



Finance Committee

February 3, 2022

9:00 A.M.

[Click here for zoom link](#)

Meeting ID: 867 6125 5620

Passcode: 068371

Telephone Number: +1 312 626 6799

Agenda

Welcome

Call the Meeting to Order

Approval of Minutes

Business Reports:

1. Audit Report-June 30, 2021
2. Career Service Provider-Performance Review
 - a. EDSI
 - b. MAC
3. 2021-2022 Financial & Monitoring Report

Members:

Mark Peed (Chair)
Keith Carnahan
Dan Caldwell
David Rutledge
Paul Webb
Kristi Spurgeon
Charles Story

Adjourn

Complete zoom link: <https://us02web.zoom.us/j/86761255620?pwd=T1RrS1duNCtIV3E1R3Erc0Z3bEJTZz09>



**Northern Middle Tennessee Workforce Board
Finance Committee
Meeting Minutes
November 2, 2021, via Zoom 9:00 a.m.**

Members Attending	Members Absent	Staff & Guests Attending
Mark Peed	Keith Carnahan	Marla Rye
David Rutledge	Dan Caldwell	Andrea Dillard
Paul Webb	Charles Story	Meagan Dobbins
Kristi Spurgeon		Ginger Fussell
John Alexander		Sherry Maynard
John Zobl		Christel Brown

The Finance Committee of the Northern Middle Tennessee Workforce Board met virtually on November 2, at 9 a.m. via zoom conference.

Marla Rye called role, and a quorum was declared. The meeting was called to order by Chairman Mark Peed. Mark asked for approval of the minutes. David Rutledge moved to approve and was seconded by Paul Webb. The minutes passed unanimously.

Career Service Provider-Performance Review

Marla began the meeting with a Career Service Provider Performance Review. She reported that EDSI is halfway through its 18-month contract. They had a good second quarter with enrollment goals and continue to trend upward for the third quarter. They are meeting their exit goals with a positive placement rate for adult and dislocated workers but need to get their youth positive placement rate a little higher. Placement wages for adult and dislocated worker and youth have exceeded the goal. EDSI's biggest challenge right now is not meeting its spending target for the in-school youth. Cumulatively they are at 4% of a 40% goal.

Marla then reported that MAC is still struggling. While MAC had a strong 2nd quarter, they are still behind cumulatively. They are not meeting their exit goals which cause them to have high caseloads. They have met their MPCR goal for the 3rd quarter but still are not trending in a positive direction as far as expenditure goals. They are also struggling with in-school youth and paid work experience. Marla reported she has met with Dr. Croom and explained the severity

of the situation as well as the urgent need to get the numbers trending in the right direction by December. Dr. Croom said she understood, and they knew what they had to do to get the numbers in line with what they were supposed to be. Andrea added that due to staffing issues, MAC has not had the appropriate staff to manage the caseload, but they are in the process of hiring career coaches. Both contractors have been asked to attend the board meeting on November 10 to give updates.

2020-2021 Financial Report

Ginger updated the committee on quarterly expenditures. Almost \$2.5 million were spent by the quarter ending on September 30. Last quarter a \$12.8 million budget was approved. Because of new grants that have become available, Ginger proposed a \$2.1 million increase to the budget, which would put it up to \$14.9 million. Marla added that we are also expected to receive almost \$200,000 of apprenticeship funding from the state of Tennessee.

Ginger reported that the Campbell Strong project was very successful, and 99% of that budget was spent. 102.9% of the Direct Participant Expenses were spent. This project will be closed out shortly as the funding has ended.

MPCR is strong this quarter. Last quarter we barely made 40%, but EDSI is doing a good job achieving the MPCR. With 50% of the contract elapsed, EDSI has spent 40% of their budget while MAC has spent 24% of their budget. Contractor billing is not what it was a year ago, but they are continually gaining ground on getting their performance and billing where it should be.

Ginger then reviewed the contractor billing statements and showed what their estimated figures are that they should be billing in order to spend the remaining balance of their contract. Ginger also explained that the Summer Youth Program initiative did have a negative impact on EDSI's work experience requirement since they were not allowed to count those expenditures towards their 25% goal. MAC expenditures are not where they need to be. EDSI has been able to maintain a successful MPCR for adult and dislocated workers for the last four months. Their cumulative MPCR for youth is almost to their 50% goal. For work experience, EDSI hit their goal and achieved 27% for the month of September but are still struggling with in-school youth. MAC has three consecutive months where they met their MPCR goal, but in September, their performance dropped. While the MPCR percentages looks good, the amount of dollars that are being spent is not where it needs to be. For September, they fell short of MPCR, work experience, and in-school youth targets.

Ginger gave a fiscal monitoring summary. Career Service Provider monitoring is ongoing. MAC monitoring revealed eligibility documentation as an area of concern because document uploading has been slow. The One-Stop-Operator has been trending along with the budget and has no real issues. Campbell Strong is being closed out. There were no findings from the PAR review, and the financial audit is underway. The program integrity unit is implementing a new quarterly rotation for monitoring.

Monitoring Update

Andrea Dillard introduced Meagan Dobbins, Director of Performance, who will be attending the board meetings and committee meetings. Meagan and Kathy have been reviewing participants that MAC has uploaded since January. Their eligibility couldn't be determined due to the lack of documentation. A corrective action was sent out telling MAC what documents were missing.

Andrea informed the committee of a technical assistance meeting from the state. Andrea felt that they received good information and would be able to change some of the processes, which would make the paperwork process a little bit easier and less time-consuming. It is hoped that this will alleviate some of the problems for EDSI and MAC, and they will both get where they need to be with their youth programs.

Marla informed the committee that an additional \$500,000 of adult and dislocated worker funding needs to be distributed to the contractors. The Executive Committee approved the award of this money to EDSI in hopes it would enable them to hire staff in the counties that are struggling. We are also investigating the possibility of having a large summer youth program next spring or early summer.

Ginger asked for the committee to approve the 21-22 Quarter 1 Financial Report, approve the 21-22 revised budget of \$14.9M (\$2.1 increase), and approve a \$500K contract modification to EDSI for Adult and Dislocated Worker programs. Mark Peed asked for a motion to approve the three items as stated. David Rutledge made the motion. Paul Webb seconded. The committee voted unanimously to approve the items.

