Northern Middle Tennessee Workforce Board Inc.

APPROVED
APRIL 30, 2026

Northern Middle Tennessee Workforce Board
Finance Committee
Meeting Minutes
February 5, 2026, via Zoom at 9:00 a.m.

Members Attending	Members Absent	Staff & Guests Attending
Mark Peed	Kristi Spurgeon	Ginger Fussell
Ashley Horan		Andrea Dillard
Dan Caldwell		Marla Rye
David Rutledge		Alyssa Spaulding
Paul Webb		Elizabeth Carmichael
Shoshana Samuels		Caroline Vickrey
John Zobl		

The Northern Middle Tennessee Workforce Board Finance Committee met via Zoom on February 5, 2026, at 9:00 a.m. With a quorum confirmed, Mark Peed called the meeting to order. Shoshana Samuels moved to approve the minutes of the previous meeting, and Dan Caldwell seconded. With no discussion, the minutes were unanimously approved.

Marla Rye introduced the first item of business, noting the completion of the June 30, 2025 audit and the organization's second year working with the firm Stone, Rudolph, and Henry. Marla welcomed Elizabeth Carmichael and Caroline Vickery and invited Elizabeth to provide an overview of the audit and related reports.

Audit Review
Elizabeth Carmichael explained that the audit package required three reports: a report on the financial statements, a report on internal control over financial reporting and compliance, and a single audit report. She reported that the financial statements received an unmodified opinion, indicating that they present fairly in all material respects the financial position of the organization. She highlighted key financial changes, including an increase in total assets of approximately $593K, primarily due to higher receivables driven by increased Adult WIOA activity, and a net change in assets of approximately $51K for the year. Elizabeth noted that fluctuations in net assets are typical for nonprofit organizations and confirmed that the organization maintains sufficient cash flow to support its mission. She also reported that there were no new accounting pronouncements or note disclosures for 2025.

She further reported that the audit of internal controls and compliance identified no findings, confirming that appropriate procedures are in place to mitigate risk. Similarly, the single audit of major programs found the organization to be in compliance with all material requirements, with no findings reported. She added that the audit process was significantly smoother in the second year of engagement and commended Marla Rye, Ginger Fussell, and the accounting staff for their organization and responsiveness. Elizabeth also confirmed that the required communication letter to the board

noted no significant issues, disagreements, or misstatements. Shoshana Samuels asked if there were any recommendations from the auditors going forward. Marla Rye shared that the second year of working with the audit firm had been a positive experience, noting improved communication and efficiency. She expressed appreciation for Elizabeth and Caroline's work, as well as for the internal team, recognizing Ginger Fussell, Cinthya Rodriguez, Britni Rowlett, and Debbie Holcomb for their contributions and describing the group as a small but highly effective team. Ginger Fussell added that auditors reiterated a prior recommendation to align the board-presented budget more closely with the audited financial format. She explained that this presents challenges due to the structure and timing of grant funding, but acknowledged the recommendation as valid. She is actively working toward a solution and may present the upcoming budget in two formats to better align with audit expectations while maintaining clarity around grant flow. She also expressed appreciation for the audit firm's professionalism, particularly their ability to meet state deadlines despite complications related to the federal government shutdown, noting their proactive contingency planning. Elizabeth responded that the firm was pleased to complete and submit the audit on time despite federal delays. Shoshana commented positively on the relationship between the organization and the audit firm and expressed support for exploring dual-format financial presentations to address timing and funding nuances. Elizabeth invited the board to reach out with any additional questions.

Marla Rye expressed appreciation for Ginger Fussell and staff for their continued strong performance before providing a brief operational update. She explained that American Job Centers across the region were closed the previous week due to the Governor's closure of state offices. Although Workforce Essentials is not a state agency, the closure of partner agencies necessitated alignment with the state's decision. Marla reported that staff worked remotely during that time, focusing on case management activities, and while operations were somewhat less efficient, productivity was maintained. Offices reopened on Monday, and normal operations resumed.

2025-2026 Budget Progression

Ginger Fussell presented the financial report for the second quarter ending in December, noting that total grant utilization for the quarter was approximately $1.6M, an increase of about $120K from the prior quarter but still below the desired pace. She explained that formula fund spending declined during the quarter, while spending increased across additional grant programs due to several new grants being implemented and ramping up. Formula fund utilization was 27.1% at midyear, with overall cumulative utilization at 23.7%, reflecting approximately $3.1 M in expenditures compared to $3.7 M at the same point in the prior year. She clarified that the prior-year total included a $497K expenditure for a Tennessee Youth Employment Program grant in a different phase and on a larger scale. That adjustment provides a more accurate comparison. Even with that adjustment, overall spending remains behind pace. She noted that while participant spending is lower than desired, operational efficiency has improved significantly following the transition to in-house management, reducing overhead costs. This improved efficiency is reflected in a strong MPCR despite lower overall expenditures. She emphasized the need to increase participant spending in the remaining quarters to meet overall targets.

