



**Northern Middle Tennessee  
Workforce Board Inc.**

**Finance Committee**

**February 5, 2026**

**9:00 A.M.**

[Click here for zoom link](#)

Meeting ID: 859 7312 1700

Passcode: 351920

One tap mobile: +13092053325,,85973121700# US

## Agenda

---

**Welcome**

**Call the Meeting to Order**

**Approval of Minutes**

**Business Reports:**

1. Audit Review 6/30/25 -Stone Rudolph & Henry
2. Financial Report
  - a. 2025-2-26 Budget Progression
  - b. MPCR
  - c. CSP & Contractor Trends
  - d. Monitoring
  - e. PAR Report
  - f. Action Items

**Adjourn**

### Members:

Mark Peed (Chair)  
Ashley Horan  
Dan Caldwell  
David Rutledge  
Paul Webb  
Kristi Spurgeon  
Sho Samuels



DRAFT UNTIL  
APPROVED

Northern Middle Tennessee Workforce Board

Finance Committee

Meeting Minutes

Nov 6, 2025, via Zoom at 10:00 a.m.

Members Attending	Members Absent	Staff & Guests Attending
Ashley Horan	Mark Peed	Ginger Fussell
Dan Caldwell		Andrea Dillard
David Rutledge		Meagan Dobbins
Paul Webb		Cinthya Rodriguez
Kristi Spurgeon		Alyssa Spaulding
Shoshana Samuels		Marla Rye
John Zobl		
Brandon Phinx		

The Northern Middle Tennessee Workforce Board Finance Committee met via Zoom on November 6, 2025, at 10:00 a.m. With a quorum confirmed, Dan Caldwell called the meeting to order. Shoshana Samuels moved to approve the minutes of the previous meeting, and David Rutledge seconded. With no discussion, the minutes were unanimously approved. Marla noted that Board Chair Mark Peed was unable to attend as he was on vacation, his first in 25 years. She thanked Dan Caldwell for stepping in to chair the meeting, who then called the meeting to order.

Before proceeding to the business reports, Andrea Dillard introduced a new board member, Ashley Horan, representing Humphreys County. Andrea shared that Ashley is the owner and operator of 70 & Main Coffee House in McEwen and serves as the Humphreys County Economic and Community Development Director, working directly with the county mayor. Ashley briefly addressed the board, sharing her background as a small business owner, her role in economic development and tourism, her military service along with her husband, and her enthusiasm for serving on the board.

**Q1 Budget to Actual**

Ginger Fussell presented the Q1 financial report for Program Year 25–26, reporting grant utilization of approximately \$1.4 M. She noted that most expenditures occurred within formula grants due to the transition of the career service provider. At the end of Q1, 13.8% of the formula budget and 11.9% of the overall PY 2025–2026 budget had been expended, which includes three new grants totaling \$558K. Comparing current expenditures to Q1 of PY 24–25, prior year spending totaled approximately \$2.1M. Expenditures during Q1 of last year largely because of additional Tennessee Youth Employment Grant extended through the summer months, accounting for approximately \$450K of the total. She also noted that there was no career service provider transition during the prior period, which contributed to higher PY spending levels. Additionally, several non-formula grants were slower to begin this year due to delays in receiving funds. While lower 25-26 Q1 expenditures were expected given these circumstances, Ginger stated that this was not the desired pace for the year and that staff anticipate increased utilization in future quarters.

From a fiscal standpoint, Ginger reported that the career service provider transition was efficient and favorable, particularly because it did not require training new external contractors. She advised the board that the only budget action required at the meeting would be to approve the addition of the three newly awarded grants totaling \$558K.

### **New Funding**

Andrea Dillard addressed two of the newly awarded grants, beginning with state apprenticeship funding received annually through the TNDLWD's Office of Apprenticeship. The apprenticeship program awarded \$180K of program dollars for the year, which has already been fully obligated. She explained that, unlike prior years, the funding required a formal application through a request-for-proposal process, which delayed receipt of funds until October rather than the typical July start date. Fortunately, employers had already applied for the funding and were ready to proceed once approval was finalized. She also reported that the board received approximately \$111K in additional Tennessee Youth Employment funding to specifically serve 32 youth with disabilities aged 14 to 24. These funds are provided through Vocational Rehabilitation, and the board is working in partnership with them to place participants in paid work experiences. Andrea shared that five youth were already enrolled, with eight additional enrollments pending, and noted that the funds must be fully expended by June 30, 2026. Staff will continue identifying eligible participants across all counties in the workforce area.

Marla Rye then provided an overview of the \$247K Community Reentry Grant awarded through the Office of Reentry. The board's application focused on two reentry initiatives that had previously requested a letter of support from a prior funding opportunity. The first reentry project, serving Humphreys and Houston Counties, was originally developed by Ashley Horan. The initiative will focus on justice-involved individuals and includes a partnership with TCAT to provide construction training in flooring, including hardwood, tile, laminate, and carpet. Marla reported that multiple employers have expressed interest in partnering and referring participants, and the project is expected to begin in January. The second reentry initiative will focus on Rutherford County and involves collaboration with the local reentry courts, Nissan, and other area manufacturers. She explained that while a Certified Production Technician course is currently offered at the jail, staff identified the need to better align training with individuals nearing release. The project is being reevaluated to focus on individuals who have been recently released or will be released within 90 days, with a greater emphasis on work experience and direct placement into employment to support successful reentry.

Marla also provided an update on a potential Employer Industry Skills Training Grant being developed by the Tennessee Department of Labor and Workforce Development under a U.S. Department of Labor RFP. She reported that Tennessee's initial proposal was accepted and is now advancing to the statement-of-work phase. The statewide initiative would focus on incumbent worker training in manufacturing, nuclear energy, and artificial intelligence. She expressed optimism that additional training opportunities for employers in the region could become available in the coming months. Marla concluded by noting that the board has not been affected by the federal government shutdown, as WIOA funding is forward-funded through June 30. She acknowledged uncertainty regarding funding beyond the current program year but stated that operations are continuing as planned.

### **MPCR**

Ginger then presented an update on the board's Minimum Participant Cost Rate (MPCR), explaining that this measure reflects the percentage of total program expenditures spent directly on participants. The

state requires a minimum MPCR of 40% by the end of Q4. She reported that during Q1, which included the transition of the career service provider, the board achieved an MPCR of 38.14%. She believed this result was encouraging for Q1 and reminded that qualifying expenditures would increase over the remainder of the year while infrastructure costs should remain relatively stable. With the change of CSPs, the MPCR reporting format has been streamlined to reflect expenditures by fund stream rather than separating outside contractors in overhead columns, noting that infrastructure costs are now incorporated into each category. She shared that the CSP division met MPCR requirements for Adult funding at 53% but did not meet the threshold for Dislocated Worker funding at 22%, resulting in a combined Adult and Dislocated Worker rate of approximately 42%. She also reported that Youth funding met MPCR requirements at 55%, and that work experience and in-school youth performance goals were met.

### **Contractor Trends**

She next provided an update on the One Stop Operator contract, noting that with the transition away from EDSI and MAC as service providers, the board materials now reflects the contract solely for One Stop Operator services. She reported that the contract total is \$300K for the year, with 21% expended to date, indicating that spending remains under budget.

