursement from State 10/03/22	12,017,231.88		
Additional Border Region Reimbursement from State 10/21/22	37,470.92		
Total Deposits			12,054,702.80
Disbursements			
Prior Year Activity			
Check 1344 - Randall Gross/Development Economics - Bristol Multifamily and Retail Market Analyses	8,700.00		
Check 1345 - Bristol Tennessee City Schools - 1/3 of AP exams and Computer Lab Laptops	20,997.74		
Check 1346 - Chick-Fil-A at the Pinnacle: Lunch for 06/27/22 IDB meeting	85.03		
Check 1347 - Tri-Cities/Southwest Virginia Regional Group: 06/20/22 Notice for Public Hearing and IDB Meeting on 06/27/22	204.60		
Check 1348 - Stateline Bar & Grille - Food for Hiring Expo lunch on 6/1/2022	78.00		
Check 1355: Chick-Fil-A at the Pinnacle: Balance due on invoice - Lunch for 06/27/22 IDB meeting	170.96		
			30,236.33
Cash Transfer between Accounts			
10/04/22 Wire Transfer to Bond Trustee for Distribution of Border Region State Sales Tax	8,529,996.69		
10/31/22 Wire Transfer to Bond Trustee for Additional Distribution of Border Region State Sales Tax	33,723.83		
			8,563,720.52
92347100 - Administration			
Check 1350 - Brown Edwards - Interim Billing (Invoice 1334560)	2,000.00		
Check 1349 - Stateline Bar & Grille - Food for IDB Meeting on 07/25/22	234.00		
Check 1352 - Chic-Fil-A - Lunch for 08/22/22 IDB Meeting	255.29		
Check 1361: Thomas Anderson - Reimbursement for TN SOS Annual Report	40.92		
Check 1362: The Mad Greek - Food for IDB Annual Meeting on 09/26/22	153.92		
Check 1363: Brown Edwards - Interim Billing (Invoice 1339613)	5,000.00		
Check 1364: Stateline Bar & Grille - Food for IDB Meeting on 10/31/22	266.75		
Total Disbursements - 92347100			7,950.88
92347220 - Industrial Development			
Check 1351 - Randall Gross/Development Economics - Bristol Multifamily and Retail Market Analyses (Invoice # D-334.3)	300.00		
Check 1353 - 620 State - Catering for Blackburn event 08/18/22	2,810.00		
Check 1354 - Foundation Event Facility - 08/18/22 Room rental with audio/visual for Sen. Marsha Blackburn Luncheon	1,500.00		
Check 1356: Grant to TRISEOUL GRILL paid on 09/30/22	5,000.00		
Total Disbursements - 92347220			9,610.00
92347230 - Chapter 420 Project			
10/3/22 Distribution of Border Region State Sales Tax to the City of Bristol, TN	1,303,544.56		
Check 1359: Distribution of Border Region State Sales Tax to Friendship Properties, LLC	894,529.84		
Check 1360: Distribution of Border Region State Sales Tax to Friendship Properties, LLC for Centre Pointe, LLC portion	1,289,160.79		
10/31/22 Distribution of Additional Border Region State Sales Tax to the City of Bristol, TN	3,747.09		
Total Disbursements - 92347230			3,490,982.28

**Bristol Industrial Development Board of the City of Bristol, Tennessee
For the Period Ending November 30, 2022**

Check Register

	Total Disbursements	12,102,500.01
Ending Balance 11/30/22		<u>\$ 94,301.90</u>

**Industrial Development Board of the City of Bristol, Tennessee
Money Market**

Investment Amount	\$ 101,969.57
Interest Earned to Date	<u>190.78</u>
Balance 11/30/22	<u>\$ 102,160.35</u>

**Industrial Development Board of the City of Bristol, Tennessee
December 31, 2022**

Check Register

Beginning Balance 12/01/22	\$	94,301.90
 Deposits		
FastTrack Economic Development Fund Grant deposit from State on 12/01/22 for USAntibiotics, LLC invoice USAN-0001		669,825.66
	Total Deposits	<u><u>669,825.66</u></u>
 Disbursements		
Check 1366: Duffek, LLC - Software Development and Business Consulting (Invoice 1250)		12,500.00
Check 1367: Brown Edwards - Interim Billing (Invoice 1346056)		3,000.00
	Total Disbursements	<u><u>15,500.00</u></u>
 Ending Balance 12/31/22	 \$	 <u><u>748,627.56</u></u>