Grant Opportunities

Marla gave the committee an overview of three new grants (GIVE Grant, EDA Good Jobs Challenge, TANF Opportunity Planning Grant) that we have applied.

Adjourn

Mark Peed adjourned the meeting.

EDSI Incentive Quarterly Benchmarks

Matrix:		Quarter Ending:																					
		March 31				June 30				Sept. 30							Dec. 31				Cumulative December 31		
		Goal	Actual*	%		Goal	Actual	%		Goal	Actual	%					Goal	Actual	%		Goal	Actual	
Enrollments	A/DW	200	152	76%		255	303	119%		299	249	83.3%		259	245	94.6%		1013	949	93.7%			
	Youth	50	31	62%		62	88	142%		81	66	81.5%		71	70	98.6%		264	255	96.6%			
Exits (50% of new enrollments)	A/DW	100	204	204%		128	99	78%		150	127	84.9%		130	88	68.0%		507	518	102.3%			
	Youth	25	86	344%		31	44	142%		41	32	79.0%		36	64	180%		132	226	171.2%			
		Positive	Total	Percent		Positive	Total	Percent		Positive	Total	Percent		Positive	Total	Total		Positive	Total	Percent			
Positive Placement Rate Target 85%	A/DW	166	204	81.4%		91	99	91.9%		126	127	99%		74	88	84.1%		457	518	88.2%			
	Youth	51	86	59.3%		43	44	97.7%		28	32	88%		64	64	100.0%		186	226	82.3%			
Placement Wage	A/DW	\$ 15.00	\$ 20.83	139%		\$ 15.00	\$ 20.59	137%		\$ 15.00	\$ 22.24	148%		\$ 15.00	\$ 24.17	161.1%		\$ 15.00	21.33	142%			
	Youth	\$ 10.00	\$ 14.53	145%		\$ 10.00	\$ 13.56	136%		\$ 10.00	\$ 13.89	139%		\$ 10.00	\$ 19.97	199.7%		\$ 10.00	14.04	140%			
MPCR:	A/DW	50%	16.6%	33%		50%	45%	90%		50%	59.9%	120%		50%	49%	98%		50%	47%	94%			
	Youth	50%	14%	28%		50%	45.5%	91%		50%	64.5%	129%		50%	44%	88%		50%	48%	96%			
Work Experience	Youth	25%	0%	0%		25%	4%	16%		25%	17%	68%		25%	20%	80%		25%	13%	52%			
In-School Youth Ratio	Youth	40%	1%	3%		40%	3%	8%		40%	7%	18%		25%	8%	32%		40%	5%	13%			

MAC Quarterly Benchmarks

Matrix:		Quarter Ending:																		
		March 31				June 30				Sept. 30				Dec. 31				Cumulative Dec. 31		
		Goal	Actual*	%		Goal	Actual	%		Goal	Actual	%		Goal	Actual	%		Goal	Actual	%
Enrollments	ISY	15	1	7%		50	24	48%		10	2	20.0%		10	58	580.0%		85	85	100.0%
	OSY	20	3	15%		30	85	283%		35	12	34.3%		25	10	40.0%		110	110	100.0%
	Total	35	4	11%		80	109	136%		45	14	31.1%		35	68	194.3%		195	195	100.0%
# of Exits (Target-50% of Enrollments)	Total	18	10	57%		40	16	40%		23	1	4.4%		18	11	63%		98	38	39.0%
Placement Rate (Target 85%)	Total	Positive	Total	Percent		Positive	Total	Percent		Positive	Total	Percent		Positive	Total	Percent		Positive	Total	Percent
		9	10	90%		10	16	63%		-	1	0%		11	11	100%		30	38	78.9%
Placement Wage	Total	\$ 10.00	\$ 12.20	122%		\$ 10.00	\$ 14.77	148%		\$ 10.00	\$ -	0%		\$ 10.00	19.97	199.7%		\$ 10.00	13.56	136%
MPCR:	Youth	50%	17%	34%		50%	35%	70%		50%	50%	100%		50%	44%	88.0%		50%	41%	82%
Work Experience	Youth	25%	9%	36%		25%	6%	24%		25%	22%	88%		25%	20%	80.0%		25%	16%	64%
In-School Youth Ratio	Youth	40%	4%	10%		40%	11%	28%		40%	21%	53%		25%	41%	164.0%		40%	26%	65%

NORTHERN MIDDLE TN WORKFORCE BOARD

DECEMBER 2021 FISCAL UPDATE

NORTHERN MIDDLE BUDGET/SPEND PROGRESSION

Northern Middle LWDA	(in 000's)				
	2021 QTR 1	2021 QTR 2	Expenses YTD	Revised FY 21-22 12 Mo. Budget	% Spent
Adult (\$100,000 re-purposed for Admin)	873	383	1,256	3,121	40.2%
Dislocated Worker (\$750,000 for Adult *)	563	1,095	1,658	5,174	32.0%
Youth	516	620	1,137	3,025	37.6%
RESEA	58	67	125	309	40.5%
Campbell Strong (closed 9/30)	198	0	198	278	71.1%
National Dislocated Worker (COVID)	147	80	226	1,316	17.2%
National Dislocated Worker (Flood)		58	58	550	10.5%
Summer Youth Initiative (closed 8/31)	95		95	95	100.2%
Rural Development	39		39	52	74.5%
IFA		194	194	1,000	19.4%
September Total FY 21-22 Expense vs Budget	2,489	2,496	4,985	14,919	33.4%
Additional Dislocated Worker (F21 & P22)			0	754	0.0%
Apprenticeship			0	168	0.0%
Expired Funding Rural Development			0	-13	0.0%
Expired Funding Campbell Strong			0	-80	0.0%
December Total FY 21-22 Expense vs Budget	2,489	2,496	4,985	15,747	31.7%
December 21-22 Funding Increase - Budget Action Item				828	

- * Board approved re-purpose up to \$1,500,000 of Dislocated Worker program budget to Adult
- * State approved re-purpose of \$750,000 of Dislocated Worker program budget to Adult
- * Northern Middle has requested to re-purpose the remaining \$750,000 effective January