### **Monitoring**

Ginger provided a monitoring update, reporting that the Northern Middle Workforce Board's quality assurance staff completed internal case file reviews for Adult, Dislocated Worker, and Youth programs. No significant observations were identified. Minor issues that were noted were discussed with career service provider staff, corrective action plans were submitted, and all affected files were corrected. She also referenced prior discussion regarding procurement of an external monitoring service, noting that limited responses and cost constraints prevented the board from moving forward at this time. Staff will continue discussions with the state regarding monitoring expectations and will continue internal quality assurance reviews of the career service provider division, consistent with prior practices.

Ginger further reported that programmatic monitoring of the Northern Middle Workforce Board was conducted with no observations or findings. She noted that the Program Accountability Unit conducted its annual fiscal review in September, which included extensive electronic documentation and a review of 100% of selected monthly documentation for contractors, including a full-month review for the board's largest contractor. The review process was thorough and progressing well, with a final report anticipated soon. She also reported that the external financial audit is underway, with on-site activity scheduled for later in the month and completion required by the end of December.

### **Action Item**

Ginger concluded by presenting the meeting's action item, which was approval of the revised PY 25-26 budget and financial report totaling \$12.4 M, including the \$558K in additional grant funding. She asked if there were any questions. Dan Caldwell called for a motion to approve the revised budget as presented. David Rutledge made the motion, which Ashley Horan seconded. The revised budget was approved unanimously with no further discussion.

Marla then provided closing remarks, beginning with an update from the Governor's Conference on Economic Development held in Murfreesboro. The Governor, along with Commissioner Thomas and Deputy Governor McWhorter, announced the launch of Tennessee Works, a new statewide alignment among the Department of Labor and Workforce Development, the Department of Economic and Community Development, the Tennessee Board of Regents, THEC, TBR, and the Department of Human

Services. This initiative is intended to strengthen collaboration among state agencies. It aligns with recent efforts in the Northern Middle region, including the opening of the Nashville American Job Center on Elm Hill Pike as part of a broader workforce campus with higher education and partner agencies. She believes that the Tennessee Works initiative may present additional opportunities for co-located workforce and education campuses in the future and referenced Humphreys County as a potential location for expanded collaboration involving higher education, an American Job Center, and possible TCAT operations.

Marla also addressed recent monitoring activity related to the Tennessee Youth Employment Program, noting that the state reviewed documentation from June, an unusually high-volume month due to the late allocation of approximately \$600K in funding. She explained that two timesheets reflected paid lunch periods for youth participants, which may result in a minor finding. Marla emphasized that any potential issue would be immaterial in nature and expressed appreciation for EDSI's efforts in processing payroll and managing program closeout during an accelerated transition period. Ginger added that EDSI's fiscal staff continued to assist with audit-related requests even after the contract period ended, and she expressed appreciation for their continued cooperation.

Marla concluded by acknowledging the recent explosion at Accurate Energetics in Humphreys County and shared that Ashley Horan had joined the board following Kelly Tyler's resignation due to increased responsibilities after the incident. Marla asked that the board keep the Accurate Energetics employees and their families in their thoughts as they continue to recover.

### **Adjourn**

With no further discussion, Dan Caldwell adjourned the meeting, noting the next meeting date and encouraging in-person attendance.

NORTHERN MIDDLE TN WORKFORCE BOARD

DECEMBER 2025 FISCAL UPDATE

2025-26 BUDGET PROGRESSION & SPEND TREND

	(\$ in 000's)				
	25-26 QTR 1	25-26 QTR 2	Expenses YTD	Revised FY 2025-26 12 Mo. Budget	% Spent
<b>Northern Middle LWDA</b>					
Infrastructure Funding Agreement	113	123	236	1,000	23.6%
Adult	122	177	299	1,969	15.2%
Dislocated Worker Re-purposed for Adult	403	329	732	833	87.9%
Dislocated Worker for DW	318	371	689	3,416	20.2%
Youth	400	319	719	2,784	25.8%
<b>Total FY 25-26 Expense vs Budget - Formula Grants</b>	<b>1,243</b>	<b>1,196</b>	<b>2,439</b>	<b>9,002</b>	<b>27.1%</b>
Tennessee Youth Employment Program (TYEP) (7/1/25 to 6/30/26)	52	101	153	622	24.6%
Additional Tennessee Youth Employment Program (TYEP) pending approval (TBD to 6/30/26)	0	0	0	123	0.0%
Tennessee Youth Employment Program - Vocational Rehabilitation (TYEP VR) (10/1/25 to 6/30/26)	0	3	3	111	2.7%
Apprenticeship (7/1/25 to 6/30/26)	0		0	200	0.0%
Rural Healthcare (7/1/25 to 6/30/26)	21	115	136	239	56.9%
Incumbent Worker Statewide (12/15/25 to 6/30/26)	0	0	0	258	0.0%
Re-Entry (7/1/25 to 6/30/26)	0	0	0	247	0.0%
SAEF 3.1 State Apprentice (2/1/26 to 6/30/27) pending approval	0	0	0	60	0.0%
SAEF 3.2 State Apprentice (2/1/26 to 6/30/27) pending approval	0	0	0	150	0.0%
TN-PROWD (Re-Entry 4/1/25 - 9/30/27)	50	61	111	968	11.5%
<b>Total FY 25-26 Expense vs Budget - All Grants</b>	<b>1,479</b>	<b>1,599</b>	<b>3,078</b>	<b>12,980</b>	<b>23.7%</b>

\* Northern Middle's grant utilization in Q2 was \$120k higher than Q1 with formula spending decreasing and non-formula funding increasing.

\* Formula utilization is 27% at the mid-year mark. New funding is indicated in red text.

\* Cumulative utilization at Q2 was \$3.1M compared to prior year of \$3.7M (excludes \$497k expenditures for prior year Tennessee Youth program).

NORTHERN MIDDLE TN WORKFORCE BOARD  
DECEMBER 2025 FISCAL UPDATE

2025-26 BUDGET PROGRESSION (cont.) - NEW FUNDING

<i>25-26 budget last meeting</i>	12,389	
<i>Incumbent Worker Statewide</i>	258	
<b><i>Pending Approval:</i></b>		
<i>SAEF 3.1 State Apprentice Expansion Funding (Base) applied for; pending approval 2/1/26 to 6/30/27 up to \$60k</i>	60	
<i>SAEF 3.2 State Apprentice Expansion Funding (Competitive) applied for; pending approval 2/1/26 to 6/30/27 up to \$150k</i>	150	
<i>Additional TYEP</i>	123	591
<b>Revised 2025-26 budget</b>	<b>12,980</b>	

*\* Additional funding in the amount of \$258k was received during the quarter.  
Funding in the amount of \$333k has been applied for, and is pending approval.*

*For next year:*

*\* A funding opportunity has been announced for up to \$250,000 for FY26-27  
for Rural Healthcare Workforce Development Initiatives*

***Action Item:***

*\* During 2025-26, flexibility through June 30, 2026 to request of TDLWD permission for  
up to \$250,000 re-purposing of formula Admin for Program purposes.*

NORTHERN MIDDLE TN WORKFORCE BOARD  
 DECEMBER 2025 FISCAL UPDATE

Minimum Participant Cost Rate (MPCR)

TDLWD Minimum Participant Cost Rate (MPCR) - Preliminary Through December 2025

**MPCR = 38.19%**

	Adult/DW	Youth	TYEPs	Apprentice, Rural Health, Re-Entry	Total
Qualifying Expenses	\$ 415,932	\$ 233,931	\$ 131,443	\$ 180,052	\$ 961,358
Total Program	\$ 1,527,114	\$ 638,616	\$ 131,443	\$ 220,177	\$ 2,517,350
<b>MPCR</b>	<b>27.24%</b>	<b>36.63%</b>	<b>100.00%</b>	<b>81.78%</b>	<b>38.19%</b>

Northern Middle is below the 40% state requirement in quarter 2.