**Industrial Development Board of the City of Bristol, Tennessee
Money Market**

Investment Amount	\$	101,969.57
Interest Earned		386.00
Balance 12/31/22	\$	<u><u>102,355.57</u></u>

Bristol Industrial Development Board of the City of Bristol, Tennessee
For the Period Ending December 31, 2022

Check Register

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Additional Border Region Reimbursement from State 10/21/22	37,470.92		
FastTrack Economic Development Fund Grant deposit from State on 12/01/22 for USAntibiotics, LLC invoice USAN-0001	669,825.66		
Total Deposits			12,724,528.46
Disbursements			
Prior Year Activity			
Check 1344 - Randall Gross/Development Economics - Bristol Multifamily and Retail Market Analyses	8,700.00		
Check 1345 - Bristol Tennessee City Schools - 1/3 of AP exams and Computer Lab Laptops	20,997.74		
Check 1346 - Chick-Fil-A at the Pinnacle: Lunch for 06/27/22 IDB meeting	85.03		
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Check 1366: Duffek, LLC - Software Development and Business Consulting (Invoice 1250)	12,500.00		
Total Disbursements - 92347220			22,110.00

**Bristol Industrial Development Board of the City of Bristol, Tennessee
For the Period Ending December 31, 2022**

Check Register

92347230 - Chapter 420 Project

10/3/22 Distribution of Border Region State Sales Tax to the City of Bristol, TN	1,303,544.56
Check 1359: Distribution of Border Region State Sales Tax to Friendship Properties, LLC	894,529.84
Check 1360: Distribution of Border Region State Sales Tax to Friendship Properties, LLC for Centre Pointe, LLC portion	1,289,160.79
10/31/22 Distribution of Additional Border Region State Sales Tax to the City of Bristol, TN	3,747.09

Total Disbursements - 92347230	<hr/>	3,490,982.28
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Total Disbursements	12,118,000.01
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Ending Balance 12/31/22	<u><u>\$ 748,627.56</u></u>
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**Industrial Development Board of the City of Bristol, Tennessee
Money Market**

Investment Amount	\$ 101,969.57
Interest Earned to Date	386.00
Balance 12/31/22	<u><u>\$ 102,355.57</u></u>

Fiscal Year 2022 Audit
(Year ending June 30, 2022)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

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**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**LIST OF OFFICIALS
June 30, 2022**

Dirk Crandell, Chairman
Logan McCabe, Vice Chairman
Jeff Jones, Secretary – Treasurer
Rob Nicar, Vice-Secretary/Treasurer

David Wagner..... Member
Nancy Cook..... Member
Raj Venkataraman..... Member
Vince Turner City Council Liaison
Tom Anderson..... Staff Liaison



INDEPENDENT AUDITOR'S REPORT

The Members of the Industrial Development Board
of the City of Bristol, Tennessee
Bristol, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Industrial Development Board, (the "IDB"), a component unit of the City of Bristol, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the IDB's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund, of the IDB, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the IDB 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 these 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 IDB'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.

Your Success is Our Focus

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IDB'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 IDB'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 be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Required Supplementary Information (Continued)

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the IDB's basic financial statements. The accompanying Schedules of Changes in Long-term Debt by Individual Issue and the Schedule of Bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of changes in long-term debt by individual issue and the Schedule of Bonds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of the IDB'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 IDB'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 IDB's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee
December 13, 2022

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Discussion on Basic Financial Statements

The Industrial Development Board of the City of Bristol, Tennessee (the "IDB") is a public corporation established pursuant to TCA 7-53-101 et seq. The Industrial Development Board was formed to promote industrial development, to provide additional job opportunities within the City of Bristol, Tennessee, and to exercise authority to perform the powers of industrial development boards within the state of Tennessee. For example, the Industrial Development Board has authority to authorize industrial development bonds under state and federal statute and has other enumerated powers.

The following discussion of the IDB's financial position and results of operations should be read in conjunction with the IDB's financial statements and related notes for the year ended June 30, 2022.

The IDB's annual report consists of:

- financial statements with explanatory notes that disclose the IDB's financial position, and
- management's overview and analysis of this information.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the IDB's basic financial statements. The IDB's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the IDB's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the IDB's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the IDB is improving or deteriorating.

The *statement of activities* presents information on all of the IDB's net position changes during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The IDB uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The sole fund of the IDB is the General Fund which is considered a governmental fund.