Ginger reviewed approximately $591K in new funding, including one active Incumbent Worker grant totaling $258K and three anticipated awards expected to be finalized in the next quarter. The anticipated awards include two State Apprenticeship grants totaling $210K and an additional $123K in YEP funding. These additions increase the total budget from approximately $12.389M to $12.98M. Marla Rye provided additional detail on the $258K incumbent worker statewide grant, describing it as a partnership with the Tennessee Hospital Association to connect hospitals across the state with their

local workforce boards. She reported that all funds have been committed, with participation from eight hospitals across the state, including Memphis, Chattanooga, Knoxville, and multiple locations in Nashville. She emphasized the long-term value of strengthening these partnerships. Marla also noted anticipated funding for apprenticeship expansion and additional YEP support, referencing the Governor's proposed continued investment in youth programming. Dan Caldwell asked for clarification on the YEP funding amount, specifically whether the $123K reflected additional funding or a total. Ginger Fussell clarified that the $591K figure shown represents the total of all four new grants combined and explained how the updated budget reflects the $591K increase from the prior total of $12.389M. She further noted that approximately $123K in youth program funding included in the $591K was additional and must be expended by June 30. Ginger also shared that a funding opportunity of approximately $250K for rural healthcare workforce development has been announced for the next fiscal year. Shoshana commented on the Governor's continued support and funding for rural healthcare initiatives, which Marla confirmed.

Ginger then outlined two action items for board consideration: approval of the financial report reflecting the $591K increase to the budget, and authorization to request flexibility from the state to reallocate up to approximately $250K in unused administrative funds into program funds prior to expiration. She explained that administrative funds associated with expiring formula grants do not carry over and that reallocation would allow the organization to fully utilize available funding. She noted that such a shift could impact MPCR requirements, so flexibility is being requested in advance to allow for evaluation later in the year. Marla confirmed that this approach reflects operational efficiency and would allow the organization to serve additional participants. Mark asked whether administrative funds would carry over, and Ginger clarified that administrative funds tied to expiring formula grants do not carry forward.

Paul Webb asked whether the federal government shutdown impacted operations. Marla explained that WIOA-funded programs were not affected due to forward funding and existing contracts, with no delays in payments or staffing impacts. She noted that a separate senior services program experienced a temporary shutdown, but it is not included in the financial report. Ginger added that existing contracts are in place through June 30, 2027, ensuring continued funding stability.

MPCR

Ginger Fussell continued her report with an update on MPCR, noting that the current rate stands at 38.19%. While this is slightly below the 40% benchmark needed by June 30, 2026, she expressed confidence in the organization's position given the lower spending in the second quarter and the addition of several new grants now contributing to MPCR. She explained that under the previous policy, the formula-funded MPCR would have been slightly above 30%, highlighting the positive impact of programs such as YEP, apprenticeship grants, and health-related grants on overall performance. Ginger indicated that she expects the organization to remain in a strong position with MPCR under the new policy. She reported that MPCR for Adult and Dislocated Worker programs is at 35% cumulatively, while youth MPCR is at 47%. Work experience was 23% and in-school youth goals are being met at 38%.

Contractor Trends

Ginger reported that One Stop Operator billing is progressing within budget, with approximately 47% billed at the halfway point of the year. She noted that this is slightly higher than typical at this stage and attributed the increase to a temporary staffing overlap during the transition associated with George Phillips' retirement.

Monitoring

Ginger provided an update on monitoring activities, reporting that internal quality assurance staff continue to conduct case file reviews with no issues identified. Program staff are providing ongoing technical assistance, and fiscal staff continue monthly desk reviews, including monitoring utilization, MPCR, work experience, and in-school youth goals.

Ginger also reported on One Stop Operator monitoring, noting that the primary focus this quarter was the transition following George Phillips' retirement, including onboarding and training of the incoming operator. She stated that state monitoring activities resulted in no findings from the program monitoring team, though an on-site review was postponed due to weather.

PAR Report

In addition to the external audit, the PAR monitoring report identified no findings and one observation. Ginger explained that the observation involved a single instance of a paid meal break by our contractor EDSI that should not have been compensated, resulting in an error of approximately $50. She reported that the issue was corrected, funds were recovered, and the grant remained open, allowing the matter to be resolved without becoming a formal finding. She noted that PAR recommended retraining for both internal staff and worksite employers on compliance with unpaid meal break requirements. Mark asked for clarification on the observation, confirming that it involved only one instance. Ginger confirmed this, and Marla Rye reiterated that the issue was limited to a single occurrence.

Action Items

Ginger concluded her report by restating the two action items: approval of the financial report and revised budget of approximately $12.9 M, reflecting the $591K increase, and approval of flexibility to request repurposing of up to $250K in formula administrative funds to program funds if needed. Mark asked for a single motion to approve both items as presented. Paul Webb made the motion, and David Rutledge seconded. With no further discussion, the motion was passed unanimously.

Mark commended staff on the audit results and overall financial performance. Shoshana Samuels also expressed strong support, noting the organization's ability to maintain high performance despite operational and funding challenges. Marla acknowledged the positive feedback and commended Ginger Fussell and staff, while also noting concern regarding current enrollment levels. She explained that expenditures are directly tied to enrollment and indicated that Natalie McLimore will present a plan at the upcoming board meeting to address the strategy for increasing enrollment and supporting spending goals.

Mark commented that he was surprised enrollment numbers were not higher, given recent layoffs in the region, and noted an increase in job applicants within his own industry. Marla acknowledged the concern and emphasized the importance of reaching individuals in need of services while recognizing the broader economic context.

Adjourn

Marla reminded the board of the upcoming meeting in Clarksville and noted that office locations and the future structure of American Job Centers will be discussed. She explained that the state is restructuring its workforce system, which may result in fewer physical locations and a shift toward more mobile service delivery. Marla also shared that a representative from the Department of Labor will present on the new Tennessee Works program, which aims to align workforce, economic development, and education efforts.