NORTHERN MIDDLE TN WORKFORCE BOARD

DECEMBER 2021 FISCAL UPDATE

MPCR

TDLWD Minimum Participant Cost Rate (MPCR) - Preliminary Through December 2021

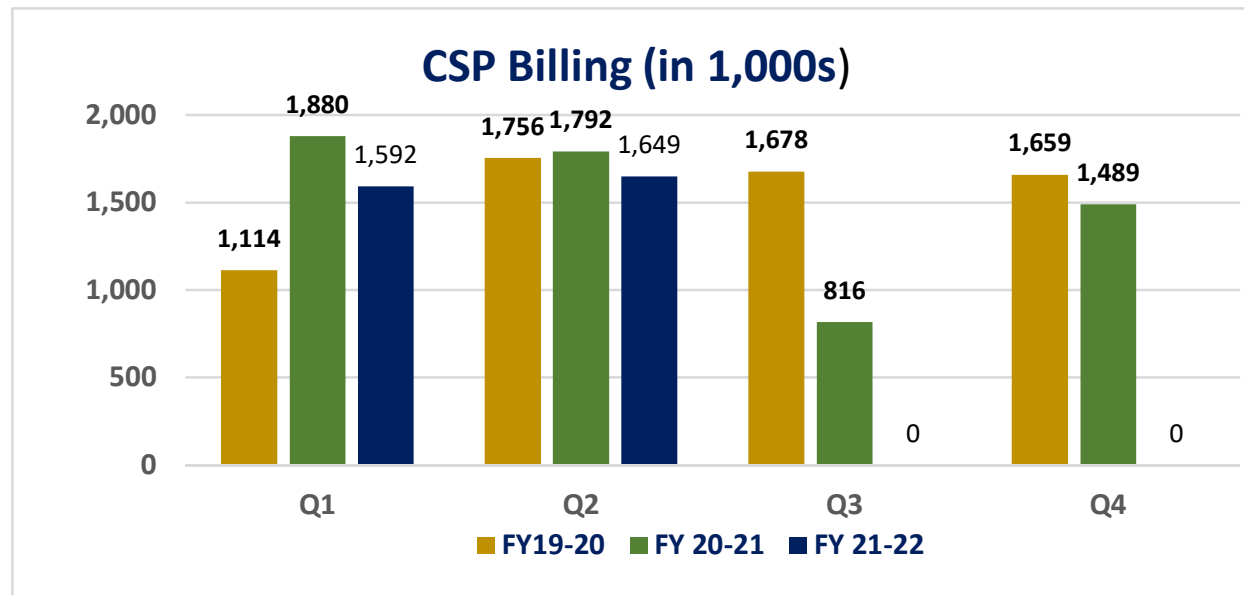
MPCR = 48.16%

	MAC Youth	EDSI Youth and Summer Youth	EDSI Adult & Dislocated Worker	Other (NM, & IFA)	Total
Qualifying Expenses	\$ 108,349	\$ 393,520	\$ 1,199,873	\$ 84,733	\$ 1,786,475
Total Program	\$ 234,052	\$ 718,259	\$ 2,207,727	\$ 549,045	\$ 3,709,082
MPCR	46.29%	54.79%	54.35%	15.43%	48.16%

Northern Middle met 40% Requirement in preliminary calculations.

***** PRIOR QUARTER MPCR = 54.1% state calculation*****

NORTHERN MIDDLE TN WORKFORCE BOARD
DECEMBER 2021 FISCAL UPDATE
CAREER SERVICE PROVIDER - BILLING TREND



Q2 contractor billing was down \$143k compared to Q2 of the prior year, but increased \$57k from the previous quarter of the current year.

Career Service Provider Billing	Q1	Q2	Q3	Q4	Total
CSP Billing FYE 6/30/20	1,114	1,756	1,678	1,659	6,207
CSP Billing FYE 6/30/21	1,880	1,792	816	1,489	5,977
CSP Billing FYE 6/30/22	1,592	1,649	0	0	3,241
Net Decrease CY to PY by Quarter	-288	-143			

NORTHERN MIDDLE TN WORKFORCE BOARD
DECEMBER 2021 FISCAL UPDATE
CONTRACTOR - BILLING PROGRESS

	In \$000's				
Career Service Provider Billing	Cumulative through Sept	Total Spent Qtr Ended Dec 2021	Budget Spent Contract To Date	Total 18 Month Budget	% Spent - 66% time elapsed
EDSI - Base Contract	\$ 3,357	\$ 1,457	\$ 4,814	\$ 8,370	58%
EDSI - Modifications	\$ 144	\$ 42	\$ 186	\$ 1,314	14%
MAC - Base Contract	\$ 193	\$ 150	\$ 343	\$ 800	43%
Contract-to-Date through Q2 2021-22	\$ 3,694	\$ 1,649	\$ 5,343		

	In \$000's				
One-Stop Operator Billing	Cumulative through Sept	Total Spent Qtr Ended Dec 2021	Budget Spent Contract To Date	Total 18 Month Budget	% Spent - 66% time elapsed
MCHRA - Base Contract	\$ 193	\$ 67	\$ 260	\$ 447	58%

NORTHERN MIDDLE TN WORKFORCE BOARD

DECEMBER 2021 FISCAL UPDATE

EDSI - MPCR TREND

	MPCR - Goal 50%			MPCR Adult/DW - Goal 50%		
EDSI	Youth			A/DW Combined		
CTD CUMULATIVE	Direct \$ '000	Total \$ '000	48%	Direct \$ '000	Total \$ '000	47%

	MPCR - Goal 50%			MPCR Adult/DW - Goal 50%		
EDSI	Youth			A/DW Combined		
QTR Ended 9/30/21	246	381	64%	652	1,089	60%
QTR Ended 12/31/21	148	338	44%	547	1,119	49%
FYE 6/30/22	394	718	55%	1,200	2,208	54%

NORTHERN MIDDLE TN WORKFORCE BOARD
DECEMBER 2021 FISCAL UPDATE
MAC YOUTH - MPCR TREND

	MPCR - Goal 50%		
MAC	Youth		
CTD CUMULATIVE	Direct \$ '000	Total \$ '000	41%

	MPCR - Goal 50%		
MAC	Youth		
QTR Ended 9/30/21	42	85	50%
QTR Ended 12/31/21	66	150	44%
FYE 6/30/22	108	234	46%