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Overview of the Financial Statements (Continued)

Governmental Funds. Governmental funds are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. Two condensed financial statements are included below in the annual report to assist in management's analysis

Statement of Net Position

This statement details the types of assets owned by The Industrial Development Board and the liabilities associated with these assets. The report represents a quantitative view of the IDB's financial condition as of a specific date.

	2022	2021
Assets		
Current assets:		
Sales tax bond trust accounts	\$ 9,658,919	\$ 10,042,597
Property tax bond trust accounts	3,325,185	3,783,300
Other	868,188	845,758
Total current assets	13,852,292	14,671,655
Capital assets	1,070,581	1,070,581
Total assets	14,922,873	15,742,236
Liabilities		
Current liabilities	12,693,557	11,579,760
Long term liabilities	136,525,799	140,151,581
Total liabilities	149,219,356	151,731,341
Net position		
Net investment in capital assets	1,070,581	1,070,581
Restricted for economic dev.	214,074	199,765
Restricted for debt service	12,931,670	13,935,103
Unrestricted	(148,512,808)	(151,194,554)
Total net position	\$ (134,296,483)	\$ (135,989,105)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Statement of Net Position (Continued)

Total assets decreased from the FY 2021 total by \$819,363. The major source of this decline is the decrease of the assets held in trust at Wilmington Trust for the Chapter 420 project development and debt service. The trust accounts have decreased in value during the year due to earnings and contributions being lower than the debt service payments required. Total liabilities decreased from FY 2021 due primarily to the payment of principal on the outstanding bonds payable. The interest accrued but not yet paid on the Series 2016B State Sales Tax Revenue Capital Appreciation Bonds (Pinnacle Project) accounts for the majority of the increase in current liabilities.

Total net position increased from the prior year by \$1,692,622. The total net position remains in a deficit because the IDB used the bond proceeds in FY 2017 to reimburse developer costs related to the Pinnacle development. Future tax revenues will be received to service the outstanding debt. The future tax revenues from the Pinnacle development cannot be measured and will be recognized when earned over the life of the bond. Therefore, there is no related asset on the government wide statements to offset the liability of obtaining funds to reimburse the developer; thus, resulting in a negative net position.

Statement of Activities

This statement specifically identifies types of revenues and expenses as well as their impact on the IDB's assets.

	2022	2021
Revenues:		
Operating grants and contributions	\$ 13,237,191	\$ 9,950,553
Investment earnings	(42,289)	118,572
Total revenues	13,194,902	10,069,125
Expenses:		
Current		
Chapter 420	3,268,109	1,952,481
Industrial development	87,008	6,291
Administration	12,222	22,502
Debt service		
Interest	8,134,941	8,236,305
Total expenses	11,502,280	10,217,579
Change in net position	1,692,622	(148,454)
Total net position – beginning	(135,989,105)	(135,840,651)
Total net position – ending	\$ (134,296,483)	\$ (135,989,105)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Statement of Activities (Continued)

Revenue increased from the prior year by \$3,125,777. The increase in operating grants and contributions is comprised of state sales tax reimbursement from Chapter 420 funds, City of Bristol, TN tax increment financing (TIF) payments, and Sullivan County, Tennessee TIF payments of \$10,933,683, \$981,850, and \$1,205,659, respectively. No capital grants and contributions were received in the current year. Investment earnings decreased significantly, primarily from less investment income earned and an increase in unrealized losses incurred on the bond related trust accounts.

Expenses increased by \$1,284,701, when compared to FY 2021. Chapter 420 costs were higher in the current year, due to an increased state sales tax reimbursement from Chapter 420 funds. A grant of \$35,000 was also provided in the current year to enhance entrepreneurial programs and innovation for the city.

Economic Factors

Economists are generally in agreement that the nation has entered a recessionary period. While there is considerable disagreement as to the depth and breadth of the economic impact caused by the COVID-19 virus, all agree that the nation is faced with a financial challenge unlike no other in our history.

In regards to the Industrial Development Board of the City of Bristol, Tennessee, the financial impact of the virus is limited due to the nature of the funding structure. Funding is received primarily from the City of Bristol, Tennessee and from Sullivan County, Tennessee. Each entity contributes property tax revenue related to The Pinnacle to the IDB to service the debt of the property tax bonds. The City of Bristol, Tennessee contributes the Chapter 420 reimbursement of state sales tax that is received to the IDB to partially service the debt of the sales tax bonds and to reimburse the developers and the City of Bristol, Tennessee for their costs related to the Chapter 420 Project. Property tax collections have remained stable and sales tax revenue has continued to increase.