**\*\*\* PRIOR QUARTER MPCR = 38.14%\*\*\***

**NORTHERN MIDDLE TN WORKFORCE BOARD**  
**DECEMBER 2025 FISCAL UPDATE**  
**CONTRACTOR - BILLING PROGRESS**

One-Stop Operator Billing	In \$000's		
	Budget Spent Contract To Date	Total 12 Month Budget	% Spent 50% time elapsed (contract extended)
<b>MCHRA</b>	<b>\$ 141</b>	<b>\$ 300</b>	<b>47%</b>

(Regional Contract - 12 month extension 7/1/25 to 6/30/26)

# NORTHERN MIDDLE TN WORKFORCE BOARD

## DECEMBER 2025 FISCAL UPDATE

### MONITORING UPDATE

#### Monitoring of Workforce Essentials - Career Service Provider Division

- \* NMTWB's Quality Assurance staff completed a Case File Review of Adult, Dislocated Worker & Youth closures of the Workforce Essentials CSP division. No significant observations were found.
- \* NMTWB's Program staff provided ongoing Technical Assistance.
- \* NMTWB's fiscal staff continue to perform monthly desk reviews of the CSP division's utilization, MPCR, work experience and in-school youth goals providing technical assistance.

#### Monitoring of Mid-Cumberland HRA - One-Stop Operator

- \* The One-Stop Operator continues to promote enhanced oversight of partner accountability in supporting KPI goals.
- \* Technical assistance and training of the incoming One-Stop Operator was conducted throughout Q2 to ensure a smooth transition upon the retirement of George Phillips.
- \* The One-Stop Operator monitoring tool will be completed addressing activities specific to: partner coordination/service delivery, performance and continuous improvements and functional leadership with the One-Stop Operator providing supporting documentation. Training on this process began in Q2 with the incoming One-Stop Operator and will continue into Q3.

# NORTHERN MIDDLE TN WORKFORCE BOARD

## DECEMBER 2025 FISCAL UPDATE

### MONITORING UPDATE

#### Monitoring/Audit of Northern Middle

- \* The State's Workforce Services Program Monitoring Team conducted Case File Review of 19 Adult, DW and Youth case files with no observations or concerns.
- \* TDLWD's Workforce Services Oversight Unit was scheduled for on-site monitoring at the 4 comprehensive AJC's on January 27th & 28th. Due to weather related State office closures, this was postponed.
- \* TDLWD's Program Accountability Review (PAR) issued their monitoring report with no findings and one observation.
- \* The 2024-25 external financial audit with Stone, Rudolph and Henry, PLC concluded and the report was issued with no findings. See separate slide for additional details.

NORTHERN MIDDLE TN WORKFORCE BOARD  
DECEMBER 2025 FISCAL UPDATE

ACTION ITEMS

- \* Accept financial report and 2025-26 Revised Budget = \$12.9M (+591k)
- \* Flexibility to request repurposing of \$250k formula admin for program, if needed

NORTHERN MIDDLE TN WORKFORCE BOARD  
DECEMBER 2025 FISCAL UPDATE

FYE 6/30/25 AUDIT

PAR Monitoring for 2024-25 conducted by TDLWD's Performance Accountability Review Unit (PAR)

- \* No findings
- \* One observation regarding paid meal break. Recommendation that CSP staff and worksites be re-trained on requirement of a thirty-minute unpaid meal break.

External audit for FY 24-25 conducted by Stone, Rudolph & Henry, PLC

- \* Unmodified opinions
- \* No audit findings
- \* Low risk auditee qualification

Summary on pg 26 of the audit report.

Governance Letter also included in board materials.



# Northern Middle Local Workforce Development Area

Tennessee Department of Labor and Workforce Development  
Office of Program Accountability Review  
Subrecipient Monitoring Report | December 2025





December 12, 2025

The Honorable Bob Rial  
Dickson County Mayor  
Northern Middle Local Workforce Development Area CLEO  
4 Court Square  
Charlotte, TN 37036

Marla Rye  
Northern Middle Workforce Board, Executive Director  
Workforce Essentials, Inc., President  
523 Madison Street, Suite A  
Clarksville, TN 37040

Dear Mayor Rial and Ms. Rye;

Program Accountability Review (PAR) has completed its monitoring of Northern Middle Local Workforce Development Area, which included activities by board staff, fiscal agent, one-stop operator, and career service provider. The Tennessee Department of Labor and Workforce Development (TDLWD) has grant agreements with Workforce Essentials, Inc. The monitored grants are listed at the end of the monitoring report. A copy of the monitoring report is attached.

Sincerely,

A handwritten signature in blue ink that reads 'Christopher A. Risher'.

Christopher Risher  
Director of Internal Audit

cc: Deniece Thomas, Commissioner TDLWD  
Dewayne Scott, TDLWD  
Buddy Hoskinson, TDLWD  
Jason Cecil, TDLWD  
Jeremy Colbert, TDLWD  
Andy Summar, TDLWD  
Ivan Greenfield, TDLWD  
Ryan Allen, TDLWD  
Lorna Wright, TDLWD  
Trish Bugg, TDLWD  
Brandon Phinx, TDLWD  
John Zobl, LWDB Chair  
Comptroller of the Treasury, State of Tennessee

# Executive Summary

On December 2, 2025, staff from the Tennessee Department of Labor and Workforce Development (TDLWD), Office of Program Accountability Review (PAR), completed an on-site review of Northern Middle Local Workforce Development Area, which included activities by board staff, fiscal agent, one-stop operator, and career service provider. The Tennessee Department of Labor and Workforce Development (TDLWD) has grant agreements with Workforce Essentials, Inc. Refer to the end of the report for a listing of the monitored grants.

## ***Disclaimer***

This report does not contain the results of participant program monitoring, including reviewing participant files for eligibility documentation and case management. These files were reviewed by staff in the Workforce Services Division and they will separately report their results. PAR did not review the participant files and, accordingly, does not express an opinion or any assurance regarding the participant eligibility documentation or case management.

## ***Key Findings***

- No findings were noted.

# Northern Middle Local Workforce Development Area

## ***Introduction***

On December 2, 2025, staff from PAR completed an on-site monitoring visit of Northern Middle Local Workforce Development Area, which included activities by board staff, fiscal agent, one-stop operator, and career service provider. The Tennessee Department of Labor and Workforce Development (TDLWD) has grant agreements with Workforce Essentials, Inc. Monitoring included a review of the grants with TDLWD. Refer to the end of the report for a listing of the monitored grants.

PAR conducted the monitoring review in accordance with the Department of General Services, Central Procurement Office, *Policy 2013-007, Grant Management and Subrecipient Monitoring Policy and Procedures*, Amended June 25, 2024.

Monitoring objectives were to:

- assess the reliability of internal controls,
- verify that program objectives are being met,
- verify that civil rights requirements are being met,
- test the reliability of the financial and programmatic reporting,
- test if costs and services are allowable and eligible, and
- verify grant compliance.