**NORTHERN MIDDLE TN WORKFORCE BOARD
DECEMBER 2021 FISCAL UPDATE**

EDSI YOUTH - WORK EXPERIENCE/IN-SCHOOL

	Work Experience - Goal 25%		
EDSI	Youth		
CTD CUMULATIVE	Wk Exp \$ '000	Total \$ '000	13%

ISY/Youth - Goal 40%		
Youth		
ISY \$ '000	Total \$ '000	5%

	Work Experience - Goal 25%		
EDSI	Youth		
QTR Ended 9/30/21	48	293	17%
QTR Ended 12/31/21	69	338	20%
FYE 6/30/22	117	630	19%

ISY/Youth - Goal 40%		
Youth		
20	293	7%
27	338	8%
47	630	7%

NORTHERN MIDDLE TN WORKFORCE BOARD
DECEMBER 2021 FISCAL UPDATE
MAC YOUTH - WORK EXPERIENCE/IN SCHOOL

	Work Experience - Goal 25%		
MAC	Youth		
CTD CUMULATIVE	Wk Exp \$ '000	Total \$ '000	16%

ISY/Youth - Goal 40%		
Youth		
ISY \$ '000	Total \$ '000	26%

	Work Experience - Goal 25%		
MAC	Youth		
QTR Ended 9/30/21	19	85	22%
QTR Ended 12/31/21	29	150	20%
FYE 6/30/22	48	234	20%

ISY/Youth - Goal 40%		
Youth		
18	85	21%
62	150	41%
79	234	34%

NORTHERN MIDDLE TN WORKFORCE BOARD

DECEMBER 2021 FISCAL UPDATE

MONITORING UPDATE

EDSI and MAC - Career Service Providers

- * Monthly desk review of invoices is performed analyzing contract progress and performance.
- * Biweekly contractor meetings continue.
- * Eligibility and documentation has been a key area of concern and monitoring focus.
- * CSP staffing and Youth challenges (work experience and ISY requirements) continue to be key focus areas.

Mid-Cumberland HRA - One-Stop Operator

- * Northern Middle has challenged the One-Stop Operator to provide enhanced oversight of our partner co-enrollments that support KPI's.

Northern Middle TN LWDB's external audit for FY 20-21 completed by Thurman Campbell Group, PLC:

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

NORTHERN MIDDLE TN WORKFORCE BOARD

DECEMBER 2021 FISCAL UPDATE

ACTION

- * 2021-22 Q2 Financial Report**
- * 2021-22 Revised Budget Approval of \$15.7M (+ \$828k)**
- * + \$500k contract modification to EDSI for special populations**
 - \$400k Transitioning Soldiers**
 - \$100k Offenders**
- * + \$500k Youth - Current CSP or new RFP**
- * Flexibility to re-purpose \$500k additional DW funds for Adult, if needed**

NORTHERN MIDDLE TENNESSEE
LOCAL WORKFORCE DEVELOPMENT BOARD, INC.

AUDITED FINANCIAL STATEMENTS

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

FOR THE YEAR ENDED JUNE 30, 2021

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
TABLE OF CONTENTS
JUNE 30, 2021

	<u>Page</u>
<u>Introductory Section</u>	
General Information (Unaudited)	3
<u>Financial Section</u>	
Independent Auditor's Report	5
Statement of Financial Position	7
Statement of Activities	8
Statement of Cash Flows	9
Statement of Functional Expenses	10
Notes to Financial Statements	11
<u>Supplemental Information</u>	
Schedule of Expenditures of Federal Awards	17
Footnotes to Schedule of Expenditures of Federal Awards	19
<u>Internal Control and Compliance Section</u>	
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	20
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	22
Schedule of Prior Year Findings and Questioned Costs	24
Schedule of Findings and Questioned Costs	25

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
GENERAL INFORMATION (UNAUDITED)
JUNE 30, 2021

A. DESCRIPTION

Northern Middle Tennessee Local Workforce Development Board, Inc. (NMTWB) is a not-for-profit organization 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 (LWDA NM). 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 state's area designation.

LWDA NM 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 Northern Middle Tennessee Local Workforce Development Board, Inc.

B. FUNDING

Northern Middle Tennessee Local Workforce Development Board, Inc. 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.

C. LOCATION

The administrative headquarters of Northern Middle Tennessee Local Workforce Development Board, Inc. 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.

D. ROSTER OF BOARD OF DIRECTORS AT JUNE 30, 2021

John Zobl, Chairman of the Board	Lynn Siefert, Board Member
Charles Story, Vice-Chairman of the Board	Beth Duffield, Board Member
Kristi Spurgeon, Secretary of the Board	Mark Peed, Board Member
John Alexander, Board Member	Richie Brandon, Board Member
Jennifer Hobbs, Board Member	Dan Ryan, Board Member
James Harper, Board Member	G.C. Hixson, Board Member
Keith Carnahan, Board Member	Dan Caldwell, Board Member
George Callis, Board Member	Carol Puryear, Board Member
Paul Webb, Board Member	David Rutledge, Board Member
Anne Fugate, Board Member	Tylesha McCray, Board Member
Tony Adams, Board Member	Seth Thurman, Board Member
Christopher West, Board Member	

E. LOCAL ELECTED OFFICIALS OF LOCAL WIOA AREAS (LWIA NM) AT JUNE 30, 2021 – EX-OFFICIO MEMBERS OF NMTWB

Kerry McCarver
John Cooper
Bob Rial
James Bridges
Jessie Wallace
Jim Durrett
William A. Vogle
Bill Ketron
Robin Brandon
Anthony Holt *
Stephen Chambers
Rogers Anderson
Randall Hutto

Cheatham County Mayor
Davidson County Mayor
Dickson County Mayor
Houston County Mayor
Humphreys County Executive
Montgomery County Mayor
Robertson County Mayor
Rutherford County Mayor
Stewart County Mayor
Sumner County Mayor
Trousdale County Mayor
Williamson County Mayor
Wilson County Mayor

* Chief Local Elected Official at June 30, 2021



THURMAN CAMPBELL GROUP, PLC
CERTIFIED PUBLIC ACCOUNTANTS

Members

American Institute of
Certified Public Accountants

Tennessee Society of
Certified Public Accountants

Kentucky Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern Middle Tennessee Local Workforce Development Board, Inc.
Clarksville, TN 37040

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Middle Tennessee Local Workforce Development Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Middle Tennessee Local Workforce Development Board, Inc. as of June 30, 2021, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The schedule of expenditures of federal and state awards 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of Northern Middle Tennessee Local Workforce Development Board, Inc.'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 Northern Middle Tennessee Local Workforce Development Board, Inc.'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 Northern Middle Tennessee Local Workforce Development Board, Inc.'s internal control over financial reporting and compliance.