Requests for Information

This financial report is designed to provide a general overview of the IDB's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Economic Development; City of Bristol, Tennessee; 104 8th Street; Bristol, Tennessee 37620 or Post Office Box 1189; Bristol, Tennessee 37621-1189.

**BASIC
FINANCIAL STATEMENTS**

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**STATEMENT OF NET POSITION (DEFICIT)
June 30, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 214,442
Investments	6,604,936
Restricted cash	7,032,914
Capital assets – land	<u>1,070,581</u>
Total assets	<u>14,922,873</u>
LIABILITIES	
Accrued interest payable	8,717,298
Due to others	213,768
Bonds payable, current	3,762,491
Bonds payable, due in more than one year	<u>136,525,799</u>
Total liabilities	<u>149,219,356</u>
NET POSITION (DEFICIT)	
Investment in capital assets	1,070,581
Restricted for:	
Debt service	12,931,670
Economic development	214,074
Unrestricted (deficit)	<u>(148,512,808)</u>
Total net position (deficit)	<u><u>\$ (134,296,483)</u></u>

The Notes to Financial Statements are an integral part of this statement.

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
Governmental activities:			
Chapter 420	\$ 3,268,109	\$ 13,237,191	\$ 9,969,082
Industrial development	87,008	-	(87,008)
Administration	12,222	-	(12,222)
Interest	8,134,941	-	(8,134,941)
	<u>\$ 11,502,280</u>	<u>\$ 13,237,191</u>	<u>1,734,911</u>
General revenues:			
Unrestricted investment earnings			<u>(42,289)</u>
Total general revenues			<u>(42,289)</u>
Change in net position			1,692,622
Net position (deficit) – beginning			<u>(135,989,105)</u>
Net position (deficit) – ending			<u>\$ (134,296,483)</u>

The Notes to Financial Statements are an integral part of this statement.

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**BALANCE SHEET – GOVERNMENTAL FUND
June 30, 2022**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 214,442
Investments	6,604,936
Restricted cash	7,032,914
Total assets	\$ 13,852,292
LIABILITIES	
Accrued expenditures	\$ 492,780
Due to others	213,768
Total liabilities	706,548
FUND BALANCES	
Restricted:	
Debt service	12,931,670
Economic development	214,074
Total fund balances	13,145,744
Total liabilities and fund balances	\$ 13,852,292
Amounts reported for governmental activities in the statement of net position (deficit) are different from fund balances because:	
Fund balances	\$ 13,145,744
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.	1,070,581
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.	
Accrued interest	(8,224,518)
Bonds payable	(142,785,642)
Less: issuance discount (to be amortized as interest expense)	2,497,352
Net position (deficit) of governmental activities	\$ (134,296,483)

The Notes to Financial Statements are an integral part of this statement.

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2022**

REVENUES	
Intergovernmental	\$ 13,227,192
Other local revenue	9,999
Investment earnings (losses)	(42,289)
Total revenues	13,194,902
EXPENDITURES	
Current:	
Chapter 420	3,268,109
Industrial development	87,008
Administration	12,222
Debt service:	
Principal	3,723,276
Interest	7,093,411
Total expenditures	14,184,026
Net change in fund balances	(989,124)
FUND BALANCES – beginning	14,134,868
FUND BALANCES – ending	\$ 13,145,744

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

Net change in fund balances – total governmental fund	\$ (989,124)
The issuance of long-term debt provides current financial resources to governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the government. This is the repayment of previous borrowings.	3,723,276
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	
Amortization of bond discounts	(136,709)
Change in accrued interest	(904,821)
Change in net position of governmental activities	\$ 1,692,622

The Notes to Financial Statements are an integral part of this statement.

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Industrial Development Board of the City of Bristol, Tennessee (the “IDB”) is a legal non-profit organization formed to promote industrial development in the City of Bristol, Tennessee (the “City”), provide additional job opportunities in the City and surrounding areas, and to exercise the authority of and pursue the objectives of industrial development corporations as provided for in the Tennessee Code Annotated. The Board of the IDB is comprised of seven members appointed by the City Council for six years. All members are required to be City residents at the time of appointment and maintain residency during the entire term of office. The IDB has separate corporate powers that distinguish it as being legally separate from the City of Bristol, such as the authority to issue industrial development bonds under state and federal statute. The entity cannot be included as part of another entity. The City can impose its will through removal of board members. As such, the IDB is reported as a component unit of the City.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

Basis of Presentation – Fund Financial Statements

The IDB reports the following major governmental fund:

The *General Fund* is the IDB’s primary operating fund. It accounts for all financial resources of the IDB.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

(Continued)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the IDB considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental fund. Issuances of long-term debt are reported as other financing sources.