A monitoring review is substantially less in scope than an audit. PAR did not audit the financial statements and, accordingly, does not express an opinion or any assurance regarding the financial statements of Workforce Essentials, Inc. Also, this report does not contain the results of participant program monitoring, including reviewing participant files for eligibility documentation and case management. These files were reviewed by staff in the Workforce Services Division and they will separately report their results. PAR did not review the participant files and, accordingly, does not express an opinion or any assurance regarding the participant eligibility documentation or case management.

## ***Were any issues noted during the on-site review?***

No findings were noted.

**Were there any observations?**

**1. Work experience participant did not record a meal break, as required in state statute.**

One work experience participant selected in the sample did not record a meal break when working more than six (6) hours per day, according to the participant’s time sheet. Upon follow-up, the worksite confirmed that a meal break was provided. Based on the timesheet and this confirmation, the meal break was paid.

According to Section 50-2-103(h), *Tennessee Code Annotated*, employees scheduled to work six (6) or more consecutive hours must be provided a thirty-minute unpaid meal break. This is being reported as an observation because Northern Middle LWDA posted a journal entry on October 31, 2025, crediting the paid meal break in the amount of \$53.21 to grant LWNMP241YOUTH25. This amount includes: \$45.00 for the paid meal break, \$5.06 in fringe benefits, and \$3.15 in processing fees. This entry will be reflected on the October 2025 Monthly Expenditure Report.

Northern Middle LWDA/Workforce Essentials should ensure that all service provider staff and Work Experience worksites are informed of the requirement for a thirty-minute unpaid meal break, when participants are scheduled to work more than six consecutive hours, in accordance with state law.

**Which grants were monitored?**

Service Provided	Grant Number	Grant Period	Grant Max. Liability
Adult	*LWNMP231ADULT24	07/01/23 – 06/30/25	\$474,938.00
Adult	*LWNMF241ADULT24	10/01/23 – 06/30/25	\$1,939,902.44
Adult	LWNMP241ADULT25	07/01/24 – 06/30/26	\$513,365.00
Adult	LWNMF251ADULT25	10/01/24 – 06/30/26	\$2,097,963.00
Dislocated Worker	*LWNMP231DSLWK24	07/01/23 – 06/30/25	\$628,565.73
Dislocated Worker	*LWNMF241DSLWK24	10/01/23 – 06/30/25	\$2,286,103.38
Dislocated Worker	LWNMP241DSLWK25	07/01/24 – 06/30/26	\$628,632.00

<b>Service Provided</b>	<b>Grant Number</b>	<b>Grant Period</b>	<b>Grant Max. Liability</b>
Dislocated Worker	LWNMF251DSLWK25	10/01/24 – 06/30/26	\$2,287,545.00
Youth	*LWNMP231YOUTH24	04/01/23 – 06/30/25	\$2,510,336.98
Youth	LWNMP241YOUTH25	04/01/24 – 06/30/26	\$2,794,305.00
Youth	**LWNMP251YOUTH26	04/01/25 – 06/30/27	\$2,349,268.00
Statewide Activities - Summer Youth Phase II	*LWNMF241SYSWA24	07/01/23 – 06/30/25	\$2,578,590.00
Re-entry/Justice Involved	LWNMP231PROWD24	04/01/25 – 09/30/27	\$968,443.00
Statewide Activities – Re-entry/Justice Involved	*LWNMF251RYSWA25	06/06/25 – 06/30/25	\$15,372.50
Statewide Activities – Tennessee Titans	*LWNMF231SESWA23	03/01/24 – 06/30/25	\$353,920.00
Administrative Statewide Activities – Tennessee Titans	*LWNMF241MNSWA24	03/01/24 – 06/30/25	\$35,392.00
Statewide Activities - Apprenticeship	*LWNMF251APSWA25	09/03/24 – 06/30/25	\$156,200.00
Apprenticeship	*LWNMP232NATAP24	10/01/24 – 06/30/25	\$125,000.00
Rural Healthcare Workforce Development	*LWNMF251RHAPP25	02/01/25 – 06/30/25	\$119,471.00
Re-employment Services & Eligibility Assessment	*LWNMF221RESEA22	10/01/23 – 09/30/24	\$259,250.00
Infrastructure Funding Agreement	*LWNMP241ESIFA25	07/01/24 – 06/30/25	\$410,728.47

**Figure 1.** Listing of monitored grants.

\*Grant was closed as of the monitoring date.

\*\*No expenditures charged to the grant as of the monitoring date.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
AUDITED FINANCIAL STATEMENTS AND OTHER INFORMATION  
JUNE 30, 2025 AND 2024

## TABLE OF CONTENTS

### Introductory Section:

Directory of Board Members and Management (Unaudited) .....	1
---	---

Independent Auditor's Report .....	2
------------------------------------	---

### Basic Financial Statements:

Statements of Financial Position .....	5
--	---

Statements of Activities .....	6
--------------------------------	---

Statements of Functional Expenses .....	7
---	---

Statements of Cash Flows .....	9
--------------------------------	---

Notes to Financial Statements .....	10
-------------------------------------	----

### Supplementary Information:

Schedule of Expenditures of Federal Awards and State Financial Assistance .....	18
---	----

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance .....	20
---	----

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 <i>Government Auditing Standards</i> .....	21
--	----

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance .....	23
--	----

Schedule of Findings and Questioned Costs .....	26
---	----

Summary Schedule of Prior Year Findings .....	28
---	----

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
DIRECTORY OF BOARD MEMBERS AND MANAGEMENT (UNAUDITED)  
JUNE 30, 2025

BOARD MEMBERS

John Zobl, Chairman  
Mark Peed, Vice-Chairman  
Kristi Spurgeon, Secretary  
Tony Adams  
Robin Baldree  
Dan Caldwell  
George Callis  
Anne Fugate  
Nathan Garrett  
Billy Givens  
Freda Herndon  
Corey Johns  
Sellittia Johnson  
Mary Lear  
Jordan Osborne  
Brandon Phinx  
David Rutledge  
Kaitlin Salyer  
Shoshana Samuels  
Seth Thurman  
Kelly Tyler  
Paul Webb

LOCAL ELECTED OFFICIALS OF LOCAL WIOA AREAS – EX-OFFICIO MEMBERS

Kerry McCarver , Cheatham County Mayor  
Freddie O'Connell, Davidson County Mayor  
\*Bob Rial, Dickson County Mayor  
Joey Brake, Houston County Mayor  
Mike Pogreba, Humphreys County Executive  
Wes Golden, Montgomery County Mayor  
Billy Vogle, Robertson County Mayor  
Joe Carr, Rutherford County Mayor  
Robert Beecham, Stewart County Mayor  
John Isbell, Sumner County Mayor  
Jack McCall, Trousdale County Mayor  
Rogers Anderson, Williamson County Mayor  
Randall Hutto, Wilson County Mayor  
  
\*Denotes Chief Local Elected Official (CLEO)

MANAGEMENT

Ms. Marla Rye, Executive Director  
Ms. Ginger Fussell, Fiscal Officer



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northern Middle Tennessee Local Workforce Development Board, Inc.  
Clarksville, Tennessee

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Northern Middle Tennessee Local Workforce Development Board, Inc. (the Board) (a nonprofit organization) which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board 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 Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## 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 opinion. 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 Board'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 Board'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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2025, on our consideration of the Board’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 Board’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 Board’s internal control over financial reporting and compliance.