Thurman Campbell Group, PLC

Clarksville, TN
December 20, 2021

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 24,774
Grant Receivables	2,152,505
Other Receivables	61,010
Prepaid Expenses	<u>27,794</u>
Total Current Assets	2,266,083

Property and Equipment, Net	<u>211,150</u>
-----------------------------	----------------

Total Assets	<u><u>\$ 2,477,233</u></u>
--------------	----------------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 2,224,869
Accrued Payroll and Related Withholdings	<u>38,868</u>
Total Current Liabilities	<u>2,263,737</u>

Net Assets:

Without Donor Restrictions	<u>213,496</u>
Total Net Assets	<u>213,496</u>

Total Liabilities and Net Assets	<u><u>\$ 2,477,233</u></u>
----------------------------------	----------------------------

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:			
Grant Revenues	\$ -	\$ 13,140,829	\$ 13,140,829
Infrastructure Funding Agreement - State Partners	-	241,396	241,396
Infrastructure Funding Agreement - Other Partners	-	221,934	221,934
Other Income	-	97	97
Interest Income	-	420	420
Net Assets Released From Restrictions	<u>13,604,676</u>	<u>(13,604,676)</u>	<u>-</u>
 Total Revenues, Gains and Other Support	 <u>13,604,676</u>	 <u>-</u>	 <u>13,604,676</u>
Expenses:			
Program Services	12,688,006	-	12,688,006
Management and General	<u>888,781</u>	<u>-</u>	<u>888,781</u>
 Total Expenses	 <u>13,576,787</u>	 <u>-</u>	 <u>13,576,787</u>
 Change in Net Assets	 27,889	 -	 27,889
 Net Assets-Beginning	 <u>185,607</u>	 <u>-</u>	 <u>185,607</u>
 Net Assets-Ending	 <u><u>\$ 213,496</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 213,496</u></u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:

Change in Net Assets	\$ 27,889
Adjustments to Reconcile Change in Net Assets To Net Cash Provided By (Used In) Operating Activities:	
Depreciation	34,402
(Increase) Decrease in Grants and Other Receivables	286,763
(Increase) Decrease in Prepaid Expenses	6,827
Increase (Decrease) in Accounts Payable	(288,550)
Increase (Decrease) in Accrued Payroll and Related Withholdings	(1,697)
Total Adjustments	<u>37,745</u>
Net Cash Provided By (Used In) Operating Activities	<u>65,634</u>

Cash Flows from Investing Activities:

Purchase of Property and Equipment	<u>(62,291)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(62,291)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,343
Cash and Cash Equivalents-Beginning	<u>21,431</u>
Cash and Cash Equivalents-Ending	<u>\$ 24,774</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management & General	Total
<u>Pass-through, Contracted and Infrastructure Grant Expenses:</u>			
One-Stop Operator, Career Service Provider & Workforce Board Services-WKWB	\$ 9,039,414	\$ 2,935	\$ 9,042,349
Business Services - Re-Employment CARES	236,361	-	236,361
Business Services - Consolidated Business CARES - Incumbent Worker and OJT	351,426	-	351,426
Business Services - Incumbent Worker CARES	251,640	-	251,640
Business Services - Disaster Relief	1,385,269	52,035	1,437,304
Business Services - Incumbent Worker Training	170,750	-	170,750
Regional Sponsorship	-	21,000	21,000
Infrastructure Funding Agreement - WIOA Partners	435,105	-	435,105
Infrastructure Funding Agreement - State Partners	233,223	-	233,223
Total Pass-through, Contracted and Infrastructure Grant Expenses	<u>12,103,188</u>	<u>75,970</u>	<u>12,179,158</u>
<u>Other Infrastructure Funding Expenses:</u>			
Infrastructure Funding Agreement - Other Partners	217,570	-	217,570
Total Other Infrastructure Funding Expenses	<u>217,570</u>	<u>-</u>	<u>217,570</u>
<u>Board and Staff Expenses:</u>			
<u>Contracted Services:</u>			
Salaries and Benefits:			
Salaries	214,332	262,922	477,254
Health and Life Insurance	62,066	36,772	98,838
Payroll Taxes	14,666	19,283	33,949
Retirement	8,258	8,191	16,449
Other Fringe Benefits	12,030	6,460	18,490
Total Workforce Board Salaries and Benefits	311,352	333,628	644,980
Communication	1,716	1,791	3,507
Contract Services - Accounting & Audit	-	11,500	11,500
Contract Services - Fiscal Agent/Shared Staffing	-	441,792	441,792
Depreciation	34,402	-	34,402
Insurance	-	8,879	8,879
Office Expense	4,034	138	4,172
Small Equipment & Software	10,119	8,434	18,553
Supplies	3,133	3,587	6,720
Travel	2,492	3,062	5,554
Total Workforce Board Expenses	<u>367,248</u>	<u>812,811</u>	<u>1,180,059</u>
Total Expenses	<u>\$ 12,688,006</u>	<u>\$ 888,781</u>	<u>\$ 13,576,787</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northern Middle Tennessee Local Workforce Development Board, Inc. (NMTWB) is a not-for-profit organization 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.

LWDA NM 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 Northern Middle Tennessee Local Workforce Development Board, Inc.

Northern Middle Tennessee Local Workforce Development Board, Inc. 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 thirteen county governments of LWDA NM, 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.