Intergovernmental revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the IDB. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity.

Assets, Liabilities, and Net Position/Fund Balance

Cash and cash equivalents

The IDB's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the IDB are reported at fair value (generally based upon quoted market prices) except for certificates of deposit. Certificates of deposits, are non-participating interest earning investment contracts and are reported at cost.

(Continued)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position/Fund Balance (Continued)

Capital assets

Capital assets, which include land, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the IDB as assets with an initial individual cost in excess of established thresholds and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased. The individual cost thresholds utilized for capitalization purposes are as follows:

Land	All Capitalized
------	-----------------

Land is not depreciated.

Net position flow assumption

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

Fund balance flow assumptions

Sometimes the IDB will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the IDB’s policy to consider investment earnings and then restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first and then followed by assigned fund balance. Unassigned fund balance is applied last.

(Continued)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position/Fund Balance (Continued)

Fund balance policies

Fund balance of governmental fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The IDB itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The restricted fund balance classification includes amounts on which limitations are imposed on their use either through enabling legislation adopted by the IDB or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the IDB's highest level of decision-making authority. The Board is the highest level of decision-making authority for the IDB that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the IDB for specific purposes but do not meet the criteria to be classified as committed. The Board can authorize the Finance Director to assign fund balance by resolution. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

(Continued)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1. Summary of Significant Accounting Policies (Continued)

Other

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 the reported amounts of assets, deferred outflows of resources and liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits include demand deposits, money market accounts, and certificates of deposit in the IDB's name.

Deposits

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the IDB's deposits may not be returned to it. State statutes impose various restrictions on the IDB's deposits and investments, including repurchase agreements. These restrictions are summarized for deposits as follows: all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

The IDB's carrying amount of deposits was \$7,145,315 and the balance in financial institutions was \$7,247,356. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

Investments

At June 30, 2022, the IDB's investment balances were as follows:

<u>Investments</u>	<u>Reported Amounts</u>	<u>Maturity</u>	
		<u>< 1 Year</u>	<u>1-2 Years</u>
U.S. Government agencies	\$ 6,604,936	\$ 5,882,183	\$ 722,753

(Continued)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 2. Deposits and Investments (Continued)

Investments (Continued)

<u>Investments</u>	<u>Reported Amounts</u>	<u>Credit Rating</u>
U.S. Government Agencies	\$ 6,604,936	AAA

Interest rate risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The IDB does not have a formal policy for interest rate risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee Collateral Pool.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure by the assignment of a rating by Moody's, a nationally recognized statistical rating organization. The IDB does not have a formal policy for credit risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee Collateral Pool.

State statutes authorize the IDB to invest in bonds, notes, or treasury bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations; obligations of the United States of America or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the market value of the security itself is more than the amount of funds invested, provided, that municipalities may invest in reverse purchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment, and if such investments are made in accordance with procedures established by the state funding board; the State of Tennessee Local Government Investment Pool (TN LGIP); and obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

(Continued)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 2. Deposits and Investments (Continued)

Credit risk (Continued)

Fair value measurements

The IDB categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The investments classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

The IDB has the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	
U.S. Government Agencies	\$ -	\$ 6,604,936	\$ -	\$ 6,604,936

Note 3. Capital Assets

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

	Beginning Balance	Increases	Disposals	Ending Balance
Capital assets, not depreciated land	\$ 1,070,581	\$ -	\$ -	\$ 1,070,581

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 4. Long-Term Debt

Annual debt service requirements – governmental activity debt

The annual requirements to amortize all revenue bonds outstanding as of June 30, 2022, for the governmental activities are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,762,491	\$ 7,045,197	\$ 10,807,688
2024	3,772,606	7,172,832	10,945,438
2025	3,773,856	7,316,332	11,090,188
2026	4,012,753	7,443,935	11,456,688
2027	4,014,082	7,584,606	11,598,688
2028-2032	22,629,854	37,897,099	60,526,953
2033-2037	41,775,000	19,960,481	61,735,481
2038-2042	45,140,000	8,951,325	54,091,325
2043	11,080,000	283,925	11,363,925
	<u>\$ 139,960,642</u>	<u>\$ 103,655,732</u>	<u>\$ 243,616,374</u>