**Stone Rudolph & Henry, PLC**

Clarksville, Tennessee  
December 21, 2025

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 16,438	\$ 16,087
Federal grants receivable	1,979,803	1,548,603
State grant receivables	834,071	738,595
Other receivables	29,814	29,539
Prepaid expenses	17,207	2,452
Total current assets	<u>2,877,333</u>	<u>2,335,276</u>
<u>PROPERTY AND EQUIPMENT</u>		
Furniture and equipment	923,313	840,935
Leasehold improvements	267,602	267,602
Total property and equipment	<u>1,190,915</u>	<u>1,108,537</u>
Less: Accumulated depreciation	1,013,326	981,701
Net property and equipment	<u>177,589</u>	<u>126,836</u>
Total assets	<u>\$ 3,054,922</u>	<u>\$ 2,462,112</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 2,874,983	\$ 2,329,832
Accrued payroll and related withholdings	-	3,095
Total current liabilities	<u>2,874,983</u>	<u>2,332,927</u>
<u>NET ASSETS</u>		
Without donor restrictions - Undesignated	<u>179,939</u>	<u>129,185</u>
Total net assets	<u>179,939</u>	<u>129,185</u>
Total liabilities and net assets	<u>\$ 3,054,922</u>	<u>\$ 2,462,112</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenues, gains and other support:		
Net assets released from restrictions	\$ 10,838,448	\$ 11,623,324
Total revenues, gains and other support	<u>10,838,448</u>	<u>11,623,324</u>
Expenses:		
Program services	9,892,381	10,748,404
Supporting services	895,313	938,879
Total expenses	<u>10,787,694</u>	<u>11,687,283</u>
Net change in net assets without donor restrictions	<u>50,754</u>	<u>(63,959)</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>		
Federal and state grants	10,433,906	11,231,131
Infrastructure funding agreement - State partners	224,220	248,192
Infrastructure funding agreement - other partners	177,217	140,061
Interest income	3,105	3,938
Other	-	2
Net assets released from restrictions	<u>(10,838,448)</u>	<u>(11,623,324)</u>
Net change in net assets with donor restrictions	<u>-</u>	<u>-</u>
Net change in net assets	50,754	(63,959)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>129,185</u>	<u>193,144</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 179,939</u>	<u>\$ 129,185</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
<u>Pass-through, Contracted, and Infrastructure Expenses:</u>			
One-stop operator, career service provider and workforce board services	\$ 7,912,394	\$ 185,953	\$ 8,098,347
Business services - incumbent worker training	224,202	-	224,202
Business services - apprenticeships	271,941	-	271,941
Infrastructure funding agreement - WIOA partners	610,855	9,010	619,865
Infrastructure funding agreement - State partners	219,624	4,596	224,220
Total pass-through, contracted, and infrastructure expenses	<u>9,239,016</u>	<u>199,559</u>	<u>9,438,575</u>
<u>Other Infrastructure Funding Expenses:</u>			
Infrastructure funding agreement- other partners	174,896	2,321	177,217
Total other infrastructure funding expenses	<u>174,896</u>	<u>2,321</u>	<u>177,217</u>
<u>Board and Staff Expenses:</u>			
<u>Contracted Services:</u>			
Salaries and benefits:			
Salaries	321,735	38,571	360,306
Health and life insurance	70,184	4,090	74,274
Payroll taxes	22,617	2,860	25,477
Retirement and other fringe benefits	16,519	3,746	20,265
Total salaries and benefits	<u>431,055</u>	<u>49,267</u>	<u>480,322</u>
Communication	593	606	1,199
Contract services- accounting and audit	877	14,500	15,377
Contract services- fiscal agent and shared staffing	-	584,089	584,089
Contract services - regional sponsorship	5,001	-	5,001
Depreciation	31,625	-	31,625
Insurance	5,340	27,047	32,387
Small equipment and software	2,859	16,058	18,917
Supplies	-	50	50
Travel	1,119	1,816	2,935
Total board and staff expenses	<u>478,469</u>	<u>693,433</u>	<u>1,171,902</u>
Total expenses	<u>\$ 9,892,381</u>	<u>\$ 895,313</u>	<u>\$ 10,787,694</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
<u>Pass-through, Contracted, and Infrastructure Expenses:</u>			
One-stop operator, career service provider and workforce board services	\$ 8,806,620	\$ 91,556	\$ 8,898,176
Business services - disaster relief	20,245	-	20,245
Business services - incumbent worker training	194,439	-	194,439
Business services - apprenticeships	297,718	-	297,718
Infrastructure funding agreement - WIOA partners	582,797	10,239	593,036
Infrastructure funding agreement - State partners	241,402	6,790	248,192
Total pass-through, contracted, and infrastructure expenses	10,143,221	108,585	10,251,806
 <u>Other Infrastructure Funding Expenses:</u>			
Infrastructure funding agreement- other partners	137,809	2,252	140,061
Total other infrastructure funding expenses	137,809	2,252	140,061
 <u>Board and Staff Expenses:</u>			
<u>Contracted Services:</u>			
Salaries and benefits:			
Salaries	284,810	120,018	404,828
Health and life insurance	51,074	12,140	63,214
Payroll taxes	20,027	7,454	27,481
Retirement and other fringe benefits	23,707	5,889	29,596
Total salaries and benefits	379,618	145,501	525,119
Communication	708	654	1,362
Contract services- accounting and audit	-	13,192	13,192
Contract services- fiscal agent and shared staffing	10,741	650,035	660,776
Contract services- regional sponsorship	-	4,869	4,869
Depreciation	63,961	-	63,961
Insurance	8,044	11,608	19,652
Miscellaneous	100	-	100
Office expense	26	-	26
Small equipment and software	3,750	55	3,805
Supplies	-	116	116
Travel	426	2,012	2,438
Total board and staff expenses	467,374	828,042	1,295,416
 Total expenses	 \$ 10,748,404	 \$ 938,879	 \$ 11,687,283

The accompanying notes are an integral part of the financial statements.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 50,754	\$ (63,959)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	31,625	63,961
Changes in:		
Federal grants receivable	(431,200)	349,329
State grants receivable	(275)	19,906
Other receivables	(95,476)	(602,394)
Prepaid expenses	(14,755)	16,068
Accounts payable	545,151	(969,910)
Accrued payroll	(3,095)	124
Net cash provided by (used in) operating activities	<u>82,729</u>	<u>(1,186,875)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(82,378)</u>	-
Net cash used in investing activities	<u>(82,378)</u>	-
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	351	(1,186,875)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>16,087</u>	<u>1,202,962</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 16,438</u>	<u>\$ 16,087</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Northern Middle Tennessee Local Workforce Development Board, Inc. (the Board) is a not-for-profit organization initially established to begin services on July 1, 2000 as a policy-making board for a nine county Local Workforce Development Area 8 (LWDA 8) formerly known as the North Tennessee Workforce Area under the Workforce Investment Act of 1998.

In May 2018, the Tennessee Department of Labor and the State Workforce Board approved the realignment of Tennessee's workforce development system. The realignment reduced the number of workforce areas in the State from thirteen to nine. Specifically, LWDA 8 (9 counties to include Cheatham, Dickson, Houston, Humphreys, Montgomery, Robertson, Stewart, Sumner, and Williamson) and LWDA 9 (4 counties to include Davidson, Rutherford, Trousdale and Wilson) merged over a 90-day transition period beginning July 1, 2018 into the Northern Middle Tennessee Local Workforce Development Area. The not-for-profit corporate name, which was formerly North Tennessee Workforce Board, Inc. was changed to Northern Middle Tennessee Local Workforce Development Board, Inc. to better align with the merged area designation.