Effective July 2019, Workforce Essentials, Inc. became the fiscal agent and staff to the NMTWB 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, 2021, Workforce Essentials, Inc. was responsible for the following functions:

- Receipt of 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, and
- Provide technical assistance to subrecipients regarding fiscal issues.
- Other duties as required by direction of the board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A One-Stop Operator and Career Service Providers were competitively procured for the 13-county region. A new contract period began January 1, 2021. The following amounts were expended to contractors during the year ending June 30, 2021:

Mid Cumberland Human Resource Agency One Stop Operator July 2020 – June 2021	\$197,360
Mid Cumberland Human Resource Agency Career Service Provider July 2020 – December 2020	\$3,817,649
Mid Cumberland Human Resource Agency Follow Up January 2021 – June 2021	\$59,598
Educational Data Systems Inc. Career Service Provider January 2021 – June 2021	\$2,027,107
Metropolitan Action Commission Career Service Provider January 2021 – June 2021	122,158

Northern Middle Tennessee Local Workforce Development Board, in partnership with the Western Kentucky Workforce Development Board, was awarded a federal Trade and Economic Transition National Dislocated Worker grant totaling \$7.7 million. This 2-year grant, effective October 1, 2018 to September 30, 2020 was split 40/60 with \$3.1 million awarded in Year 1 and \$4.6 million awarded in Year 2. Both contracts were scheduled to expire September 30, 2020, but were extended at no cost through September 30, 2021. The focus of this project aligns both Tennessee and Kentucky's WIOA plans through the Fort Campbell Strong Workforce Partnership (FCSWP) to transfer and enhance the skill of military personnel and spouses transitioning across Tennessee and Kentucky. At June 30, 2021 \$7,471,857 had been spent on the \$7.7 million awards. See Note 5.

Effective July 1, 2020 NMTWB was awarded a two-year WIOA National Dislocated Worker Grant to provide programs and services for Disaster Recovery due to COVID-19 in the amount of \$983,302, with an additional \$164,964 awarded effective November 1, 2020. A second contract was awarded effective November 1, 2020 for \$1,692,956, for a total of \$2,841,222. At June 30, 2021 \$1,525,335 were expended on the \$2.8 million awards.

Other activity pertinent to NMTWB structure and subsequent events are described at Note 5. The accounting policies of NMTWB conform to generally accepted accounting principles as applicable to non-profit corporations. The following is a summary of the most significant policies:

A. Reporting Entity

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

B. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. NMTWB 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 disclosures applicable to non-governmental, not-for-profit organizations such as NMTWB. These standards require that unconditional promises to give (pledges) be recorded as receivables and revenues and require the organization to distinguish among contributions received for each net asset category in accordance with two classes of net assets: with and without donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

C. Support and Expenses

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. NMTWB 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.

D. Property and Equipment

Property and equipment are valued at historical cost. Donated property and equipment are valued at their estimated fair value on the date donated. 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 NMTWB ceases operations or when NMTWB disposes of the equipment. Capital assets are evaluated for impairment or abandonment when necessary.

The cost of additions, major renovations and betterments are capitalized while those for maintenance and repairs are charged to expense as incurred.

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful lives on the straight-line basis. The estimated useful lives by type of asset are as follows:

Equipment & Furniture	3-10 years
Vehicles	3 years
Improvements	10-15 years
Building	30-40 years

E. Allocation of Administrative Expenses

Administrative expenses are allocated among programs on a monthly basis based on each program's non-administrative (direct) expenditures. Training expenses (indirect program costs) are allocated based on monthly clients served by each program.

F. Advertising Costs/Shipping and Handling Costs

Advertising costs and shipping and handling costs are expensed as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Restrictions on Revenues

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

H. Accrued Compensated Absences

Accrued compensated absences are not recorded since unused annual leave cannot be carried over to the following fiscal year.

I. Cash and Cash Equivalents

For the purposes of the statement of cash flows, NMTWB considers bank deposits and all highly liquid instruments with a maturity of three months or less when purchased to be cash and cash equivalents.

J. Receivables

Receivables are stated at unpaid balances; all receivables are considered to be fully collectible. Bad debts are charged to expense using the direct-write-off method, which doesn't differ materially from the allowance method. The bad debt expense for the year ended June 30, 2021 was \$0. NMTWB doesn't require collateral or other security when extending credit to its customers.

K. Net Assets with Donor Restrictions

Net assets with donor restrictions represent funds received from donors/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. As of June 30, 2021, NMTWB had \$0 in net assets with donor restrictions and restricted cash.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. In-Kind Contributions and Contributed Services

NMTWB 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. In-kind contributions are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. NMTWB received no contributed services during the year ended June 30, 2021.

N. Other Significant Accounting Policies

Other significant accounting policies are described throughout the notes section of the financial statements or disclosed in the statement format.

2. OPERATING LEASES

Northern Middle Tennessee Local Workforce Development Board, Inc., leases various buildings from Workforce Essentials and 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. NMTWB has entered into infrastructure funding agreements (IFA) with these One Stop Partners. Under these agreements, NMTWB 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/benefits of administrative personnel and other similar items. These costs are allocated or charged to each of the entities/programs that utilize the Centers. Under the IFAs, each entity/program must reimburse NMTWB for its portion of the aforementioned facility costs. During the 2021 fiscal year, total expenses under these agreements were \$908,023 (\$885,898 expensed plus 22,125 fixed assets capitalized). Leases with Workforce Essentials, Inc. and other entities, and IFAs are cancelable on notice and renew annually, otherwise.

3. CONCENTRATIONS

Financial instruments that potentially subject NMTWB to concentrations of credit risk consist principally of cash, cash equivalents and accounts receivable. NMTWB maintains cash and cash equivalents with a federally insured financial institution and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Accounts receivable, which primarily consist of grant receivables from the State of Tennessee Department of Labor and Workforce Development, are considered fully collectible by NMTWB.

NMTWB receives almost all of its support and revenue from Tennessee Department of Labor and Workforce Development (TDLWD). A major reduction of funds from TDLWD would have a material effect on the operations and on the financial position of NMTWB.

4. RISK MANAGEMENT AND INSURANCE

NMTWB 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. NMTWB 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.

5. SUBSEQUENT EVENTS

Effective August 21, 2021, NMTWB was awarded a two-year WIOA National Dislocated Worker grant to provide programs and services for Disaster Recovery due to the Humphreys County flood in the amount of \$550,085.

On September 30, 2021, the Fort Campbell Strong Workforce Partnership (FCSWP) grant expired. \$7,669,589 was spent on the \$7.7 million award over the course of the project period October 1, 2018 through September 30, 2021. Funding for this project was not renewed.