The annual requirements to amortize all direct placement bonds outstanding as of June 30, 2022, for the governmental activities are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 169,500	\$ 169,500
2024	-	169,500	169,500
2025	-	169,500	169,500
2026	-	169,500	169,500
2027	-	169,500	169,500
2028-2032	1,260,000	736,200	1,996,200
2033-2035	1,565,000	202,200	1,767,200
	<u>\$ 2,825,000</u>	<u>\$ 1,785,900</u>	<u>\$ 4,610,900</u>

(Continued)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 4. Long-Term Debt (Continued)

Description	Date of Issuance	Final Maturity Date	Balance 7/1/2021	Additions	Retirements	Balance 6/30/2022
Series 2016A Tax increment revenue bonds, Original issuance – \$30,020,000 Interest rates 4.25% – 5.625% Semi-ann. payments 6/1 and 12/1 Refinancing developer note Payable	11/16/2016	6/1/2035	\$ 28,410,000	\$ -	\$ 1,090,000	\$ 27,320,000
Series 2016B subordinate – direct placement Tax Increment Revenue Bonds, Original issuance – \$3,680,000 Interest rate 6.0% Semi-ann. payments 6/1 and 12/1 Refinancing developer note Payable	11/16/2016	6/1/2035	2,825,000	-	-	2,825,000
Series 2016A CIB State sales tax revenue bonds, Original issuance – \$91,085,000 Interest rates 5.0% – 5.125% Semi-ann. payments 6/1 and 12/1 Funding pinnacle project	11/9/2016	12/1/2043	91,085,000	-	-	91,085,000
Series 2016B CAB State sales tax revenue bonds, Original issuance – \$29,515,400 Interest rates 4.8% – 6.0% Semi-ann. payments 6/1 and 12/1 Funding pinnacle project	11/9/2016	12/1/2032	24,188,918	-	2,633,276	21,555,642
			<u>146,508,918</u>	<u>-</u>	<u>3,723,276</u>	<u>142,785,642</u>
Original issue discount			<u>(2,634,061)</u>	<u>-</u>	<u>(136,709)</u>	<u>(2,497,352)</u>
Net bonds payable			<u>\$ 143,874,857</u>	<u>\$ -</u>	<u>\$ 3,586,567</u>	<u>\$ 140,288,290</u>

\$3,762,491 of the debt above is due within one year.

(Continued)

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 4. Long-Term Debt (Continued)

The IDB entered into two debt related transactions related to the Chapter 420 Project, the Pinnacle, during fiscal year 2014. In September 2013, the IDB issued a Tennessee Tax Increment Revenue Note Payable in an amount not to exceed \$20,500,000. The note is to be paid from the increase in tax revenue in the plan area. The developer was required to pay on behalf of the Board, directly to the lender, an amount equal to the difference, if any, between the amounts of debt service due with respect to the debt and the tax increment revenues available. However, the aggregate amount payable by the Developer could not exceed \$20,500,000. The proceeds were used by Pinnacle Partners Tennessee, LLC to construct improvements related to the North Pad Area. During fiscal year 2017, the amount outstanding related to this note payable was refinanced through the issuance of Series 2016 Tax Increment Revenue Bonds (Pinnacle Project) of \$30,020,000 and Series 2016 Subordinate Lien Tax Increment Revenue Bonds (Pinnacle Project) of \$3,680,000. The balances of these bonds as of June 30, 2022 were \$27,320,000 and \$2,825,000.

In June 2015, the IDB issued a Tennessee Tax Increment Revenue Note Payable in an amount not to exceed \$8,350,000. The note was to be paid from the increase in tax revenue in the plan area. The developer paid on behalf of the Board, directly to the lender, an amount equal to the difference, if any, between the amounts of debt service due with respect to the debt and the tax increment revenues available. However, the aggregate amount payable by the Developer could not exceed \$8,350,000. The proceeds were used by Pinnacle Partners Tennessee, LLC to construct improvements related to the South Pad Area. During fiscal year 2017, the amount outstanding related to this note payable was refinanced through the issuance of Series 2016A State Sales Tax Revenue Bonds (Pinnacle Project) of \$91,085,000 and 2016B State Sales Tax Revenue Capital Appreciation Bonds (Pinnacle Project) of \$29,515,400. The balances of these bonds as of June 30, 2022 were \$91,085,000 and \$21,555,642.