The Board facilitates programs to prepare youth, and up-skill adults and dislocated workers for entry and/or re-entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment to increase economic self-sufficiency. It also serves to support the economic growth of the merged thirteen county service delivery area which includes Cheatham, Davidson, Dickson, Houston, Humphreys, Montgomery, Robertson, Rutherford, Stewart, Sumner, Trousdale, Williamson and Wilson counties. A Board of Directors comprised of business representatives and other labor, education, economic development and specialty populations govern the affairs of the Board.

The Board is funded by the Tennessee Department of Labor and Workforce Development (TDLWD) under the Workforce Innovation and Opportunity Act (WIOA) using pass-through funds provided by the United States Department of Labor. WIOA was signed into law on July 22, 2014 and supersedes the Workforce Investment Act of 1998. In general, the WIOA took effect on July 1, 2015, the first full program year after enactment, unless otherwise noted. Section 107 of WIOA addresses requirements of Local Workforce Development Boards.

The administrative headquarters of the Board is located within the Workforce Essentials, Inc. building adjacent to the Montgomery County American Job Center at 523 Madison Street, Suite A in the City of Clarksville, Tennessee, the Montgomery County seat. Clarksville is approximately fifty miles northwest of Nashville, Tennessee via Interstate 24.

The thirteen county governments of the Board, represented by their Local Elected Officials, are fiscally responsible for the proper use of WIOA/TDLWD funds within that area. This is outlined in an interlocal agreement. County Local Elected Officials nominate members of the Northern Middle Tennessee Local Workforce Development Board so that all counties, as well as the demographic makeup of the area served, are represented. The Local Elected Officials (LEOs) elect a Chief Local Elected Official (CLEO) who appoints the fiscal agent and approves the members of the Board of Directors. Designating an entity as a fiscal agent does not relieve the counties of their fiduciary responsibility.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (Cont'd)

Organization and Nature of Activities (Cont'd)

Effective July 2019, Workforce Essentials, Inc. became the fiscal agent and staff to the Board as approved by the Consortium of County Mayors and the Northern Middle Tennessee Local Workforce Development Board. This required Workforce Essentials to withdraw from the One-Stop Operator and Career Service Provider contract in the Northern Middle Tennessee area.

As fiscal agent through June 30, 2025 and 2024, Workforce Essentials, Inc. was responsible for the following functions:

- Receive funds;
- Ensure sustained fiscal integrity and accountability for expenditures of funds in accordance with Office of Management and Budget circulars, WIOA, and the corresponding Federal Regulations and State policies;
- Respond to audit financial findings;
- Maintain proper accounting records and adequate documentation;
- Prepare financial reports;
- Provide technical assistance to subrecipients regarding fiscal issues, and
- Other duties as required by direction of the board.

A One-Stop Operator and Career Service Providers were competitively procured for the 13-county region. The Career Service Provider contract periods with Educational Data Systems, Inc. and Metropolitan Action Commission began January 1, 2021. The One-Stop Operator contract period began January 1, 2021, and was reprocured as a regional contract with a neighboring local workforce development area effective July 1, 2023. All three contracts were extended through June 30, 2025. Effective October 1, 2024, the TDLWD approved two demonstration pilot programs through June 30, 2025, whereby Workforce Essentials, Inc. would operate as Career Service Provider in Montgomery County and TDLWD staff would serve as Career Service Provider operationally in Sumner County with Workforce Essentials, Inc. serving in fiscal capacities. The following amounts were expended to contractors during the fiscal years ended June 30:

	<u>2025</u>	<u>2024</u>
Mid Cumberland Human Resource Agency, One Stop Operator July 2023 – June 2025	\$ 228,794	\$ 254,645
Educational Data Systems Inc., Career Service Provider Jan. 2021 – June 2025	6,752,669	8,065,809
Metropolitan Action Commission, Career Service Provider Jan. 2021 – June 2025	567,571	705,202
Workforce Essentials, Inc., Career Service Provider Oct. 2024 – June 2025	490,195	-

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (Cont'd)

Organization and Nature of Activities (Cont'd)

The Board, for financial statement purposes, includes all of the assets and liabilities relevant to the operations of the Board. The financial statements presented herein do not include any other agencies or organizations which are separate and distinct units of themselves.

The Board is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It has not been determined to be a private foundation and is considered by the Internal Revenue Service (IRS) to be a public charity. Accordingly, no provision for income taxes has been made. However, the Board does file informational returns required by the IRS. The Board is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before June 30, 2022.

Use of Estimates

The Board's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from estimates in the near term and variances can have a material effect on the financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Board utilizes the accrual basis of accounting which recognizes revenues when earned and expenses when incurred.

The Financial Accounting Standards Board (FASB) has established standards concerning contributions and financial statement presentation applicable to non-governmental, not-for-profit organizations such as the Board. These standards require that unconditional promises to give (pledges) be recorded as receivables and revenues and require the Board to distinguish among contributions received for each net asset category in accordance with donor imposed restrictions. A description of the two net asset categories follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains and losses that are not restricted by grants or donors are included in this classification. All expenditures are reported in the net assets without donor restrictions class of net assets since the use of restricted contributions in accordance with the grantors' or donors' stipulations results in the release of the restriction.

Net Assets With Donor Restrictions

Net assets with donor restrictions are limited as to use by donor- or grantor-imposed restrictions. Some restrictions expire with the passage of time or may be satisfied by use for the specific purpose. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions represent funds received from donors or grantor agencies in excess of actual expenditures at the end of the fiscal year. These amounts, if not expended, must be returned to the donor/grantor upon completion of the grant. The Board had no net assets with donor restrictions at June 30, 2025 and 2024.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (Cont'd)

Concentrations of Credit Risk/Funding

Financial instruments that potentially subject the Board to concentrations of credit risk consist principally of cash and accounts receivable. The Board is exposed to credit risk by placing its cash in financial institutions. The Board has mitigated this risk by placing its cash with federally-insured financial institutions. The Board receives grants from both the federal and state governments. Funding from these sources constituted 96.3% and 96.6% of revenues for the years ended June 30, 2025 and 2024, respectively. The Board would have to greatly reduce services provided if assistance was significantly reduced. All outstanding grants receivable are from governmental agencies. The Board does not obtain collateral for receivables.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Board considers bank deposits and all highly liquid instruments with original maturities of 90 days or less when purchased to be cash and cash equivalents.

Receivables

Receivables are stated at unpaid balances; all receivables are considered to be fully collectible. Bad debts are charged to expense using direct write-off method, which is not materially different from the allowance for credit losses method. The bad debt expense for the years ended June 30, 2025 and 2024 was \$-0-.The Board does not require collateral or other security for receivables.

Property and Equipment

Property and equipment are valued at historical cost or, if contributed, at their estimated fair value on the date of receipt. Equipment purchased with a unit cost in excess of \$5,000 and sensitive equipment with a unit cost in excess of \$100 are capitalized. Equipment purchased with grantor funds must be returned to the grantor when the Board ceases operations or when the Board disposes of the equipment. Capital assets are evaluated for impairment or abandonment when necessary.

All of the Board's net property and equipment at June 30, 2025 and 2024 are purchased with restricted resources. If the Board does not continue to use these assets in its program operations or disposes of the assets, the title of the assets is subject to revert to the grantor.