NMTWB has evaluated subsequent events through December 20, 2021, the date which the financial statements were available to be issued.

6. TAX-EXEMPT STATUS

NMTWB is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; has not been classified as a private foundation; and is subject to federal income taxes only on unrelated business income in accordance with Section 511(a) of the Internal Revenue Code. NMTWB had no unrelated business income during the year. Accordingly, no provision for income tax has been made. NMTWB is no longer subject to U.S. federal income tax examination by the tax authorities for years prior to 2017.

7. CASH AND CASH EQUIVALENTS

As of June 30, 2021, the carrying amount of NMTWB's deposits was \$24,774 and the bank balances were \$24,774. NMTWB maintains cash balances at one financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Since January 2019, NMTWB's deposits were classified as public funds and amounts in excess of FDIC limits were insured through Tennessee Bank Collateral Pool.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

NMTWB has \$2,238,289 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$24,774 and receivables of \$2,213,515. As part of NMTWB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

9. CHANGE IN PRESENTATION

Certain items from the prior year have been reclassified to conform to current year presentation.

10. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which NMTWB operates. NMTWB, however, has not experienced any major disruptions in operations during this time. While there remains considerable uncertainty around duration and ultimate financial impact of the COVID-19 outbreak, NMTWB does not expect it to have a significantly negative impact on its financial position or operating results. Although the NMTWB is not able to estimate the effects of the Covid-19 outbreak, management does believe they did incur some reduction of customer traffic for the current fiscal year. For the year ended June 30, 2021, the potential impact on funding cannot be determined. The effects on future years, if any, has not been determined.

11. PROPERTY AND EQUIPMENT

The following changes in property and equipment occurred during the year ended June 30, 2021:

Description	Balance Beginning	Additions	Deletions	Balance Ending
Furniture & Equipment	\$ 988,786	\$ 62,291	\$ -	\$ 1,051,077
Leasehold Improvements	267,602	-	-	267,602
Total Property and Equipment	1,256,388	62,291	-	1,318,679
Less: Accumulated Depreciation	(1,073,127)	(34,402)	-	(1,107,529)
Net Property and Equipment	\$ 183,261	\$ 27,889	\$ -	\$ 211,150

Depreciation expense for the year ending June 30, 2021 was \$34,402. Certain equipment with a carrying value of \$211,150 was acquired with grant funds and is subject to return to the grantor when NMTWB ceases operations or disposes of the equipment.

12. CHANGE IN ACCOUNTING PRINCIPLE

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. FASB issued ASU 2020-05 that deferred the effective date for Organizations who have not adopted the standard until annual periods beginning after December 15, 2019. The change in accounting principle was adopted in 2020-2021. The adoption of ASU 2014-09 did not have a material impact on the Organization’s financial statements and there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2020.

13. RECENT AUTHORITATIVE ACCOUNTING GUIDANCE

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), to supersede nearly all lease guidance under U.S. GAAP. ASU 2016-02 requires the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases. ASU 2016-02 also requires qualitative disclosures along with specific quantitative disclosures. FASB issued ASU 2020-05 that deferred the effective date for Organizations who have not adopted the standard until annual periods beginning after December 15, 2021. The guidance is not expected to have a material effect on the Organization’s financial statements.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANT AWARDS

CFDA Number	Grant ID Number	Program Name	Grantor/ Pass-through Agency	Amount Expended/ (Returned to Grantor)	Passed Through To Subrecipients
17.225	LWNMF191RESEA19	RESEA	USDL/TDLWD	\$ 118,700	\$ 118,700
17.277	LWNMF191TEDWG19	Trade & Economic Transition National Dislocated Worker Grant	USDL/TDLWD	16,851	16,851
17.277	LWNMF192TEDWG19	Trade & Economic Transition National Dislocated Worker Grant	USDL/TDLWD	2,962,723	2,962,723
17.277	LWNMF201DRDWG20	COVID-19 - WIOA National Dislocated Worker Grant	USDL/TDLWD	1,141,583	1,141,583
17.277	LWNMF205DRDWG20	COVID-19 - WIOA National Dislocated Worker Grant	USDL/TDLWD	383,752	383,752
Total 17.277				4,504,909	4,504,909
17.285	LWNMP191NATAP20	Apprenticeship USA	USDL/TDLWD	35,965	1,853
WIOA Cluster					
17.258	LWNMP191ADULT20	Adult	USDL/TDLWD	72,030	70,408
17.258	LWNMF201ADULT20	Adult	USDL/TDLWD	1,493,653	1,321,850
17.258	LWNMP201ADULT21	Adult	USDL/TDLWD	292,809	264,641
17.258	LWNMF211ADULT21	Adult	USDL/TDLWD	807,970	717,809
Total 17.258				2,666,462	2,374,708
17.259	LWNMP191YOUTH20	Youth	USDL/TDLWD	1,107,536	1,070,534
17.259	LWNMP201YOUTH21	Youth	USDL/TDLWD	1,013,599	878,922
17.259	LWNMP211YOUTH22	Youth	USDL/TDLWD	13,578	13,578
17.259	LWNMP182MNSWA19	Statewide - Administrative Career Exploration	USDL/TDLWD	1,165	1,165
17.259	LWNMP181CESWA19	Statewide - Career Exploration	USDL/TDLWD	22,600	-
17.259	LWNMP182WBSWA19	Statewide - Summer Youth Work-Based Learning	USDL/TDLWD	55,643	55,643
17.259	LWNMP192MNSWA20	Statewide - Administrative Summer Youth Work-Based Learning	USDL/TDLWD	3,693	3,693
Total 17.259				\$ 2,217,814	\$ 2,023,535