Each of the debt obligations noted above is special debt of the Industrial Development Board of Bristol, Tennessee which is payable solely from the revenues, receipts, and security pledged for such indebtedness. In regards to the bonds issued, property tax revenues and sales tax reimbursements will be utilized to service the debt. The bondholders are aware that the revenue streams are the only means of funding the debt service. The Industrial Development Board of Bristol, Tennessee has no obligation to repay any of the debt obligations.

Note 5. Conduit Debt

In August 2013, Series 2013 Revenue Bonds (Johnson Pinnacle Project) were issued by the IDB for \$1,700,000. The proceeds were used by Johnson Pinnacle, LLC to finance the cost of constructing a commercial facility in the City as part of the Chapter 420 Project. The bonds were secured by the lease revenue from the construction of Bass Pro Shop. As of June 30, 2022, the amount outstanding related to these bonds payable was \$1,231,969. The party mentioned in regards to the Series 2013 Revenue Bonds, that utilized the bonds for their purpose, is responsible for all payments related to the debt obligation.

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 6. Pledged Revenue

During 2012, Council approved the Economic Impact Plan for the Bristol West Economic Development Area Project. During the approved twenty-year tax increment financing period, the City of Bristol, Tennessee agreed to forego taxes on the improvements constructed in the Bristol West Economic Development Area in amounts that would be determined in accordance with the Economic Impact Plan. Under the Economic Impact Plan, annual property taxes assessed by the City and County within the Plan Area that exceed the sum of \$35,712 and \$34,746 for the City and County, respectively, (the Base Tax Amount) and the Dedicated Tax Amount retained by the City and County for debt service, are transferred to the IDB to be used to pay debt service on notes, bonds, or other obligations issued to finance the Bristol West Project. During fiscal year 2022, the City of Bristol paid \$981,850 and Sullivan County Tennessee paid \$1,205,659 to the Industrial Development Board of the City of Bristol, Tennessee to pay debt service on the outstanding debt related to this project.

Note 7. Risk Management

The IDB is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries of employees for which commercial insurance is purchased from independent third parties. There has been no significant reduction in insurance coverage from the prior year. The Industrial Development Board of Bristol, Tennessee had no settlements in the prior three years that were not covered by insurance.

SUPPLEMENTARY INFORMATION

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
Year Ended June 30, 2022**

	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2021</u>	<u>Issued During Period</u>	<u>Paid/Refunded During Period</u>	<u>Outstanding June 30, 2022</u>
GOVERNMENTAL ACTIVITIES								
Revenue Bonds Payable:								
Series 2016A Tax Increment Revenue Bonds	\$ 30,020,000	4.25%-5.625%	11/16/2016	6/1/2035	\$ 28,410,000	\$ -	\$ 1,090,000	\$ 27,320,000
Series 2016A CIB State Sales Tax Revenue Bonds	91,085,000	5.0%-5.125%	11/9/2016	12/1/2032	91,085,000	-	-	91,085,000
Series 2016B CAB State Sales Tax Revenue Bonds	29,515,400	4.8%-6.0%	11/9/2016	12/1/2043	24,188,918	-	2,633,276	21,555,642
Total Revenue Bonds Payable					<u>143,683,918</u>	<u>-</u>	<u>3,723,276</u>	<u>139,960,642</u>
Direct Placement Bonds Payable:								
Series 2016B Subordinate – Direct Placement Tax Increment Revenue Bonds	3,680,000	6.0%	11/16/2016	6/1/2035	2,825,000	-	-	2,825,000
Total Direct Placement Bonds Payable					<u>2,825,000</u>	<u>-</u>	<u>-</u>	<u>2,825,000</u>
Total Governmental Activities Bonds Payable					<u>\$ 146,508,918</u>	<u>\$ -</u>	<u>\$ 3,723,276</u>	<u>\$ 142,785,642</u>

See independent auditors report.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**SCHEDULE OF BONDS
June 30, 2022**