The cost of additions, major renovations and improvements are capitalized while those for maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives by type of asset are as follows:

Equipment and furniture	3-10 years
Vehicles	3 years
Improvements	10-15 years
Building	30-40 years

Revenue Recognition

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any restriction. Grant revenues are recognized as the related expenditures are incurred.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (Cont'd)

Revenue Recognition (Cont'd)

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets without donor restrictions. The Board reports gifts of cash and other assets as support and net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment, other long-lived assets and gifts of cash that must be used to acquire long-lived assets are reported as support and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as support and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

For grants qualifying as exchange transactions, revenue is recognized in the period when eligible expenditures are incurred under the terms of the grant. Such grant funds received prior to expenditure are recorded initially as unearned revenue.

Revenue (other than contributions) is recognized when services are rendered and/or reimbursable charges are incurred under the terms of the agreement. Revenue received in advance of services provided and/or reimbursable charges being incurred are recorded as unearned revenue.

Contributed Nonfinancial Assets

The Board recognizes the fair value of contributed services received if such services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. These contributions are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

Restrictions on Revenues

Revenues are considered to be available for unrestricted use unless specifically restricted by the donor or grantor.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs. Certain administrative expenses are allocated among programs on a monthly basis based on each program's non-administrative (direct) expenditures. Certain indirect program costs are allocated based on monthly clients served by each program. During the years ended June 30, 2025 and 2024, fundraising costs were \$-0-.

Advertising Costs

The Board expenses advertising costs as incurred.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2025 AND 2024

1. Summary of Significant Accounting Policies (Cont'd)

Date of Management's Review

The Board has evaluated subsequent events through December 21, 2025, the date which the financial statements were available to be issued.

2. Cash and Cash Equivalents

Cash and cash equivalents were represented by deposits in a financial institution totaling \$17,294 and \$21,217 at June 30, 2025 and 2024, respectively, all of which was insured by the Federal Deposit Insurance Corporation (FDIC) or the State of Tennessee Bank Collateral Pool. Since January 2019, the Board's deposits have been classified as public funds and any amounts in excess of FDIC limits are insured through State of Tennessee Bank Collateral Pool.

3. Liquidity and Availability

The Board maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board's working capital and cash flows have seasonal variations during the fiscal year attributable to timing of cash receipts for program services. Additionally, the Board receives support from government agencies through annual grants which are paid on an expense reimbursement basis, typically within 45 days of the request for reimbursement.

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheet date is comprised of the following:

	<u>2025</u>	<u>2024</u>
Unrestricted cash	\$ 16,438	\$ 16,087
Other receivable	29,814	29,539
Total	<u>\$ 46,252</u>	<u>\$ 45,626</u>

4. Federal Grants Receivable

Grants receivable consisted of the following amounts:

	<u>2025</u>	<u>2024</u>
Reemployment Service and Eligibility Assessment	\$ -	\$ 52,784
WIOA – Adult Program	997,957	384,671
WIOA – Youth Activities	443,287	306,088
WIOA – Dislocated Worker Formula	453,308	775,060
Partners for Reentry Opportunities in Workforce Development	4,870	-
Apprenticeship USA	80,381	30,000
Total federal grants receivable	<u>\$ 1,979,803</u>	<u>\$ 1,548,603</u>

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2025 AND 2024

5. Operating Leases

The Board leases various buildings from Workforce Essentials, Inc., who either owns the building or leases the space from other entities, throughout the service area that are used as American Job Centers (AJC). Many of these buildings are shared with other organizations and/or programs (One-Stop Partners) that provide interrelated services within the service area as part of the one-stop initiative. The Board has entered into infrastructure funding agreements (IFA) with these One-Stop Partners. Under these agreements, the Board is responsible for the provision of office space, the administration of the office space, the provision of equipment and supplies to support the operation of these facilities, and the coordination of resources to prevent duplication and ensure the effective/efficient delivery of workforce services. The costs of operating the American Job Centers include rent, supplies, utilities, phone, internet, repairs, maintenance, salaries and benefits of administrative personnel, and other similar items. These costs are allocated or charged to each of the entities or programs that utilize the Centers. Under the IFAs, each entity or program must reimburse the Board for its portion of the aforementioned facility costs. During the years ended June 30, 2025 and 2024, total expenses under these agreements were \$1,021,304 and \$981,290, respectively. Of this amount, \$297,264 less contra-rents of \$108,190 for the year ended June 30, 2025 and \$312,264 less contra-rents of \$108,240 for the year ended June 30, 2024 relate specifically to building leases. Leases with Workforce Essentials, Inc. and other entities, and IFAs are cancelable on notice and renew annually, otherwise.

6. Risk Management and Insurance

The Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board has elected to obtain various insurance policies to transfer risks to commercial insurance companies. Claims have not exceeded insurance coverage in any of the preceding three years.

7. Contingencies

Funding for the Board's programs is provided by federal, state, and local government agencies. These funds are to be used for designated purposes only. If, based on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the Board for its program disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Board's programs is predicated upon the grantor's satisfaction that the funds are being spent as intended and the grantor's intent to continue its programs.

8. Sources of Revenue

The following is total revenue disaggregated by type:

	2025	2024
Without donor restrictions:		
Released from restrictions	\$ 10,838,448	\$ 11,623,324
Total revenues without donor restrictions	10,838,448	11,623,324
With donor restrictions:		
Federal and state grants:		
Reemployment Service and Eligibility Assessment	61,205	245,439
COVID-19 Disaster Recovery WIOA National		
Dislocated Worker Grant	-	17,505
Workforce Innovation and Opportunity Act Cluster:		
Adult Program	3,406,061	2,474,146
Youth Activities	2,230,903	3,129,736

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
JUNE 30, 2025 AND 2024

8. Sources of Revenue (Cont'd)

	<u>2025</u>	<u>2024</u>
Dislocated Worker	3,137,041	3,838,174
Partners for Reentry Opportunities in Workforce Development	4,870	-
Apprenticeship USA	121,696	30,000
Re-entry	7,425	-
Apprenticeship USA - State	150,217	187,943
Rural Health Apprenticeship	113,995	-
Summer Youth Phase 2	1,200,493	1,308,188
Infrastructure Funding Agreement – State partners	224,220	248,192
Local grants, contributions and other revenue:		
Infrastructure Funding Agreement – other partners	177,217	140,061
Interest	3,105	3,938
Other	-	2
Released from restrictions	<u>(10,838,448)</u>	<u>(11,623,324)</u>
Total revenues with donor restrictions	<u>-</u>	<u>-</u>
 Total revenues	 <u>\$ 10,838,448</u>	 <u>\$ 11,623,324</u>