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2021

CFDA Number	Grant ID Number	Program Name	Grantor/ Pass-through Agency	Amount Expended/ (Returned to Grantor)	Passed Through To Subrecipients
17.278	LWNMP191DSLWK20	Dislocated Worker	USDL/TDLWD	\$ 59,284	\$ 59,284
17.278	LWNMF201DSLWK20	Dislocated Worker	USDL/TDLWD	2,244,194	2,022,864
17.278	LWNMP201DSLWK21	Dislocated Worker	USDL/TDLWD	287,563	246,357
17.278	LWNMF211DSLWK21	Dislocated Worker	USDL/TDLWD	106,613	106,613
17.278	LWNMF181IWSWA19	Dislocated Worker - Statewide Incumbent Worker	USDL/TDLWD	(1,648)	-
17.278	LWNMP201MNSWA21	Dislocated Worker - Statewide Admin - MTIDA Partnership	USDL/TDLWD	21,000	-
		Total 17.278		<u>2,717,006</u>	<u>2,435,118</u>
		Total WIOA Cluster		<u>7,601,282</u>	<u>6,833,361</u>
21.019	LWNMF211IWCRF21	COVID-19 - Coronavirus Relief Fund - Incumbent Worker	USDT/TDLWD	266,114	14,474
21.019	LWNMF211CBCRF21	COVID-19 - Coronavirus Relief Fund - Impact Mitigation	USDT/TDLWD	367,348	15,922
21.019	LWNMF211RSCRF21	COVID-19 - Coronavirus Relief Fund - Reemployment Services	USDT/TDLWD	246,511	10,096
		Total 21.019		<u>879,973</u>	<u>40,492</u>
		Total Federal Awards		<u>\$ 13,140,829</u>	<u>\$ 11,499,315</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S REPORT.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
FOOTNOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

1. Grantor Agency Abbreviations

USDL	United States Department of Labor
USDT	United States Department of Treasury
TDLWD	Tennessee Department of Labor and Workforce Development

2. Significant Accounting Policies used in Preparing the Schedule

- A. Basis of Accounting: NMTWB utilized the accrual basis of accounting in preparing the schedule.
- B. Property and Equipment: Expenditures for property and equipment are expensed in the schedule, where applicable.
- C. Indirect Cost Rate: NMTWB has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- D. Allocation of Administrative: Administrative expenses were allocated among programs, on a monthly basis, based on each program's non-administrative expenditures. Training expenses (indirect program costs) are allocated based on monthly clients served by each program.

3. Additional Information

There was no non-cash federal assistance expended during the year. There were no federal insurance or loans or loan guarantees during the audit period.

SEE AUDITOR'S REPORT.



THURMAN CAMPBELL GROUP, PLC
CERTIFIED PUBLIC ACCOUNTANTS

Members

American Institute of
Certified Public Accountants

Tennessee Society of
Certified Public Accountants

Kentucky Society of
Certified Public Accountants

**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**

To the Board of Directors
Northern Middle Tennessee Local Workforce Development Board, Inc.
Clarksville, TN 37040

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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Middle Tennessee Local Workforce Development Board, Inc.'s internal control over financial reporting (internal control) as a basis for designing the 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 Northern Middle Tennessee Local Workforce Development Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Middle Tennessee Local Workforce Development Board, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Middle Tennessee Local Workforce Development Board, Inc.'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thurman Campbell Group, PLC

Clarksville, TN
December 20, 2021



THURMAN CAMPBELL GROUP, PLC
CERTIFIED PUBLIC ACCOUNTANTS

Members

American Institute of
Certified Public Accountants

Tennessee Society of
Certified Public Accountants

Kentucky Society of
Certified Public Accountants

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

To the Board of Directors
Northern Middle Tennessee Local Workforce Development Board, Inc.
Clarksville, TN 37040

Report on Compliance for Each Major Federal Program

We have audited Northern Middle Tennessee Local Workforce Development Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northern Middle Tennessee Local Workforce Development Board, Inc.'s major federal programs for the year ended June 30, 2021. Northern Middle Tennessee Local Workforce Development Board, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northern Middle Tennessee Local Workforce Development Board, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Northern Middle Tennessee Local Workforce Development Board, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Thurman Campbell Group, PLC

Clarksville, TN
December 20, 2021

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year findings reported.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year findings reported.

NORTHERN MIDDLE TENNESSEE LOCAL WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Northern Middle Tennessee Local Workforce Development Board, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements were reported in the Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Northern Middle Tennessee Local Workforce Development Board, Inc. which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over compliance relating to the major federal award programs were reported in the Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Northern Middle Tennessee Local Workforce Development Board, Inc. expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported under 2 CFR section 200.516(a).
7. The programs tested as major were United States Department of Labor/Tennessee Department of Labor and Workforce Development, Workforce Innovation and Opportunity Act Cluster Programs (WIOA), CFDA's 17.258, 17.259 and 17.278; WIOA National Dislocated Worker Grants, CFDA 17.277; and United States Department of Treasury, Coronavirus Relief Fund, CFDA 21.019.
8. The dollar threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Northern Middle Tennessee Local Workforce Development Board, Inc. qualified as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There are no findings.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There are no findings.



THURMAN CAMPBELL GROUP, PLC

CERTIFIED PUBLIC ACCOUNTANTS

Members

American Institute of
Certified Public Accountants

Tennessee Society of
Certified Public Accountants

Kentucky Society of
Certified Public Accountants

December 20, 2021

To the Board of Directors
Northern Middle Tennessee Local Workforce Development Board, Inc.
Clarksville, TN 37040

We have audited the financial statements of Northern Middle Tennessee Local Workforce Development Board, Inc. for the year ended June 30, 2021, and we will issue our report thereon dated December 20, 2021. 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 23, 2021. 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 Northern Middle Tennessee Local Workforce Development Board, Inc. are described in Note 1 to the financial statements. As described in Note 12, the Organization adopted FASB Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), in the fiscal year 2020-2021. The adoption had no material impact on the Organization's financial statements and there was no cumulative-effect adjustment to opening net assets. We noted no transactions entered into by the Organization 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 the collectability of grant receivables is based on the fact that essentially all receivables are from the Tennessee Department of Labor and Workforce Development, are considered to be 100% collectible. We evaluated the key factors and assumptions used to develop the estimate of the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's capitalization and depreciation of fixed assets is based on the Northern Middle Tennessee Local Workforce Development Board, Inc.'s adopted capitalization policy and historical cost of assets and their estimated useful lives, respectively. We evaluated the key factors and assumptions used to develop the depreciation expense and capitalize fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 20, 2021.

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 Organization'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 Organization'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 (schedule of expenditures of federal and state awards) 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 the management of Northern Middle Tennessee Local Workforce Development Board, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Thurman Campbell Group, PLC

Clarksville, TN