Type of Issue	Date of Issue	Original Issue	Interest Dates	Debt Remaining at June 30, 2022		
				Maturity Schedule	Principal	Interest
Tax increment Revenue bond	11/16/2016	\$ 30,020,000	June, Dec	6/1/2023	\$ 1,145,000	\$ 1,494,125
				6/1/2024	1,205,000	1,436,875
				6/1/2025	1,270,000	1,376,625
				6/1/2026	1,560,000	1,313,125
				6/1/2027	1,640,000	1,235,125
				6/1/2028	1,730,000	1,153,125
				6/1/2029	1,830,000	1,055,813
				6/1/2030	2,010,000	952,875
				6/1/2031	2,125,000	839,813
				6/1/2032	2,250,000	720,281
				6/1/2033	2,380,000	593,718
				6/1/2034	2,515,000	459,844
				6/1/2035	5,660,000	318,375
					<u>\$ 27,320,000</u>	<u>\$ 12,949,719</u>
Direct Placement Tax Increment Revenue Bond	11/16/2016	\$ 3,680,000	June, Dec	6/1/2023	\$ -	\$ 169,500
				6/1/2024	-	169,500
				6/1/2025	-	169,500
				6/1/2026	-	169,500
				6/1/2027	-	169,500
				6/1/2028	95,000	169,500
				6/1/2029	175,000	163,800
				6/1/2030	310,000	153,300
				6/1/2031	330,000	134,700
				6/1/2032	350,000	114,900
				6/1/2033	375,000	93,900
				6/1/2034	575,000	71,400
				6/1/2035	615,000	36,900
					<u>\$ 2,825,000</u>	<u>\$ 1,785,900</u>

(Continued)
See independent auditors report.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**SCHEDULE OF BONDS (CONTINUED)
June 30, 2022**

Type of Issue	Date of Issue	Original Issue	Interest Dates	Debt Remaining at June 30, 2022		
				Maturity Schedule	Principal	Interest
Sales Tax Revenue bond	11/9/2016	\$ 91,085,000	June, Dec	6/1/2023	\$ -	\$ 4,633,562
				6/1/2024	-	4,633,562
				6/1/2025	-	4,633,562
				6/1/2026	-	4,633,562
				6/1/2027	-	4,633,562
				6/1/2028	-	4,633,562
				6/1/2029	-	4,633,562
				6/1/2030	-	4,633,562
				6/1/2031	-	4,633,562
				6/1/2032	3,645,000	4,542,437
				6/1/2033	5,315,000	4,318,437
				6/1/2034	5,755,000	4,041,688
				6/1/2035	6,215,000	3,742,437
				6/1/2036	6,705,000	3,419,437
				6/1/2037	7,230,000	3,066,544
				6/1/2038	7,780,000	2,681,912
				6/1/2039	8,370,000	2,268,069
				6/1/2040	8,995,000	1,823,091
				6/1/2041	9,650,000	1,345,312
				6/1/2042	10,345,000	832,941
				6/1/2043	11,080,000	283,925
					<u>\$ 91,085,000</u>	<u>\$ 74,068,288</u>
Sales Tax Revenue Bond	11/9/2016	\$ 29,515,400	June, Dec	6/1/2023	\$ 2,617,491	\$ 917,510
				6/1/2024	2,567,605	1,102,395
				6/1/2025	2,503,856	1,306,144
				6/1/2026	2,452,753	1,497,248
				6/1/2027	2,374,081	1,715,919
				6/1/2028	2,209,057	2,030,021
				6/1/2029	2,153,522	2,230,686
				6/1/2030	2,100,044	2,435,647
				6/1/2031	2,046,566	2,642,820
				6/1/2032	530,667	759,333
					<u>\$ 21,555,642</u>	<u>\$ 16,637,723</u>

See independent auditors report.

COMPLIANCE SECTION



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

The Members of the Industrial Development Board
of the City of Bristol, Tennessee
Bristol, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Industrial Development Board (the “IDB”), a component unit of the City of Bristol, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the IDB’s basic financial statements, and have issued our report thereon December 13, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the IDB’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IDB’s internal control. Accordingly, we do not express an opinion on the effectiveness of the IDB’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 IDB’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.**

Report on Compliance and Other Matters

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

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee
December 13, 2022

**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF BRISTOL, TENNESSEE
(A Component Unit of the City of Bristol, Tennessee)**

**SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2022**

Section I - Summary of Auditor's Results

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements of the Board were disclosed during the audit.

Section II – Findings - Financial Statement Audit

None noted

Section III – Tennessee Compliance

No findings related to compliance with Tennessee rules, regulations, guidelines, or codes were noted.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior year findings noted.