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program Title	Grant Number Or Pass-Through Grantor's Contract Number	Assistance Listing Number	Accrued Receivable (Payable) July 1, 2024	Receipts	Expenditures	Accrued Receivable (Payable) June 30, 2025	Passed Through to Subrecipients
<u>U.S. Department of Labor</u>							
Passed through State of TN Department of Labor and Workforce Development Reemployment Service and Eligibility Assessment	LWNMF221RESEA22	17.225	\$ 52,784	\$ 113,989	\$ 61,205	\$ -	\$ 61,205
Total Reemployment Service and Eligibility Assessment			52,784	113,989	61,205	-	61,205
<u>Workforce Innovations and Opportunity Act Cluster:</u>							
Adult	LWNMP231ADULT24	17.258	(295)	47,495	47,790	-	47,790
Adult	LWNMF241ADULT24	17.258	380,116	1,478,480	1,101,602	3,238	1,004,322
Adult	LWNMP241ADULT25	17.258	-	146,621	398,300	251,679	142,664
Adult	LWNMF251ADULT25	17.258	-	1,115,329	1,858,369	743,040	1,773,197
Statewide - Administrative Consolidated Business	LWNMP231MNSWA24	17.258	4,850	4,850	-	-	-
Total Adult			384,671	2,792,775	3,406,061	997,957	2,967,973
Youth	LWNMP221YOUTH23	17.259	16,267	16,267	-	-	-
Youth	LWNMP231YOUTH24	17.259	289,821	629,996	458,531	118,356	373,479
Youth	LWNMP241YOUTH25	17.259	-	1,447,441	1,772,372	324,931	1,650,497
Total Youth			306,088	2,093,704	2,230,903	443,287	2,023,976

(Continued)

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONT'D)  
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program Title	Grant Number Or Pass-Through Grantor's Contract Number	Assistance Listing Number	Accrued Receivable (Payable) July 1, 2024	Receipts	Expenditures	Accrued Receivable (Payable) June 30, 2025	Passed Through to Subrecipients
Dislocated Worker	LWNMF231DSLWK23	17.278	202,138	202,138	-	-	-
Dislocated Worker	LWNMP231DSLWK24	17.278	190,018	362,366	172,348	-	133,088
Dislocated Worker	LWNMF241DSLWK24	17.278	149,256	2,104,554	2,128,840	173,542	1,969,737
Dislocated Worker	LWNMP241DSLWK25	17.278	-	177,555	297,636	120,081	220,186
Dislocated Worker	LWNMF251DSLWK25	17.278	-	225,234	384,649	159,415	384,274
Statewide - Consolidated Business	LWNMF221CBSWA22	17.278	135,992	135,992	-	-	-
Statewide - Administrative Apprenticeship	LWNMF241MNSWA24	17.278	5,297	15,688	10,401	10	10,372
Statewide - Titans Stadium Project	LWNMF231SESWA23	17.278	92,359	235,266	143,167	260	143,167
Total Dislocated Worker			<u>775,060</u>	<u>3,458,793</u>	<u>3,137,041</u>	<u>453,308</u>	<u>2,860,824</u>
Total Workforce Innovations and Opportunity Act Cluster			<u>1,465,819</u>	<u>8,345,272</u>	<u>8,774,005</u>	<u>1,894,552</u>	<u>7,852,773</u>
Partners for Reentry Opportunities in Workforce Development	LWNMP231PROWD24	17.270	-	-	4,870	4,870	4,870
Apprenticeship USA	LWNMP231NATAP24	17.285	30,000	30,000	-	-	-
Apprenticeship USA	LWNMP232NATAP24	17.285	-	41,315	121,696	80,381	9,191
Total Apprenticeship USA			<u>30,000</u>	<u>71,315</u>	<u>121,696</u>	<u>80,381</u>	<u>9,191</u>
Total U.S. Department of Labor			<u>1,548,603</u>	<u>8,530,576</u>	<u>8,961,776</u>	<u>1,979,803</u>	<u>7,928,039</u>
Total Federal Awards			<u>1,548,603</u>	<u>8,530,576</u>	<u>8,961,776</u>	<u>1,979,803</u>	<u>7,928,039</u>
<u>State Financial Assistance</u>							
Re-Entry	LWNMF251RYSWA25	N/A	-	-	7,425	7,425	224
Apprenticeship USA	LWNMF241APSWA24	N/A	59,846	59,846	-	-	-
Apprenticeship USA	LWNMF251APSWA25	N/A	-	61,179	150,217	89,038	8,208
Rural Health Apprenticeship	LWNMF251RHAPP25	N/A	-	25,685	113,995	88,310	4,547
Statewide - Tennessee Youth Phase 2	LWNMF241SYSWA24	N/A	618,669	1,196,152	1,200,493	623,010	1,117,939
Infrastructure Funding Agreement	LWNMP231ESIFA24	N/A	60,080	60,080	-	-	-
Infrastructure Funding Agreement	LWNMP241ESIFA25	N/A	-	197,932	224,220	26,288	-
Total State Financial Assistance			<u>738,595</u>	<u>1,600,874</u>	<u>1,696,350</u>	<u>834,071</u>	<u>1,130,918</u>
Total Federal Awards and State Financial Assistance			<u>\$ 2,287,198</u>	<u>\$ 10,131,450</u>	<u>\$ 10,658,126</u>	<u>\$ 2,813,874</u>	<u>\$ 9,058,957</u>

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
JUNE 30, 2025

NOTE A – Basis of Presentation

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

NOTE B – Summary of Significant Accounting Policies

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



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*

Board of Directors

Northern Middle Tennessee Local Workforce Development Board, Inc.

Clarksville, Tennessee

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 Northern Middle Tennessee Local Workforce Development Board, Inc. (the Board) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2025.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee  
December 21, 2025



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

Board of Directors  
Northern Middle Tennessee Local Workforce Development Board, Inc.  
Clarksville, Tennessee

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

*Opinion on Each Major Federal Program*

We have audited Northern Middle Tennessee Local Workforce Development Board, Inc.'s (the Board) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2025. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

*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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board 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 Board'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 Board's federal programs.

### ***Auditor's 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 Board'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 Board's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board'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 Board'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 Board'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.

*Stone Rudolph & Henry, PLC*

Clarksville, Tennessee

December 21, 2025

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP [unmodified, qualified, adverse, or disclaimer]:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                               yes      X   no

Significant deficiency(ies) identified?                       yes      X   none reported

Noncompliance material to financial statements noted?                               yes      X   no

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?                               yes      X   no

Significant deficiency(ies) identified?                       yes      X   none reported

Type of auditor's report issued on compliance for major federal programs [unmodified, qualified, adverse, or disclaimer]:                               Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                               yes      X   no

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
WIOA Cluster:	
17.258	WIOA Adult
17.259	WIOA Youth
17.278	WIOA Dislocated Worker

Dollar threshold used to distinguish between type A and type B programs:                    \$            750,000

Auditee qualified as low-risk auditee?                      X   yes               no

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
YEAR ENDED JUNE 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

None

RELATED TO COMPLIANCE

None



December 21, 2025

To the Board of Directors  
Northern Middle Tennessee Local Workforce Development Board, Inc  
Clarksville, Tennessee

We have audited the financial statements of the Northern Middle Tennessee Local Workforce Development Board, Inc. (the Board) for the year ended June 30, 2025, and have issued our report thereon dated December 21, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 12, 2025. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2025. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation of property and equipment is based on estimated useful lives. We evaluated the key factors and assumptions used to develop the depreciation and accumulated depreciation in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the collectability of receivables is based on assumptions by management. We evaluated key factors and assumptions used to develop the collectability of receivables in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure for concentration of revenue pertaining to funding in Note 1 to the financial statements is sensitive due to the immediate and material financial impact that a significant reduction in funding from government grants may have on the Board's operations.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. One adjusting entry and two reclassification entries were required for the financial statements to be presented in conformity with generally accepted accounting principles taken as a whole. Those entries primarily pertained to infrastructure agreement revenue and depreciation expense, and were typical as compared to previous audits.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 21, 2025.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Stone Rudolph & Henry, PLC